

[HOME](#)[ABOUT US](#)[INVESTORS](#)[NEWS](#)[CAREERS](#)[CONTACT](#)

## TUCOWS FINANCIAL NEWS RELEASE, Q1 2002

### Tucows Reports Results For First Quarter Fiscal 2002

#### Company reports its ninth consecutive quarter of revenue growth and its second consecutive quarter of positive operating cash flow

**TORONTO, CANADA, May 8, 2002 - Tucows Inc. (OTCBB: TCOW)**, a leading provider of Internet services to ISPs and Web hosting companies worldwide, today announced its results for the first quarter of fiscal 2002, ended March 31, 2002. The company continued its strong operational and financial momentum, achieving:

- its ninth consecutive quarter of revenue growth;
- its second successive quarter of positive operating cash flow;
- its first quarter of positive EBITDA (earnings before interest, depreciation, taxes and amortization); and,
- a record number of domain name transactions.

"Tucows continued its trend of strong performance in the first quarter of fiscal 2002," said Elliot Noss, president and chief executive officer, Tucows Inc. "We improved our cash flow, our operating results and our competitive position."

Revenue for the first quarter of fiscal 2002 was \$9.9 million, an increase of 55% from \$6.4 million for the same quarter of fiscal 2001 and a modest increase from \$9.8 million in the fourth quarter of fiscal 2001.

Deferred revenue at the end of the first quarter was a record \$22.9 million, an increase of 29% from \$17.7 million at the end of the first quarter of fiscal 2001. Excluding the impact of the sale of the Company's wholly owned subsidiary, Liberty Registry Management Services Inc., in March 2002, deferred revenue during the quarter increased by \$1.7 million compared to the fourth quarter of fiscal 2001.

Total operating expenses for the first quarter decreased to \$4.5 million from \$5.8 million for the same quarter of fiscal 2001 and \$5.9 million for the fourth quarter of fiscal 2001.

EBITDA for the first quarter was \$2.0 million, or \$0.03 per share, compared to negative EBITDA of \$1.6 million for the first quarter of fiscal 2001 and negative EBITDA of \$44,660 in the fourth quarter of fiscal 2001.

Net income for the first quarter of fiscal 2002 was \$766,000, or \$0.01 per share, compared to a net loss of \$3.3 million for the same quarter of fiscal 2001 and a net loss of \$2.7 million for the fourth quarter of fiscal 2001. Included in net income for the first quarter is a one-time gain of \$2.0 million realized on the March 2002 sale of Liberty Registry Management Services Inc., and certain software technology required to provide registry services, to Afilias, Limited. Excluding this gain, the Company would have incurred a net loss for the quarter of \$1.2 million, or \$0.02 per share.

"Our balance sheet continues to strengthen as we exited the first quarter with \$6.2 million in cash and cash equivalents, up from \$4.8 million at the end of the fourth quarter of fiscal 2001," said Mr. Noss. "Tucows' operating cash flow of \$706,000 contributed significantly to the improvement in our cash position."

Domain names registered, renewed and transferred-in for the first quarter, excluding 166,000 indirect registrations on behalf of other registrars, totaled 727,000, a record number of transactions in a single quarter. Total active domain names under management at the end of the first quarter, excluding 592,000 indirect registrations, increased to 3.2 million.

"We are very encouraged by the strength of the domain name registration market this quarter," said Mr. Noss. "Tucows continued to outpace the market in terms of new registrations, a testament to our execution. We continue to succeed by focusing on making money for our customers by allowing them to provide exceptional service to their customers."

In other developments during the quarter:

- Tucows captured the number two market share position as reported in the latest edition of SnapNames' State of the Domain report, ranking ahead of Register.com, Inc. and second only to the former monopoly, VeriSign, Inc.
- Tucows closed the sale of its wholly owned subsidiary, Liberty Registry Management Services Inc., to Afilias, Limited, the official .INFO registry appointed by ICANN.
- Tucows began "Sunrise" pre-registrations for .US, the country code top-level domain for the United States, offering individuals, organizations and businesses the opportunity to establish a clear American identity on the Internet.

**Conference Call**

Tucows will host a conference call on Wednesday, May 8, 2002, at 5:00 p.m. (ET) to discuss its first quarter 2002 results. Participants can access the conference call via the Internet at [www.tucows.com](http://www.tucows.com) by clicking on "Tucows Inc." and then on "Investor Relations."

For those unable to participate in 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 416-695-5800 and enter the pass code 1138987. The telephone replay will be available until Wednesday, May 15, 2002, 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 Internet services to ISPs and Web hosting companies worldwide. An ICANN-accredited registrar, Tucows provides outsourced domain name registrations for generic and country code top-level domains (TLDs), plus web certificates. Tucows also distributes software and other digital content through its integrated network of resellers. Tucows offers more than 30,000 software titles in libraries located around the world and operates search and reference media sites including eLibrary, Encyclopedia.com, and NewsDirectory.com. For more information, please visit: <http://www.tucows.com>.

#### **Contact:**

Joanna Becket  
Investor Relations  
Tucows Inc.  
416-538-5442  
[ir@tucows.com](mailto:ir@tucows.com)

*This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements may include statements regarding, for example, the growth of the domain name market, 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.*

*TUCOWS is a registered trademark of Tucows Inc. or its subsidiaries. All other trademarks and service marks are the properties of their respective owners.*