Investor presentation

02.09.2021

tuco\ys

Nasdaq (TCX)  |  TSX (TC)
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Our business

Consistent, reliable cash flow generation + growth
Our business

Investment Summary

Consistent and reliable revenue and cash flow generation through high volume, low-cost subscription services

Committed to returning capital to shareholders

Dominant position in the global wholesale domain name market

Visible revenue stream plus new growth opportunities in mobile industry as Mobile Services Enabler (MSE)

Building next phase of outsized long-term growth opportunity as an early mover in next generation services in the fiber-to-the-premise space
Our business

**Good ideas into great businesses**

Three distinct businesses that leverage our central technical, administrative and support competencies, and follow our uncompromising customer-centric orientation.

**Domains**

Pioneer and leading provider in the global domains services market

- OpenSRS
- enom
- ascio
- hover

Mobile Services Enabler (MSE)

Delivering a wide range of functions including billing, activation, provisioning, and funnel marketing to mobile providers

Ting Internet

Early mover in long-term growth opportunity of the fiber-to-the-premise space
Our business

Strong cash flowing businesses

Domain Services
- OpenSRS
- enom
- ascio
- hover

Mobile Services
- tucows
- MSE

Tucows’ next phase of outsized growth

Generating capital for

Fiber Internet Services
- ting
Our business

Proven track record of long-term performance

19 consecutive years of revenue growth¹

19 consecutive years of positive cash flow from operations

20 years as a public company

18.4% annual ROI² since going public

¹ Excluding the impact of a transitional revenue stream acquired and subsequently disposed of in 2018 and impact of change in Mobile business model to MSE in Q3 2020.
² As at December 31, 2020.
Revenue (US$ millions)

Adj. EBITDA\(^1,2\) (US$ millions)

**NOTE:** Revenue for 2020 reflects the impact of change in Mobile business model to MSE in Q3 2020.

1. Adjusted EBITDA excludes depreciation, amortization of intangible assets, income tax provision, interest expense, interest income, stock-based compensation, asset impairment, gains and losses from unrealized foreign currency transactions and infrequently occurring items, including acquisition and transition costs. (Prior to 2013 Adjusted EBITDA included net deferred revenue and did not included foreign currency transactions or acquisition and transition costs)

2. Adjusted EBITDA for 2017 reflects the impact of the purchase price accounting adjustment related to the fair value write down of deferred revenue from the Enom acquisition, which lowered Adjusted EBITDA by $7.8 million. Adjusted EBITDA for 2019 reflects the impact of the purchase price accounting adjustment related to the fair value write down of deferred revenue from the Ascio acquisition, which lowered Adjusted EBITDA by $2.5 million.
Market and Financial Data:

Share Price¹: TCX (NASDAQ) US$89.74  
            TC (TSX) CA$113.50

Shares out¹: ~10.6m

Market cap¹: ~US$951.2m

Cash²: US$8.3m

Debt²: US$121.7m

¹. At Feb 8/21.
². At Dec 31/20.
Domain services
Tucows’ portfolio of domain services

- opensrs.com
- hover.com
- ascio.com
- enom.com

Services Offered

domain registration | SSL certificates | email
Domain services

Quiet growth to global domains leadership

Second largest domain name registrar in the world

~25 million Domains under management

Renewal rates well above industry average

~1.5 million Domain transactions every month
Leveraging global network of relationships

World’s largest wholesale domain name registrar

Established network of

>36,000 reseller customers

Global footprint in

>150 countries
Domains strategy

- Managed for margin contribution
- Modernizing tech stack to create true platform for domains ecosystem
- Development of new Value Added Services
- Centralize network infrastructure needs and costs with Network Access business
Network access
Transition to from MVNO to Mobile Services Enabler

Effective August 1, 2020:

- DISH Networks acquired Ting Mobile customer relationships, related assets and right to use brand
- Ting’s foundational MVNO platform supports DISH’s new mobile business, and DISH becomes Tucows’ first customer

De-risks mobile opportunity amidst expected disruption in the market, and creates new near- and long-term potential while increasing the certainty of the cash flows
“There are always skeptics of the need for big bandwidth and many in the industry scoff at gigabit broadband today as nothing more than a marketing ploy. What the critics ignore is that the world grows into larger bandwidth over time. Residential broadband usage is currently growing at a rate of about 21% annually in terms of both total monthly downloads and of desired customer speeds. When gigabit products were first introduced, they were 40 times faster than the average broadband product at that time of about 25 Mbps”

- Doug Dawson, CCG Consulting, 2019
Providing gigabit speeds over fiber-to-the-premise networks

