



TUCOWS FINANCIAL NEWS RELEASE, Q1 2007

Tucows Reports Continued Strong Results For The First Quarter Of Fiscal 2007

Quarter Highlighted by Solid Financial Performance, Including Record Revenue, Record Adjusted Net Income and Continued Strong Cash Flow Generation

TORONTO - May 10, 2007 - Tucows Inc. (AMEX:TCX, TSX:TC), a leading provider of Internet services to web hosting companies, ISPs and other service providers worldwide, today reported its financial results for the first quarter of fiscal 2007, ended March 31, 2007.

Highlights for the first quarter included:

- A 16% year-over-year increase in net revenue to a record \$17.8 million;
- A 62% year-over-year increase in adjusted net income to a record \$2.4 million;
- Net income of \$0.7 million;
- Cash flow from operating activities of \$1.2 million; and,
- A 17% year-over-year increase in deferred revenue to a record \$48.0 million.

"The first quarter of 2007 was highlighted by another solid financial performance," said Elliot Noss, President and Chief Executive Officer, Tucows Inc. "We continue to grow our business by using our wholesale channel to deliver Internet services like domain names and email that are critical to our service provider customers. As our business scales, the leverage in our business becomes more and more apparent. We expect to see continued growth as we move forward."

"The first quarter puts us on track to meet our announced target of \$10-12 million in cash flow from operations for 2007," said Noss. "We continue to expect domain registration revenue to grow in the low double digits and remaining revenue to grow at higher rates. We expect that operating expenses will only increase at about half the rate of gross profit."

Summary Financial Results (Numbers in Thousands of US Dollars, Except Per Share Data)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net Revenue	17,771	15,287
EBITDA	1,971	434
Adjusted Net Income	2,442	1,506
Net Income	750	(157)
Net Income/Share	0.01	0.00
Cash Flow from Operations	1,165	1,834

Cash, short-term investments and restricted cash at the end of the first quarter of fiscal 2007 was \$6.6 million compared to \$7.3 million at the end of the fourth quarter of fiscal 2006 and \$11.8 million at the end of the first quarter of fiscal 2006. The decrease compared to the end of the fourth quarter of fiscal 2006 is primarily the result of the use of \$1.3 million for the repurchase of the Company's shares under its previously announced stock buyback program and the use of \$1.2 million to purchase hardware to support the hosted email services business, which were partially offset by the generation of cash flow from operations of \$1.2 million during the first quarter of fiscal 2007.

Net revenue for the first quarter of fiscal 2007 increased 16% to \$17.8 million from \$15.3 million for the first quarter of fiscal 2006. The increase was the result of growth across all areas of the business.

	Revenue		Cost of Revenue (excluding Network costs)	
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Domain Names, Excluding Domain Direct	11,901	10,667	8,782	7,675
Other Internet Services, Including Domain Direct	4,400	3,776	1,015	932
Sale of Domain Names	82	-	-	-
Advertising and Other Revenue	1,388	844	52	-
Total	17,771	15,287	9,849	8,607

Adjusted net income for the first quarter of fiscal 2007 increased to \$2.4 million from \$1.5 million for the corresponding quarter of last year. Net income for the first quarter of fiscal 2007 was \$0.7 million, or \$0.01 per share, compared with a net loss of \$0.2 million, or \$0.00 per share, for the first quarter of fiscal 2006. Included in net income and adjusted net income for the first quarter of fiscal 2007 is a gain on foreign exchange of \$51,000 compared with a loss on foreign exchange of \$88,000 for the corresponding quarter of fiscal 2006.

Deferred revenue at the end the first quarter of fiscal 2007 was \$48.0 million, an increase of 17% from \$41.1 million at the end of the first quarter of fiscal 2006 and an increase of 6% from \$45.1 million at the end of the fourth quarter of fiscal 2006.

This release may contain forward-looking statements, relating to the Company's operations or to the environment in which it operates, which are based on Tucows Inc.'s operations, estimates, forecasts and projections. These statements are not guarantees of future performance and are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate or differ materially from those expressed in these forward-looking statements. Consequently, investors should not place undue reliance on these forward-looking statements, which are based on Tucows Inc.'s current expectations, estimates, projections, beliefs and assumptions. These forward-looking statements speak only as of the date of this presentation and are based upon the information available to Tucows Inc. at this time. Tucows Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Conference Call

Tucows will host a conference call today, Thursday, May 10, 2007, at 5:00 p.m. (ET) to discuss the Company's first quarter fiscal 2007 results. To access the conference call via the Internet go to <http://about.tucows.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 1-877-289-8525 or 416-640-1917 and enter the pass code 21228036 followed by the pound key. The telephone replay will be available until Thursday, May 17, 2007, at midnight. To access the archived conference call via the Internet, go to <http://about.tucows.com> and click on "Investor Relations."

Tucows Inc.

Tucows Inc. (AMEX:TCX, TSX:TC) provides Internet services and download libraries through a global distribution network of over 7,000 service providers. This distribution network primarily consists of web hosting companies, ISPs (Internet Service Providers) and other Internet related service companies. These companies use Tucows' provisioned services to offer solutions to their customers: enterprises, small and medium businesses and consumers. Tucows is an accredited registrar with ICANN (the Internet Corporation for Assigned Names and Numbers) and earns most of its revenue from domain name registration services plus hosted email, spam and virus protection, Blogware, website building tools, the Platypus Billing System and digital certificates. For more information, please visit: www.tucowsinc.com

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