



TUCOWS FINANCIAL NEWS RELEASE, Q3 2007

Tucows Reports Continued Strong Results for the Third Quarter of Fiscal 2007

TORONTO - November 6, 2007 - Tucows Inc. (AMEX:TCX, TSX:TC), a leading provider of Internet services to web hosting companies and ISPs worldwide, today reported its financial results for the third quarter of fiscal 2007, ended September 30, 2007. All figures are in U.S. dollars unless otherwise stated.

"Despite short-term challenges, we are optimistic about the significant opportunities for long-term growth in our business," said Elliot Noss, President and CEO, Tucows Inc. "We are confident that the price reduction on wholesale domain names implemented in early August and affiliate channel opportunities from the acquisition of IYD will re-energize our traditional domain names business. Moreover, our emerging domain name revenue streams from direct navigation, premium domain name sales from our own inventory, and agency fees on sales of third-party premium domain name inventories provide excellent future growth potential. In addition, our new hosted email service will allow our customers to compete with the best of the free and hosted services in the market. We have positioned Tucows to achieve sustainable long-term growth.

"Our financial results were affected by our decision to reduce the price in our traditional domain names business and the declining yields from our Google ads. In addition, we experienced unsatisfactory results from our content libraries, which we are currently addressing. These factors combined to have a muting effect on generation of cash flow from operations, which we now expect to be in the range of \$8.5 million to \$9.0 million for fiscal 2007."

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

	3 Months Ended Sept. 30, 2007	3 Months Ended Sept 30, 2006	9 Months Ended Sept. 30, 2007	9 Months Ended Sept 30, 2006
Net Revenue	17,812	16,864	56,398	47,830
EBITDA	1,378	2,944	7,922	4,379
Adjusted Net Income	1,130	1,518	8,258	4,783
Net Income	(311)	1,935	3,610	2,004
Net Income/Share	0.00	0.03	0.05	0.03
Cash Flow from Operations	2,264	(133)	5,788	4,921

Summary Revenue and Cost of Revenue (Numbers in Thousands of US Dollars)

	Revenue		Cost of Revenue	
	3 Months Ended Sept. 30, 2007	3 Months Ended Sept 30, 2006	3 Months Ended Sept. 30, 2007	3 Months Ended Sept 30, 2006
Domain Names, excluding Domain Direct	12,301	11,272	9,158	8,069
Other Internet services, including Domain Direct	4,422	4,305	1,028	1,129
Sale of Domain Names	21	-	-	-
Advertising and other revenue	1,068	1,287	145	-
Total	17,812	16,864	145	9,198

Third Quarter Fiscal 2007 Financial Summary

Revenue - Net revenue for the third quarter of fiscal 2007 increased 6% to \$17.8 million from \$16.9 million for the third quarter of fiscal 2006. The increase was primarily the result of higher revenue from domain registrations, which was partially offset by lower revenue from both email and advertising.

Adjusted Net Income - Adjusted net income for the third quarter of fiscal 2007 was \$1.1 million compared to \$1.5 million for the corresponding quarter of last year.

Net Income - Net loss for the third quarter of fiscal 2007 was \$0.3 million, or \$0.00 per share, compared to net income of \$1.9 million, or \$0.03 per share, for the third quarter of fiscal 2006. Net income for the third quarter of fiscal 2006 included other income of \$1.9 million

related to contingent consideration associated with the sale in 2002 of patents acquired through the reverse takeover of Infonautics in 2001. Included in net income for the third quarter of fiscal 2007 is a dividend of \$531,000 from Afiliac, Inc. a company in which Tucows has an investment. Tucows does not expect to receive additional dividends from Afiliac in 2007.

Deferred Revenue - Deferred revenue at the end the third quarter of fiscal 2007 was \$49.8 million, an increase of 11% from \$44.7 million at the end of the third quarter of fiscal 2006 and an increase of 2% from \$49.0 million at the end of the second quarter of fiscal 2007.

Cash - Cash, cash equivalents and restricted cash at the end of the third quarter of fiscal 2007 was unchanged from the end of the second quarter of fiscal 2007 at \$6.2 million and up from \$3.8 million at the end of the third quarter of fiscal 2006. Compared to the end of the second quarter of fiscal 2007, cash, cash equivalents and restricted cash remained unchanged primarily as a result of the generation of \$2.3 million from cash flow from operations during the third quarter being offset by our investing \$1.1 million in cash in partial payment of the acquisition of Innerwise Inc. (ItsYourDomain.com) at closing and the transfer of an additional \$1.1 million into an escrow account to be held against certain performance contingencies being met by August 2008.

EBITDA and Adjusted Net Income

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. As a non-GAAP performance measure, EBITDA, has certain material limitations as follows:

- It does not include interest expense. Because the Company has borrowed money to finance some of its operations, interest is a necessary part of the Company's costs and ability to generate revenue. Therefore, any measure that excludes interest has material limitations;
- It does not include depreciation and amortization expense. Because the Company must utilize capital assets in order to generate revenues, depreciation and amortization expense is a necessary and ongoing part of the Company's costs. Therefore, any measure that excludes depreciation and amortization expense has material limitations; and,
- It does not include taxes. Because the payment of taxes is a necessary and ongoing part of the Company's operations, any measure that excludes taxes has material limitations. Management compensates for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with its analysis of net earnings.

Adjusted Net Income represents EBITDA plus the additional adjustments described in the table below. 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, with the revenue deferred, net of prepaid fees. In addition, adjusted Net Income reflects earnings and expenses considered as non-representative of ongoing business for the reasons specified below. Each of the items being adjusted for may create certain material limitations in the use of Adjusted Net Income as a non GAAP financial measure. Adjusted Net Income is one of the primary measures the Company uses for planning and budgeting purposes, incentive compensation and to monitor and evaluate Tucows' financial and operating results. Adjusted Net Income 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.

This release may contain forward-looking statements, relating to the Company's operations or to the environment in which it operates, which are based on Tucows Inc.'s operations, estimates, forecasts and projections. These statements are not guarantees of future performance and are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate or differ materially from actual future events or results. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, investors should not place undue reliance on these forward-looking statements, which are based on Tucows Inc.'s current expectations, estimates, projections, beliefs and assumptions. These forward-looking statements speak only as of the date of this presentation and are based upon the information available to Tucows Inc. at this time. Tucows Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Conference Call

Tucows will host a conference call today, Tuesday, November 6, 2007, at 5:00 p.m. (ET) to discuss the Company's third quarter fiscal 2007 results. To access the conference call via the Internet go to about.tucows.com, and click on "Investors".

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 1-877-289-8525 or 416-640-1917 and enter the pass code 21251093 followed by the pound key. The telephone replay will be available until Tuesday, November 13, 2007, at midnight. To access the archived conference call via the Internet, go to about.tucows.com and click on "Investors."

Tucows Inc.

Tucows is the largest Internet services provider for hosting companies and ISPs. Through our network of over 9,000 service providers around the world we provide billing solutions, millions of email boxes and manage over eight million domains. Tucows is an accredited registrar with ICANN (the Internet Corporation for Assigned Names and Numbers). Tucows remains one of the most popular software

download sites on the Internet. For more information please visit: about.tucows.com.

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