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## TUCOWS FINANCIAL NEWS RELEASE, Q1 2003

### Company reports sixth consecutive quarter of positive cash flow from operations and third consecutive quarter of profitability

#### Summary Financial Results

Tucows Inc.

(Numbers in Thousands, Except Per Share Data)

	Three months ended March 31, 2003	Three months ended March 31, 2002
Net Revenue	\$8,997	\$9,927*
Income (Loss) from Operations	618	(1,163)
Net Income	880	766
Net Income/Share	0.01	0.01
Cash Flow from Operations	710	706

\*Includes \$1.6 million in revenue from products and services that were disposed of during fiscal 2002

**TORONTO, CANADA, May 7, 2003 - Tucows Inc. (OTCBB: TCOW)**, a leading provider of outsourced Internet services to ISPs and web hosting companies worldwide, today reported its results for the first quarter of fiscal 2003 ended March 31, 2003. The quarter was highlighted by:

- net revenue of \$9.0 million;
- record income from operations of \$618,000;
- record deferred revenue of \$25.8 million;
- positive cash flow from operations of \$710,000;
- net income of \$880,000; and
- a record number of domain name transactions.

"The first quarter of fiscal 2003 marked the continuation of the strong operational and financial performance that we achieved throughout 2002, despite a challenging market environment where the demand for new names essentially remained flat and competition remained intense," said Elliot Noss, president and chief executive officer, Tucows Inc. "Through efficient management of our operations and financial discipline, we achieved our sixth consecutive quarter of positive cash flow from operations and third consecutive quarter of profitability, further strengthening the financial foundation upon which we will continue to grow the Company."

For the first quarter of fiscal 2003, net revenue was \$9.0 million compared to \$8.3 million for the first quarter of fiscal 2002 (excluding \$1.6 million in revenue from products and services that were disposed of during fiscal 2002).

Net income for the quarter was \$880,000, or \$0.01 per share, compared to \$766,000, or \$0.01 per share, for the first quarter of fiscal 2002. Net income for the current quarter included a gain of \$547,000 resulting from the change in fair value of forward contracts and a gain of \$236,000 associated with the disposal of the Company's registry management services business in March 2002. Net income for the same quarter of last year included a gain of \$2.0 million realized on the sale of the registry management services business.

Deferred revenue at March 31, 2003, was \$25.8 million, an increase of 12% from \$22.9 million at March 31, 2002, and an increase of 6% from \$24.4 million at December 31, 2002. Deferred revenue at March 31, 2002, included deferred revenue of \$2.1 million from products and services that were disposed of during fiscal 2002.

Cash and restricted cash at the end of the first quarter of fiscal 2003 increased to \$10.3 million from \$9.8 million at the end of the fourth quarter of fiscal 2002. The increase is primarily the result of positive cash flow from operations for the quarter of \$710,000 and the gain on the disposal of the registry management services business of \$236,000.

Domain names registered, renewed and transferred-in for the first quarter of fiscal 2003 totaled approximately 772,000, a record number of direct transactions in a single quarter. Total active domain names under management at the end of the first quarter of fiscal 2003 increased by approximately 88,000 to 3.5 million.

#### Conference Call

Tucows will host a conference call on Wednesday, May 7, 2003, at 5:00 p.m. (ET) to discuss its first quarter fiscal 2003 results. Participants can access the conference call via the Internet at [www.tucows.com](http://www.tucows.com) by clicking on "**Tucows Inc.**" and then on "**Investor Relations.**"

For those unable to participate in the conference call at the scheduled time, it will be archived for replay both by telephone and via the Internet beginning approximately one hour following completion of the call. To access the archived conference call by telephone, dial 416-695-5800 or 1-800-408-3053 and enter the pass code 1407324. The telephone replay will be available until Wednesday, May 14, 2003, at midnight. To access the archived conference call via the Internet, go to [www.tucows.com](http://www.tucows.com) and click on "Tucows Inc." and then on "Investor Relations."

#### **Tucows Inc.**

Tucows Inc. is a leading provider of outsourced Internet services to ISPs and web hosting companies worldwide. An ICANN-accredited registrar, Tucows provides domain name registration services for generic and country code top-level domains (TLDs), plus digital certificates and email services. Tucows also distributes software and other digital content through its integrated network of affiliates and offers more than 30,000 software titles in libraries located around the world. For more information, please visit: <http://www.tucows.com>.

#### **Contact:**

Joanna Becket  
Investor Relations  
Tucows Inc.  
416-538-5442  
[ir@tucows.com](mailto:ir@tucows.com)

*This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding the continued growth and success of Tucows' business, the ability to further develop and achieve commercial success for the company's business strategy and the deployment of the company's resources. Such 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. More information about potential factors that could affect Tucows is included in the Risk Factors sections of Tucows' filings with the Securities and Exchange Commission. All forward-looking statements included in this document are based on information available to Tucows as of the date of this document, and Tucows assumes no obligation to update such forward-looking statements.*

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