

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-32600

TUCOWS INC.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania
(State or Other Jurisdiction of
Incorporation or Organization)

23-2707366
(I.R.S. Employer
Identification No.)

96 Mowat Avenue,
Toronto, Ontario M6K 3M1, Canada
(Address of Principal Executive Offices) (Zip Code)

(416) 535-0123
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TCX	NASDAQ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T §232.405 of this chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging Growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

As of November 3, 2025, there were 11,103,919 outstanding shares of common stock, no par value, of the registrant.

TUCOWS INC.
Form 10-Q Quarterly Report
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TRADEMARKS, TRADE NAMES AND SERVICE MARKS

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PART I. FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements
Tucows Inc.
Condensed Consolidated Balance Sheets

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

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 54,078	\$ 56,903
Restricted cash	4,618	4,628
Accounts receivable, net of expected credit losses of \$1,045 as of September 30, 2025 and \$923 as of December 31, 2024	27,981	20,878
Deferred costs of fulfillment, current portion	99,643	101,467
Prepaid expenses and other	22,621	21,506
Total current assets	208,941	205,382
Deferred costs of fulfillment, long-term portion	16,677	15,508
Secured notes reserve funds	12,060	11,707
Property and equipment, net	287,960	331,049
Right of use lease asset	54,413	35,640
Intangible assets	20,978	24,755
Goodwill	130,410	130,410
Other assets	4,052	4,345
Total assets	\$ 735,491	\$ 758,796
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 32,117	\$ 40,236
Derivative instrument liability	568	1,270
Operating lease liability, current portion	5,456	5,150
Contract liabilities, current portion	137,152	135,649
Other current liabilities	19,256	17,546
Total current liabilities	194,549	199,851
Contract liabilities, long-term portion	21,512	21,155
Operating lease liability, long-term portion	48,701	25,899
Syndicated revolver	189,420	194,426
Notes payable	290,642	287,646
Redeemable preferred units - no par value, 33,333,333 units authorized; 15,243,600 units issued and outstanding as of September 30, 2025 and December 31, 2024	131,763	122,156
Deferred tax liability	2,963	2,963
Stockholders' deficit		
Common stock - no par value, 250,000,000 shares authorized; 11,089,663 shares issued and outstanding as of September 30, 2025 and 11,014,655 shares issued and outstanding as of December 31, 2024	37,907	36,581
Additional paid-in capital	22,412	19,241
Accumulated deficit	(203,947)	(150,158)
Accumulated other comprehensive loss	(431)	(964)
Total stockholders' deficit	(144,059)	(95,300)
Total liabilities and stockholders' deficit	\$ 735,491	\$ 758,796

See accompanying notes to condensed consolidated financial statements

Tucows Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss

(Dollar amounts in thousands of U.S. dollars, except per share amounts)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net revenues	\$ 98,558	\$ 92,297	\$ 291,630	\$ 269,177
Cost of revenues				
Direct cost of revenues	57,830	52,613	172,060	155,735
Network, other costs	5,855	7,716	17,488	21,695
Network, depreciation and amortization	10,692	9,780	32,260	30,433
Total cost of revenues	<u>74,377</u>	<u>70,109</u>	<u>221,808</u>	<u>207,863</u>
Gross profit	24,181	22,188	69,822	61,314
Expenses:				
Sales and marketing	11,882	15,180	34,818	48,491
Technical operations and development	4,682	4,615	13,433	14,153
General and administrative	9,650	11,485	28,552	30,491
Gain on disposition of property and equipment	(3,965)	-	(5,753)	-
Depreciation and amortization	785	955	2,537	3,342
Impairment of property and equipment	10,724	-	10,724	-
Total expenses	<u>33,758</u>	<u>32,235</u>	<u>84,311</u>	<u>96,477</u>
Loss from operations	(9,577)	(10,047)	(14,489)	(35,163)
Other income (expenses):				
Interest expense, net	(13,901)	(13,095)	(41,135)	(37,527)
Other income, net	2,915	3,919	8,722	11,373
Total other income (expenses)	<u>(10,986)</u>	<u>(9,176)</u>	<u>(32,413)</u>	<u>(26,154)</u>
Loss before provision for income taxes	(20,563)	(19,223)	(46,902)	(61,317)
Provision (recovery) for income taxes	<u>2,456</u>	<u>3,074</u>	<u>6,887</u>	<u>6,068</u>
Net loss for the period	(23,019)	(22,297)	(53,789)	(67,385)
Other comprehensive income (loss), net of tax				
Unrealized income (loss) on hedging activities	(916)	415	(239)	(1,015)
Net amount reclassified to earnings	123	(7)	772	(176)
Other comprehensive income (loss) net of tax expense (recovery) of (\$253) and \$134 for the three months ended September 30, 2025 and September 30, 2024, and \$174 and (\$376) for the nine months ended September 30, 2025 and September 30, 2024.	<u>(793)</u>	<u>408</u>	<u>533</u>	<u>(1,191)</u>
Comprehensive loss, for the period	<u>\$ (23,812)</u>	<u>\$ (21,889)</u>	<u>\$ (53,256)</u>	<u>\$ (68,576)</u>
Basic and diluted loss per common share	<u>\$ (2.08)</u>	<u>\$ (2.03)</u>	<u>\$ (4.87)</u>	<u>\$ (6.15)</u>
Shares used in computing basic and diluted loss per common share	<u>11,079,486</u>	<u>10,982,820</u>	<u>11,053,725</u>	<u>10,953,778</u>

See accompanying notes to the condensed consolidated financial statements

Tucows Inc.
Condensed Consolidated Statements of Cash Flows

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash provided by:				
Operating activities:				
Net loss for the period	\$ (23,019)	\$ (22,297)	\$ (53,789)	\$ (67,385)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	11,477	10,735	34,797	33,775
Amortization of debt discount and issuance costs	1,173	1,159	3,514	3,301
Loss (gain) on disposal of assets	(3,965)	-	(5,753)	-
Impairment of property and equipment	10,885	852	11,524	905
Deferred income taxes (recovery)	252	(129)	(170)	350
Accretion of redeemable preferred units	9,351	1,863	9,351	9,758
Stock-based compensation expense	1,387	1,808	4,278	5,383
Change in non-cash operating working capital				
Accounts receivable	(3,757)	(927)	(7,103)	3,314
Prepaid expenses and deposits	1,853	4,693	(370)	1,312
Deferred costs of fulfillment	2,641	(212)	655	(5,161)
Accounts payable & accrued liabilities	(3,691)	(3,373)	(7,547)	(9,744)
Contract liabilities	(4,041)	455	1,860	7,946
Other operating assets and liabilities	988	809	5,602	1,296
Net cash provided by (used in) operating activities	1,534	(4,564)	(3,151)	(14,950)
Financing activities:				
Proceeds received on exercise of stock options	-	-	31	-
Proceeds from issuance of notes payable	-	62,991	-	62,991
Deferred notes payable financing costs	-	(2,011)	-	(2,011)
Repayment of syndicated revolver	(2,500)	(2,500)	(5,000)	(14,500)
Payment of syndicated revolver costs	(423)	(29)	(423)	(48)
Net cash provided by (used in) financing activities	(2,923)	58,451	(5,392)	46,432
Investing activities:				
Proceeds on disposal of property and equipment and intangible asset	7,387	-	19,023	-
Additions to property and equipment	(3,851)	(14,516)	(12,756)	(44,793)
Acquisition of intangible assets	7	(478)	(206)	(576)
Net cash provided by (used in) investing activities	3,543	(14,994)	6,061	(45,369)
Increase (decrease) in cash and cash equivalents, restricted cash, and restricted cash equivalents	2,154	38,893	(2,482)	(13,887)
Cash and cash equivalents, restricted cash, and restricted cash equivalents beginning of period	68,602	52,198	73,238	104,978
Cash and cash equivalents, restricted cash, and restricted cash equivalents end of period	\$ 70,756	\$ 91,091	\$ 70,756	\$ 91,091
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents within the interim consolidated balance sheets to the amounts shown in the interim consolidated statements of cash flows above:				
Cash and cash equivalents	54,078	75,209	54,078	75,209
Restricted cash included in funds held by trustee	4,618	4,303	4,618	4,303
Restricted cash included in secured notes reserve funds	12,060	11,579	12,060	11,579
Total cash and cash equivalents, restricted cash, and restricted cash equivalents end of period	\$ 70,756	\$ 91,091	\$ 70,756	\$ 91,091
Supplemental cash flow information:				
Interest paid	\$ 8,464	\$ 11,352	\$ 35,271	\$ 28,856
Income taxes paid, net	\$ 1,140	\$ 2,451	\$ 4,531	\$ 5,278
Supplementary disclosure of non-cash investing and financing activities:				
Property and equipment acquired during the period not yet paid for	\$ 1,865	\$ 5,907	\$ 1,865	\$ 5,907

See accompanying notes to the condensed consolidated financial statements

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. Organization of the Company

Tucows Inc. (referred to throughout this report as the “Company”, “Tucows”, “we”, “us” or through similar expressions) is a corporate parent, allocating capital and providing efficient shared services to its three businesses Ting, Wavelo and Tucows Domains Services. Ting provides retail consumers and small businesses with high-speed fixed Internet access in a number of towns and cities across the United States. Wavelo offers platform services which provide solutions to support Communication Service Providers (“CSPs”) including subscription and billing management, network orchestration and provisioning, individual developer tools, and other professional services. Tucows Domains Services is a global distributor of Internet services, including domain name registration, digital certificates, and email. It provides these services primarily through a global Internet-based distribution network of Internet Service Providers, web hosting companies and other providers of Internet services to end-users.

2. Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair presentation of the financial position of Tucows and its subsidiaries as of September 30, 2025 and the results of operations and cash flows for the interim periods ended September 30, 2025 and 2024. The results of operations presented in this Quarterly Report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for future periods.

The accompanying unaudited interim condensed consolidated financial statements have been prepared by Tucows in conformity with the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) and U.S. Generally Accepted Accounting Principles (“GAAP”). Certain information and footnote disclosures normally included in the Company’s annual audited consolidated financial statements and accompanying notes have been condensed or omitted. These interim Condensed Consolidated Financial Statements and accompanying notes follow the same accounting policies and methods of application used in the annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2024 included in Tucows’ 2024 Annual Report on Form 10-K filed with the SEC on March 13, 2025 (the “2024 Annual Report”). There have been no material changes to our significant accounting policies and estimates during the three and nine months ended September 30, 2025 as compared to the significant accounting policies and estimates described in our 2024 Annual Report.

Change in presentation of condensed consolidated financial statements

Effective as of the Form 10-Q for the quarter ended March 31, 2025, filed on May 8, 2025, the Company has updated the format of its unaudited condensed consolidated financial statements. This revision condenses certain previously displayed line items to streamline presentation and improve clarity for the users of the financial statements.

Change in presentation of Condensed Consolidated Balance Sheet

Prior period balances have been adjusted to combine following line items:

1. “Inventory”, “Income taxes recoverable” and “Other assets” within the line item “Prepaid expenses and other”
2. “Investments” and “Contract costs” within the line item “Other Assets”
3. “Accounts payable” and “Accrued liabilities” within the line item “Accounts payable and accrued liabilities”
4. “Customer deposits”, “Accreditation fees payable” and “Income taxes payable” within the line item “Other current liabilities”

These line items are adjusted on the Company’s unaudited condensed consolidated balance sheets to conform to the current period presentation. The Company continues to present the condensed line item information in “Note 22 – Additional Financial Information”.

Change in presentation of Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

Prior period balances have been adjusted to combine following line items:

1. “Network, depreciation of property and equipment” and “Network, amortization of intangible assets” within the line item “Network, depreciation and amortization”
2. “Depreciation of property and equipment” and “Amortization of intangible assets” within the line item “Depreciation and amortization”
3. “Income earned on sale of transferred assets, net” within the line item “Other income (expense)”

These line items are adjusted on the Company’s unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) to conform to the current period presentation. In addition, the Company provides additional disclosures related to “Income earned on sale of transferred assets, net” in “Note 18 – Other income (expense)”

Change in presentation of Condensed Consolidated Statements of Cash flows

Prior period balances have been adjusted to combine following line items:

1. “Net amortization contract costs”, “Net Right of use operating assets/Operating lease liability”, “Disposal of domain names”, “Undistributed earnings of equity method investee”, “Contract assets”, “Inventory”, “Income taxes recoverable”, “Customer deposits” and “Accreditation fees payable” within the line item “Other operating assets and liabilities”

These line items are adjusted on the Company’s unaudited Condensed Consolidated Statements of Cash flows to conform to the current period presentation.

These presentational changes do not impact previously reported financial results and are intended to improve readability and align with industry best practices. Comparative periods have been revised to conform to the current period’s presentation where applicable.

This revised format does not impact the totals reported in primary financial statement sections. Specifically, there are no changes to total assets, total liabilities, or stockholders' deficit within the Balance Sheets. Similarly, within the Statements of Operations and Comprehensive Income (Loss), total net revenues, total expenses, net income (loss), and earnings (loss) per share remain unchanged. Furthermore, the Statements of Cash Flows reflects no alterations to the total cash flows from operating, investing, or financing activities.

This updated presentation represents the Company's preferred format, ensuring adherence to relevant accounting standards, and will be consistently applied in future annual and interim filings.

3. Recent Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 is intended to improve the disclosures for income taxes to allow investors to better assess, in their capital allocation decisions, how an entity's worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. The amendments in ASU 2023-09 require consistent categories and greater disaggregation of information in the rate reconciliation disclosure as well as disclosure of income taxes paid disaggregated by jurisdiction. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" (ASU 2024-03), which requires that a public entity disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation and (d) intangible asset amortization included in each relevant expense caption presented on the face of the income statement. The standard also requires an entity to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively as well as disclose the total amount of selling expenses and, annually, the entity's definition of selling expenses. ASU 2024-03 will be effective for annual periods beginning after December 15, 2026, with either retrospective or prospective application. The standard allows for early adoption of these requirements and we are currently evaluating the disclosure impacts of our adoption.

In September 2025, FASB issued ASU 2025-06 "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." The amendments update the accounting model for internal-use software by eliminating the prescriptive "development-stage" framework and replacing it with a "probable-to-complete" threshold and a "significant development uncertainty" evaluation. The amendments also remove separate guidance for website development costs and require entities to apply the property, plant, and equipment disclosure requirements in Subtopic 360-10 to capitalized internal-use software. The amendments are effective for annual periods beginning after December 15, 2027, and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements and related disclosures.

4. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign exchange rate risk and formerly interest rate risk.

Since October 2012, the Company has employed a hedging program with a Canadian chartered bank to limit the potential foreign exchange fluctuations incurred on its future cash flows related to a portion of payroll, taxes, rent and payments to Canadian domain name registry suppliers that are denominated in Canadian dollars and are expected to be paid by its Canadian operating subsidiary. The Company does not use hedging forward contracts for trading or speculative purposes. The foreign exchange contracts typically mature between one and twelve months.

