

Investor presentation

08.05.2021

tuco//s

Nasdaq (TCX) | TSX (TC)

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This presentation 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 actual future events or results. A number of important factors could cause actual outcomes and results to 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.

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Our business

Consistent, reliable cash flow generation + growth

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

Good ideas into great businesses

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

Domain Services

Pioneer and leading provider in the global domains services market



Mobile Services

Delivering a wide range of functions including billing, activation, provisioning, and funnel marketing to mobile providers (Mobile Services Enabler)



Fiber Internet Services

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



Strong cash flowing businesses

Domain services



Mobile services



Generating
capital
for

Tucows' next phase of outsized growth

Fiber internet services



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

18.2%

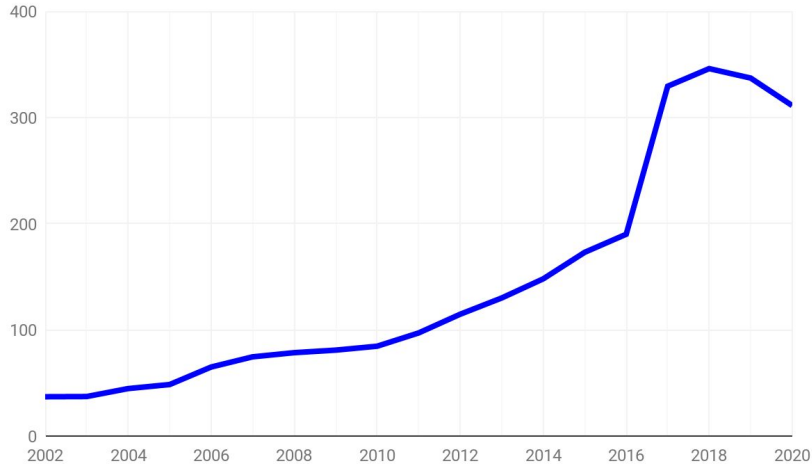
annual ROI²

since going public

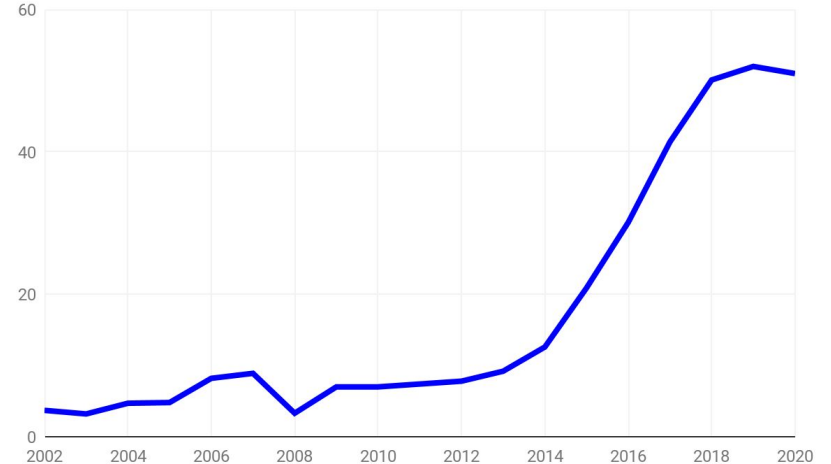
1. Excluding the impact of a transitional revenue stream acquired and subsequently disposed of in 2018 and impact of change in Mobile business model to MSE in Q3 2020.
2. As at June 30, 2021.

Historical financial performance

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, accretion of contingent consideration, stock-based compensation, asset impairment, gains and losses from unrealized foreign currency transactions and costs that are one-time in nature and not indicative of on-going performance (profitability), including acquisition and transition costs. (Prior to 2013 Adjusted EBITDA included net deferred revenue and did not include 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 & financial data:

Share Price¹: **TCX (NASDAQ) US\$76.00**
TC (TSX) CA\$95.82

Cash²: **US\$7.3m**

Shares out!: **~10.6m**

Debt²: **US\$139.9m**

Market cap¹: **~US\$805.6m**

1. At Aug 4/21.
2. At Jun 30/21.



Domain services

Tucows' portfolio of domain services



opensrs.com



hover.com



ascio.com



enom.com

Services offered

domain registration | SSL certificates | email

Quiet growth to global domains leadership

Second largest domain name registrar
in the world

~26 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

Mobile services



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

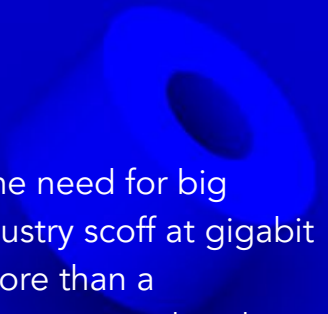
De-risks mobile opportunity amidst expected disruption in the market, and creates new near and long-term potential while increasing the certainty of the cash flows

Fiber internet services



Ting Internet

Leveraging the Ting brand and operational base for the fixed Internet access market



“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

Fiber internet services | 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, the price will be \$79 due to another ISP on the network.

