

[HOME](#)[ABOUT US](#)[INVESTORS](#)[NEWS](#)[CAREERS](#)[CONTACT](#)

TUCOWS FINANCIAL NEWS RELEASE, Q1 2004

Tucows Reports Strong Performance for First Quarter Fiscal 2004

Quarter Highlighted by Significant Growth in Revenue, Deferred Revenue and Domain Name Transactions

TORONTO, CANADA, May 5, 2004 -

Summary Financial Results

Tucows Inc.

(Numbers in Thousands, Except Per Share Data)

	Three months ended March 31, 2004	Three months ended March 31, 2003
Net Revenue	\$10,175	\$8,997
Income (Loss) from Operations	111	618
Net Income	149	880
Net Income/Share	0.00	0.01
Cash Flow from Operations	567	710

Tucows Inc. (OTCBB: TCOW), today reported its results for the first quarter of fiscal 2004 ended March 31, 2004.

Key highlights for the first quarter included:

- Net revenue of \$10.2 million representing a year-over-year increase of 13%;
- Income from operations of \$111,000;
- Positive cash flow from operations of \$567,000;
- Net income of \$149,000;
- A 22% year-over-year increase in deferred revenue to a record \$31.4 million; and
- A 32% year-over-year increase in domain name transactions to a record 1.0 million.

"Our dominant position in wholesale domain registrations continued to yield strong results in the first quarter of 2004 as significant business wins in the second half of last year contributed to a record number of transactions and bookings that were well ahead of plan, underscoring the continued momentum in our business," said Elliot Noss, president and chief executive officer, Tucows Inc. "At the same time, the leverage in our business model, combined with our focus on minimizing costs, allowed us to continue to achieve profitability despite the impact of an aggressively competitive environment and the strengthening Canadian dollar."

Net revenue for the first quarter of fiscal 2004 increased 13% to \$10.2 million from \$9.0 million for first quarter of fiscal 2003, primarily the result of higher domain name transactions. Income from operations for the first quarter was \$111,000, inclusive of the impact of a net loss of approximately \$19,000 from foreign exchange forward contracts, compared to \$618,000, inclusive of the impact of a net gain of approximately \$547,000 from foreign exchange forward contracts, for the corresponding quarter last year. Net income for the quarter was \$149,000, or \$0.00 per share, compared to \$880,000, or \$0.01 per share, for the first quarter last year. The decrease in net income was primarily the result of the forward exchange contracts described above and the impact of a non-recurring payment of approximately \$236,000 received during the first quarter of last year.

Deferred revenue at March 31, 2004, was a record \$31.4 million, an increase of 22% from \$25.8 million at March 31, 2003 and an increase of 10% from \$28.6 million at December 31, 2003. Cash and restricted cash at March 31, 2004 increased to \$13.7 million from \$10.3 million at March 31, 2003 and \$13.0 million at December 31, 2003. The increase over December 31, 2003 was primarily the result of positive cash flow from operations of \$567,000.

Domain names registered, renewed and transferred-in for the first quarter of fiscal 2004 increased 32% to approximately 1,019,000 from approximately 773,000 for the same quarter of last year. Total active domain names under management at the end of the fourth quarter increased to 4.08 million.

On April 27, 2004, Tucows completed the previously announced acquisition of Boardtown Corporation, a maker of billing, provisioning and customer care software for service providers, for a total consideration of up to \$4.0 million. "We have always viewed the wholesale domain registration business as a launching pad to a broader future," said Mr. Noss. "Adding the Boardtown suite of solutions to our existing digital certificates, email, email defense, blogware and other services sets up the next stage in the company's evolution. Combined with a strong and growing core domain name business, we expect to deliver sequential growth in revenue in each quarter of 2004."

Conference Call

Tucows will host a conference call on Wednesday, May 5, 2004, at 5:00 p.m. (ET) to discuss the company's first quarter fiscal 2004 results. To access the conference call via the Internet go to www.tucowsinc.com and click on "Investor Relations."

For those unable to join 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 1-800-408-3053 or 416-695-5800 and enter the pass code 3039326. The telephone replay will be available until Wednesday, May 12, 2004, at midnight. To access the archived conference call via the Internet, go to www.tucowsinc.com and click on "Investor Relations."

Tucows Inc.

Tucows Inc. is a leading wholesaler of Internet services to a global network of more than 6,000 resellers such as ISPs and web hosting companies. Tucows provides a range of outsourced Internet services and products, including: domain name registration and management, digital certificates, managed DNS, and email services. The company is the largest ICANN-accredited wholesale domain name registrar. Tucows also distributes software and other digital content through its global network of affiliates offering more than 40,000 software titles. For more information, please visit: www.tucowsinc.com.

Contact

Hilda Kelly
Investor Relations Resource
Tucows Inc.
416-538-5493
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.

TUCOWS is a registered trademark of Tucows Inc. or its subsidiaries. All other trademarks and service marks are the properties of their respective owners.