## Tucows Inc. Consolidated Balance Sheets
(Dollar amounts in U.S. dollars)

### March 31, 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>March 31, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$10,010,849</td>
<td>$7,723,253</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>8,061,898</td>
<td>7,171,388</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,142,862</td>
<td>903,775</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>5,320,714</td>
<td>5,067,790</td>
</tr>
<tr>
<td>Derivative instrument asset, current portion</td>
<td>102,560</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid domain name registry and ancillary services fees, current portion</td>
<td>45,281,450</td>
<td>44,708,041</td>
</tr>
<tr>
<td>Income taxes recoverable</td>
<td>1,529,003</td>
<td>2,292,915</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$71,449,336</td>
<td>$67,867,162</td>
</tr>
<tr>
<td>Prepaid domain name registry and ancillary services fees, long-term portion</td>
<td>11,265,440</td>
<td>11,040,929</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>7,357,131</td>
<td>7,126,676</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>6,847,730</td>
<td>7,621,092</td>
</tr>
<tr>
<td>Other assets</td>
<td>6,054,546</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>14,371,943</td>
<td>14,469,677</td>
</tr>
<tr>
<td>Goodwill</td>
<td>21,005,143</td>
<td>21,005,143</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$138,351,269</td>
<td>$129,130,679</td>
</tr>
</tbody>
</table>

### Liabilities and Stockholders' Equity

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>March 31, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$4,510,071</td>
<td>$4,166,135</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>5,404,440</td>
<td>5,855,686</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>4,956,986</td>
<td>5,136,909</td>
</tr>
<tr>
<td>Derivative instrument liability</td>
<td>519,381</td>
<td>2,027,086</td>
</tr>
<tr>
<td>Deferred rent, current portion</td>
<td>20,742</td>
<td>19,463</td>
</tr>
<tr>
<td>Loan payable, current portion</td>
<td>9,281,250</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Deferred revenue, current portion</td>
<td>57,809,241</td>
<td>56,646,390</td>
</tr>
<tr>
<td>Accreditation fees payable, current portion</td>
<td>477,365</td>
<td>465,300</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>906,595</td>
<td>444,053</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$83,886,071</td>
<td>$78,261,022</td>
</tr>
<tr>
<td>Deferred revenue, long-term portion</td>
<td>15,293,370</td>
<td>14,947,639</td>
</tr>
<tr>
<td>Accreditation fees payable, long-term portion</td>
<td>117,034</td>
<td>118,480</td>
</tr>
<tr>
<td>Deferred rent, long-term portion</td>
<td>111,500</td>
<td>100,864</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,331,140</td>
<td>1,459,960</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>4,860,191</td>
<td>4,876,691</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$138,351,269</td>
<td>$129,130,679</td>
</tr>
<tr>
<td>Redeemable non-controlling interest</td>
<td>3,048,896</td>
<td>3,036,598</td>
</tr>
</tbody>
</table>

**Stockholders' equity:**

- Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding
- Common stock - no par value, 250,000,000 shares authorized; 10,594,733 shares issued and outstanding as of March 31, 2016 and 10,685,599 shares issued and outstanding as of December 31, 2015