The Company has designated certain of these foreign exchange transactions as cash flow hedges of forecasted transactions under ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities ("ASC Topic 815"). For certain contracts, as the critical terms of the hedging instrument, and of the entire hedged forecasted transaction, are the same, in accordance with ASC Topic 815, the Company has been able to conclude that changes in fair value and cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis. Accordingly, for the foreign exchange, unrealized gains or losses on the effective portion of these contracts were included within other comprehensive income and reclassified to earnings when the hedged transaction is settled. Cash flows from hedging activities were classified under the same category as the cash flows from the hedged items in the Condensed Consolidated Statements of Cash Flows. The fair value of the foreign exchange contract, as of September 30, 2025 and December 31, 2024, is recorded as derivative instrument assets or liabilities. For certain contracts where the hedged transactions are no longer probable to occur, the loss on the associated forward contract is recognized in earnings.

As of September 30, 2025, the notional amount of forward contracts that the Company held to sell U.S. dollars in exchange for Canadian dollars was \$40.1 million, all of which met the requirements of ASC Topic 815 and were designated as hedges.

As of December 31, 2024, the notional amount of forward contracts that the Company held to sell U.S. dollars in exchange for Canadian dollars was \$29.4 million, all of which met the requirements of ASC Topic 815 and were designated as hedges.

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As of September 30, 2025, we had the following outstanding forward contracts to trade U.S. dollars in exchange for Canadian dollars:

Maturity date (Dollar amounts in thousands of U.S. dollars)	Notional amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Fair value Asset (Liability)
October - December 2025	12,958	1.3609	(230)
January - March 2026	14,248	1.3609	(200)
April - June 2026	12,933	1.3609	(138)
	<u>\$ 40,139</u>	<u>1.3609</u>	<u>\$ (568)</u>

Fair value of derivative instruments and effect of derivative instruments on financial performance

The effect of these derivative instruments on our Condensed Consolidated Financial Statements were as follows (amounts presented do not include any income tax effects).

Fair value of derivative instruments in the Condensed Consolidated Balance Sheets

Derivatives (Dollar amounts in thousands of U.S. dollars)	Balance Sheet Location	As of September 30, 2025 Fair Value Asset (Liability)	As of December 31, 2024 Fair Value Asset (Liability)
Foreign Currency forward contracts designated as cash flow hedges (net)	Derivative instruments	\$ (568)	\$ (1,270)
Total foreign currency forward contracts (net)	Derivative instruments	<u>\$ (568)</u>	<u>\$ (1,270)</u>

Movement in Accumulated other comprehensive income (AOCI) balance for the three months ended September 30, 2025 (Dollar amounts in thousands of U.S. dollars)

	Gains and losses on cash flow hedges	Tax impact	Total AOCI
Opening AOCI Balance - June 30, 2025	\$ 478	\$ (116)	\$ 362
Other comprehensive income (loss) before reclassifications	(1,208)	292	(916)
Amount reclassified from AOCI	162	(39)	123
Other comprehensive income (loss) for the three months ended September 30, 2025	(1,046)	253	(793)
Ending AOCI Balance - September 30, 2025	<u>\$ (568)</u>	<u>\$ 137</u>	<u>\$ (431)</u>

Movement in AOCI balance for the nine months ended September 30, 2025 (Dollar amounts in thousands of U.S. dollars)

	Gains and losses on cash flow hedges	Tax impact	Total AOCI
Opening AOCI balance - December 31, 2024	\$ (1,275)	\$ 311	\$ (964)
Other comprehensive income (loss) before reclassifications	(310)	71	(239)
Amount reclassified from AOCI	1,017	(245)	772
Other comprehensive income (loss) for the nine months ended September 30, 2025	707	(174)	533
Ending AOCI Balance - September 30, 2025	<u>\$ (568)</u>	<u>\$ 137</u>	<u>\$ (431)</u>

Effects of derivative instruments on income and AOCI for the three months ended September 30, 2025 and 2024 are as follows (Dollar amounts in thousands of U.S. dollars)

Derivatives in Cash Flow Hedging Relationship	Amount of Gain or (Loss) Recognized in OCI, net of tax, on Derivative	Location of Gain or (Loss) Reclassified from AOCI into Income	Amount of Gain or (Loss) Reclassified from AOCI into Income
		Operating expenses	\$ (129)
Foreign currency forward contracts for the three months ended September 30, 2025	\$ (916)	Cost of revenues	\$ (33)
		Operating expenses	\$ 7
Foreign currency forward contracts for the three months ended September 30, 2024	\$ 415	Cost of revenues	\$ 2

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Effects of derivative instruments on income and AOCI for the nine months ended September 30, 2025 and 2024 are as follows (Dollar amounts in thousands of U.S. dollars)

Derivatives in Cash Flow Hedging Relationship	Amount of Gain or (Loss) Recognized in OCI, net of tax, on Derivative	Location of Gain or (Loss) Reclassified from AOCI into Income	Amount of Gain or (Loss) Reclassified from AOCI into Income
Foreign currency forward contracts for the nine months ended September 30, 2025	\$ (239)	Operating expenses Cost of revenues	\$ (815) \$ (202)
Foreign currency forward contracts for the nine months ended September 30, 2024	\$ (1,015)	Operating expenses Cost of revenues	\$ 190 \$ 41

5. Property and Equipment

Property and equipment consist of the following (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Computer equipment	\$ 47,785	\$ 53,907
Computer software	1,935	1,935
Capitalized internal use software	58,499	50,706
Furniture and equipment	1,893	1,893
Vehicles and tools	8,866	10,638
Fiber network	270,102	272,959
Customer equipment and installations	61,914	58,883
Land	1,109	1,109
Buildings	9,314	9,208
Assets under construction	10,917	25,810
Leasehold improvements	748	743
	<u>473,083</u>	<u>487,791</u>
Less:		
Accumulated depreciation	185,123	156,742
	<u>\$ 287,960</u>	<u>\$ 331,049</u>

Depreciation of property and equipment (Dollar amounts in thousands of U.S. dollars):

	Three Months Ended September 30, 2025	2024	Nine Months Ended September 30, 2025	2024
Depreciation of property and equipment	10,405	9,526	31,404	29,686

Impairment of Property and Equipment

During the three and nine months ended September 30, 2025, the Company recognized a total impairment expense of \$10.9 million and \$11.5 million, respectively.

In the third quarter of 2025, management completed a review of remaining construction assets following the implementation of the 2024 Capital Efficiency Plan (as discussed and defined in Note 20 - "Restructuring Costs"). As part of this review, certain assets were determined to no longer be usable or recoverable in ongoing operations or future network builds. Management concluded that these assets met the definition of 'assets disposed of by abandonment' under ASC 360-10.

As part of this assessment, management re-evaluated the estimated salvage values of the abandoned construction assets based on current market conditions and expected recoveries. This reassessment resulted in a reduction in estimated recoverable amounts, and a corresponding write-down was recorded to reflect the updated estimates as of September 30, 2025.

In total, \$14.9 million of abandoned computer equipment and assets under construction were impaired, with an estimated salvage value of \$4.9 million, resulting in a recorded impairment charge of \$10.0 million for the three months and nine months ended September 30, 2025. This charge is recorded within "Impairment of property and equipment" in the Condensed Consolidated Statement of Operations and Comprehensive Loss. Additionally an impairment loss of \$0.7 million was recognized related to ROU assets which is discussed under the Note 13 - "Leases".

There were \$0.8 million of impairment charges related to specific network assets that were identified through routine inspections as being damaged and no longer in use and are recorded under "Network, other costs" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Asset Dispositions

During the third quarter of 2025, the Company sold property and equipment and intangibles for total consideration of \$8.5 million, comprising cash proceeds and a \$0.4 million indemnification holdback. The net book value of the assets at the time of the sales was \$4.4 million, resulting in a gain of \$4.0 million, which is included in "Gain on disposition of property and equipment" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During the nine months ended September 30, 2025, the Company sold property and equipment and intangibles for gross proceeds of \$20.8 million, comprising cash proceeds and a \$1.0 million indemnification holdback. The net book value of the assets at the time of the sales was \$15.0 million, resulting in a gain of \$5.8 million, which is included in "Gain on disposition of property and equipment" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

6. Goodwill and Other Intangible Assets

Goodwill:

Goodwill represents the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired and liabilities assumed in our acquisitions.

The Company's Goodwill balance remained consistent at \$130.4 million as of September 30, 2025 and December 31, 2024. The Company's goodwill relates 83% (\$107.7 million) to the Tucows Domains operating segment and 17% (\$22.7 million) to the Ting operating segment.

Goodwill is not amortized, but is subject to an annual impairment test, or more frequently if impairment indicators are present. No impairment charge was recognized during the three and nine months ended September 30, 2025 and 2024.

Other Intangible Assets:

Intangible assets consist of acquired brand, technology, customer relationships, surname domain names, direct navigation domain names and network rights. The Company considers its intangible assets consisting of surname domain names and direct navigation domain names as indefinite life intangible assets. The Company has the exclusive right to these domain names as long as the annual renewal fees are paid to the applicable registry. Renewals occur routinely and at a nominal cost. The indefinite life intangible assets are not amortized but are subject to impairment assessments performed throughout the year. As part of the normal renewal evaluation process during the periods ended September 30, 2025 and September 30, 2024, the Company assessed that all domain names that were originally acquired in the June 2006 acquisition of Mailbank.com Inc. that were up for renewal, should be renewed.

Finite-life intangible assets, comprising brand, technology, customer relationships and network rights are being amortized on a straight-line basis over periods of two to fifteen years. The weighted average amortization period for all finite-life intangible assets is 5.4 years.

For the three and nine months ended September 30, 2025, the Company acquired customer relationship assets through hosting agreements for NIL and \$0.2 million. These assets are being amortized over seven years.

Net book value of acquired intangible assets consist of the following (Dollar amounts in thousands of U.S. dollars):

Amortization period	Surname domain names	Direct navigation domain names	Brand	Customer relationships	Technology	Network rights	Total
	indefinite life	indefinite life	7 years	3 - 7 years	2 - 7 years	15 years	
Balances, June 30, 2025	\$ 11,140	\$ 1,125	\$ 334	\$ 7,367	\$ 1,215	\$ 706	\$ 21,887
Adjustment to acquisition of customer relationships	-	-	-	(7)	-	-	(7)
Disposals from domain portfolio, net	(1)	(1)	-	-	-	-	(2)
Finalization of amounts relating to disposal of Cedar intangible assets	-	-	-	172	-	-	172
Amortization expense	-	-	(15)	(878)	(155)	(24)	(1,072)
Balances, September 30, 2025	\$ 11,139	\$ 1,124	\$ 319	\$ 6,654	\$ 1,060	\$ 682	\$ 20,978

Amortization period	Surname domain names	Direct navigation domain names	Brand	Customer relationships	Technology	Network rights	Total
	indefinite life	indefinite life	7 years	3 - 7 years	2 - 7 years	15 years	
Balances, December 31, 2024	\$ 11,145	\$ 1,127	\$ 424	\$ 9,748	\$ 1,526	\$ 785	\$ 24,755
Acquisition of customer relationships	-	-	-	206	-	-	206
Disposals from domain portfolio, net	(6)	(3)	-	-	-	-	(9)
Write-down of Cedar intangible assets	-	-	-	(213)	-	(29)	(242)
Disposal of Cedar intangible assets	-	-	-	(339)	-	-	(339)
Amortization expense	-	-	(105)	(2,748)	(466)	(74)	(3,393)
Balances, September 30, 2025	\$ 11,139	\$ 1,124	\$ 319	\$ 6,654	\$ 1,060	\$ 682	\$ 20,978

The following table shows the estimated amortization expense for each of the next 5 years and thereafter, assuming no further additions to acquired intangible assets are made (Dollar amounts in thousands of U.S. dollars):

	Year ending December 31,
Remainder of 2025	\$ 1,272
2026	3,450
2027	1,896
2028	1,521
2029	306
Thereafter	270
Total	\$ 8,715

7. Syndicated Revolver

2023 Credit Facility

On September 22, 2023, the Company and its wholly owned subsidiaries, Tucows.com Co., Ting Inc., Tucows (Delaware) Inc., Wavelo, Inc. and Tucows (Emerald), LLC (each, a “Borrower” and together, the “Borrowers”) and certain other subsidiaries of the Company, as guarantors, entered into a Credit Agreement (the “2023 Credit Agreement”) with Bank of Montreal, as administrative agent (“BMO” or the “Agent”), and the lenders party thereto (the “Lenders”), 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 Credit Facility through new commitments of up to \$60 million if the Total Funded Debt to Adjusted EBITDA Ratio (as defined in the 2023 Credit Agreement) is less than 3.75:1.00. In connection with the 2023 Credit Facility, the Company incurred \$0.9 million of fees paid to the Lenders and \$0.3 million of legal fees related to the debt issuance. These fees have been reflected as a reduction to the carrying amount of the loan payable and will be amortized over the term of the 2023 Credit Agreement.

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.

During the three months ended September 30, 2025 and September 30, 2024, the Company made repayments of \$2.5 million and \$2.5 million, respectively, on the 2023 Credit Facility. During the nine months ended September 30, 2025 and September 30, 2024, the Company made repayments of \$5.0 million and \$14.5 million, respectively, on the 2023 Credit Facility.

2023 Credit Facility Terms

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 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 Credit Agreement) of not less than 3.00:1.00. The required principal repayment of \$190.4 million is due in September 2027.

During the three and nine months ended September 30, 2025, and the three and nine months ended September 30, 2024 the Company was in compliance with the covenants under its credit agreements in effect at the time. During the three and nine months ended September 30, 2025 and September 30, 2024, the Company recognized \$0.1 million, \$0.1 million, \$0.4 million and \$0.4 million of interest expense related to the amortization of the debt issuance costs of the 2023 Credit Facility, respectively.

