Tucows Q4 2020 Management Remarks Script

Introduction [Monica Webb, Head of Market Development and Strategic Partnerships]

Welcome to Tucows' fourth quarter 2020 management commentary. We have pre-recorded prepared remarks regarding the quarter and outlook for the Company. A Tucows-generated transcript of these remarks, with relevant links, is also available on the Company's website.

In lieu of a live question and answer period following the remarks, shareholders, analysts and prospective investors are invited to submit their questions to Tucows' management via email at ir@tucows.com, until Wednesday, February 17. Management will address your questions directly, or in a recorded audio response and transcript that will be posted to the Tucows website on Tuesday, February 23 at approximately 4 p.m. eastern time.

We would also like to advise that the updated Tucows Quarterly KPI Summary, which provides key metrics for all of our businesses for the last eight quarters, as well as 2018, 2019, and 2020, is available in the Investors section of the website, along with the updated Ting Build Scorecard and Investor Presentation. Please note that the KPI Summary has been modified to reflect our transition from a Mobile Virtual Network Operator to a Mobile Services Enabler. This means the mobile metrics that are no longer applicable to our business have been removed.

Now for management's prepared remarks:

On Tuesday, February 9, Tucows issued a news release reporting its financial results for the fourth quarter ending December 31, 2020. That news release, and the Company's financial statements, are available on the Company's website at tucows.com, under the Investors section.

Please note that the following discussion may include forward-looking statements, which, as such, are subject to risks and uncertainties that could cause actual results to differ materially. These risk factors are described in detail in the Company's documents filed with the SEC, specifically the most recent reports on the Forms 10-K and 10-Q. The company urges you to read its security filings for a full description of the risk factors applicable for its business.

I would now like to turn the call over to Tucows' President and Chief Executive Officer, Mr. Elliot Noss.

Management Remarks [Elliot Noss, President and Chief Executive Officer]

Q4 Results Summary

Thanks Monica. Q4 2020 was a strong finish to a very solid year across all Tucows' businesses. Domains delivered another quarter of elevated transaction activity on top of the underlying consistency of that business, and had it's highest growth in Adjusted EBITDA in years. It was the first full quarter under our new Mobile Service Enabler, or MSE, model. And in our Fiber Internet business, we nearly matched our highest capex spend to date achieved in Q3, and had by far our highest quarterly add in serviceable addresses at 5,100, nearly double that of Q3.

Turning to our financial results, as a reminder, with the transition of our Mobile business to the MSE model, our reported revenue and gross margin results are negatively impacted, with all of that revenue and much of the expenses associated with the Mobile business now subsumed in "Other Income," toward the bottom of the P&L. We are, however, including these earnings in our Adjusted EBITDA results, and as such, Adjusted EBITDA may provide a better year-over-year view on operating results. For those that might require a refresh on the details of impact, please refer to my opening comments in the Q3 2020 management remarks.

For comparative purposes, the best way to view our revenue and gross margin performance for Q4 is by confining those to the Domains and Ting Internet businesses -- that is, absent the impact of Mobile. Revenue from our Domains and Ting Internet operations for Q4 was $66.8 million, an increase of 3% from $64.8 million for the same period last year. And I will remind you that Q4 2019 benefited from the $1.5 million portfolio sale as we exited that business. Excluding that portfolio sale, Q4 revenue was up 6%. And for the year, revenue for the Domains and Ting Internet businesses was $261 million, or up 5%.

Total gross margin for the Domains and Ting Internet businesses for Q4 increased 5% year-over-year, to $22.5 million. However, excluding the contribution of the bulk Portfolio sale, year over year, gross margin for Domains and Ting Internet was up 13%. For the year, gross margin for Domains and Ting Internet was $86.2 million, up 9% from 2019 including the bulk Portfolio sales, but up 13% when those Portfolio sales are excluded.