50x faster than average US download speed

1000x faster than average US upload speed
Network access | Ting Internet: Key Metrics

Cost to build per serviceable address

$1,000–$1,500¹

Annual gross margin

$1,000

Monthly price²

$89³ Home

$139 Business

Expected take rate

20% year 1

50% year 5

1. Cost of installation varies but is less than $200/home or $400/business.
2. Ting Internet Box costs $200 upfront or $9/mo. 5/5 Mbps service is $19/mo + startup cost and is only available in markets built by Ting.
3. In Fullerton, CA, which has no live customers yet, the price will be $79 due to another ISP on the network.
## Aggregate Network Progress: Q4 2020

<table>
<thead>
<tr>
<th>Total Projected Potential Serviceable Addresses (SAs)</th>
<th>Completed</th>
<th>% Completed</th>
<th>Subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>149,956</td>
<td>55,525</td>
<td>37%</td>
<td>15,428</td>
</tr>
</tbody>
</table>

## Individual Town Progress: Q4 2020

### Ting Owned Networks/Services Offered

<table>
<thead>
<tr>
<th>Town</th>
<th>Potential SAs</th>
<th>SAs Completed</th>
<th>Build % Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holly Springs</td>
<td>12,900</td>
<td>8,929</td>
<td>69%</td>
</tr>
<tr>
<td>Charlottesville</td>
<td>24,000</td>
<td>13,766</td>
<td>57%</td>
</tr>
<tr>
<td>Sandpoint</td>
<td>6,800</td>
<td>4,637</td>
<td>68%</td>
</tr>
<tr>
<td>Centennial</td>
<td>40,000</td>
<td>9,038</td>
<td>23%</td>
</tr>
<tr>
<td>Fuquay-Varina</td>
<td>9,000</td>
<td>6,335</td>
<td>70%</td>
</tr>
<tr>
<td>Wake Forest/ Rolesville</td>
<td>12,000</td>
<td>220</td>
<td>2%</td>
</tr>
<tr>
<td>Cedar</td>
<td>16,000</td>
<td>6,400</td>
<td>N/A</td>
</tr>
<tr>
<td>Culver City</td>
<td>23,000</td>
<td>0</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Ting Leased Networks/Services Offered

<table>
<thead>
<tr>
<th>Town</th>
<th>Potential SAs</th>
<th>SAs Completed</th>
<th>Build % Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westminster</td>
<td>6,256</td>
<td>6,200</td>
<td>99%</td>
</tr>
<tr>
<td>Fullerton</td>
<td>52,500</td>
<td>2,962</td>
<td>6%</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>7,000</td>
<td>1,147</td>
<td>16%</td>
</tr>
</tbody>
</table>

1. Defined as premises to which Ting infrastructure, or Ting's network partner Westminster, has the capability to provide a customer connection in a service area.
2. On leased networks, Ting may not be the sole Internet service provider (ISP), or may have a head start before other providers or services.

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This report is intended for general guidance and information purposes only. This report is under no circumstances intended to be used or considered as financial or investment advice. Tucows has taken reasonable care to ensure that, and to the best of our knowledge, material information contained herein is in accordance with the facts and contains no omission likely to affect its understanding. The risks factors for Tucows business are described in detail in the company’s documents filed with the SEC, specifically the most recent reports on Form 10-K and 10-Q. The company urges you to read its security filings for a full description of the risk factors applicable to its business.
Quarterly highlights
# Quarterly KPI Summary

## Operating Statistics
(Amounts in thousands)

<table>
<thead>
<tr>
<th>QUARTERLY</th>
<th>ANNUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/20</td>
<td>Q3/20</td>
</tr>
<tr>
<td>Q2/20</td>
<td>Q1/20</td>
</tr>
<tr>
<td>Q4/19</td>
<td>Q3/19</td>
</tr>
<tr>
<td>Q2/19</td>
<td>Q1/19</td>
</tr>
<tr>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