Borrowings under the 2023 Credit Facility will accrue interest and standby fees based on the Company's Total Funded Debt to Adjusted EBITDA ratio and the availment type as follows:

Availment type or fee	If Total Funded Debt to EBITDA is:			
	Less than 2.00	Greater than or equal to 2.00 and less than 2.75	Greater than or equal to 2.75 and less than 3.50	Greater than or equal to 3.50 and less than 3.75
Canadian dollar borrowings based on the Canadian overnight repo rate average or U.S. dollar borrowings based on SOFR and letter of credit fees (Margin)	1.50%	2.00%	2.50%	3.00%
Canadian borrowings based on Prime Rate or Canadian or U.S. dollar borrowings based on Base Rate (Margin)	0.25%	0.75%	1.25%	1.75%
Standby fees	0.30%	0.40%	0.50%	0.60%

The following table summarizes the Tucows businesses excluding Ting's borrowings under the credit facilities (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Principal	\$ 190,400	\$ 195,400
Less: unamortized debt discount and issuance costs	(980)	(974)
Syndicated Revolver, long-term portion	\$ 189,420	\$ 194,426

8. Notes Payable

2023 Term Notes

On May 4, 2023 (the “Closing Date”), Tucows Inc. through its indirect and wholly owned subsidiaries, including Ting Fiber, LLC entered into a definitive agreement relating to a securitized financing facility related to a privately placed securitization transaction. On the Closing Date, Ting Issuer LLC, a Delaware limited liability company (the “Issuer”), a limited purpose, bankruptcy-remote, indirect wholly owned subsidiary of the Company issued (i) \$168,357,000 of its 5.95% Secured Fiber Revenue Notes, Series 2023-1, Class A-2, (ii) \$23,289,000 of its 7.40% Secured Fiber Revenue Notes, Series 2023-1, Class B and (iii) \$46,859,000 initial principal amount of 9.95% Secured Fiber Revenue Notes, Series 2023-1, Class C, together, the “2023 Term Notes”. The offering was exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). The net proceeds from the issuance of the 2023 Term Notes were \$220.5 million, after deducting a debt discount of \$11.2 million and issuance costs of \$6.7 million.

The debt discount and issuance costs of the 2023 Term Notes are being amortized using the straight-line method over a five-year period between the Closing Date and the anticipated repayment date.

The 2023 Term Notes are issued under an indenture, dated May 4, 2023 (the “Base Indenture”) between the Issuer and Citibank, N.A., as trustee (the “Indenture Trustee”) as supplemented by the Series 2023-1 supplemental indenture dated May 4, 2023, (the “Series 2023-1 Supplement” and, together with the Base Indenture, the “Indenture”), between the Issuer and the Trustee. Interest payments on the 2023 Term Notes are payable on a monthly basis. The legal final maturity date of the 2023 Term Notes is in April of 2053, but, unless earlier prepaid to the extent permitted under the Indenture, the anticipated repayment date of the 2023 Term Notes will be in April 2028. If the Issuer has not repaid or refinanced the 2023 Term Notes prior to the anticipated repayment date, additional interest will accrue on the 2023 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 2023 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 2023 Class A-2 Notes, 3.50%, (y) for the 2023 Class B Notes, 5.00% and (z) for the 2023 Class C Notes, 7.82%.

2024 Term Notes

On August 20, 2024, Tucows Inc., through its indirect and wholly owned subsidiaries, including Ting Fiber, LLC, entered into a definitive agreement relating to a securitized financing facility related to a privately placed securitization transaction. On August 20, 2024, Ting Issuer LLC, the Issuer, a limited purpose, bankruptcy-remote, indirect wholly owned subsidiary of the Company, 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, (the “Class C Notes” together with the 2024 Class A-2 Notes and the 2024 Class B Notes, the “2024 Term Notes”). The Tranche C notes were not sold in this transaction, and they remain available for future sale depending on market conditions. The net proceeds from the issuance of the 2024 Term Notes were \$61.0 million, after deducting a debt discount of NIL and issuance costs of \$2.0 million.

The 2024 Term Notes were issued under the Base Indenture (the “Base Indenture”) dated May 4, 2023, and the related Series 2024-1 Supplement (the “Series 2024-1 Supplement”), dated August 20, 2024, by and between the Issuer, the asset parties thereto, and Citibank, N.A., as trustee (in such capacity, the “Indenture Trustee”) and securities intermediary. The Base Indenture and the Series 2024-1 Supplement 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.

The debt discount and issuance costs of the 2024 Term Notes are being amortized using the straight-line method over a five-year period between August 20, 2024 and the anticipated repayment date.

The 2023 Term Notes and 2024 Term Notes are secured by certain of the Company’s revenue-generating assets, consisting principally of fiber-network related agreements, fiber-network assets and customer contracts (collectively, the “Securitized Assets”) that are owned by certain other limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of the Company that act as the guarantors (collectively with the Issuer, the “Obligor”) under the Base Indenture. The 2023 Term Notes and 2024 Term Notes are subject to a series of covenants, restrictions and other investor protections including (i) that the Issuer maintains specified reserve accounts to be used to make required payments in respect of the 2023 Term Notes and 2024 Term Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, (iii) certain indemnification payments, (iv) the guarantors comply with standard bankruptcy-remoteness covenants, including not guaranteeing or being liable for other affiliates debts or liabilities, and (v) covenants relating to recordkeeping, access to information, and similar matters.

As of September 30, 2025, the Company was in compliance with all required covenants. As of September 30, 2025, the Company’s scheduled principal repayments for the 2023 Term Notes of \$238.5 million is due on April 2028 and 2024 Term Notes of \$63.0 million is due on August 2029.

During the three and nine months ended September 30, 2025, the Company recognized \$1.0 million and \$3.0 million and during the three and nine months ended September 30, 2024, the Company recognized \$0.9 million and \$2.7 million of interest expense related to the amortization of the debt discount and issuance costs of the 2023 Notes and 2024 Notes.

The following table summarizes Ting's borrowings under the 2023 and 2024 Term Notes (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Principal	\$ 301,505	\$ 301,505
Less: unamortized issuance costs	(5,027)	(6,341)
Less: unamortized discount	(5,836)	(7,518)
Note payable, long-term portion ⁽¹⁾	\$ 290,642	\$ 287,646

(1) During the three and nine months ended September 30, 2025, the Company capitalized \$0.1 million and \$0.2 million of interest expenses pertaining to the 2023 and 2024 Term Notes directly attributable to the development of certain AUC assets, respectively. Comparatively, for the three and nine months ended September 30, 2024, the Company capitalized \$0.3 million and \$1.0 million, respectively, of interest expenses pertaining to the 2023 Term Notes directly attributable to the development of certain AUC assets.

Restricted Cash

Under the terms of the Indenture, revenues generated from the Securitized Assets are deposited into accounts controlled by the Indenture Trustee within two business days of receipt. The Company has no access to or control of the funds held in trust until they are disbursed by the Indenture Trustee on the 20th day of each calendar month (the "Payment Date"). In accordance with the Indenture, on each Payment Date the Indenture Trustee disburses, on behalf of the Obligor, administration fees to service providers, interest payments to the noteholders, liquidity reserve top-ups (if required), and the remaining funds to accounts controlled by the Obligor. Funds held in trust with the Indenture Trustee at the reporting date are presented as "Restricted cash" on the Company's Condensed Consolidated Balance Sheet.

As of September 30, 2025, and December 31, 2024, Restricted cash totaled \$4.6 million and \$4.6 million, respectively.

Under the terms of the Indenture, the Company is also required to maintain a liquidity reserve fund equal to the sum of (A) six times the total amount of fund administration fees payable on each payment date after May 20, 2023 and (B) six times the total amount of monthly interest on the 2023 and 2024 Term Notes due and payable on each payment date after May 20, 2023. The liquidity reserve is maintained with the Indenture Trustee until the maturity of the 2023 and 2024 Term Notes and the balance is presented as "Secured notes reserve funds" on the Company's Condensed Consolidated Balance Sheet.

As of September 30, 2025, and December 31, 2024, secured notes reserve funds totaled \$12.1 million and \$11.7 million, respectively.

9. Income Taxes

The Company's provision for income taxes for interim periods is determined by using an estimated annual effective tax rate, adjusted for discrete items arising during the quarter. At each quarter, the Company updates the estimated annual effective tax rate and makes a year-to-date adjustment to the provision. The estimated annual effective tax rate is subject to volatility due to several factors, including accurately forecasting the Company's net income before tax, taxable income or loss, the mix of tax jurisdictions to which they relate, intercompany transactions, and changes in statutes, regulations, and case law.

For the three and nine months ended September 30, 2025, the Company recorded an income tax expense of \$2.5 million and \$6.9 million, on net loss before income taxes of \$20.6 million and \$46.9 million respectively, using an estimated effective tax rate for the fiscal year ending December 31, 2025. Our effective tax rates for the three and nine months ended September 30, 2025 differ from the U.S. federal statutory rate primarily due to an increase in valuation allowance on net operating losses and the impact of foreign earnings.

Comparatively, for the three and nine months ended September 30, 2024, the Company recorded an income tax expense of \$3.1 million and \$6.1 million, on net loss before income taxes of \$19.2 million and \$61.3 million, respectively, using an estimated effective tax rate for the fiscal year ending December 31, 2024. Our effective tax rates for the three months and nine months ended September 30, 2024 differ from the U.S. federal statutory rate primarily due to an increase in valuation allowance on net operating losses and the impact of foreign earnings.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, enacting a number of significant changes to the U.S. tax code. The tax effects of OBBBA 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 OBBBA and their potential impact on future periods and related disclosures.

10. Basic and Diluted Loss per Common Share:

The following table reconciles the numerators and denominators of the basic and diluted loss per common share computation (Dollar amounts in thousands of U.S. dollars, except for share data):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Numerator for basic and diluted loss per common share:				
Net loss for the period	\$ (23,019)	\$ (22,297)	\$ (53,789)	\$ (67,385)
Denominator for basic and diluted loss per common share:				
Basic and diluted weighted average number of common shares outstanding	<u>11,079,486</u>	<u>10,982,820</u>	<u>11,053,725</u>	<u>10,953,778</u>
Basic and diluted loss per common share	<u>\$ (2.08)</u>	<u>\$ (2.03)</u>	<u>\$ (4.87)</u>	<u>\$ (6.15)</u>

For the three and nine months ended September 30, 2025 and September 30, 2024, the Company recorded a net loss, thus all outstanding options were considered anti-dilutive and excluded from the computation of diluted income per common share.

11. Revenue

Significant accounting policy

The Company's revenues are derived from (a) the provisioning of retail fiber Internet services through Ting, (b) the CSP solutions and professional services through Wavelo; and (c) domain name registration contracts, other domain related value-added services, domain sale contracts, and other advertising revenue through Tucows Domains Services. Certain revenues are disclosed under Corporate and other as they are considered non-core business activities including retail mobile services, Transition Services Agreement ("TSA") revenue and eliminations of intercompany revenue. Amounts received in advance of meeting the revenue recognition criteria described below are recorded as contract liabilities. All products are generally sold without the right of return or refund.

Revenue is measured based on the consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Nature of goods and services

The following is a description of principal activities – separated by reportable segments – from which the Company generates its revenue. For more detailed information about reportable segments, see Note 14 – Segment Reporting.

(a) Ting

The Company generates Ting revenues primarily through the provisioning of fixed high-speed Internet access, Ting Internet.

Ting Internet contracts provide customers Internet access at their home or business through the installation and use of our fiber optic network and fixed wireless network. Ting Internet contracts are generally prepaid and grant customers with unlimited bandwidth based on a fixed price per month basis. Because consideration is collected before the service period, revenue is initially deferred and recognized as the Company performs its obligation to provide Internet access. Though the Company does not consider the installation of fixed Internet access to be a distinct performance obligation, the fees related to installation are immaterial and therefore revenue is recognized as billed. The Company also rents modems to customers for the duration of the service arrangement. As the non-lease service component is predominant in the arrangement, and as both the modem and internet access services are provided continuously over the same monthly period, the Company has elected the practical expedient in ASC-842-10-15-42A and accounts for the combined modem-and-service arrangement as a single performance obligation.

Ting Internet access 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 Internet customers is computed based on the customer's activation date. In addition, revenue from sale of internet hardware to subscribers is recognized when control transfers, which occurs upon shipment. 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, revenue is not recognized at contract inception unless the collection of the related accounts receivable is reasonably assured. The Company records 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.

(b) Wavelo

The Company generates Wavelo revenues by providing billing and provisioning platform services to CSPs to whom we also provide other professional services.

Platform service agreements contain both platform services and professional services. Platform services offer a variety of solutions that support CSPs, including subscription and billing management, network orchestration and provisioning, and individual developer tools through a single, cloud-based service. Professional services provided under platform service arrangements can include implementation, training, consulting or software development/modification services. Platform services and professional services are considered to be separate performance obligations.

Consideration under platform service arrangements includes both a variable component that changes each month depending on the number of subscribers hosted on the platform, as well as a fixed component of platform payments and credits.

Platform payments and associated credits are allocated between the platform services and professional services performance obligations by estimating the standalone selling price ("SSP") of each performance obligation.

The Company estimates the SSP of professional services based on observable standalone sales. The SSP of platform services is derived using the residual approach by estimating the total contract consideration and subtracting the SSP of professional services.

Each month of providing access to the platform is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, therefore, the performance obligation consists of a series of distinct service periods. Accordingly, the platform services represent a single promise to provide continuous access (i.e. a stand-ready performance obligation) to the platform. Accordingly, the platform payment revenue allocated to platform services is recognized evenly over the term of the contract. Variable subscriber fees are allocated to the platform services and are recognized as the fees are invoiced.

Revenues related to professional services are distinct from the other promises in the contract(s) and are recognized as the related services are performed, on the basis of hours consumed.

Other professional services consist of professional service arrangements with platform services customers which are billed based on separate Statement of Work ("SOW") arrangements for bespoke feature development. Revenues for professional services contracted through separate SOWs are recognized at a point-in-time when the final acceptance criteria have been met.

(c) Tucows Domains

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.

Domain related value-added services like digital certifications, WHOIS privacy, website hosting and hosted email provide 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.

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.

The Company also sells the rights to the Company's portfolio domains or names acquired through the Company's domain expiry stream. The domain expiry stream involves domain names whose registration has expired and as per ICANN regulations are placed into a 40-day grace period. Though the domain names do not belong to the registrant during the 40-day grace period, the Company is restricted from allowing others to register them. The Company monetizes its domain expiry stream both through the sale of names and by allowing advertisers to place parked pages advertisements on the domains. Revenue generated from sale of domain name contracts, containing a distinct performance obligation to transfer the domain name rights under the Company's control, is generally recognized once the rights have been transferred and payment has been received in full.

Advertising revenue is derived through domain parking monetization, whereby the Company contracts with third-party Internet advertising publishers to direct web traffic from the Company's domain expiry stream domains, surname domains and direct navigation domains to advertising websites. Compensation from Internet advertising publishers is calculated variably on a cost-per-action basis based on the number of advertising links that have been visited in a given month. Given that the variable consideration is calculated and paid on a monthly basis, no estimation of variable consideration is required.

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Disaggregation of Revenue

The following is a summary of the Company's revenue earned from each significant revenue stream (Dollar amounts in thousands of U.S. dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
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

During the three and nine months ended September 30, 2025, one customer within the Wavelo segment accounted for 12% of the Company's total revenue amounting to \$11.3 million and \$34.4 million, respectively. During the three and nine months ended September 30, 2024, one customer within the Wavelo segment accounted for 11% of the Company's total revenue amounting to \$9.8 million and \$29.2 million, respectively.