Including the Mobile results, total revenue for Q4 was $70.8 million compared to $86.0 million, for the same period of 2019, with the decrease reflecting the shift in our Mobile business to the MSE model. Total gross margin was $23.7 million compared with $30.9 million.

Fourth quarter net income decreased 64% over that of Q4 2019 to $2.1 million, or $0.19 per share -- and that's including the large Portfolio sale in Q4 of last year that contributed approximately $1.2 million after tax. Excluding that Portfolio sale, net income decreased 55%. Net income for the year was $5.8 million, or $0.55 per share, compared to $15.4 million for 2019, or $1.45 per share, with the decrease due primarily to the bulk portfolio sales in 2019 totalling $3.4 million, an incremental $2.2 million of depreciation expense in 2020 related to the buildout of the fiber network, as well as the $1.5 million impairment in Q2 of our TV investment and Roam Mobility business.

Adjusted EBITDA for Q4 was $12.8 million compared with $16.1 million last year and for the year was $51 million compared with $52 million for 2019, and slightly ahead of our guidance of $50 million.

And finally, cash flow from operations. We note that there is a one-time balance sheet adjustment of roughly $9 million; $7 million resulting from our partnership with DISH. This is simply waiting an additional 30 days for monies generated by mobile customers. And $2 million resulting from our Culver City launch.

Excluding the two items above, cash flow from operations was $10.6 million, compared with $13.2 million last year, due to the reduction in EBITDA from Q4 2019, which I remind was outsized for a few reasons. Reported cash flow from operations was $1.6 million in fourth quarter of 2020. For the full year, excluding those items, cash flow from operations was $45.1 million compared to $40.4 million for 2019, once again underscoring the ability of the Domains and Mobile Services businesses to consistently generate cash to invest in the outsized growth opportunity inherent in Ting Internet. Reported cash flow from operations was $36.1 million.

Domains

Turning to our individual businesses, Q4 was another solid quarter for the Domains business, capping off a very good year. The reported numbers, which include the contribution of the Portfolio business for 2019, that we exited at year end however, mask the true underlying performance of the business. You have heard me talk for a while now about our focus on managing the Domains business for gross margin. Our continued success in this regard was evident in 2020. In fact, 2020 saw us replace all of the gross margin foregone with our exit from the Portfolio business, as well as that from the natural churn of the high-priced Enom retail names I have discussed previously, and then some. Excluding the large Portfolio sale contributions from 2019, gross margin for the comparative Domains business grew 8% year on year -- and still grew 4% when the Portfolio is included in the 2019 total.

For Q4, gross margin dollars for the Domains business -- adjusting for the large bulk sale from the Portfolio in Q4 last year -- increased 8% year over year, on a 2% increase in revenue. As it has for the previous two quarters, we are increasingly seeing the benefit of the impact of the deferred revenue generated by the incremental transactions earlier in the year.

Q4 Domains performance was anchored by another strong quarter for the Wholesale channel, which posted year-over-year growth in gross margin of 12%, which was driven primarily by a 14% increase in the Domain Services component of Wholesale. The increase was the result of a 5% increase in total registrations to 3.9 million from 3.8 million, as well as the impact of the deferred revenue generated by the previously mentioned transaction volumes earlier in the year. The impact of the pandemic contributed to another very healthy quarter for new registrations in particular, which were up 17% year over year, but, as expected down from the 40% and 30% increases we saw in quarters two and three, as that growth continues to decelerate as expected. And we expect that growth to further decelerate in Q1, and have seen that in the numbers thus far in the quarter.

Our Wholesale renewal rate for Q4 held steady at 79%, once again solidly above the industry average, and once again underscoring the quality of both our resellers and the high attachment rate of their domains to real businesses.

