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## TUCOWS FINANCIAL NEWS RELEASE, Q4 2004

### Tucows Reports Continued Strong Results for Fourth Quarter and Fiscal 2004 Year

#### Company Achieves Tenth Consecutive Quarter of Profitability and Thirteenth Consecutive Quarter of Positive Cash Flow from Operations

TORONTO - February 10, 2005 - Tucows Inc. (OTCBB: TCOW) today reported strong results for the fourth quarter and fiscal year ended December 31, 2004.

Highlights for the fourth quarter included:

- A 19% year-over-year increase in net revenue to \$11.5 million;
- Income from operations of \$801,000;
- Cash flow from operations of \$1.6 million;
- Net income of \$3.9 million, inclusive of deferred tax recovery of \$3.0 million; and
- The Company's tenth consecutive quarter of profitability and thirteenth consecutive quarter of positive cash flow from operations.

Highlights for fiscal 2004 included:

- A 20% year-over-year increase in net revenue to a record \$44.7 million;
- Income from operations of \$2.1 million;
- A 45% increase in cash flow from operations to \$4.7 million;
- A 16% year-over-year increase in deferred revenue to a record \$33.3 million; and
- Net income of \$5.5 million, inclusive of deferred tax recovery of \$3.0 million.

"The fourth quarter marked a strong finish to 2004 as continued growth in our non-domain Internet services supplemented the strength of our domain name registration business," said Elliot Noss, President and Chief Executive Officer, Tucows Inc. "Our tenth consecutive quarter of profitability and thirteenth consecutive quarter of positive cash flow from operations are demonstrative of the strong momentum in our business, which has been supported both by our success in diversifying our revenue streams, as well as by our dominant position in the wholesale domain market."

#### Summary Financial Results (Numbers in Thousands, Except Per Share Data)

	Three months ended December 31, 2004	Three months ended December 31, 2003	12 Months ended December 31, 2004	12 Months ended December 31, 2003
Net Revenue	\$11,522	\$9,715	\$44,717	\$37,195
Income from Operations	\$801	\$389	\$2,149	\$932
Net Income	\$3,865 <sup>2</sup>	\$426	\$5,500 <sup>2</sup>	\$2,063 <sup>1</sup>
Net Income/Share	\$0.06 <sup>2</sup>	\$0.01	\$0.08 <sup>2</sup>	\$0.03
Cash Flow from Operations	\$1,578	\$1,134	\$4,668	\$3,220

<sup>1</sup> Includes a \$1.0 million gain on disposal of Liberty Registry Management Services Inc.

<sup>2</sup> Includes a non-cash income tax benefit of \$3.0 million or \$0.04 per share, resulting from the reduction in our deferred tax asset valuation allowance.

Net revenue for the fourth quarter of fiscal 2004 increased 19% to \$11.5 million from \$9.7 million for the fourth quarter of fiscal 2003. Income from operations for the fourth quarter of 2004 was \$0.8 million (which included a net loss from foreign exchange forward contracts of \$0.1 million) compared to \$0.4 million (which included a net loss from foreign exchange forward contracts of \$0.3 million) for the corresponding quarter last year. Net income for the fourth quarter of fiscal 2004 increased to \$3.9 million, or \$0.06 per share, (including a non-cash income tax benefit of \$3.0 million, or \$0.04 per share, resulting from the reduction of the Company's deferred tax asset valuation allowance) from \$0.4 million, or \$0.01 per share, for the fourth quarter of fiscal 2003. The income tax benefit resulted from the release of a portion of the deferred tax asset valuation allowance previously established as a result of the Company's prior years' net operating losses and other temporary differences related to fixed assets, goodwill and deferred revenue in accordance with Statement of Financial Accounting Standards No. 109.

Deferred revenue at the end of fiscal 2004 was \$33.3 million, an increase of 16% from \$28.6 million at the end of fiscal 2003 and up marginally from \$32.5 million at the end of the third quarter of fiscal 2004.

Cash and restricted cash at the end of fiscal 2004 was \$14.4 million compared to \$13.0 million at the end of fiscal 2003 and \$13.3 million at

the end of the third quarter of fiscal 2004. The increase compared to the third quarter of fiscal 2004 is primarily the result of positive cash flow from operations for the fourth quarter of this year of \$1.6 million.

For the fiscal year ended December 31, 2004, net revenue increased 20% to \$44.7 million from \$37.2 million for fiscal 2003. Income from operations for fiscal 2004 more than doubled to \$2.1 million from \$0.9 million for fiscal 2003. Net income for fiscal 2004 (including the aforementioned non-cash income tax benefit of \$3.0 million, or \$0.04 per share) increased to \$5.5 million, or \$0.08 per share, from \$2.0 million, or \$0.03 per share, for fiscal 2003. Net income for fiscal 2003 included a \$1.0 million gain on disposal of Liberty Registry Management Services Inc.

### Conference Call

Tucows will host a conference call on Thursday, February 10, 2005, at 5:00 p.m. (ET) to discuss the company's fourth quarter and year end fiscal 2004 results. To access the conference call via the Internet go to [www.tucowsinc.com](http://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 3138425. The telephone replay will be available until Thursday, February 17, 2005, at midnight. To access the archived conference call via the Internet, go to [www.tucowsinc.com](http://www.tucowsinc.com) and click on "**Investor Relations**."

### Tucows Inc.

Tucows Inc. is a leading provider of wholesale Internet services and back office solutions to a global network of more than 6,000 web hosting companies, ISPs and other service providers. As the largest ICANN-accredited wholesale domain name registrar, Tucows offers a suite of complementary Internet services including domain name registration and management, digital certificates, email services and web publishing services. Tucows' back office products, including billing, provisioning and customer care solutions, enable service providers to automate and enhance their service offerings. Tucows also distributes software and other digital content through its global network of affiliates offering more than 40,000 software titles. For more information, please visit: [www.tucowsinc.com](http://www.tucowsinc.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 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.*

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