At September 30, 2025, one customer represented 51% of accounts receivables. As of December 31, 2024, one customer represented 56% of total accounts receivable.

The following is a summary of the Company's cost of revenue from each significant revenue stream (Dollar amounts in thousands of U.S. dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
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				
Total Tucows Domains	4,380	4,216	12,953	12,410
	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 and amortization cost	10,692	9,780	32,260	29,336
Network, impairment	161	852	800	905
Total Network Expenses	16,547	17,496	49,748	52,128
	\$ 74,377	\$ 70,109	\$ 221,808	\$ 207,863

Contract Balances

The following table provides information about contract liabilities from contracts with customers. The Company accounts for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

Some of the Company's long-term contracts with customers are billed in advance of service, such as domain contracts and some professional service contracts. Consideration received from customers related to performance obligations which have not yet been satisfied are recorded as contract liabilities.

Contract liabilities primarily relate to the portion of the transaction price received in advance related to the unexpired term of domain name registrations and other domain related value-added services, on both a wholesale and retail basis, net of external commissions.

Significant changes in contract liabilities for the nine months ended September 30, 2025 were as follows (Dollar amounts in thousands of U.S. dollars):

	<u>September 30, 2025</u>
Balance, beginning of period	\$ 156,804
Contract liabilities	206,322
Recognized revenue	<u>(204,462)</u>
Balance, end of period	<u>\$ 158,664</u>

Remaining Performance Obligations

For retail mobile and internet access services, where the performance obligation is part of contracts that have an original expected duration of one year or less (typically one month), the Company has elected to apply a practical expedient to not disclose revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied).

Although domain registration contracts are deferred over the lives of the individual contracts, which can range from one to ten years, approximately 80 percent of our contract liabilities balance related to domain contracts is expected to be recognized within the next twelve months.

Professional services revenue related to platform services agreement is deferred and recognized as hours are incurred over the contract term. Any revenue for unused professional service hours is recognized as revenue at the end of the contract period.

12. Costs to obtain and fulfill a Contract*Deferred costs of fulfillment*

Deferred costs to fulfill contracts primarily consist of domain registration costs which have been paid to a domain registry and are capitalized as deferred costs of fulfillment. These costs are deferred and amortized over the life of the domain which generally ranges from one to ten years. The Company also defers certain technology design and data migration costs it incurs to fulfill its performance obligations contained in our platform services arrangements. There were no impairment losses recognized in relation to the costs capitalized during the nine months ended September 30, 2025. Amortization expense is included in cost of revenue.

The breakdown of the movement in the deferred costs of fulfillment balance for the nine months ended September 30, 2025 is as follows (Dollar amounts in thousands of U.S. dollars).

	<u>September 30, 2025</u>
Balance, beginning of period	\$ 116,975
Deferral of costs	138,105
Amortized expense included in cost of revenue	<u>(138,760)</u>
Balance, end of period	<u>\$ 116,320</u>

13. Leases

We lease datacenters, corporate offices, warehouses and fiber-optic cables under operating leases. The Company does not have any leases classified as finance leases.

Our leases have remaining lease terms of 1 year to 20 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year.

The components of lease expense were as follows (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
Operating lease expense (leases with a total term greater than 12 months)	\$ 2,793	\$ 1,800	\$ 7,545	\$ 5,158
Short-term lease expense (leases with a total term of 12 months or less)	15	9	28	25
Variable lease expense	162	560	537	1,734
Total lease expense	<u>\$ 2,970</u>	<u>\$ 2,369</u>	<u>\$ 8,110</u>	<u>\$ 6,917</u>

Lease expense is presented in general and administrative expenses and network expenses within our Condensed Consolidated Statements of Operations and Comprehensive Loss.

Variable lease payments are determined based on specific terms and conditions outlined in the lease agreements. These may include payments for utilities, which are based on actual usage, and maintenance costs, which are determined based on expenses incurred.

Information related to leases was as follows (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
<i>Supplemental cash flow information:</i>				
Operating lease - operating cash flows (fixed payments)	\$ 2,610	\$ 1,927	\$ 6,706	\$ 5,565
Operating lease - operating cash flows (liability reduction)	\$ 1,556	\$ 1,506	\$ 4,428	\$ 4,406
New right of use assets - operating leases	\$ 15,263	\$ 6,290	\$ 28,209	\$ 10,397

Supplemental balance sheet information related to leases:

	September 30, 2025	December 31, 2024
Incremental borrowing rate	8.69%	8.09%
Weighted average remaining lease term	15.11 yrs	14.60 yrs

Maturity of lease liability as of September 30, 2025 (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025
Remaining of 2025	\$ 2,488
2026	9,549
2027	8,494
2028	7,810
2029	8,171
Thereafter	64,769
Total future lease payments	101,281
Less imputed interest	47,124
Total	<u>\$ 54,157</u>

Operating lease payments include payments under the non-cancellable term, without any additional amounts related to options to extend lease terms that are reasonably certain of being exercised.

We have agreements with several third-party network partners who construct and operate fiber networks used to deliver our internet services. Under these arrangements, the partners build and activate new serviceable addresses each month. The financial terms of these arrangements may include fixed fees, variable fees, or a combination of both. The partners control and manage the construction. We do not control the construction process and are therefore not considered the owner during buildout. The leases for these addresses will commence once the lessor makes the underlying assets available for our use, to deliver services to our customers.

During the second quarter of 2025, the Company identified an immaterial error in the application of lease accounting for a long-term fiber network access agreement. Upon reassessment, the Company determined that only the initial three-year exclusive-use period under the agreement met the definition of a lease under ASC 842. The remaining term represents a service arrangement and should not have been included in the ROU asset or operating lease liability calculation. As a result, the Company recorded a cumulative adjustment in Q2 2025 to reduce previously recognized ROU assets and operating lease liabilities, and to recognize a catch-up lease expense totaling \$3.0 million with a corresponding reduction in the ROU asset. The adjustment was recorded in the current period as the error was not material to previously issued financial statements.

The Company has elected to use the single exchange rate approach when accounting for lease modifications. Under the single exchange rate approach, the entire right of use asset is revalued at the date of modification in the Company's functional currency provided the re-measurement is not considered a separate contract or if the re-measurement is related to change the lease term or assessment of a lessee option to purchase the underlying asset being exercised.

Impairment of ROU asset

During the quarter ended September 30, 2025, the Company recognized an impairment loss of \$0.7 million related to two warehouse related ROU assets that were written down to their fair value. Management concluded that these assets met the definition of 'assets disposed of by abandonment' under ASC 360-10. In accordance with ASC 820, *fair value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The impairment loss is recorded within "Impairment of property and equipment" in the Condensed Consolidated Statement of Operation and Comprehensive Loss and the related lease liabilities remain on the balance sheet and continue to be measured using the effective interest method.

14. Segment Reporting

Reportable operating segments

We are organized and managed based on three operating segments which are differentiated primarily by their services, the markets they serve and the regulatory environments in which they operate. No operating segments have been aggregated to determine our reportable segments.

Our reportable operating segments and their principal activities consist of the following:

1. Ting – This segment derives revenue from providing retail high speed Internet access services to individuals and small businesses. Revenues are generated in the United States.

2. Wavelo – This segment derives revenue from platform and other professional services related to communication service providers, including Mobile Network Operators and Internet Service Providers, and are primarily generated in the United States.

3. Tucows Domains – This segment includes wholesale and retail domain name registration services, value added services and portfolio services. The Company primarily earns revenues from the registration fees charged to resellers in connection with new, renewed and transferred domain name registrations; the sale of retail Internet domain name registration and email services to individuals and small businesses. Domain Services revenues are attributed to the country in which the contract originates, primarily Canada and the United States.

Our segmented results include shared services allocations, including a profit margin, for Finance, Human Resources and other technical services, to the operating units. In addition, Wavelo charges Ting a subscriber based monthly charge for services rendered. Financial impacts from these allocations and cross segment charges are eliminated as part of the consolidation.

Key measure of segment performance

The CEO, as the chief operating decision maker, regularly reviews the operations and performance by segment. The CEO reviews Segment Adjusted EBITDA (as defined below) as (i) key measures of performance for each segment and (ii) to make decisions about the allocation of resources. Depreciation of property and equipment, amortization of intangible assets, impairment of indefinite life intangible assets, gain on currency forward contracts and other expense net are organized along functional lines and are not included in the measurement of segment profitability. Total assets and total liabilities are centrally managed and are not reviewed at the segment level by the CEO.

Our key measure of segment performance is Segment Adjusted EBITDA.

We calculate this as segment revenue together with recurring income earned on sale of transferred assets, less cost of revenue, network expenses and certain operating expenses attributable to each segment, such as sales and marketing, technical operations and development, general and administration expenses. Segment Adjusted EBITDA excludes unrealized gains (losses) on foreign exchange, stock-based compensation and transactions that are not indicative of on-going performance, including acquisition and transition costs. Certain revenues and expenses are excluded from 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 intercompany transactions, portions of Finance and Human Resources that are centrally managed, Legal and Corporate IT.

The Company believes that Adjusted EBITDA is an important indicator of the operational strength and performance of its segments, by identifying those items that are not directly a reflection of each segment’s performance or indicative of ongoing operational and profitability trends.

The CODM uses Adjusted EBITDA to evaluate the overall recurring profitability of each operating segment after accounting for overhead costs. Adjusted EBITDA is evaluated by the CODM by comparing current period to historical and forecasted results and is used to inform strategic decisions over segment profitability, operational efficiency, pricing strategies, cost optimization, customer churn, competitor benchmarking and cash flow.

Information by reportable segments (with the exception of disaggregated revenue, which is discussed in “Note 11 – Revenue”), which is regularly reported to the chief operating decision maker, and the reconciliations thereof to our income before taxes, are set out in the following tables (Dollar amounts in thousands of U.S. dollars):

	Ting	Wavelo	Tucows Domains	Consolidated Totals
For the Three Months Ended September 30, 2025				
Revenue from external customers	\$ 16,976	\$ 11,408	\$ 67,837	\$ 96,221
Intersegment revenues ⁽¹⁾	-	448	-	448
Total net revenues	16,976	11,856	67,837	96,669
Less:				
Cost of revenues ⁽²⁾	5,613	88	46,623	52,324
Network, other costs ⁽²⁾	2,297	2,258	1,819	6,374
Sales and marketing	5,030	2,475	3,869	11,374
Technical operations and development	510	2,181	1,893	4,584
General and administrative	4,510	1,177	1,289	6,976
Other segment items ⁽³⁾	(102)	(608)	247	(463)
Segment Adjusted EBITDA	\$ (882)	\$ 4,285	\$ 12,097	\$ 15,500

	<u>Ting</u>	<u>Wavelo</u>	<u>Tucows Domains</u>	<u>Consolidated Totals</u>
For the Three Months Ended September 30, 2024				
Revenue from external customers	\$ 15,310	\$ 10,010	\$ 64,715	\$ 90,035
Intersegment revenues (1)	-	72	-	72
Total net revenues	<u>15,310</u>	<u>10,082</u>	<u>64,715</u>	<u>90,107</u>
Less:				
Cost of revenues (2)	2,639	63	44,905	47,607
Network, other costs (2)	4,053	2,690	1,710	8,453
Sales and marketing	8,590	2,278	3,488	14,356
Technical operations and development	922	1,675	1,718	4,315
General and administrative	4,401	963	1,540	6,904
Other segment items (3)	(225)	(1,016)	(175)	(1,416)
Segment Adjusted EBITDA	<u>\$ (5,070)</u>	<u>\$ 3,429</u>	<u>\$ 11,529</u>	<u>\$ 9,888</u>

	<u>Ting</u>	<u>Wavelo</u>	<u>Tucows Domains</u>	<u>Consolidated Totals</u>
For the Nine Months Ended September 30, 2025				
Revenue from external customers	\$ 49,701	\$ 34,588	\$ 200,696	\$ 284,985
Intersegment revenues (1)	-	1,320	-	1,320
Total net revenues	<u>49,701</u>	<u>35,908</u>	<u>200,696</u>	<u>286,305</u>
Less:				
Cost of revenues (2)	17,972	320	137,707	155,999
Network, other costs (2)	6,946	6,890	5,478	19,314
Sales and marketing	14,424	7,612	11,261	33,297
Technical operations and development	1,483	5,706	5,954	13,143
General and administrative	14,460	3,107	4,296	21,863
Other segment items (3)	(197)	(1,821)	(180)	(2,198)
Segment Adjusted EBITDA	<u>\$ (5,387)</u>	<u>\$ 14,094</u>	<u>\$ 36,180</u>	<u>\$ 44,887</u>

	<u>Ting</u>	<u>Wavelo</u>	<u>Tucows Domains</u>	<u>Consolidated Totals</u>
For the Nine Months Ended September 30, 2024				
Revenue from external customers	\$ 43,983	\$ 29,755	\$ 188,965	\$ 262,703
Intersegment revenues (1)	-	218	-	218
Total net revenues	<u>43,983</u>	<u>29,973</u>	<u>188,965</u>	<u>262,921</u>
Less:				
Cost of revenues (2)	8,905	753	131,750	141,408
Network, other costs (2)	12,677	7,719	5,311	25,707
Sales and marketing	30,442	5,830	10,228	46,500
Technical operations and development	2,594	4,967	5,313	12,874
General and administrative	13,563	2,754	4,423	20,740
Other segment items (3)	(3,149)	(2,177)	(817)	(6,143)
Segment Adjusted EBITDA	<u>\$ (21,049)</u>	<u>\$ 10,127</u>	<u>\$ 32,757</u>	<u>\$ 21,835</u>

(1) Intercompany revenues earned for provision of services on the Internet Service Operating System ("ISOS") and Subscriber Management ("SM") platforms between Wavelo and Ting are included in Wavelo's segment revenues for purposes of segment analysis, but are ultimately eliminated upon consolidation.

(2) Network Costs in segment reports provided to the CODM include certain construction expenses for Ting, which are reported as Direct Costs of Revenue in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

(3) Other segment items for each reportable segment includes other income, as well as adjustments to add back (deduct): gains and losses from unrealized foreign currency, stock-based compensation expense and acquisition and transition costs, which are included in other line items but are excluded from our definition of Segment Adjusted EBITDA.

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The following table reconciles Segment Adjusted EBITDA for the period to Net loss before tax for the three and nine months ended September 30, 2025 and September 30, 2024

Reconciliation of Segment Adjusted EBITDA to Net loss before tax (In Thousands of U.S. Dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Segment Adjusted EBITDA	\$ 15,500	\$ 9,888	\$ 44,887	\$ 21,835
Reconciling items:				
Corporate and other (1)	(2,231)	(1,200)	(5,370)	233
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 (2)	(311)	(1,618)	(1,039)	(5,438)
Net loss before tax	<u>\$ (20,563)</u>	<u>\$ (19,223)</u>	<u>\$ (46,902)</u>	<u>\$ (61,317)</u>

(1) Items that are centrally managed and not monitored by or reported to our CEO by segment, including retail mobile services, eliminations of intercompany transactions, portions of Finance and Human Resources that are centrally managed, Legal and Corporate IT.