Our Retail Domains channel also continued to benefit from the higher transaction activity resulting from the pandemic. Total registrations for Q4 were up 5% year over year, to 362,000, with new registrations up 8% -- again, a deceleration from the growth in quarters two and three. As per the Wholesale channel, we saw the benefit of the deferred revenue impact of the elevated transaction activity earlier in the year. Excluding the impact of a deferral-related accounting adjustment in Q4 2019, gross margin increased by 1%, and notably, in line sequentially with Q3, despite Q4 being a seasonally softer quarter.

The Retail channel renewal rate also continues to perform solidly above the industry average, coming in at 79% -- continuing its consistent performance around the 80% mark.

On our year-end call last year, I talked about the benefits of scale and efficiency in our Domains business, alongside our focus on high-quality customers, to support the profitability of the business. This has enabled us to continue to invest in our platform, to strengthen our competitive advantage, and offer competitive pricing, while still generating a meaningful profit to further invest for the future health and growth of the business, and contribute to the overall profitability of the Company.

All in all, 2020 was a very good year for the Domains business -- in fact, the best in our 21-year history in the industry -- not only in terms of financial performance, but also in terms of significant advancement of the new domains infrastructure.

Mobile

2020 was a pivotal year for Ting Mobile in the truest sense of the word. With one deal, we exited the retail business and entered the platform business. On the retail side, it was a rare and very brief moment in the end zone for us. We launched our MVNO in 2012. In eight years, we grew to nearly 250,000 highly profitable subscribers. We had higher gross margins and net margins than other companies our size. More importantly, we built a product and a customer experience that were the envy of telcos all over the world, hundreds of times our size. This agreement with DISH, at a unique and historic juncture for them, leverages those accomplishments and our strengths, while addressing fundamental market challenges. Our carrier deals made it nearly impossible for us to compete on price. DISH has the best MVNO deal in the country, and since acquiring Ting Mobile, they have already translated that into the best retail pricing in the country. Tucows is best in class at building and maintaining platforms that simplify complex business processes. DISH will now employ those capabilities to grow from 250,000 satisfied customers to tens of millions.

With the transition from retail to platforms, we take a mobile business unit that had plateaued and turn it into one that we fully expect to grow.

As a reminder, we've changed the content of our public reporting for the Mobile business.

With our Mobile business tied to DISH, the best way to project our Mobile fortunes is to follow their public disclosure. They will report on Ting Mobile subscribers and other metrics and will also give updates on Boost and other MVNO subscribers destined for our MSE platform.

Meanwhile, I can tell you that the legacy base continues to perform as expected and more importantly, the DISH relationship is proceeding well. Both companies have a lot of work in front of them in a very dynamic environment, and I am pleased to say that the people side of this transaction is meeting lofty expectations. We think of this as a long-term partnership and are much more focused on building the connective tissue between our two organizations, than we are on the financial results in a ninety-day period.

To remind, the platform fees will not ramp materially until we start migrating Boost customers onto the MSE in the second half of the year. But that development work is going well.

I want to warn again that the financials will be noisy for the next few quarters at least. You will see this in 2021 for work we are doing to integrate Boost Mobile stores on our platform. Long term, the financials will be driven by small platform fees on a large base and will offer consistency and predictability more similar to our Domains business.

Ting Internet

Moving on to Ting Internet, the results for the fourth quarter and year over year were strong across the board reflecting the high demand for Ting's fiber product, an appreciation of our industry-best customer experience and our early work scaling the operation. But we don't view this as enough, and are continuing to keep our foot on the accelerator, and are in fact pushing harder. We hope and expect our capex spend, passed addresses, and net new subscribers will double in 2021.

Our investment in capex remained steady in Q4, at $10.3 million, down slightly from the record $10.7 million spent in Q3, but representing an increase of 28% from Q4 of 2019. Capex was up 18% year over year.