## TING INTERNET

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q4/20</th>
<th>Q3/20</th>
<th>Q2/20</th>
<th>Q1/20</th>
<th>Q4/19</th>
<th>Q3/19</th>
<th>Q2/19</th>
<th>Q1/19</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Subscribers under management⁴</td>
<td>15.4</td>
<td>13.7</td>
<td>12.5</td>
<td>11.6</td>
<td>10.2</td>
<td>9.5</td>
<td>8.8</td>
<td>7.7</td>
<td>15.4</td>
<td>10.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Internet Subscribers under management - Net additions⁵</td>
<td>1.7</td>
<td>1.2</td>
<td>0.9</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>1.1</td>
<td>0.7</td>
<td>4.4</td>
<td>3.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Owned Infrastructure Passed Addresses⁴,⁵</td>
<td>67.7</td>
<td>64.9</td>
<td>61.2</td>
<td>56.6</td>
<td>47.2</td>
<td>43.9</td>
<td>38.3</td>
<td>32.5</td>
<td>67.7</td>
<td>47.2</td>
<td>28.1</td>
</tr>
<tr>
<td>Owned Infrastructure Passed Addresses - Net additions⁵</td>
<td>2.8</td>
<td>3.7</td>
<td>4.6</td>
<td>2.9</td>
<td>3.4</td>
<td>5.6</td>
<td>5.8</td>
<td>4.4</td>
<td>14.1</td>
<td>19.1</td>
<td>13.6</td>
</tr>
<tr>
<td>Serviceable Addresses⁵,⁶</td>
<td>55.5</td>
<td>50.5</td>
<td>47.9</td>
<td>45.4</td>
<td>36.4</td>
<td>34.2</td>
<td>33.5</td>
<td>31.8</td>
<td>55.5</td>
<td>36.4</td>
<td>28.1</td>
</tr>
<tr>
<td>Serviceable Addresses - Net additions⁵</td>
<td>5.1</td>
<td>2.6</td>
<td>2.5</td>
<td>2.6</td>
<td>2.2</td>
<td>0.7</td>
<td>1.7</td>
<td>3.7</td>
<td>12.7</td>
<td>8.3</td>
<td>12.1</td>
</tr>
<tr>
<td>Fiber Capital Expenditures⁴</td>
<td>$10,250</td>
<td>$10,650</td>
<td>$9,750</td>
<td>$7,600</td>
<td>$8,000</td>
<td>$8,500</td>
<td>$9,050</td>
<td>$6,900</td>
<td>$38,250</td>
<td>$32,450</td>
<td>$25,100</td>
</tr>
</tbody>
</table>

## DOMAIN SERVICES

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total new, renewed and transferred-in domain name registrations provided</td>
<td>25,377</td>
<td>25,027</td>
<td>24,592</td>
</tr>
<tr>
<td>Total new, renewed and transferred-in domain name registrations provisioned</td>
<td>4,257</td>
<td>4,460</td>
<td>4,747</td>
</tr>
</tbody>
</table>

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1. Defined as premises to which Ting has constructed a fiber network but do not yet have the capability to provide an active customer connection.
2. Defined as premises to which Ting's infrastructure, or Ting's network partner Westminster, has the capability to provide a customer connection in a service area.
3. The Company's life-to-date fiber capex investment since February 2015 is $126 million, including Blue Ridge Websoft and Cedar Holdings' acquisitions, net of capex write-offs.
4. The Company acquired Cedar Holdings Group on January 1, 2020 which increased the opening Internet subscribers by 790 and Passed Addresses and Serviceable Addresses by 6,400, respectively.
5. The increase in acquired Internet Subscribers, Passed Addresses, and Serviceable Addresses from Cedar Holdings Group are not included in the Q1 Net Additions.
# Summary Financial Results

<table>
<thead>
<tr>
<th></th>
<th>3 Months Ended December 31</th>
<th>12 Months Ended December 31</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 (Unaudited)</td>
<td>2019 (Unaudited)</td>
<td>% Change</td>
</tr>
<tr>
<td>Net revenue</td>
<td>70,784</td>
<td>85,946</td>
<td>(17.6%)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>17,428</td>
<td>26,045</td>
<td>(33.1%)</td>
</tr>
<tr>
<td>Gain on Sale of Ting Customer Assets&lt;sup&gt;2&lt;/sup&gt;</td>
<td>6,522</td>
<td>-</td>
<td>n/a</td>
</tr>
<tr>
<td>Net income</td>
<td>2,068</td>
<td>5,778</td>
<td>(64.2%)</td>
</tr>
<tr>
<td>Basic Net earnings per common share</td>
<td>0.19</td>
<td>0.55</td>
<td>(65.5%)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>12,847</td>
<td>16,155</td>
<td>(20.5%)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,637</td>
<td>13,196</td>
<td>(87.6%)</td>
</tr>
</tbody>
</table>

1. Tucows financial results for the fourth quarter of 2019 include the contribution of the bulk sale of domain names in the Company's Portfolio business (generating $1.5 million in revenue) as part of its exit from that business at the end of the year.

2. Gain on Sale of Ting Customer Assets for annual 2020 includes proceeds of $11.1 million under the DISH earn-out arrangement, offset by the disposal of Ting Customer Assets totalling $3.5 million.
Resources

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ir@tucows.com