(2) Acquisition and other costs represent transaction-related expenses and transitional expenses. Expenses include severance or transitional costs associated with department, operational or overall company restructuring efforts, including geographic alignments.

Revenue from sources outside of Canada and the United States of America comprises less than 10% of our total operating revenue.

(b) The following is a summary of the Company's property and equipment by geographic region (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Canada	\$ 804	\$ 897
United States	287,152	330,148
Europe	4	4
	<u>\$ 287,960</u>	<u>\$ 331,049</u>

(c) The following is a summary of the Company's amortizable intangible assets by geographic region (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Canada	\$ 833	\$ 1,258
United States	7,882	11,225
	<u>\$ 8,715</u>	<u>\$ 12,483</u>

Under ASC 326, the Company assesses the adequacy of its allowance for expected credit losses based on historical loss experience, current economic conditions and reasonable forecasts. Our evaluation considers the short-term nature of our receivables and the high credit quality of our customer base, which mitigates significant credit risk exposure.

(d) The following table summarizes our expected credit losses ("ECL") (Dollar amounts in thousands of U.S. dollars):

Expected credit losses	Balance at beginning of period	Increase in ECL provision	Write-offs during period	Balance at end of the period
Nine months ended September 30, 2025	\$ 923	\$ 161	\$ (39)	1,045
Twelve months ended December 31, 2024	\$ 511	\$ 412	\$ -	923

15. Stockholders' Deficit

The following table summarizes stockholders' deficit transactions for the three and nine months ended September 30, 2025 (Dollar amounts in thousands of U.S. dollars):

	Common stock		Additional paid in capital	Retained earnings (Accumulated Deficit)	Accumulated other comprehensive income (loss)	Total stockholders' deficit
	Number	Amount				
Balances, June 30, 2025	11,065,641	\$ 37,429	\$ 21,451	\$ (180,928)	\$ 362	\$ (121,686)
Stock-based compensation ⁽¹⁾	24,022	478	961	-	-	1,439
Net loss	-	-	-	(23,019)	-	(23,019)
Other comprehensive loss	-	-	-	-	(793)	(793)
Balances, September 30, 2025	<u>11,089,663</u>	<u>\$ 37,907</u>	<u>\$ 22,412</u>	<u>\$ (203,947)</u>	<u>\$ (431)</u>	<u>\$ (144,059)</u>

	Common stock		Additional paid in capital	Retained earnings (Accumulated Deficit)	Accumulated other comprehensive income (loss)	Total stockholders' deficit
	Number	Amount				
Balances, December 31, 2024	11,014,655	\$ 36,581	\$ 19,241	\$ (150,158)	\$ (964)	\$ (95,300)
Exercise of stock options	-	-	31	-	-	31
Stock-based compensation ⁽¹⁾	75,008	1,326	3,140	-	-	4,466
Net loss	-	-	-	(53,789)	-	(53,789)
Other comprehensive loss	-	-	-	-	533	533
Balances, September 30, 2025	<u>11,089,663</u>	<u>\$ 37,907</u>	<u>\$ 22,412</u>	<u>\$ (203,947)</u>	<u>\$ (431)</u>	<u>\$ (144,059)</u>

(1) The Company capitalizes stock-based compensation costs directly attributable to the development of qualifying assets. Qualifying assets include internal use software ("IUS"), assets under construction ("AUC"), equipment, or other long-lived assets that meet the capitalization criteria prescribed by ASC 350. During the three and nine months ended September 30, 2025, the Company capitalized \$0.1 million and \$0.2 million of stock-based compensation directly attributable to the development of certain IUS assets. During the three and nine months ended September 30, 2024, the Company capitalized \$0.1 million and \$0.2 million of stock-based compensation directly attributable to the development of certain IUS assets.

2025 Stock Buyback Program

On February 13, 2025, the Company announced that its Board of Directors ("Board") approved a stock buyback program to repurchase up to \$40 million of its common stock in the open market. The \$40 million buyback program commenced on February 14, 2025 and is expected to terminate on February 13, 2026. For the three and nine months ended September 30, 2025, the Company did not repurchase shares under this program.

2024 Stock Buyback Program

On February 22, 2024, the Company announced that its Board has approved a stock buyback program to repurchase up to \$40 million of its common stock in the open market. Purchases were to be made exclusively through the facilities of the NASDAQ Capital Market. The stock buyback program commenced on February 23, 2024 and terminated on February 22, 2025. For the nine months ended September 30, 2025 and September 30, 2024, the Company did not repurchase shares under this program.

2023 Stock Buyback Program

On February 9, 2023, the Company announced that its Board approved a stock buyback program to repurchase up to \$40 million of its common stock in the open market. Purchases were to be made exclusively through the facilities of the NASDAQ Capital Market. The stock buyback program commenced on February 10, 2023 and was terminated on February 9, 2024. For the nine months ended September 30, 2024 the Company did not repurchase shares under this program.

16. Share-based Payments

2006 Tucows Equity Compensation Plan

On November 22, 2006, the shareholders of the Company approved the Company’s 2006 Equity Compensation Plan (the “2006 Plan”), which was amended and restated effective July 29, 2010 and which serves as a successor to the 1996 Plan. The 2006 Plan has been established for the benefit of the employees, officers, directors and certain consultants of the Company. The maximum number of common shares which had initially been set aside for issuance under the 2006 Plan is 1.25 million shares. On October 8, 2010, the 2006 Plan was amended to increase the number of shares set aside for issuance by an additional 0.475 million shares to 1.725 million shares. In September 2015, the 2006 Plan was amended to increase the number of shares set aside for issuance by an additional 0.75 million shares to 2.475 million shares. In November 2020, the 2006 Plan was amended to increase the number of shares set aside for issuance by an additional 1.53 million shares to 4.0 million shares. Generally, options issued under the 2006 Plan vest over a four-year period and have a term not exceeding seven years, except for automatic formula grants of non-qualified stock options, which vest after one year and have a five-year term. Prior to the September 2015 amendment to the 2006 Plan, automatic formula grants of non-qualified stock options vested immediately upon grant.

Our current equity-based compensation plans include provisions that allow for the “net exercise” of stock options by all plan participants. In a net exercise, any required payroll taxes, federal withholding taxes and exercise price of the shares due from the option holder can be paid for by having the option holder tender back to the Company a number of shares at fair value equal to the amounts due. These transactions are accounted for by the Company as a purchase and retirement of shares.

The fair value of each option grant (“Company Option”) is estimated on the date of grant using the Black-Scholes option-pricing model. Because option-pricing models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. The Company calculates expected volatility based on historical volatility of the Company’s common shares. The expected term, which represents the period of time that options granted are expected to be outstanding, is estimated based on historical exercise experience. The Company evaluated historical exercise behavior when determining the expected term assumptions. The risk-free rate assumed in valuing the options is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option. The Company determines the expected dividend yield percentage by dividing the expected annual dividend by the market price of Tucows Inc. common shares at the date of grant.

Details of Company stock option transactions for the three and nine months ended September 30, 2025 and September 30, 2024 are as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

	<u>Three Months Ended September 30, 2025</u>		<u>Three Months Ended September 30, 2024</u>	
	<u>Number of shares</u>	<u>Weighted average exercise price per share</u>	<u>Number of shares</u>	<u>Weighted average exercise price per share</u>
Outstanding, beginning of period	1,046,219	\$ 39.82	1,186,961	\$ 54.30
Granted	23,000	17.38	146,408	22.02
Exercised	-	-	-	-
Forfeited	(2,760)	24.55	(19,402)	33.78
Expired	(114,988)	50.35	(123,507)	54.87
Outstanding, end of period	951,471	37.63	1,190,460	45.71
Options exercisable, end of period	535,018	\$ 52.34	625,627	\$ 59.02

	<u>Nine Months Ended September 30, 2025</u>		<u>Nine Months Ended September 30, 2024</u>	
	<u>Number of shares</u>	<u>Weighted average exercise price per share</u>	<u>Number of shares</u>	<u>Weighted average exercise price per share</u>
Outstanding, beginning of period	1,122,700	\$ 45.86	1,132,632	\$ 54.61
Granted	129,814	18.94	323,358	21.02
Exercised	-	-	-	-
Forfeited	(48,528)	29.53	(92,374)	24.73
Expired	(252,515)	56.65	(173,156)	56.33
Outstanding, end of period	951,471	37.63	1,190,460	45.71
Options exercisable, end of period	535,018	\$ 52.34	625,627	\$ 59.02

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As of September 30, 2025, the exercise prices, weighted average remaining contractual life of outstanding options and intrinsic values were as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

Exercise price	Options outstanding				Options exercisable			
	Number outstanding	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value	Number exercisable	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
\$16.47 - \$19.93	147,162	\$ 2.62	0.6	\$ 36	19,375	\$ 19.20	4.4	\$ 8
\$20.25 - \$28.37	357,230	22.79	5.5	-	116,692	23.53	5.3	-
\$30.70 - \$30.74	5,000	30.74	4.2	-	2,500	30.74	4.2	-
\$40.04 - \$48.00	129,340	42.00	3.7	-	96,108	42.02	3.7	-
\$51.82 - \$59.98	13,350	55.53	1.3	-	13,350	55.53	1.3	-
\$60.01 - \$68.41	146,066	60.93	1.2	-	144,896	60.94	1.2	-
\$70.13 - \$79.51	144,323	78.48	2.1	-	135,347	78.70	2.2	-
\$80.61 - \$82.07	9,000	80.61	3.0	-	6,750	80.61	3.0	-
	<u>951,471</u>	<u>\$ 37.63</u>	<u>3.2</u>	<u>\$ 36</u>	<u>535,018</u>	<u>\$ 52.34</u>	<u>3.0</u>	<u>\$ 8</u>

Total unrecognized compensation cost relating to unvested stock options at September 30, 2025, prior to the consideration of expected forfeitures, is approximately \$3.5 million and is expected to be recognized over a weighted average period of 2.7 years.

2022 Wavelo Equity Compensation Plan

On November 9, 2022 the Board of Wavelo approved Wavelo's Equity Compensation Plan ("ECP"), which has been established for the benefit of the employees, officers, directors and certain consultants of Wavelo or Tucows. The Wavelo stock options were introduced in order to provide variable compensation that helps retain executives and ensures that our executives' interests are aligned with those stakeholders of the business to grow long-term value. The maximum number of Wavelo common shares which have been set aside for issuance under the 2022 Plan is 20 million shares. In June 2024, the Board approved an increase in the authorized share count to 120 million shares, with a corresponding increase in the option pool to 25 million shares. The options issued under the ECP primarily vest over a period of three years and have a seven-year term. For the initial grants under the plan, the first 25% became exercisable within three months and vesting ratably monthly thereafter, after the third year. Compensation costs for awards of stock-based compensation settled in shares are determined based on the fair value of share-based instrument at the time of the grant and are recognized as expense over the vesting period of the share-based instrument. The Company recognizes forfeitures as they occur.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Because option-pricing models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. The Company calculates expected volatility based on the actual volatility of comparable publicly traded companies. The risk-free rate assumed in valuing the options is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option. The Company assumes the expected dividend yield to be zero.

Details of Wavelo's stock option transactions for the three and nine months ended September 30, 2025 and September 30, 2024 are as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding, beginning of period	15,626,013	\$ 1.33	16,779,846	\$ 1.30
Granted	264,250	1.81	341,500	1.78
Exercised	-	-	-	-
Forfeited	(58,742)	1.55	(864,167)	1.28
Expired	(171,695)	1.31	(154,701)	1.27
Outstanding, end of period	<u>15,659,826</u>	<u>1.34</u>	<u>16,102,478</u>	<u>1.31</u>
Options exercisable, end of period	<u>13,032,265</u>	<u>\$ 1.28</u>	<u>9,602,704</u>	<u>\$ 1.27</u>

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding, beginning of period	15,887,997	\$ 1.27	16,333,233	\$ 1.27
Granted	653,250	1.79	1,261,000	1.75
Exercised	(24,420)	1.27	-	-
Forfeited	(264,923)	1.53	(1,166,121)	1.29
Expired	(592,078)	1.30	(325,634)	1.27
Outstanding, end of period	<u>15,659,826</u>	<u>1.34</u>	<u>16,102,478</u>	<u>1.31</u>
Options exercisable, end of period	<u>13,032,265</u>	<u>\$ 1.28</u>	<u>9,602,704</u>	<u>\$ 1.27</u>

As of September 30, 2025, the exercise prices, weighted average remaining contractual life of outstanding options and intrinsic values were as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

Exercise price	Options outstanding				Options exercisable			
	Number outstanding	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value	Number exercisable	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
\$0 - \$1.81	15,659,826	\$ 1.34	4.1	\$ 7,434	13,032,265	\$ 1.28	4.1	\$ 6,866
	15,659,826	\$ 1.34	4.1	\$ 7,434	13,032,265	\$ 1.28	4.1	\$ 6,866

Total unrecognized compensation cost relating to unvested stock options at September 30, 2025, prior to the consideration of expected forfeitures, is approximately \$2.6 million and is expected to be recognized over a weighted average period of 2.1 years.

2022 Ting Equity Compensation Plan

On January 16, 2023, the Board of Ting Fiber, LLC approved Ting's Equity Compensation Plan (Ting ECP), which has been established for the benefit of the employees, officers, directors and certain consultants of Ting or Tucows. The Ting stock options were introduced in order to provide variable compensation that helps retain executives and ensure that our executives' interests are aligned with those stakeholders of the business to grow the long-term value. The maximum number of Ting common units that have been set aside for issuance under the plan is 10 million units, currently there are 100 million common units outstanding. Generally, options issued under the Ting ECP vest over a four-year period and have a term not exceeding seven years. Compensation costs for awards of stock-based compensation settled in shares are determined based on the fair value of the share-based instrument at the time of the grant and are recognized as expense over the vesting period of the share-based instrument.

The Company calculates expected volatility based on the actual volatility of comparable publicly traded companies. The risk-free rate assumed in valuing the options is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option. The Company assumes the expected dividend yield to be zero.