We passed 2,800 new addresses, and added 5,100 serviceable addresses, bringing our total of serviceable addresses to 55,500, an increase of 52% year over year. In Q4 we saw our biggest quarterly net subscriber increase of 1,700 subscribers or 12.5% from Q3, and 51% year over year, bringing us to a total of 15,400 subscribers. Although we've caught up on the pandemic order backlog, we're now working through a lengthy list of pre-orders in our recently launched market of Wake Forest, North Carolina, as well as significant pre-orders in several newly-lit neighborhoods in Centennial, Colorado. The surge in demand, and backlog of new customers created by the pandemic brought new innovations to our installation practice. Before the pandemic we were already heads down deploying a new order management system that will dramatically increase our efficiency, remove a fair bit of manual order management work, provide a foundation for future automation, and of course, will be deeply integrated with our billing and provisioning platform.

As I've said previously, a key strategic focus for us has been building the Ting Fiber business foundations to be able to scale by orders of magnitude. A major part is ensuring we have the right team to shape these foundations and manage the trajectory of growth, including increased network build velocity, product diversification, and customer acquisition strategies in established markets. In November, you may have seen that we added experienced fiber executive Jill Szuchmacher to head up our networks team -- the construction business inside our Internet business. I have known Jill for many years and consider her a fellow traveler on the fiber journey. We share a vision of not just the business of fiber networks, but the role they play in society more broadly. And Jill has come to Ting Internet and Tucows at a critical time in our business growth. The need for fast, reliable Internet access has never been more apparent. 2020 squeezed years of change into months. The U.S. is clamoring for fiber Internet and hungry for the Ting-quality experience, and Jill is precisely the leader we need to ramp and scale Ting Internet and fulfill these opportunities.

Jill joining Tucows follows the addition of other experienced industry executives, including Justin Reilly, as Chief Product Officer at Ting and Tucows, and Neil Shah, as Vice President of Product at Ting Internet. They, and other key members of the team, have all experienced 'what could be,' with fiber networks if only they were done right. They share a deep belief in the coax-to-fiber transition, and also share a vision for applying the Tucows lens of innovation and software development to tried and true best practices from traditional telecom and cable.

There is consensus among those participating in the coax-to-fiber transition -- infrastructure funds, private equity firms, bankers, consultants, and suppliers -- that the scarce resource is not capital and not opportunity but rather management, and we continue to believe that we have the best management team in the world and that the early ISP experience of many of us serves us differently from those with roots in cable or more traditional telecom.

I'd now like to turn the call over to our CFO, Dave Singh, to review our financial results for the quarter in greater detail. Dave?

Financial Results [Dave Singh, Chief Financial Officer]

Thanks Elliot.

Again, as a reminder, our fourth quarter results reflect the transition of our Mobile business to the MSE model.

Total revenue for the fourth quarter of 2020 was $70.8 million, an 18% decrease from $85.9 million for the same period of 2019, with the majority of the decrease attributable to the sale of the Ting Mobile customer relationships during the third quarter, which therefore did not contribute any revenue in Q4 of this year, but also due in part to the large bulk domains sale in our Portfolio business in Q4 of 2019, which we subsequently exited at the end of that year. Those decreases were partially offset by continued strong growth in Ting Internet revenue, largely the result of the Cedar Acquisition in January of 2020, but also the result of the continued growth in the Internet Services customer base, which notably crossed the 15,000 mark in the fourth quarter. As Elliot discussed, when factoring out the impact on revenue of the change in the Mobile model, revenue for the combined Domains and Ting Internet businesses, excluding the Portfolio sales, increased 6%.

Cost of revenues before network costs decreased 14% to $47.1 million from $55 million for Q4 the prior year, with the decline primarily due to the lower revenue. As a percentage of revenue, cost of revenues before network costs increased slightly to 67% from 64% as the improved mix in the Domains business was offset by the shift in mobile revenues, including the addition of low margin transition services to DISH.