<table>
<thead>
<tr>
<th>Stockholders' equity:</th>
<th>March 31, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Common stock - no par value, 250,000,000 shares authorized; 10,594,733 shares issued and outstanding as of March 31, 2016 and 10,685,599 shares issued and outstanding as of December 31, 2015</td>
<td>14,445,114</td>
<td>14,530,633</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>6,676,096</td>
<td>8,526,395</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>8,807,789</td>
<td>4,381,849</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>(225,932)</td>
<td>(1,109,452)</td>
</tr>
<tr>
<td><strong>Total stockholders' equity</strong></td>
<td>$29,703,067</td>
<td>$26,329,425</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders' equity</strong></td>
<td>$138,351,269</td>
<td>$129,130,679</td>
</tr>
</tbody>
</table>
## Tucows Inc. Consolidated Statements of Operations (Dollar amounts in U.S. dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended March 31, 2016 (unaudited)</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>$45,610,413</td>
<td>$40,467,833</td>
</tr>
<tr>
<td><strong>Cost of revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>28,850,473</td>
<td>26,821,374</td>
</tr>
<tr>
<td>Network expenses (*)</td>
<td>1,232,931</td>
<td>1,222,996</td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>346,753</td>
<td>199,642</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>11,532</td>
<td>5,924</td>
</tr>
<tr>
<td><strong>Total cost of revenues</strong></td>
<td>30,441,689</td>
<td>28,247,036</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>15,168,724</td>
<td>12,220,797</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing (*)</td>
<td>5,285,624</td>
<td>3,799,175</td>
</tr>
<tr>
<td>Technical operations and development (*)</td>
<td>1,176,360</td>
<td>1,114,195</td>
</tr>
<tr>
<td>General and administrative (*) (note 1)</td>
<td>2,404,927</td>
<td>2,468,022</td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>73,268</td>
<td>59,262</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>56,997</td>
<td>53,215</td>
</tr>
<tr>
<td>Impairment of indefinite life intangible assets</td>
<td>20,985</td>
<td>12,493</td>
</tr>
<tr>
<td>Loss (gain) on currency forward contracts</td>
<td>(110,757)</td>
<td>304,024</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>8,907,404</td>
<td>7,810,386</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>6,261,320</td>
<td>4,410,411</td>
</tr>
<tr>
<td><strong>Other income (expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(46,172)</td>
<td>(24,775)</td>
</tr>
<tr>
<td>Other income</td>
<td>128,820</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other income (expenses)</strong></td>
<td>82,648</td>
<td>(24,775)</td>
</tr>
<tr>
<td><strong>Income before provision for income taxes</strong></td>
<td>6,343,968</td>
<td>4,385,636</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1,985,730</td>
<td>1,551,693</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,358,238</td>
<td>2,833,943</td>
</tr>
<tr>
<td><strong>Redeemable non-controlling interest</strong></td>
<td>(170,792)</td>
<td>(21,482)</td>
</tr>
<tr>
<td><strong>Net (earnings) loss attributable to redeemable non-controlling interest</strong></td>
<td>170,792</td>
<td>21,482</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,438,238</td>
<td>2,833,943</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss), net of tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized loss on hedging activities</td>
<td>547,963</td>
<td>(983,448)</td>
</tr>
<tr>
<td>Net amount reclassified to earnings</td>
<td>335,557</td>
<td>438,656</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss) net of tax</strong></td>
<td>883,520</td>
<td>(544,792)</td>
</tr>
<tr>
<td><strong>Comprehensive income, net of tax for the period</strong></td>
<td>$5,321,758</td>
<td>$2,289,151</td>
</tr>
<tr>
<td><strong>Basic earnings per common share</strong></td>
<td>$0.42</td>
<td>$0.25</td>
</tr>
<tr>
<td>Shares used in computing basic earnings per common share</td>
<td>10,674,036</td>
<td>11,142,628</td>
</tr>
<tr>
<td><strong>Diluted earnings per common share</strong></td>
<td>$0.41</td>
<td>$0.24</td>
</tr>
<tr>
<td>Shares used in computing diluted earnings per common share</td>
<td>10,861,582</td>
<td>11,580,047</td>
</tr>
</tbody>
</table>

(* Stock-based compensation has been included in expenses as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network expenses</td>
<td>$6,795</td>
<td>$7,023</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$54,878</td>
<td>$50,495</td>
</tr>
<tr>
<td>Technical operations and development</td>
<td>$26,398</td>
<td>$28,378</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$112,157</td>
<td>$39,152</td>
</tr>
</tbody>
</table>
Tucows Inc.
Consolidated Statements of Cash Flows
(Dollar amounts in U.S. dollars)