Details of Ting's stock option transactions for the three and nine months ended September 30, 2025 and September 30, 2024 are as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding, beginning of period	4,717,769	\$ 6.00	6,969,256	\$ 6.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(7,095)	6.00	(350,269)	6.00
Expired	-	-	-	-
Outstanding, end of period	4,710,674	6.00	6,618,987	6.00
Options exercisable, end of period	4,141,928	\$ 6.00	4,200,364	\$ 6.00

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding, beginning of period	5,959,660	\$ 6.00	7,504,269	\$ 6.00
Granted	-	-	123,000	6.00
Exercised	-	-	-	-
Forfeited	(98,753)	6.00	(798,249)	6.00
Expired	(1,150,233)	6.00	(210,033)	6.00
Outstanding, end of period	4,710,674	6.00	6,618,987	6.00
Options exercisable, end of period	4,141,928	\$ 6.00	4,200,364	\$ 6.00

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As of September 30, 2025, the exercise prices, weighted average remaining contractual life of outstanding options and intrinsic values were as follows (Dollar amounts in thousands of U.S. dollars, except per share amounts):

Exercise price	Options outstanding				Options exercisable			
	Number outstanding	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value	Number exercisable	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
\$0 - \$6.00	4,710,674	\$ 6.00	4.5	\$ -	4,141,928	\$ 6.00	4.5	\$ -
	4,710,674	\$ 6.00	4.5	\$ -	4,141,928	\$ 6.00	4.5	\$ -

Total unrecognized compensation cost relating to unvested stock options at September 30, 2025, prior to the consideration of expected forfeitures, is approximately \$0.4 million and is expected to be recognized over a weighted average period of 0.8 years.

The Company recorded total stock-based compensation expense of \$1.4 million and \$4.3 million for the three and nine months ended September 30, 2025. The Company recorded total stock-based compensation expense of \$1.8 million and \$5.4 million for the three and nine months ended September 30, 2024. The Company details of the stock-based compensation expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Company options	\$ 985	\$ 1,429	\$ 3,035	\$ 4,104
Wavelo options	427	422	1,322	1,380
Ting options	30	32	91	144
Capitalized stock based compensation	(55)	(75)	(171)	(245)
Total stock based compensation expense	\$ 1,387	\$ 1,808	\$ 4,277	\$ 5,383

During the three and nine months ended September 30, 2025 and September 30, 2024, the Company capitalized \$0.1 million, \$0.1 million, \$0.2 million and \$0.2 million, respectively, of stock based compensation directly attributable to the development of certain IUS assets.

17. Fair Value Measurement

For financial assets and liabilities recorded in our financial statements at fair value we utilize a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Equity investments without readily determinable fair value include ownership rights that do not provide the Company with control or significant influence. Such equity investments are recorded at cost, less any impairment, and adjusted for subsequent observable price changes as of the date that an observable transaction takes place. Subsequent adjustments are recorded in other income (expense), net.

The following table provides a summary of the fair values of the Company's derivative instruments measured at fair value on a recurring basis as of September 30, 2025 (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025			
	Fair Value Measurement Using			Asset (Liability) at Fair value
	Level 1	Level 2	Level 3	
Derivative instrument asset (liability), net	\$ -	\$ (568)	\$ -	\$ (568)
Total assets (liabilities), net	\$ -	\$ (568)	\$ -	\$ (568)

The following table provides a summary of the fair values of the Company's derivative instruments measured at fair value on a recurring basis as of December 31, 2024 (Dollar amounts in thousands of U.S. dollars):

	December 31, 2024			
	Fair Value Measurement Using			Asset (Liability) at Fair value
	Level 1	Level 2	Level 3	
Derivative instrument asset (liability), net	\$ -	\$ (1,270)	\$ -	\$ (1,270)
Total assets (liabilities), net	\$ -	\$ (1,270)	\$ -	\$ (1,270)

18. Other income (expense)

On August 1, 2020, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement"), by and between the Company and DISH Wireless L.L.C. ("EchoStar", DISH's post-merger parent). Under the Purchase Agreement and in accordance with the terms and conditions set forth therein, the Company sold to EchoStar its mobile customer accounts that are marketed and sold under the Ting brand (other than certain customer accounts associated with one network operator) ("Transferred Assets"). For a period of 10 years following the execution of the Purchase Agreement, EchoStar will pay a monthly fee to the Company generally equal to an amount of net revenue received by EchoStar in connection with the transferred customer accounts minus certain fees and expenses, as further set forth in the Purchase Agreement.

The Company accounts for investment in entities over which it has the ability to exert significant influence, but does not control and is not the primary beneficiary of, using the equity method of accounting. The Company includes the proportionate share of earnings (loss) of the equity method investees in Other Income.

The Company earned the amounts noted in the table below during the three and nine months ended September 30, 2025 and September 30, 2024.

(Dollar amounts in thousands of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Income earned on sale of transferred assets	\$ 3,020	\$ 3,853	\$ 8,873	\$ 10,831
Equity in (earnings) losses of unconsolidated businesses	(105)	66	(151)	542
Total other income	\$ 2,915	\$ 3,919	\$ 8,722	\$ 11,373

The following table provides additional information relating to Interest expense, net (Dollar amounts in thousands of U.S. dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest expense	\$ (14,428)	\$ (13,803)	\$ (42,636)	\$ (39,911)
Interest income	527	708	1,501	2,384
Interest expense, net	\$ (13,901)	\$ (13,095)	\$ (41,135)	\$ (37,527)

19. Redeemable preferred units

Ting Fiber, LLC ("Ting") entered into a Series A Preferred Unit Purchase Agreement (the "Unit Purchase Agreement") with Generate TF Holdings, LLC, a Delaware limited liability company ("Generate" or the "Preferred Member") on August 8, 2022 (the "Effective Date"), and closed the transaction contemplated thereby on August 11, 2022 (the "Transaction Close") pursuant to which Ting issued and sold 10,000,000 units of its Series A Preferred Units to Generate at a cash purchase price of \$6.00 per unit ("Initial Funding"). Under the Unit Purchase Agreement, after the Transaction Close until the third anniversary of the Effective Date (the "End Date") Ting had the option, upon the achievement of pre-determined operational and financial drawdown milestones, to issue and sell in subsequent fundings an aggregate of 23,333,333.34 units of additional Series A Preferred Units on the same terms and conditions as in the Initial Funding ("Milestone Fundings"). Ting did not exercise such an option prior to August 11, 2025. The investment provided Ting with \$60 million of capital upon the Initial Funding, with an additional \$140 million of capital commitments available to Ting over the subsequent three-year period if the milestones were achieved. From the Transaction Close until the earlier of (i) the End Date and (ii) the date upon which Generate has paid \$140 million pursuant to Milestone Fundings, Ting was required to pay Generate a standby fee at a rate of 0.50% of any portion of the unpaid \$140 million capital commitment payable quarterly. The Series A Preferred Units accrue a preferred return to the holder at a rate of 15% per annum, subject to adjustments based on the value of approved projects under the Equity Capital Contribution Agreement (the "ECC Agreement"). The preferred return on the Series A Preferred Units purchased under the Unit Purchase Agreement may be adjusted down to a floor of 13% or up to a ceiling of 17% per annum based on commitment and contribution amounts under the ECC Agreement. The preferred return accrues daily, and is compounded quarterly. See "—Preferred Return" for further discussion. If Ting should redeem the Series A Preferred Units prior to the fourth anniversary of the Transaction Close, Ting is required to pay a make-whole premium, which is calculated as the cumulative and compounded preferred return that would have accrued (at the preferred return rate in effect immediately prior to such redemption) on the outstanding unreturned capital balance with respect to the Series A Preferred Units through and including the six-year anniversary of the Transaction Close had such Series A Preferred Unit not been redeemed, discounted at an agreed upon treasury rate plus 50 basis points, compounded quarterly (the "Make-Whole-Premium").

Ting's Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"), provides that in the event that (i) Ting fails to pay the preferred return for two consecutive quarters which failure is not cured within 60 days following notification by the Preferred Member of such failure, (ii) Ting fails to pay the Redemption Price (as defined below) in connection with any redemption of the Series A Preferred Units, (iii) Ting materially breaches its obligations under the LLC Agreement, (iv) there occurs an event of default (or similar term) under the 2023 Credit Facility, (v) there occurs material breach if not cured or otherwise remedied in accordance with the terms of any credit facility (taking into account any cure periods), by Ting or any of its Subsidiaries under any debt facilities where Ting or any of its Subsidiaries incurs indebtedness for borrowed money, or (vi) Ting breaches any covenant under the Unit Purchase Agreement, Generate has the option to either (i) convert Series A Preferred Units based on the Redemption Price into common units of Ting based on the then applicable conversion price; or (ii) compelling the sale of certain assets of Ting or its subsidiaries of equal value to the Redemption Price.

For purposes of the LLC Agreement, the "Redemption Price" is defined as an amount equal to (i) the aggregate Unreturned Series A Capital Balance with respect to all issued and outstanding Series A Preferred Units held by the holder immediately prior to the redemption date, plus (ii) the aggregate Unsatisfied Preferred Return on the Series A Preferred Units, plus (iii) in the event that the redemption date occurs on or prior to the date that is four years following the Effective Date, the Make-Whole Premium. The "Make-Whole Premium" means, with respect to each Series A Preferred Unit, an amount calculated immediately prior to a redemption equal to (i) (A) the Unreturned Series A Capital Balance and Unsatisfied Preferred Return outstanding immediately prior to such redemption plus (B) the cumulative and compounded Preferred Return that would have accrued (at the Preferred Rate in effect immediately prior to such redemption) on such Unreturned Series A Capital Balance through and including the six-year anniversary of the Effective Date had such Series A Preferred Unit not been redeemed, and thereafter applying to such sum a discount rate, on a quarterly-compounded basis, equal to the Applicable Treasury Rate plus 50 basis points, less (ii) the Unreturned Series A Capital Balance and Unsatisfied Preferred Return outstanding immediately prior to such redemption.

Under the terms of the LLC Agreement, a “Mandatory Redemption Event” is defined as the earliest occurrence of any of the following (i) a sale of Ting, (ii) a public offering, (iii) an event of default (or similar term) under 2023 Credit Facility, (iv) a material breach if not cured or otherwise remedied in accordance with the terms of any credit facility (taking into account any cure periods), by Ting or any of its Subsidiaries under any debt facilities where Ting or any of its Subsidiaries incurs indebtedness for borrowed money, (v) a Return Breach, and (vi) the six-year anniversary of the Transaction Close. Upon the occurrence of a Mandatory Redemption Event, all Series A Preferred Units shall be redeemed by Ting at a price equal to the Redemption Price within 30 days of receiving a written notice from the Preferred Member requesting redemption of all Series A Preferred Units (the "Redemption Request"). In the event of failure to pay the Redemption Price following a Redemption Request, Generate will have the option, at its discretion, to compel the sale of certain assets of Ting or its subsidiaries. As of reporting date, no Mandatory Redemption Event has occurred.

Due to the fact that the redeemable preferred units are mandatorily redeemable, the redeemable preferred units are classified as a liability in the accompanying Condensed Consolidated Balance Sheets. The liability was initially recorded at fair value and subsequently recorded at the present value of the settlement amount, which includes the preferred return payments required until the instrument's expected maturity on the sixth anniversary of the Transaction Close, August 10, 2028 using the implicit rate of return of the instrument, 15%. Ting recorded \$9.5 million of accretion expense on the redeemable preferred units for the three and nine months ended September 30, 2025 as interest expense, net in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. Ting recorded \$2.1 million and \$10.7 million of accretion expense on the redeemable preferred units for the three and nine months ended September 30, 2024 as interest expense, net in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss.

Ting incurred \$0.8 million of legal fees related to the redeemable preferred unit issuance, which have been reflected as a reduction to the carrying amount of the redeemable preferred unit balance and will be amortized to interest expense, net in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss over the expected six-year term instrument. During the three and nine months ended September 30, 2025 and 2024, Ting recognized \$0.1 million of interest expense in each period related to the amortization of legal fees associated with the issuance of redeemable preferred units.

As of September 30, 2025, the redeemable preferred units have an aggregate liquidation preference of \$91.5 million, plus a Make-Whole Premium should redemption occur before the fourth anniversary of the Transaction Close and are senior to the Ting Fiber, LLC common units with respect to sale, dissolution, liquidation or winding up of the Ting Fiber, LLC.

The following table summarizes Ting's borrowings under the Unit Purchase Agreement (Dollar amounts in thousands of U.S. dollars):

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Opening Balance	\$ 122,556	\$ 111,899
Add: Accretion of redeemable preferred units ⁽¹⁾	9,523	10,657
Redeemable preferred shares balance	132,079	122,556
Less: Deferred preferred financing costs	(316)	(400)
Total Redeemable preferred units	\$ 131,763	\$ 122,156

⁽¹⁾ Ting capitalizes interest expenses directly attributable to the development of qualifying assets. Qualifying assets include IUS, AUC, equipment, or other long-lived assets that meet the capitalization criteria prescribed by ASC 350. During the three and nine months ended September 30, 2025 Ting capitalized \$0.1 million and \$0.2 million of interest expenses pertaining to the redeemable preferred units directly attributable to the development of certain AUC assets. During the three and nine months ended September 30, 2024 Ting capitalized \$0.3 million and \$1.1 million of interest expenses pertaining to the redeemable preferred units directly attributable to the development of certain AUC assets.

The following table summarizes our scheduled repayments as of September 30, 2025 (Dollar amounts in thousands of U.S. dollars):

Remainder of 2025	\$ 14,696
2026	18,536
2027	18,639
2028	135,474
	<u>\$ 187,345</u>

Preferred Return

The preferred return accrued during the first two years is not payable and treated as payment-in-kind (“PIK”) and added to the outstanding balance of the redeemable preferred units. The preferred return accrued after the second anniversary of the Transaction Close is payable by Ting quarterly. Under the LLC Agreement, a “Return Breach” occurs if, following the second anniversary of the Effective Date, Ting fails to pay in cash to the Preferred Member any Unsatisfied Preferred Return for two consecutive Distribution Dates, which failure is not cured within 60 days following notification by the Preferred Member of such failure. The Unit Purchase Agreement defines the “Unsatisfied Preferred Return” as an amount (if any) equal to (i) the aggregate preferred return on such Series A Preferred Units up to and including the date that the Unsatisfied Preferred Return is calculated, reduced by (ii) the aggregate amount of all distributions made with respect to the Series A Preferred Units.

As of September 30, 2025, Ting had 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 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 which states that if Ting does not cure the failure to pay such preferred return by November 30, 2025 it shall be classified as a "Return Breach" under the LLC Agreement.

If there is a Return Breach, Generate may exercise the rights described in the LLC Agreement. Accordingly, if a Return Breach occurs as of November 30, 2025, Generate will have the option, at its discretion, to either (i) convert the Series A Preferred Units based on the Redemption Price into common units of Ting based on the then applicable conversion price; or (ii) compel the sale of certain assets of Ting or its subsidiaries of equal value to the Redemption Price.

20. Restructuring Costs

February 2024 Workforce Reduction

On February 7, 2024, Ting committed to the February 2024 workforce reduction ("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 align with strategic objectives. The February 2024 Workforce Reduction was designed to streamline operations and reduce operating expenses within the Ting operating segment. All of the employees impacted by the workforce reduction were notified on February 7, 2024 and have since exited the Company.