Gross margin before network costs for the fourth quarter decreased 23% to $23.7 million from $30.9 million, with the decrease primarily related to the sale of Ting mobile assets and to a lesser extent the outsized portfolio sale in Q4 2019. As a reminder, the margin generated by the mobile customers sold to DISH is now incorporated in the earn-out recorded in Other Income. As a percentage of revenue, gross margin before network costs decreased to 33% from 36% for Q4 2019.

I'll now review gross margin for each of the Domain Services and Network Access businesses.

Starting with Domain Services, gross margin for the fourth quarter of 2020 was essentially unchanged from the fourth quarter of 2019 at $19.4 million. However, excluding the large bulk domains sale in Q4 2019, gross margin increased 8%. As a percentage of revenue, gross margin for Domain Services was unchanged from Q4 of 2019 at 31%. But, when excluding the Q4 2019 bulk domains sale, gross margin was up about 160 basis points.

Within the Domain Services business, gross margin for the Wholesale Channel was up 12% to $14.8 million from $13.2 million for the same period the prior year, the result of year-over-year growth in the number of Domains under management, as well as the success of our continued focus on managing the business for gross margin.

As a percentage of revenue, gross margin for Wholesale increased to 28% from 26%.

Gross margin for Retail Domain Services decreased 6% to $4.4 million from $4.7 million for Q4 2019, although I will note that retail gross margin in Q4 of the prior year benefitted from an outsized quarter as we had a deferral related positive accounting adjustment in Q4 2019. Excluding that impact, gross margin increased 1% year over year. As a percentage of revenue, gross margin was 51% compared to 54% in Q4 2019, with the decrease due to the adjustment in the prior year quarter just noted.

Turning now to Network Access, gross margin for the fourth quarter of 2020 was $4.3 million, a decrease of 62% from $11.5 million in Q4 2019. Again, the vast majority of the decrease is the result of the absence of revenue and margin in Q4 of this year, as a result of the sale of the Ting Mobile customers to DISH and our transition to a MSE model during the third quarter of this year.

Mobile Services gross margin was $1.2 million, a decrease of 87% from $9.4 million, the result of the difference in two Mobile models.

We did, however, generate $6.5 million as a Gain on the Sale of Ting Customer Assets, which represents the earn out on that customer base and which appears under the heading “Other Income” in the P&L.

In the Fiber Internet Services business, gross margin increased 52% to $3.1 million from $2.1 million in Q4 2019, with growth attributable to the incremental contribution of the Cedar Networks acquisition at the beginning of 2020, as well as continued expansion of the Ting Internet subscriber base.

As a percentage of revenue, gross margin for all of Network Access was unchanged at 48% compared to Q4 of the prior year, with Mobile Services decreasing to 31% from 45% for the reasons stated earlier, and Fiber Internet Services decreasing to 62% from 68%, primarily due to sales mix as a result of the Cedar acquisition.

Turning now to costs, network expenses for Q4 2020 increased 28% to $6.3 million from $4.9 million for the corresponding period in 2019, with the increase being primarily due to higher amortization resulting from the continued buildout of the Fiber network, as well as the incremental impact from the Cedar acquisition.

Total operating expenses for the fourth quarter of 2020 increased 15% to $18.5 million from $16.1 million for the fourth quarter last year. The increase is the result of the following:

- Excluding the impact from the acquisition of Cedar on January 1st of 2020, people costs increased by $2.2 million, primarily from an increased workforce to support business expansion, including the Ting Internet expansion and the Ting MSE platform build as well as $0.4 million from higher anticipated performance bonus payments year to date versus last year due to improved business performance. In addition there was a net $1.0 million expense increase from the fourth quarter of 2019, when we commenced capitalizing the development work efforts associated with our domains platform;
- Cedar related expenses added $0.4 million to the quarter, primarily workforce related;
- Marketing costs decreased by $0.5 million mainly driven by the transition of the mobile business, while costs related to travel and other discretionary expenses decreased by $0.2 million;

