

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

## TUCOWS FINANCIAL NEWS RELEASE, Q3 2003

### Tucows Reports Continued Strong Financial Performance For Third Quarter Fiscal 2003

Company reports eighth consecutive quarter of positive cash flow from operations and fifth consecutive quarter of profitability

TORONTO, CANADA, November 11, 2003 --

Summary Financial Results  
Tucows Inc.  
(Numbers in Thousands, Except Per Share Data)

	Three months ended September 30, 2003	Three months ended September 30, 2002	Nine months ended September 30, 2003	Nine months ended September 30, 2002
Net Revenue	\$9,316	\$8,879*	\$27,480	\$28,286**
Income (Loss) from Operations	13	(150)	543	(1,202)
Net Income	179	596	1,638	481
Net Income/Share	0.00	0.01	0.03	0.01
Cash Flow from Operations	576	1,190	2,086	3,028

\*Includes \$389,000 in revenue from services that were disposed of during fiscal 2002.

\*\*Includes \$2.9 million in revenue from services that were disposed of during fiscal 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 2003 ended September 30, 2003. The quarter was highlighted by:

- Net revenue of \$9.3 million;
- Record deferred revenue of \$27.5 million;
- Positive cash flow from operations of \$576,000; and
- Net income of \$179,000.

For the third quarter of 2003, net revenue increased 4.9% to \$9.3 million from \$8.9 million for the third quarter of fiscal 2002. Excluding \$389,000 in revenue from services that were disposed of during the third quarter last year, net revenue increased 9.7% from \$8.5 million.

Net income for the quarter was \$179,000, or \$0.00 per share, compared to \$596,000, or \$0.01 per share, for the third quarter of fiscal 2002. Net income for the current quarter included a loss of \$308,000 resulting from the change in fair value of forward contracts and a gain of \$128,000 on the disposal of the Company's registry management services assets in March 2002. Net income for the same quarter of last year included a loss of \$530,000 resulting from the change in fair value of forward contracts and a gain on the disposal of the Electric Library subscription assets of \$725,000.

Deferred revenue at September 30, 2003, was \$27.5 million, an increase of 13.4% from \$24.2 million at September 30, 2002, and an increase of 3.2% from \$26.6 million at June 30, 2003.

Cash and restricted cash at September 30, 2003, increased to \$12.1 million from \$11.5 million at June 30, 2003. The increase is primarily the result of positive cash flow from operations for the current quarter of \$576,000.

Domain names registered, renewed and transferred-in for the third quarter increased to approximately 785,000 from approximately 690,000 for the same quarter of last year. Total active domain names under management at the end of the third quarter increased to 3.66 million.

For the nine-month period ended September 30, 2003, net revenue was \$27.5 million compared to \$28.3 million for the same period last year. Excluding \$2.9 million in revenue from services that were disposed of during fiscal 2002, net revenue increased 8.3% from \$25.4 million. Income from operations for the first nine months of fiscal 2003 was \$543,000 compared to a loss from operations of \$1.2 million for the corresponding period last year. Net income for the nine-month period ended September 30, 2003, increased to \$1.6 million, or \$0.03 per share, from \$481,000, or \$0.01 per share, for the same period last year.

"In the third quarter, we continued our trend of strong operational performance, highlighted by year-over-year revenue growth, our eighth

consecutive quarter of positive cash flow from operations and our fifth consecutive quarter of profitability," said Elliot Noss, president and chief executive officer, Tucows Inc. "Our domain name registration business continues to generate consistent results in an extremely competitive marketplace. The leverage in our business model has allowed us to invest in new services that we believe will contribute, in the long term, to growth of both revenue and earnings. This leverage and our continued focus on maximizing productivity have combined to allow the introduction of new services while still improving income from operations on a year-to-date basis."

#### **Conference Call**

Tucows will host a conference call on Tuesday, November 11, 2003, at 5:00 p.m. (ET) to discuss its third quarter fiscal 2003 results. To access the conference call via the Internet go to [www.tucows.com](http://www.tucows.com), click on "Tucows Inc." and then 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 1493067. The telephone replay will be available until Tuesday, November 18, 2003, 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 domain name registration services for generic and country code top-level domains (TLDs), plus digital certificates and email services. Tucows also distributes software and other digital content through its integrated network of affiliates and offers more than 30,000 software titles in libraries located around the world. 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 include statements regarding 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.*