During the three and nine months ended September 30, 2025, the Company incurred NIL in costs related to this restructuring, which were accounted for under ASC 420 - Exit or Disposal Cost Obligations. During the three and nine months ended September 30, 2024, the Company incurred \$0.2 million and \$3.0 million in costs related to this restructuring. These costs associated with the February 2024 Workforce Reduction predominantly consisted of one-time termination benefits for the terminated employees associated with the restructuring, and to a lesser extent, continuation of benefits and outplacement costs.

The components of the restructuring charges were as follows (Dollar amounts in thousands of U.S. dollars):

Cost Description	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
One-time pay	\$ -	\$ 122	\$ -	\$ 2,401
Continuation of benefits	-	19	-	355
Outplacement costs	-	48	-	259
Total restructuring charges	\$ -	\$ 189	\$ -	\$ 3,015

2024 Capital Efficiency Plan

On October 30, 2024, the Company expanded its cost-reduction efforts with the implementation of a 2024 Capital Efficiency Plan (the "2024 Capital Efficiency Plan"). The Plan was designed to further align operations with strategic priorities, improve operational efficiency, and reduce operating expenses within Ting.

In connection with the 2024 Capital Efficiency Plan, the Company incurred restructuring charges of \$7.7 million during the year ended December 31, 2024. These charges primarily consisted of termination benefits for the terminated employees associated with the restructuring, continuation of benefits, outplacement costs and professional services.

The liability for the 2024 Capital Efficiency Plan was included in Accrued liabilities in the Condensed Consolidated Balance Sheet, and the following table summarizes the related activity for the 2024 Capital Efficiency Plan for the three and nine months ended September 30, 2025 (Dollar amounts in thousands of U.S. dollars):

Cost Description	As of June 30, 2025	Charges for the three months ended September 30, 2025	Cash payments made in the three months ended September 30, 2025	Balances as of September 30, 2025
Outplacement costs	32	-	(4)	28
Total	\$ 298	\$ -	\$ (4)	\$ 294

Cost Description	As of December 31, 2024	Charges for the nine months ended September 30, 2025	Cash payments made in the nine months ended September 30, 2025	Balances as of September 30, 2025
Continuation of benefits	(1)	-	1	-
Outplacement costs	118	-	(90)	28
Professional service fees	420	-	(420)	-
Total	\$ 1,128	\$ -	\$ (834)	\$ 294

21. Commitments and Contingencies

(a) The Company has several non-cancelable lease and purchase obligations primarily for general office facilities, service contracts for mobile telephone services and equipment that expire over the next ten years. Future minimum payments under these agreements are as follows (Dollar amounts in thousands of U.S. dollars):

Contractual Obligations for the period ended September 30, 2025	Capital Purchase Obligations	Purchase Obligations (1)(2)	Total Obligations
Remainder of 2025	\$ 5,065	\$ 4,735	\$ 9,800
2026	-	2,583	2,583
2027	-	907	907
2028	-	593	593
2029	-	502	502
Thereafter	-	1,055	1,055
	<u>\$ 5,065</u>	<u>\$ 10,375</u>	<u>\$ 15,440</u>

(1) Purchase obligations include all other legally binding service contracts for mobile telephone services and other operational agreements to be delivered during the remainder of 2025 and subsequent years

(2) Purchase obligations include minimum revenue commitments of \$5.1 million with the Company's MNO partner between the remainder of 2025 and Q1 of 2026.

(b) On February 9, 2015 Ting Fiber, Inc. ("Ting") entered into a lease and network operation agreement with the City of Westminster, Maryland (the "City") relating to the deployment of a new fiber network throughout the Westminster area ("WFN").

Under the agreement, the City will finance, construct, and maintain the WFN which will be leased to Ting for a period of ten years. The network will be constructed in phases, the scope and timing of which shall be determined by the City, in cooperation with Ting.

Under the terms of the agreement, Ting may be required to advance funds to the City in the event of a quarterly shortfall between the City's revenue from leasing the network to Ting and the City's debt service requirements relating to financing of the network. Ting could be responsible for shortfalls between \$50,000 and \$150,000 per quarter. In 2016, the City entered into financing for the construction of the WFN which allows the City to draw up to \$21.0 million from their lenders over the next five years with interest only payments during that period with a loan maturity of 30 years. As of September 30, 2025, the City has drawn \$16.2 million and the City's revenues from Ting exceeded the City's debt service requirements. The Company does not believe it will be responsible for any shortfall in the remainder of 2025.

(c) On September 17, 2018 Ting entered into a non-exclusive access and use agreement with SiFi Networks Fullerton, LLC ("SiFi"). The agreement established a fifteen-year term during which Ting has the non-exclusive right to act as an Internet service provider for a fiber-optic network to be constructed in the city of Fullerton, California. Under the terms of the agreement, SiFi is fully responsible for constructing, operating and maintaining a wholesale fiber-optic network, as well as the financing of those activities.

Ting is responsible for paying a fee per subscriber to SiFi. Through a "take or pay" arrangement, Ting has agreed to certain minimum charges based on minimum subscriber rates. These minimum fees are variable based on the percentage completion of the fiber optic network, and thus have not been considered an unconditional purchase obligation for the purposes of the table in Note 21 (a). Ting is currently disputing certain charges from SiFi and has ceased accruing for these amounts which amount to \$1.5 million as of September 30, 2025, as it believes payment is unlikely. The commitment amounts disclosed in the schedule reflect only the charges that Ting continues to accrue. Given the ongoing dispute, these amounts may be subject to change.

(d) On November 4, 2019 Ting entered into an access and use agreement with Netly, LLC ("Netly"). The agreement establishes twelve-year term wherein Ting will be granted the right to act as an Internet service provider for fiber-optic networks to be constructed in and around the cities of Solana Beach, California. Under the terms of the agreement, Ting will have a 3-year "Headstart" period over each completed segment of the network, whereby Ting shall be the exclusive provider of services to subscribers during the "Headstart" period. Netly is fully responsible for constructing, operating and maintaining a wholesale fiber optic network, as well as the financing of those activities.

Ting is responsible for paying a fee per subscriber to Netly, as well as an unlit door fee for each serviceable address not subscribed. Through a "take or pay" arrangement, Ting has agreed to certain minimum charges based on minimum subscriber rates. To the extent that construction of the fiber optic network is complete, our minimum commitments have been included in the contractual lease obligations of the table in Note 21 (a). The Company has an ongoing billing dispute with Netly regarding the rates and methodology under which it can invoice our Ting Fiber division for our operations. For the purposes of calculating the table in Note 21 (a), the Company reflected its future commitment under this agreement consistent with the amounts it has historically accrued in accordance with ASC 450-20 and, in accordance with the definition of probable loss described therein, and paid. At this time the Company believes that the probability that this dispute will have a material adverse effect on the business, operating results or financial condition is remote.

(e) On January 7, 2022, Ting entered into a 25-year lease agreement with Colorado Springs Utilities ("CSU"), a municipally owned utility. The lease agreement named Ting the anchor tenant on a city-wide fiber network that is intended to pass 200,000 homes in Colorado Springs, Colorado. CSU began construction in Q2 of 2023. Under the terms of the lease, Ting is obligated to pay a per-month fee for addresses passed by the network, (as they are passed and become serviceable for customers to connect to the network) and for certain fiber infrastructure, including co-location space. The lease is guaranteed by Ting's ultimate parent, Tucows Inc. Total costs of the lease, over its twenty-five-year term, are approximately \$593 million based on a fully completed fiber-to-the-home network, however the minimum fees are variable based on the number of active subscriber addresses. Future committed fees associated with completed portions of the network have been included in the contractual lease obligations of the table in Note 21 (a). Future fees associated with portions of the network that have yet to be constructed have not been considered an unconditional purchase obligation for the purposes of the table in Note 21 (a).

(f) On May 11, 2022, Ting Fiber, LLC ("Ting Fiber"), entered into a "Rights-of-Way" agreement with the City of Alexandria, Virginia whereby the City granted Ting Fiber the right to install, place, construct, maintain, operate, upgrade, repair, and replace a Communications System to provide Broadband Services within the Public Rights-of-Way (a space in, upon, above, along, across, over and below the public and City-owned property that is used as a public rights-of-way) for a fee. Per the agreement, Ting Fiber is to pay the City throughout the 20-year term of the agreement, an amount equal to 3% of Ting Fiber's Broadband Revenues once the network is live, and subscribers are obtained, and this fee is to be paid on a quarterly basis. The agreement commenced once Ting Fiber launched its network in Alexandria in March 2023. Since these fees are currently variable in nature, they have not been considered an unconditional purchase obligation for the purposes of the table in Note 21 (a).

(g) On November 1, 2023, the Company, entered into a Network Access and Use Agreement with Blue Suede Networks, LLC, which granted Ting Fiber the right to use the fiber communications network to be constructed by Blue Suede Networks, LLC to provide high-speed broadband Internet Access services to end-user residential and small and medium sized business customers in the city of Memphis, Tennessee. The agreement grants the Company an exclusivity period of 5 years. The agreement requires the Company to pay the greater of a minimum revenue commitment based on minimum subscriber rates and a revenue share. Future fees associated with portions of the network have not been considered an unconditional purchase obligation for the purposes of the table in Note 21 (a).

(h) In the normal course of its operations, the Company becomes involved in various legal claims and lawsuits. The Company intends to vigorously defend these claims. While the final outcome with respect to any actions or claims outstanding or pending as of September 30, 2025 cannot be predicted with certainty, management does not believe that the resolution of these claims, individually or in the aggregate, will have a material adverse effect on the Company's financial position.

22. Additional Financial Information

The following tables provide additional financial information related to our Condensed Consolidated Financial statements:

Balance Sheet Information

	September 30, 2025	December 31, 2024
Prepaid expenses and other		
Prepaid expenses and deposits	\$ 17,533	\$ 17,314
Income tax receivable	57	217
Inventory	4,022	3,975
Other assets	1,009	-
Prepaid expenses and other	<u>\$ 22,621</u>	<u>\$ 21,506</u>
Other Assets		
Investments	\$ 2,012	\$ 2,012
Contract costs	2,031	2,333
Contract asset - long term	9	-
Total other assets	<u>\$ 4,052</u>	<u>\$ 4,345</u>
Accounts payable and accrued liabilities		
Accounts payable	\$ 9,843	\$ 9,009
Accrued liabilities	22,274	31,227
Total accounts payable and accrued liabilities	<u>\$ 32,117</u>	<u>\$ 40,236</u>
Other Current Liabilities		
Customer deposits	\$ 16,417	\$ 16,660
Accreditation fees payable	609	623
Income taxes payable	2,230	263
Total other current liabilities	<u>\$ 19,256</u>	<u>\$ 17,546</u>

Inventories

The components of the inventories as of September 30, 2025 and December 31, 2024 were as follows (Dollar amounts in thousands of U.S. dollars):

	September 30, 2025	December 31, 2024
Raw materials	\$ 2,068	\$ 2,051
Finished goods	1,954	1,924
Total Inventories	<u>\$ 4,022</u>	<u>\$ 3,975</u>

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
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
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
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)
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.

Although our functional currency is the U.S. dollar, a substantial portion of our fixed expenses are incurred in Canadian dollars. Our policy with respect to foreign currency exposure is to manage financial exposure to certain foreign exchange fluctuations with the objective of neutralizing some of the impact of foreign currency exchange movements. Exchange rates are, however, subject to significant and rapid fluctuations, and therefore we cannot predict the prospective impact of exchange rate fluctuations on our business, results of operations and financial condition. Accordingly, we have entered into foreign exchange forward contracts to mitigate the exchange rate risk on portions of our Canadian dollar exposure.

As of September 30, 2025, we had the following outstanding foreign exchange forward contracts to trade U.S. dollars in exchange for Canada dollars:

Maturity date (Dollar amounts in thousands of U.S. dollars)	Notional amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Fair value Asset (Liability)
October - December 2025	12,958	1.3609	(230)
January - March 2026	14,248	1.3609	(200)
April - June 2026	12,933	1.3609	(138)
	<u>\$ 40,139</u>	1.3609	<u>\$ (568)</u>

As of September 30, 2025, the Company had \$40.1 million of outstanding foreign exchange forward contracts which will convert to CDN \$54.6 million. Of these contracts, \$40.1 million met the requirements for hedge accounting.

As of December 31, 2024, the Company had \$29.4 million of outstanding foreign exchange forward contracts which would convert to CDN \$40.3 million. Of these contracts, \$29.4 million met the requirements for hedge accounting.

We have performed a sensitivity analysis model for foreign exchange exposure over the nine months ended September 30, 2025. The analysis used a modeling technique that compares the U.S. dollar equivalent of all expenses incurred in Canadian dollars, at the actual exchange rate, to a hypothetical 10% adverse movement in the foreign currency exchange rates against the U.S. dollar, with all other variables held constant. Foreign currency exchange rates used were based on the market rates in effect during the nine months ended September 30, 2025. The sensitivity analysis indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a decrease in net income for the nine months ended September 30, 2025 of approximately \$4.0 million, before the effects of hedging. We will continue to monitor and assess the risk associated with these exposures and may take additional actions in the future to hedge or mitigate these risks.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, marketable securities, foreign exchange contracts and accounts receivable. Our cash, cash equivalents and short-term investments are in high-quality securities placed with major banks and financial institutions whom we have evaluated as highly creditworthy and commercial papers. Similarly, we enter into our foreign exchange contracts with major banks and financial institutions. With respect to accounts receivable, we perform ongoing evaluations of our customers, generally granting uncollateralized credit terms to our customers, and maintaining an allowance for doubtful accounts based on historical experience and our expectation of future losses.

Interest rate risk

Our exposure to interest rate fluctuations relate primarily to our 2023 Credit Agreement.

As of September 30, 2025, we had an outstanding balance of \$190.4 million on the 2023 Credit Facility. The 2023 Credit Agreement added SOFR Loans as a form of advance available under the 2023 Credit Facility to replace LIBOR Rate Advances, and such SOFR Loans may bear interest based on Adjusted Daily Simple SOFR (defined to be the applicable SOFR rate published by the Federal Reserve Bank of New York plus 0.10% per annum subject to a floor of zero) or Adjusted Term SOFR (defined to be the applicable SOFR rate published by CME Group Benchmark Administration Limited plus 0.10% for one-month, 0.15% for three-months, and 0.25% for six-months per annum). As of September 30, 2025, an adverse change of one percent on the interest rate would have the effect of increasing our annual interest payment on 2023 Credit Agreement by approximately \$1.9 million, assuming that the loan balance as of September 30, 2025 is outstanding for the entire period.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of our disclosure controls and procedures as required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on the evaluation as of September 30, 2025 management has concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

During the nine months ended September 30, 2025, there have not been any changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various investigations, claims and lawsuits arising in the normal conduct of our business, none of which, individually or in the aggregate, we believe will materially harm our business. We cannot assure that we will prevail in any litigation. Regardless of the outcome, any litigation may require us to incur significant litigation expense and may result in significant diversion of our attention.