- Stock-based compensation increased $0.2 million while facility costs increased by $0.3 million partially related to elimination of some of our office space;
- Amortization of intangible assets decreased by $0.2 million, due to the write-down of the Ting Mobile assets earlier this year offset by the set-up this year of intangible assets for the Cedar customer relationships and network rights totalling $5.6 million;
- And lastly, there was a $0.2 million net increase in expenses related to foreign exchange impacts. Specifically, we had a gain of $0.3 million in Q4 2020 related to mark-to-market remeasurements for our forward currency contracts that do not qualify for hedge accounting, compared to a gain of $0.1 million in Q4 of last year, resulting in a year-over-year gain of $0.2 million. In addition, we experienced a loss of $0.3 million on the revaluation of foreign denominated monetary assets and liabilities this quarter compared to a gain of $0.1M in the fourth quarter of 2019, which had the impact of increasing our expenses $0.4 million on a year-over-year basis.

As a percentage of revenue, total operating expenses increased to 26% from 19%, with the increase being mainly due to the lower revenue in Q4 2020 resulting from the sale of the Ting Mobile customer relationships to DISH.

Net income for the fourth quarter of 2020 was $2.1 million, or $0.19 per share, compared with $5.8 million, or $0.55 per share in the same period 2019. The decrease was driven primarily by higher depreciation driven by our continued Fiber network build, lower EBITDA and a slightly higher effective tax rate.

Adjusted EBITDA for the fourth quarter was $12.8 million, down 21% from $16.2 million for Q4 of 2019. The reduction in EBITDA was largely driven by the prior year bulk domain name sale noted earlier.

Turning to our balance sheet and cash flows, cash and cash equivalents at the end of the fourth quarter of 2020 were $8.3 million compared with $10.2 million at the end of the third quarter of 2020 and $20.4 million at the end of the fourth quarter of 2019.

During the fourth quarter, we generated $1.7 million in cash from operations compared with $13.2 million in the same period of 2019. We also drew down $8.0 million on our loan which was more than offset by our investment of an additional $11.7 million in property and equipment, primarily related to the Ting Internet build out. Note cash flow from operations this quarter was impacted by the transition of the Ting operations, including daily cash collections, to Dish in the fourth quarter after a 2 month post close transition period. Cash flow from operations are expected to return to normal levels in Q1 of 2021.

Finally, deferred revenue at the end of the fourth quarter was $152 million, down slightly from $154 million at the end of the third quarter of this year, and up from $149 million at the end of the fourth quarter of last year.

That concludes my remarks -- I'll now turn it back to Elliot.

Closing Remarks [Elliot Noss, President and CEO]

At the close of our corporate planning cycle, after goals and measurement setting, and budgeting, and detailed product roadmaps comes communication throughout the organization. Coming out of this year's communications to the whole company, I find myself feeling particularly optimistic.

The budget numbers are good. Sure. The opportunities are plentiful in each business. But when I tried to identify the source of my optimism, I realized that it was a feeling that the business was closer to what it should be than at any time in the past.

Starting with the Q1 2021 results, we will be presenting the business to investors in segments. In this first year of communicating to you with the results presented by segment, I want to set the table, both for the year, and for my optimism. And to ask for your patience as we learn a new language together.

In Domains, the story of the last few years has been one of steady growth. And even that has masked the improvement in revenue quality. Specifically, we no longer have revenue from portfolio sales and we have lower revenue from some of the lower quality eNom retail streams. We have more than made up for both of these declines with growth in the core offerings.

While it continues to be a moderate growth business, the foundation keeps getting stronger and the opportunities for outsized growth continue to increase with the improvements in our underlying technology.

In Mobile, we are consumed with helping DISH migrate Boost and launch their 5G network. As noted above, things are progressing at an impressive pace, but the timing of all of the moving parts is quite dynamic. In addition, there is some reliance on third parties outside of either our or DISH's control. That will make 2021 both unpredictable and uneven, in terms of revenue.

