



## TUCOWS FINANCIAL NEWS RELEASE, Q4 2003

### TUCOWS REPORTS STRONG RESULTS FOR FISCAL 2003

**Nine consecutive quarters of positive cash flow from operations and six consecutive quarters of profitability**

TORONTO, CANADA, February 4, 2004 --

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

	Three months ended December 31, 2003	Three months ended December 31, 2002	Year ended December 31, 2003	Year ended December 31, 2002
Net Revenue	\$9,715	\$8,760	\$37,195	\$37,046*
Income (Loss) from Operations	389	222	932	(980)
Net Income	426	1,385	2,063	1,867
Net Income/Share	0.01	0.02	0.03	0.03
Cash Flow from Operations	1,134	410	3,220	3,438

\*Includes \$2.9 million in revenue from services that were disposed of during fiscal 2002.

**Tucows Inc. (OTCBB: TCOW)**, today reported its results for the fourth quarter and fiscal year ended December 31, 2003.

Key highlights for the year included:

- Net revenue of \$37.2 million;
- Income from operations of \$932,000;
- Positive cash flow from operations of \$3.2 million; and
- Net income of \$2.1 million.

Key highlights for the fourth quarter included:

- Net revenue of \$9.7 million;
- Income from operations of \$389,000;
- Positive cash flow from operations of \$1.1 million;
- Net income of \$426,000;
- Record deferred revenue of \$28.6 million; and
- A 29% year-over-year increase in domain name transactions to 853,000 from 662,000.

"Given the intensely competitive environment in which we operate, we are extremely proud to report such strong results," said Elliot Noss, president and chief executive officer, Tucows Inc. "We grew our business by remaining focused and resolute in our commitment to meeting the expectations of our customers, partners and shareholders. Our efforts to carve out a sustainable, differentiated position have proved successful, as evidenced by our substantial improvement in transaction volumes and income from operations. We continue to work diligently to enhance the richness of the services we offer, while providing a consistently high quality of customer support. Moreover, our core market has just begun to grow again, positioning us to further capitalize on the leverage inherent in our business model."

For the fiscal year ended December 31, 2003, net revenue increased marginally to \$37.2 million from \$37.0 million for fiscal 2002. Excluding \$2.9 million in revenue from services that were disposed of during fiscal 2002, net revenue increased 9% from \$34.1 million. Income from operations for fiscal 2003 was \$932,000 compared to a loss from operations of \$980,000 for fiscal 2002. Net income for fiscal 2003 was \$2.1 million, or \$0.03 per share, unchanged from fiscal 2002.

Deferred revenue at December 31, 2003, was a record \$28.6 million, an increase of 17% from \$24.4 million at December 31, 2002, and an increase of 4% from \$27.5 million at September 30, 2003.

Cash and restricted cash at December 31, 2003, increased to \$13.0 million from \$9.8 million at December 31, 2002. This increase was primarily the result of positive cash flow from operations of \$3.2 million and proceeds of \$1.0 million received in connection with the company's sale of Liberty RMS to Afllias, Limited in March 2002 being offset by cash used for the purchase of property and equipment of just under \$1.0 million.

For the fourth quarter of fiscal 2003, net revenue increased 10% to \$9.7 million from \$8.8 million for the fourth quarter of fiscal 2002. Income from operations for the quarter increased to \$389,000 from \$222,000 for the same period last year. Net income for the quarter was \$426,000, or \$0.01 per share, compared to \$1.4 million, or \$0.02 per share, for the fourth quarter of fiscal 2002. Net income for the fourth quarter of fiscal 2002 included a gain of \$1.1 million on the disposal of the Electric Library subscription assets.

Domain names registered, renewed and transferred-in for the fourth quarter increased to approximately 853,000 from approximately 662,000 for the same quarter of last year. Total active domain names under management at the end of the fourth quarter increased to 3.83 million.

### **Conference Call**

Tucows will host a conference call on Wednesday, February 4, 2004, at 5:00 p.m. (ET) to discuss the company's fourth quarter and 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 1-800-408-3053 or 416-695-5800 and enter the pass code 1522165. The telephone replay will be available until Wednesday, February 11, 2004, 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 third-party Internet services. Through an expanding global network of more than 5,000 active resellers, ISPs, and web hosting companies, Tucows provides a range of outsourced Internet services and products. Tucows is now the second largest ICANN-accredited domain name registrar in the world, offering domain name services for generic and country code top-level domains, plus digital certificates, managed DNS, and email services. Tucows also distributes software and other digital content through its 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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