

TUCOWS INC /PA/  
Form 10-Q/A  
November 08, 2018

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-Q/A**

**Amendment No.1**

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

**For the quarterly period ended September 30, 2018**

**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**                      **23-2707366**  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) 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)

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 6, 2018, there were 10,615,925 outstanding shares of common stock, no par value, of the registrant.

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**TUCOWS INC.**

**Form 10-Q Quarterly Report**

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**TRADEMARKS, TRADE NAMES AND SERVICE MARKS**

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**EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-Q/A (this "Amendment") of Tucows Inc., a Pennsylvania corporation (the "Company"), amends the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission (the "SEC") on November 7, 2018 (the "Form-Q"), and is being filed solely to correct the paragraphs under the headings "Overview - Network Access Services" and "Net Revenues - Network Access Services" and the table under the heading "Key Business Metrics - Network Access Services" under Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations of the Form 10-Q.

No other changes were made to the Form 10-Q other than those described above. This Amendment does not reflect subsequent events occurring after the original filing date of the Form 10-Q or modify or update in any way disclosures made in the Form 10-Q. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, as a result of this Amendment, the certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed as exhibits to the Form 10-Q have been re-executed and re-filed as of the date of this Amendment and are included as exhibits hereto.

**PART I.****FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****Tucows Inc.****Consolidated Balance Sheets****(Dollar amounts in thousands of U.S. dollars)****(unaudited)**

	<b>September 30, 2018</b>	<b>December 31, 2017*</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,775	\$ 18,049
Accounts receivable, net of allowance for doubtful accounts of \$132 as of September 30, 2018 and \$168 as of December 31, 2017	11,529	12,376
Inventory	3,140	2,944
Prepaid expenses and deposits	14,554	14,186
Prepaid domain name registry and ancillary services fees, current portion (note 11 (b))	91,590	103,302
Income taxes recoverable	3,109	3,004
Total current assets	134,697	153,861
Prepaid domain name registry and ancillary services fees, long-term portion (note 11 (b))	19,636	23,701
Property and equipment	40,220	24,620
Contract costs (note 11 (a))	1,383	-
Intangible assets (note 6)	51,505	58,414
Goodwill (note 6)	90,054	90,054
Total assets	\$ 337,495	\$ 350,650

**Liabilities and Stockholders' Equity**

Current liabilities:		
Accounts payable	\$ 8,242	\$ 7,026
Accrued liabilities	6,877	6,412
Customer deposits	11,885	15,255
Derivative instrument liability (note 5)	62	-
Deferred rent, current portion	21	21

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Loan payable, current portion (note 7)	17,810	18,290
Deferred revenue, current portion	120,459	129,155
Accreditation fees payable, current portion	1,035	1,175
Income taxes payable	1,128	1,226
Total current liabilities	167,519	178,560
Deferred revenue, long-term portion	28,033	31,427
Accreditation fees payable, long-term portion	260	289
Deferred rent, long-term portion	121	130
Loan payable, long-term portion (note 7)	46,605	58,634
Deferred gain	258	429
Deferred tax liability (note 8)	19,265	19,834
Redeemable non-controlling interest (note 4 (a))	-	1,136
Stockholders' equity (note 13)		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-
Common stock - no par value, 250,000,000 shares authorized; 10,615,566 shares issued and outstanding as of September 30, 2018 and 10,583,879 shares issued and outstanding as of December 31, 2017	15,635	15,368
Additional paid-in capital	3,462	2,167
Retained earnings	56,373	42,676
Accumulated other comprehensive income	(36 )	-
Total stockholders' equity	75,434	60,211
Total liabilities and stockholders' equity	\$ 337,495	\$ 350,650

Commitments and contingencies (note 16)

\*The Company has initially applied ASC 2014-09 (Topic 606) using the modified retrospective method. Under this method, the comparative information is not restated.

See accompanying notes to unaudited consolidated financial statements



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**Tucows Inc.**

**Consolidated Statements of Operations and Comprehensive Income**

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

**(unaudited)**

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net revenues (note 10)	\$83,519	\$85,008	\$260,401	\$238,800
Cost of revenues (note 10)				