Accordingly, I will be waiting until next quarter to provide financial guidance in this business. And it is not impossible that I will be asking for your indulgence again next quarter.

Most importantly, the developments in the US mobile phone business since last summer have greatly reinforced that we made the right decision to pivot when we did. We have played to our strengths and away from our weaknesses, and this move has both pushed us in a direction that feels right, and has created more leverage and synergies with the rest of the business.

In Fiber, the story is a simple one. Lots of growth, lots of opportunity -- in fact the greatest opportunity I have seen in my lifetime -- and LOTS of hard work needed to take advantage of these opportunities.

2021 will include our largest capex spend by far. We would love to see capex double this year. Of course that means corresponding growth in fiber customers. But the work underneath that growth is more important as we continue to build a construction, billing, and provisioning platform that can scale to meet the massive opportunity that is the coax-to-fiber conversion taking place in the US.

As capex in the Fiber business scales, so will the EBITDA burn. Investors will now need to retrain themselves to look at each of the three business segments separately. We understand that we are asking more of our investors and we will do our best to provide them with more tools to make their jobs easier. In this vein, on February 16, we will be providing a video deep dive into our experience in Holly Springs over the last four years. We have chosen to use a narrated video format with some significant financial disclosure embedded, in order to balance the needs of investors with competitive dynamics. We noted last quarter that we are unique as a public company competing in this space.

Finally, in light of our new assessment of segments and related financial disclosures in 2021, I want to talk for the first time about corporate overheads. These include the obvious things like finance and HR, as well as networks and facilities. They also include shared technology elements like security, authentication and payments infrastructure. We have three billing and provisioning platforms: domains; mobile; and Internet. We are doing a significant amount of work this year to centralize and share what is appropriate, and create excellence in the business unit for what is unique. Think about being great at provisioning a domain registry service, an account on the Verizon or T-Mobile platform, or a circuit on fiber electronics from a particular manufacturer. That technology will always reside in the business unit. Processing a payment or managing a subscription for any of those services will be done in a shared payment service.

In terms of guidance for the year, we will provide it by business unit. The Domains business delivered $46.8 million in Adjusted EBITDA in 2020. We expect that to be around $48 million in 2021.

The Mobile business delivered $18.8 million in Adjusted EBITDA in 2020. As noted above, we expect some timing to settle and will share guidance for 2021 next quarter.

In the Internet business, we spent roughly $4 million in Adjusted EBITDA in 2020. We expect that deficit to rise to nearly $14 million in 2021 as we significantly ramp up our capex spend and our footprint.

Finally, we spent $10.7 million on corporate overheads in 2020. As we grow the scope and scale of our business that number will increase to over $14 million in 2021, with the increases primarily coming in growth in our people practice and growth in spending on our shared transactional infrastructure. This includes a real investment this year in remote work in a new world.

We are aware that presenting our information by line of business both gives investors more visibility into our three businesses, AND makes the business tougher to follow. For now. Like everything else, we will find our stride in making this easier to understand and you the investor will both get more used to it -- and help us with your feedback in improving our telling of the story through numbers.

The Holly Springs video I mentioned above will be a clear part of that process.

I started this section talking about how Tucows, more than any other time in my quarter century, felt like it was what and where it should be. And this feeling extends to all three businesses. The deep learning for me is that the more help we have, the more we meet our potential. And our potential, my dreams for this business, have always been greater than what they appeared to be.

The right way to finish here is to make sure that you all understand that I am grateful for all the success we have had, all the employees' lives we have changed. All the customers we have served. All the investors that we have made money for. And in my eyes, the future looks much brighter than the past. The future starts now.

And with that, I look forward to your written questions and exploring areas that interest you in greater detail. Again, please send your questions to ir@tucows.com by February 17, and look for our recorded Q&A audio response and transcript to this call to be posted to the Tucows website on Tuesday, February 23 at approximately 4 p.m. eastern time. Thank you.
