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## TUCOWS FINANCIAL NEWS RELEASE, Q3 2002

### Tucows Reports Continued Strong Financial And Operational Results For Third Quarter Fiscal 2002

#### Company reports cash flow from operations of \$1.2 million for the third quarter

##### Summary Financial Results

Tucows Inc.

(Numbers in Thousands, Except Per Share Data)

	Three months ended Sept. 30/02	Three months ended Sept. 30/01	Nine months ended Sept. 30/02	Nine months ended Sept. 30/01
Revenue	\$8,879	\$8,201	\$ 28,286	\$21,780
Net Income (Loss)	596	(3,688)	481	(10,725)
Net Income (Loss)/Share	0.01	(0.07)	0.01	(0.20)
Operating Cash Flow	1,190	(2,093)	3,028	(6,425)

**TORONTO, CANADA, November 13, 2002 - Tucows Inc. (OTCBB: TCOW)**, a leading provider of outsourced Internet services to ISPs and web hosting companies worldwide, today reported its results for the third quarter of fiscal 2002, ended September 30, 2002. The Company continued its strong operational and financial performance, achieving:

- year-over-year revenue growth of 8%;
- year-over-year deferred revenue growth of 14%;
- record cash flow from operations of \$1.2 million; and,
- net income of \$596,000.

"In what is historically the weakest quarter of the year for the domain name industry, we believe that Tucows continued to execute well both operationally and financially," said Elliot Noss, president and chief executive officer, Tucows Inc. "We are particularly pleased to report record cash flow from operations of \$1.2 million for the quarter, which we attribute to efficiently managing our operations and controlling our expenses."

Revenue for the third quarter of fiscal 2002 was \$8.9 million, an increase of 8% from \$8.2 million for the third quarter of fiscal 2001. Net income for the quarter was \$596,000, or \$0.01 per share, compared to a net loss of \$3.7 million, or \$0.07 per share, for the same quarter of last year. Included in net income for the third quarter of fiscal 2002 were the following: a gain of approximately \$725,000 realized on the sale of the Company's search and reference services, eLibrary and Encyclopedia.com (eLibrary); a foreign exchange loss of approximately \$530,000 resulting from the change in the fair value of the foreign exchange forward contracts purchased in June 2002 to hedge a portion of our Canadian dollar exposure; and a tax refund of approximately \$197,000 resulting from a change in state tax calculation methodology.

Deferred revenue at the end of the third quarter was \$24.2 million, an increase of 14% from \$21.3 million at the end of the third quarter of fiscal 2001, and a marginal decrease from \$24.4 million at the end of the second quarter of this year. This marginal decrease is the result of the reversal of deferred revenue associated with the sale of eLibrary. On a continuing operations basis, deferred revenue in the third quarter increased by 3% compared to the second quarter.

Cash and restricted cash at the end of the third quarter increased to \$8.5 million from \$7.1 million at the end of the second quarter of this year. This increase in cash and restricted cash is primarily the result of the positive cash flow from operations of \$1.2 million during the quarter. Subsequent to the end of the quarter, the Company received payment of the promissory note of approximately \$1.1 million relating to the sale of eLibrary assets, reflected on the attached Consolidated Balance Sheet.

For the first nine months of fiscal 2002, revenue was \$28.3 million, an increase of 30% from \$21.8 million for the first nine months of fiscal 2001. Net income for the nine-month period was \$481,000 compared to a net loss of \$10.7 million for the same period of last year.

Domain names registered, renewed and transferred-in for the third quarter totaled approximately 690,000. Total active domain names under management at the end of the third quarter increased by approximately 77,000 to 3.34 million.

"By repeatedly achieving our operational and financial objectives, we believe we have built a sustainable business model that is now

generating positive cash flow on a consistent basis. We are committed to leveraging this business model as well as our solid reputation and strong customer base to deliver additional service offerings, revenue and earnings growth, and value for our shareholders."

### **Conference Call**

Tucows will host a conference call on Wednesday, November 13, 2002, at 5:00 p.m. (ET) to discuss its third quarter fiscal 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 or 1-800-408-3053 and enter the pass code 1295249. The telephone replay will be available until Wednesday, November 20, 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 outsourced 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 digital certificates. Tucows also distributes software and other digital content through its integrated network of partners and offers more than 30,000 software titles in libraries located around the world. For more information, please visit: <http://www.tucows.com>.

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*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.*

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