Aggregate Network Progress: Q2 2021

 **151,695**
Total Projected Potential
Serviceable Addresses (SAs)¹

 **71,353**
SAs Completed¹

 **47%**
% Completed¹

 **20,069**
Subscribers

Individual Town Progress: Q2 2021

Ting Owned Networks/Services Offered²

Town	Potential SAs ¹	SAs Completed ¹	Build % Completed
Holly Springs	13,200	9,588	73%
Charlottesville	24,000	14,331	60%
Greater Sandpoint	7,239	5,161	71%
Centennial	40,000	15,173	38%
Fuquay-Varina	10,000	6,691	67%
Wake Forest/ Rolesville	12,000	7,754	65%
Cedar	16,000	6,400	N/A
Culver City	23,000	N/A	N/A

Ting Leased Networks/Services Offered²

Town	Potential SAs ¹	SAs Completed ¹	Build % Completed
Westminster	6,255	6,255	100%
Fullerton	52,500	2,679	5%
Solana Beach	7,000	3,822	55%
Encinitas	24,000	N/A	Announced March 2021

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. As a result, we do not expect long-term subscriber penetration to be as high as on our owned networks, where we are the sole ISP.

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 risk factors for Tucows business 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.

Quarterly highlights



Quarterly KPI summary

Operating Statistics

(Amounts in thousands)

	QUARTERLY					ANNUAL		
	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	YTD 2021	2020	2019

TING INTERNET

Internet Subscribers under management ⁴	20.1	17.3	15.4	13.7	12.5		20.1	15.4	10.2
Internet Subscribers under management - Net additions ⁵	2.8	1.8	1.7	1.2	0.9		4.7	4.4	3.2
Owned Infrastructure Passed Addresses ^{1,4}	77.2	70.3	67.7	64.9	61.2		77.2	67.7	47.2
Owned Infrastructure Passed Addresses - Net additions ⁵	6.9	2.6	2.8	3.7	4.6		9.5	14.1	19.1
Serviceable Addresses ^{2,4}	71.4	64.7	55.5	50.5	47.9		71.4	55.5	36.4
Serviceable Addresses - Net additions ⁵	6.7	9.2	5.1	2.6	2.5		15.9	12.7	8.3
Fiber Capital Expenditures ³	\$16,320	\$13,950	\$10,250	\$10,650	\$9,750		\$30,270	\$38,250	\$32,450

DOMAIN SERVICES

Domains under management	25,615	25,783	25,377	25,027	24,592		25,615	25,377	23,773
Total new, renewed and transferred-in domain name registrations provisioned	4,409	4,817	4,257	4,460	4,747		9,226	18,220	17,285

¹ Defined as premises to which Ting has constructed a fiber network, including those that may not necessarily have the capability to provide an active customer connection.

² 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.

³ The Company's life-to-date Fiber capex investment since February 2015 is \$156.2 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 2020 Net Additions.

Summary financial results

\$000s except per share amounts	3 MONTHS ENDED JUNE 30			6 MONTHS ENDED JUNE 30		
	2021 (Unaudited)	2020 (Unaudited)	% Change	2021 (Unaudited)	2020 (Unaudited)	% Change
Net revenue	75,093	82,122	(8.6%)	145,968	166,107	(12.1%)
Gross Profit	18,239	22,966	(20.6%)	35,692	48,116	(25.8%)
Gain on Sale of Ting Customer Assets	4,808	-	n/a	10,203	-	n/a
Net income	1,807	157	1,051%	3,956	2,991	32.3%
Basic Net earnings per common share	0.17	0.01	1,600%	0.37	0.28	31.8%
Adjusted EBITDA	11,158	12,175	(8.4%)	23,881	24,856	(3.9%)
Net cash provided by operating activities	3,518	8,939	(60.6%)	17,604	23,012	(23.5%)



Resources

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