In addition, pursuant to Item 103(c)(3)(iii) of Regulation S-K under the Exchange Act, the Company is required to disclose certain information about environmental proceedings to which governmental authority is a party if the Company reasonably believes such proceedings may result in monetary sanctions, exclusive of interest and costs, above a stated threshold. The Company has elected to apply a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required.

Item 1A. Risk Factors

The following risk factors are provided to update the risk factors previously disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. The risks described in this Quarterly Report and in our Annual Report on Form 10-K and other Quarterly Reports are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or operating results.

Slower-than-expected subscriber growth and ongoing operating losses could impair Ting's ability to meet future financial and operational obligations and limit its access to additional financing.

Ting incurred a net loss of \$26.7 million, \$68.5 million, \$23.3 million and \$75.7 million for the three and nine months ended September 30, 2025 and 2024, respectively. As of September 30, 2025, Ting had \$50.4 million in cash and cash equivalents, restricted cash and restricted cash equivalents, \$3.6 million in accounts receivable, \$1.3 million in accounts payable, and \$8.1 million in accrued liabilities. 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, \$25.1 million, \$14.9 million and \$41.8 million for the three and nine months ended September 30, 2025 and 2024, respectively, and has scheduled interest payments of \$20.6 million in the twelve months following September 30, 2025.

Ting's ability to meet its financing commitments, including scheduled interest and principal payments under its outstanding term notes and obligations under its redeemable preferred units, depends on achieving growth levels consistent with its operating plan. Ting's recent subscriber growth has been below internal forecasts and may continue to underperform expectations in future periods. Lower net additions to Ting's subscriber base would result in reduced recurring revenue and cash flow, which would impair Ting's ability to fund operations, raise additional capital and service its debt obligations.

Ting has historically relied on proceeds from its redeemable preferred units and Term Notes to fund its operations and the expansion of its fiber Internet footprint. Ting currently has limited borrowing capacity under the Base Indenture, and its ability to access additional financing, including future asset-backed securitizations is dependent on maintaining sufficient growth in its subscriber base and related recurring revenue. If subscriber growth continues to underperform, the size and credit quality of the receivable and subscription pools available for securitization would decline, reducing Ting's capacity to raise incremental funding on acceptable terms or at all. This would limit Ting's flexibility to refinance existing indebtedness, fund network expansion, or pursue strategic initiatives.

If Ting is unable to obtain additional financing when required or on acceptable terms, it could be required to further restrict operations, obtain funds under unfavorable conditions, or consider other alternatives to raise capital, which would materially and adversely affect its business, financial condition, and results of operations. Sustained underperformance or an inability to secure financing would increase liquidity pressures and, if severe, may require Ting to seek bankruptcy protection or consider other alternatives that could result in a loss of investment for the Company's stockholders.

The success of our Ting workforce reductions involves ongoing risks that could adversely affect our business operations, financial condition, and growth strategy, including risks related to operational execution, employee engagement, and long-term competitiveness.

As part of our continued focus on operational efficiency and strategic alignment, we completed two workforce reductions within the Ting segment on February 7, 2024 and October 30, 2024. These reductions were designed to streamline operations, reduce costs, improve efficiency and align our resources with strategic priorities. While reductions have been implemented, the full benefits are still being realized, and we continue to monitor the impact of these actions. Residual risks associated with the workforce reductions include the following:

- Operational Disruptions: The changes to our operational structure may result in ongoing inefficiencies, knowledge gaps, or workflow disruptions as teams adjust to the new resource levels and responsibilities, which could impair our ability to maintain service quality and meet customer expectations.
- Employee Morale and Retention: The organizational changes may continue to affect employee morale and could result in challenges in retaining key personnel. Any decline in workforce engagement or loss of talent may impact our ability to execute on strategic initiatives and deliver on operational targets.
- Market and Competitive Pressures: During periods of restructuring, competitors may seek to capitalize on any perceived instability. If our execution messaging is unclear, we may risk our market position and competitive advantage.
- Reputational Harm: Public, customer, and investor perceptions of the workforce reductions, particularly if associated with service delays, changes in coverage areas, or additional cost-saving measures could negatively impact our brand and reputation.
- Impede Growth: As part of the broader restructuring, capital expenditures have been significantly reduced, which has slowed and in certain markets paused the expansion of the Ting Internet footprint. This reduction in spend will lead to fewer additions to our Owned Infrastructure Serviceable Addresses and may in turn limit net additions to Internet Subscribers Under Management and revenue growth.

Risks Related to Our Review of Strategic Alternatives for Ting

We may not be successful in identifying and implementing any potential strategic alternatives for Ting in a timely manner, or at all, and any strategic transactions that we may consummate in the future could have negative consequences.

The Company has commenced a process to review strategic alternatives for the Ting business. We expect to devote substantial time and resources to exploring strategic alternatives for Ting. However, there can be no assurance that this strategic review process will result in us pursuing any transaction or that we will be able to successfully consummate a transaction on attractive terms, on a timely basis, or at all. Additionally, there can be no assurance that any particular course of action, business arrangement or transaction, or series of transactions, will be pursued, successfully consummated or lead to increased stockholder value.

The process of continuing to evaluate our strategic alternatives may be costly, time-consuming and complex, and we may incur significant legal, accounting and advisory fees and other expenses, some of which may be incurred regardless of whether we successfully enter into a transaction. Our ability to pursue or consummate strategic transactions also depends upon our ability to retain certain of our employees, the loss of whose services may adversely impact the ability to identify, negotiate and consummate such transaction. If we are unable to successfully retain certain of our key remaining personnel, we are at risk of a disruption to our exploration and consummation of one or more strategic transactions.

If we are not successful in setting forth a new strategic path for us, or if our plans are not executed in a timely fashion, this may cause reputational harm with our stockholders and the value of our securities may be adversely impacted. In addition, speculation regarding any developments related to the review of strategic alternatives and perceived uncertainties related to the future of us could cause our stock price to fluctuate significantly.

We may become involved in litigation in connection with any strategic alternative we explore for Ting, including securities class action litigation, that could divert our management's attention and harm our business, and insurance coverage may not be sufficient to cover all costs and damages.

Litigation, including securities class action litigation, often follows certain significant business transactions, such as the announcement of any strategic transaction, or the announcement of negative events. These events may also result in investigations by the SEC. We may be exposed to such litigation even if no wrongdoing occurred. Litigation is usually expensive and diverts management's attention and resources, which could adversely affect our business and cash resources and our ability to consummate a potential strategic transaction or the ultimate value our stockholders receive in any such transaction.

We are subject to minimum purchase commitments with our Mobile Network Operator ("MNO").

Following the sale of the majority of our Ting Mobile customer base on August 1, 2020, we retained a small subset of mobile customers to which we continue to provide retail mobile services through our partnership with our MNO supplier. The Company is subject to minimum purchase commitments with our MNO supplier through a "take or pay" arrangement. We are committed to a minimum of \$5.1 million in remaining payments through January 16, 2026. If we are unable to grow the Ting Mobile subscriber base or renegotiate the contract, our cost of revenues could grow significantly, and may result in a significant increase to the Company's net loss.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 13, 2025, the Company announced that its Board of Directors ("Board") approved a stock buyback program to repurchase up to \$40 million of its common stock in the open market (the "2025 Buyback Program"). The 2025 Buyback Program commenced on February 14, 2025 and is expected to terminate on February 13, 2026. For the three and nine months ended September 30, 2025, the Company did not repurchase any shares under the 2024 and 2025 Buyback Program.

Item 3. Defaults Upon Senior Securities

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. Ting received a notice from Generate on October 1, 2025 stating that if Ting does not cure the failure to pay such preferred return amounts 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, which carries the risks outlined in the risk factor titled "Slower-than-expected subscriber growth and ongoing operating losses could impair Ting's ability to meet future financial and operational obligations and limit its access to additional financing."

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Disclosure provided pursuant to Item 5.02 of Form 8-K. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 6, 2025, Tucows Inc. (the "Company") announced that Elliot Noss will step down from his position as President and Chief Executive Officer of the Company, effective November 6, 2025 (the "Separation Date") and from any other positions held with the Company and any of the Company's subsidiaries. However, Mr. Noss will remain as a member of the Company's Board of Directors (the "Board") following the Separation Date. Mr. Noss' departure as Chief Executive Officer was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices. The Company appreciates Mr. Noss' contributions as Chief Executive Officer of the Company.

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In connection with Mr. Noss' departure, the Company and Mr. Noss have entered into a mutual separation agreement (the "Separation Agreement"), dated as of November 6, 2025. Pursuant to the Separation Agreement, Mr. Noss will receive severance benefits including, but not limited to: (i) a cash payment equal to \$2,500,000 U.S. Dollars; (ii) accelerated vesting of equity awards; (iii) continuation of health benefits for a period of time; and/or (iv) other benefits as specified in the Separation Agreement. In exchange for such benefits, Mr. Noss must execute a Release and Indemnity Agreement and comply with all post-employment restrictive covenants as set out in his employment agreement with the Company dated January 22, 2003 (the "Employment Agreement"), including, but not limited to, the confidentiality and non-solicitation provisions contained therein except for the requirements of Section 7(a) of the Employment Agreement, which were waived by the Company.

On the Separation Date, the Company and Mr. Noss entered into a consulting agreement, pursuant to which Mr. Noss will provide consulting services regarding matters relating to Ting Fiber, Inc. ("Ting") at a monthly rate of \$25,000 U.S. Dollars.

The Board has appointed David Woroch as Chief Executive Officer of the Company, effective November 6, 2025. David Woroch, 63, currently serves as our Chief Executive Officer of Tucows Domains Services and has led our Domains business since 2014 and oversees OpenSRS, eNom, Ascio (wholesale), Hover (retail), Tucows aftermarket, and Tucows Registry Services. Mr. Woroch joined the Company in March 2000 after thirteen years at IBM Canada and has helped build and lead our sales, marketing, product, business operations, engineering, with P&L responsibility for Tucows Domains. He also managed the acquisition and integration of EPAG, the International division of Melbourne IT, Enom, Ascio Technologies, and UNR Registry Services, along with a number of smaller acquisitions into our Domains business.

Mr. Woroch does not have any family relationships with any executive officer or director of the Company. There are no arrangements or understandings between Mr. Woroch and any other persons pursuant to which he was selected as Chief Executive Officer. There are no transactions involving Mr. Woroch that would require disclosure under Item 404(a) of Regulation S-K.

In connection with Mr. Woroch's appointment, the Company and Mr. Woroch entered into an employment agreement (the "Employment Agreement"), dated as of November 6, 2025, effective through and including November 30, 2029. Pursuant to the Employment Agreement, Mr. Woroch will receive an annual base salary of \$650,000 Canadian Dollars and will be eligible to earn an annual performance-based bonus with a target amount of 100% of his base salary, based on the achievement of performance goals to be established by the Board or the Compensation Committee of the Board.

The Employment Agreement also provides for a severance payment in the amount of six months' compensation plus one months' compensation for each additional completed year of service to be made in equal monthly installments in the event of a termination of Mr. Woroch's employment by the Company without "cause" or by Mr. Woroch for "good reason" (as such terms are defined in the Employment Agreement).

The Employment Agreement contains customary confidentiality, non-competition, and non-solicitation provisions.

Ivan Ivanov, the Chief Financial Officer of the Company, has also been appointed as the President and Chief Executive Officer of Ting.

(b) None.

(c) During the three months ended September 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act (a "Rule 10b5-1 trading arrangement") or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K)

Item 6. Exhibits

No.	Description
3.1.1	Fourth Amended and Restated Articles of Incorporation of Tucows Inc. (Incorporated by reference to Exhibit 3.1 filed with Tucows' Current Report on Form 8-K, as filed with the SEC on November 29, 2007).
3.1.2	Articles of Amendment to Fourth Amended and Restated Articles of Incorporation of Tucows Inc. (Incorporated by reference to Exhibit 3.1 filed with Tucows' Current Report on Form 8-K, as filed with the SEC on January 3, 2014).
3.2.1	Second Amended and Restated Bylaws of Tucows Inc. (Incorporated by reference to Exhibit 3.2 filed with Tucows' Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 29, 2007).
3.2.2	Amendment No. 1 to Second Amended and Restated Bylaws of Tucows Inc. (Incorporated by Reference to Exhibit 3.3 filed with Tucows' Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the SEC on August 14, 2012)
10.1	Credit Agreement, dated as of September 22, 2023, by and among, Tucows Inc. (the "Company") and its wholly owned subsidiaries, Tucows.com Co., Ting Inc., Tucows (Delaware) Inc, Wavelo, Inc. and Tucows (Emerald), LLC, Bank of Montreal, as Agent and other parties thereto, as amended by that certain Extension Agreement dated September 8, 2025 (Incorporated by Reference to Exhibit 10.1 filed with Tucows' Current Report on Form 8-K, as filed with the SEC on September 10, 2025).
31.1#	Chief Executive Officer's Rule 13a-14(a)/15d-14(a) Certification
31.2#	Chief Financial Officer's Rule 13a-14(a)/15d-14(a) Certification
32.1†	Chief Executive Officer's Section 1350 Certification †
32.2†	Chief Financial Officer's Section 1350 Certification †
101.INS#	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH#	Inline XBRL Taxonomy Extension Schema Document
101.CAL#	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF#	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB#	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE#	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104#	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

[Filed herewith.](#)

† [Furnished herewith.](#)

* [Certain schedules and similar attachments have been omitted in reliance on Item 601 \(a\)\(5\) of Regulation S-K. The Company will provide, on supplemental basis, a copy of any omitted schedule or attachment to the Securities and Exchange Commission or its staff upon request.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 06, 2025

TUCOWS INC.

By: /s/ ELLIOT NOSS
Elliot Noss
President and Chief Executive Officer

By: /s/ IVAN IVANOV
Ivan Ivanov
Chief Financial Officer
(Principal Financial and Accounting Officer)

Rule 13a-14(a)/15d-14(a) Certification

I, Elliot Noss, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tucows Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date November 06, /s/ Elliot Noss
2025

Elliot Noss
President and Chief Executive Officer

Rule 13a-14(a)/15d-14(a) Certification

I, Ivan Ivanov, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tucows Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date November 06, /s/ Ivan Ivanov
2025

Ivan Ivanov
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Tucows Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elliot Noss, President and Chief Executive Officer of the Company, hereby certify, to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 06, 2025

/s/ Elliot Noss

Elliot Noss

President and Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Tucows Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ivan Ivanov, Chief Financial Officer of the Company, hereby certify, to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (3) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 06, 2025

/s/ Ivan Ivanov

Ivan Ivanov
Chief Financial Officer