<table>
<thead>
<tr>
<th>Three months ended March 31,</th>
<th>2016 (unaudited)</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income for the period</td>
<td>$4,438,238</td>
<td>$2,833,943</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>420,021</td>
<td>258,904</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>68,529</td>
<td>57,139</td>
</tr>
<tr>
<td>Impairment of indefinite life intangible asset</td>
<td>20,985</td>
<td>12,493</td>
</tr>
<tr>
<td>Deferred income taxes recovery</td>
<td>273,159</td>
<td>(164,250)</td>
</tr>
<tr>
<td>Amortization of deferred rent</td>
<td>11,915</td>
<td>(2,492)</td>
</tr>
<tr>
<td>Disposal of domain names</td>
<td>8,220</td>
<td>6,328</td>
</tr>
<tr>
<td>Other income</td>
<td>(128,820)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on change in the fair value of forward contracts</td>
<td>(243,042)</td>
<td>158,793</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>200,228</td>
<td>125,048</td>
</tr>
<tr>
<td>Change in non-cash operating working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(890,510)</td>
<td>(168,585)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(239,087)</td>
<td>(113,150)</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>(252,924)</td>
<td>(1,299,778)</td>
</tr>
<tr>
<td>Prepaid domain name registry and ancillary services fees</td>
<td>(797,920)</td>
<td>(1,462,844)</td>
</tr>
<tr>
<td>Income taxes recoverable</td>
<td>1,226,454</td>
<td>661,768</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>549,796</td>
<td>117,566</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(451,246)</td>
<td>(59,220)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(179,923)</td>
<td>(136,443)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,508,582</td>
<td>2,061,510</td>
</tr>
<tr>
<td>Accreditation fees payable</td>
<td>10,619</td>
<td>51,027</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$5,553,274</td>
<td>$2,937,757</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds received on exercise of stock options</td>
<td>19,558</td>
<td>247,983</td>
</tr>
<tr>
<td>Payment of tax obligations resulting from net exercise of stock options</td>
<td>(36,685)</td>
<td>-</td>
</tr>
<tr>
<td>Excess tax benefits from share-based compensation expense</td>
<td>61,360</td>
<td>412,642</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(2,180,279)</td>
<td>(7,712,145)</td>
</tr>
<tr>
<td>Proceeds received on loan payable</td>
<td>6,000,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Repayment of loan payable</td>
<td>(218,750)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>$3,645,204</td>
<td>($3,551,520)</td>
</tr>
<tr>
<td>Investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions to property and equipment</td>
<td>(856,336)</td>
<td>(191,762)</td>
</tr>
<tr>
<td>Deposit on Melbourne IT assets</td>
<td>(6054,546)</td>
<td>-</td>
</tr>
<tr>
<td>Gross proceeds from the waiver of rights to .online registry</td>
<td>-</td>
<td>6,619,832</td>
</tr>
<tr>
<td>Remaining payment for the acquisition of Ting Virginia, LLC., net of cash of $21,423</td>
<td>-</td>
<td>(407,493)</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>(6,910,882)</td>
<td>6,020,577</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents</td>
<td>2,287,596</td>
<td>5,406,814</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>7,723,253</td>
<td>8,271,377</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of period</td>
<td>$10,010,849</td>
<td>$13,678,191</td>
</tr>
<tr>
<td>Supplemental cash flow information:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>$46,381</td>
<td>$38,893</td>
</tr>
<tr>
<td>Income taxes paid, net</td>
<td>$329,169</td>
<td>$564,139</td>
</tr>
<tr>
<td>Supplementary disclosure of non-cash investing activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment acquired during the period not yet paid for</td>
<td>$11,338</td>
<td>$66,798</td>
</tr>
</tbody>
</table>
## Tucows Inc.
### Reconciliation of Net income to Adjusted EBITDA
(In Thousands of US Dollars)

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the period</td>
<td>$4,438</td>
<td>$2,834</td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>420</td>
<td>259</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>69</td>
<td>57</td>
</tr>
<tr>
<td>Impairment of intangible assets</td>
<td>21</td>
<td>12</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>46</td>
<td>25</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1,906</td>
<td>1,552</td>
</tr>
<tr>
<td>Change in net deferred revenue (^1)</td>
<td>673</td>
<td>691</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>200</td>
<td>125</td>
</tr>
<tr>
<td>Loss (gain) on foreign currency transactions</td>
<td>(287)</td>
<td>1,222</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$7,486</td>
<td>$6,777</td>
</tr>
</tbody>
</table>

(1) Net deferred revenue comprises the change in deferred revenue, net of prepaid domain name registry and other Internet services fees, to reflect the material amount of cash we collect and pay for domain registrations and other Internet services at the time of activation. Net deferred revenue for the three months ended March 31, 2015, includes a benefit of $0.1 million as a result of the translation of deferred revenue and prepaid domain name registry and other Internet services fees to our reporting currency of US dollars.