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## TUCOWS FINANCIAL NEWS RELEASE, Q2 2003

### Tucows Reports Continued Strong Financial Performance for Second Quarter Fiscal 2003

Company reports seventh consecutive quarter of positive cash flow from operations and fourth consecutive quarter of profitability

TORONTO, CANADA, August 6, 2003 --

Summary Financial Results  
Tucows Inc.  
(Numbers in Thousands, Except Per Share Data)

	Three months ended June 30, 2003	Three months ended June 30, 2002	Six months ended June 30, 2003	Six months ended June 30, 2002
Net Revenue	\$9,167	\$9,480*	\$18,164	\$19,407**
Net Income (Loss)	578	(881)	1,458	(115)
Net Income (Loss)/Share	0.01	(0.01)	0.02	0.01
Cash Flow from Operations	800	1,132	1,510	1,838

\*Includes \$970,500 in revenue from products and services that were disposed of during fiscal 2002.

\*\*Includes \$2.5 million in revenue from products and services that were disposed of during fiscal 2002.

**Tucows Inc. (OTCBB: TCOW)**, a leading provider of outsourced Internet services to ISPs and web hosting companies worldwide, today reported its results for the second quarter of fiscal 2003 ended June 30, 2003. The quarter was highlighted by:

- Net revenue of \$9.2 million;
- Record deferred revenue of \$26.6 million;
- Positive cash flow from operations of \$800,000; and
- Net income of \$578,000.

"Despite continuing aggressive pricing in the domain name registration market, Tucows continued to post strong operational and financial performance, achieving record deferred revenue, our seventh consecutive quarter of positive cash flow from operations and our fourth consecutive quarter of profitability," said Elliot Noss, president and chief executive officer, Tucows Inc.

For the second quarter of fiscal 2003, net revenue was \$9.2 million compared to \$9.5 million for the second quarter of fiscal 2002. Excluding \$970,000 in revenue from services that were disposed of following the end of the second quarter last year, net revenue increased 7.7% from \$8.5 million.

Net income for the quarter was \$578,000, or \$0.01 per share, compared to a net loss of \$881,000, or \$0.01 per share, for the second quarter of fiscal 2002. Net income for the current quarter included a gain of \$337,000 resulting from the change in fair value of forward contracts and a gain of \$636,000 on the disposal of the Company's registry management services business in March 2002. These gains were partially offset by \$566,000 in expenses for professional fees and costs related to the evaluation of strategic alternatives. The company has concluded not to proceed with these alternatives. Net income for the same quarter of last year included a writedown of the Company's investment in bigchalk.com of \$1.0 million.

Deferred revenue at June 30, 2003, was \$26.6 million, an increase of 9.0% from \$24.4 million at June 30, 2002 (which included deferred revenue of \$899,000 from services that were disposed of following the end of the second quarter of fiscal 2002), and an increase of 3.3% from \$25.8 million at March 31, 2003.

Cash and restricted cash at the end of the second quarter increased to \$11.5 million from \$10.3 million at the end of the first quarter of fiscal 2003. The increase is primarily the result of positive cash flow from operations for the quarter of \$800,000 and the gain on the disposal of the registry management services business of \$636,000.

Domain names registered, renewed and transferred-in for the second quarter totaled approximately 764,300. Total active domain names under management at the end of the second quarter was 3.5 million.

"We continue to generate strong cash flow and are confident in our ability to leverage our business model to deliver a broad range of

Internet services and drive significant growth over the long term," said Mr. Noss. "In the short term, however, we expect growth to be somewhat muted as economic conditions remain challenging while we continue the hard work of launching new services that will contribute to both our top and bottom lines over the long term."

### **Conference Call**

Tucows will host a conference call on Wednesday, August 6, 2003, at 5:00 p.m. (ET) to discuss its second quarter fiscal 2003 results. To access the conference call via the Internet go to [www.tucows.com](http://www.tucows.com), click on "Tucows Inc." and then 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 416-695-5800 or 1-800-408-3053 and enter the pass code 1456172. The telephone replay will be available until Wednesday, August 13, 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>.

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*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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