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TUCOWS FINANCIAL NEWS RELEASE, Q2 2006

Tucows Reports Strong Second Quarter Fiscal 2006 Results

Company Reports Record Revenue, Doubling of Adjusted EBITDA, Nineteenth Consecutive Quarter of Positive Cash Flow from Operations

TORONTO, Canada - August 8, 2006 - Tucows Inc. (AMEX:TCX, TSX:TC) today reported financial results for the second quarter of fiscal 2006 ended June 30, 2006.

Highlights for the second quarter included:

- Successful completion of the acquisition and integration of Mailbank.com Inc. (NetIdentity);
- A 31% year-over-year increase in net revenue to a record \$15.7 million;
- Net income of \$0.2 million, notwithstanding \$0.5 million of transitional costs related to the Critical Path hosted messaging asset acquisition;
- Adjusted EBITDA growth of 120% to \$1.8 million;
- Cash flow from operations of \$3.2 million, the Company's nineteenth consecutive quarter of positive cash flow from operations;
- An 18% year-over-year increase in deferred revenue to a record \$43.2 million; and
- The addition of three large hosted email customers.

"Our continued strong results for the quarter were driven by contributions across our range of service offerings, with almost 50% of gross margin generated by Internet services other than domain names," said Elliot Noss, President and Chief Executive Officer, Tucows Inc. "Our revenue growth was driven about equally by organic growth and the contributions of our acquisitions. Our hosted email business continues to perform above expectations following the Critical Path asset acquisition. During the quarter, we added three significant customers. This is a testament to the strength of Tucows' reputation, the value of the acquired platform and our customer relationships. At the same time, we are seeing continued leverage in our business model as evidenced by the decrease in our operating expenses as a percentage of revenue."

Summary Financial Results (Numbers in Thousands of US Dollars, Except Per Share Data)

	3 Months Ended June 30, 2006	3 Months Ended June 30, 2005	6 Months Ended June 30, 2006	6 Months Ended June 30, 2005
Net Revenue	15,679	12,002	30,966	23,804
EBITDA	1,001	747	1,435	1,261
Adjusted EBITDA	1,759	800	3,265	1,818
Net Income	226	508	69	950
Net Income/Share	0.00	0.01	0.00	0.01
Cash Flow from Operations	3,220	1,475	5,054	2,130

Net revenue for the second quarter of fiscal 2006 increased 31% to \$15.7 million from \$12.0 million for the second quarter of fiscal 2005. The increase was primarily the result of the acquisition of the hosted messaging assets of Critical Path, Inc., as well as a higher number of domain transactions and higher revenue from Internet services.

Net income for the second quarter of fiscal 2006 was \$0.2 million, or \$0.00 per share (notwithstanding \$0.5 million of transitional costs related to the Critical Path hosted messaging asset acquisition) compared with \$0.5 million, or \$0.01 per share, for the second quarter of fiscal 2005. Adjusted EBITDA for the second quarter of fiscal 2006 doubled to \$1.8 million, or 11.2% of net revenue, from \$0.8 million, or 6.7% of net revenue, for the corresponding quarter of last year.

Deferred revenue at the end the second quarter of fiscal 2006 was \$43.2 million, an increase of 18% from \$36.6 million at the end of the second quarter of fiscal 2005 and an increase of 5% from \$41.1 million at the end of the first quarter of fiscal 2006.

Cash, short-term investments and restricted cash at the end of the second quarter of fiscal 2006 decreased to \$7.0 million from \$15.8 million at the end of the second quarter of fiscal 2005 and \$11.8 million at the end of the first quarter of fiscal 2006. The decrease compared to the end of the first quarter of fiscal 2006 is primarily the result of cash payments of \$5.8 million for part of the purchase price of Mailbank.com Inc. (NetIdentity). The Company also invested \$2.4 million in property and equipment, primarily to improve its Internet services infrastructure to take advantage of hosted email opportunities that are materializing earlier than expected and to strengthen the integrity of its network. These investments were partially offset by positive cash flow from operations for the quarter of \$3.2 million.

Cash flow from operations for the second quarter of fiscal 2006 included cash provided by working capital and other activities of \$2.4 million

and reflects changes in accounts receivable, accounts payable, accrued expenses, deferred revenue and prepaid domain name registry fees. The increases in accounts receivable and accounts payable were largely due to the Critical Path asset acquisition. Accounts payable was also impacted by the aforementioned investment in infrastructure. The Company does not expect these levels of accounts receivable and accounts payable to continue.

EBITDA and Adjusted EBITDA

To assist financial statement users in their assessment of the Company's historical performance and to project its future earnings and cash flows, the Company has included earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA is presented because it is an important supplemental measure of performance frequently used by securities analysts, investors and other interested parties in the evaluation of companies. Other companies may calculate EBITDA differently. EBITDA is not a measurement of financial performance under generally accepted accounting principles (GAAP) and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of operating performance or any other measures of performance derived in accordance with (GAAP). Because EBITDA is calculated before recurring cash charges, including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. See the Consolidated Statements of Cash Flows included in the attached financial statements.

Adjusted EBITDA represents EBITDA plus the additional adjustments described in the table below. Adjusted EBITDA is presented because it better represents ongoing business performance than EBITDA. The adjustments reflect the material amount of cash collected by the Company for domain registrations and other Internet services paid for the full term at the time of activation and deferred, net of prepaid fees. In addition, adjusted EBITDA reflects earnings and expenses considered as non-representative of ongoing business for the reasons specified below. Adjusted EBITDA is one of the primary measures the Company uses for planning and budgeting purposes and to monitor and evaluate Tucows' financial and operating results. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of operating performance or any other measures of performance derived in accordance with generally accepted accounting principles. See the Consolidated Statements of Cash Flows included in the attached financial statements.

Conference Call

Tucows will host a conference call today, Tuesday, August 8 2006, at 5:00 p.m. (ET) to discuss the Company's second quarter fiscal 2006 results. To access the conference call via the Internet go to www.tucowsinc.com, and click on "Investor Relations."

For those unable to join 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 1-800-408-3053 or 416-695-5800 and enter the pass code 3194148 followed by the pound key. The telephone replay will be available until Tuesday, August 15, 2006, at midnight. To access the archived conference call via the Internet, go to www.tucowsinc.com and click on "Investor Relations."

Tucows Inc.

Tucows Inc. (AMEX:TCX, TSX:TC) provides Internet services and download libraries through a global distribution network of 6,000 service providers. This distribution network primarily consists of web hosting companies, ISPs (Internet Service Providers) and other Internet related service companies. These companies use Tucows' provisioned services to offer solutions to their customers: enterprises, small and medium businesses and consumers. Tucows is an accredited registrar with ICANN (the Internet Corporation for Assigned Names and Numbers) and earns most of its revenue from domain name registration services plus hosted email, spam and virus protection, Blogware, website building tools, the Platypus Billing System and digital certificates. For more information, please visit: www.tucowsinc.com

Contact

Hilda Kelly
Investor Relations
Tucows Inc.
416-538-5493
ir@tucows.com

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