



TUCOWS FINANCIAL NEWS RELEASE, Q4 2007

TUCOWS INC. REPORTS FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 2007

Company Reports Record Revenue of \$74.6 Million For 2007

TORONTO, February 7, 2008 — Tucows Inc., (AMEX:TCX, TSX:TC) a leading provider of Internet services to web hosting companies and ISPs worldwide, today announced its financial results for the fourth quarter and year ended December 31, 2007. All figures are in U.S. dollars unless otherwise stated.

"In 2007, we achieved record revenue, record adjusted net income, continued strong cash flow generation from operations, and a record deferred revenue balance," said Elliot Noss, President and CEO of Tucows. "We did all of this while lowering our wholesale domain name pricing and rebuilding our email systems."

Noss continued, "In 2007, we introduced a number of initiatives, including: the first wholesale premium domain name service, a new hosted email service and a new advertising partner for our domain portfolio. We are starting to see the favorable impact of these changes and expect to continue to experience momentum in our major lines of business."

"Tucows is entering 2008 energized and focused on divesting non-strategic assets," said Noss. "With this focus and the recent changes we have made in our business, we believe we will drive growth and increased profitability."

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

	3 Months Ended Dec. 31, 2007	3 Months Ended Dec. 31, 2006	12 Months Ended Dec. 31, 2007	12 Months Ended Dec. 31, 2006
Net Revenue	\$18,240	\$17,199	\$74,638	\$65,029
EBITDA	801	1,435	8,722	5,813
Adjusted Net Income	660	1,025	8,919	5,809
Net Income	(935)	156	2,676	2,160
Net Income/Share	(0.01)	0.00	0.04	0.03
Cash Flow from Operations	\$2,680	\$3,898	\$8,468	\$8,818

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

	Revenue		Cost of Revenue	
	3 Months Ended Dec. 31, 2007	3 Months Ended Dec. 31, 2006	3 Months Ended Dec. 31, 2007	3 Months Ended Dec. 31, 2006
Traditional Domain Registration	\$12,574	\$11,646	\$9,672	\$8,373
Domain Portfolio	830	565	171	115
Email Services	1,675	2,057	259	306
Retail	1,528	1,075	513	438
Other	1,633	1,856	382	352
Total	\$18,240	\$17,199	\$10,997	\$9,584

Note: For a complete comparison of revenue and cost of revenue by quarter for 2007 and 2006, please see chart preceding the financial statements.

Net revenue for the fourth quarter of fiscal 2007 increased 6% to \$18.2 million from \$17.2 million for the fourth quarter of fiscal 2006.

Adjusted Net Income for the fourth quarter of 2007 was \$0.7 million, compared to \$1.0 million for the corresponding quarter of last year. Net

loss for the fourth quarter of 2007 was \$0.9 million, or \$0.01 per share, compared with Net income of \$0.2 million, or \$0.00 per share, for the fourth quarter of 2006.

Adjusted Net Income for the year ended December 31, 2007 increased by 54% to \$8.9 million from \$5.8 million for the year ended December 31, 2006. Net income for the year ended December 31, 2007 was \$2.7 million, or \$0.04 per share, compared to \$2.2 million, or \$0.03 per share for the year ended December 31, 2006.

Deferred revenue at the end the fourth quarter of fiscal 2007 was \$50.6 million, an increase of 12% from \$45.1 million at the end of the fourth quarter of fiscal 2006 and an increase of 2% from \$49.8 million at the end of the third quarter of fiscal 2007.

Cash, short-term investments and restricted cash at the end of the fourth quarter of fiscal 2007 was \$8.1 million compared to \$6.2 million at the end of the third quarter of fiscal 2007 and \$7.3 million at the end of the fourth quarter of fiscal 2006. The increase compared to the end of the third quarter of fiscal 2007 is primarily the result of the generation of cash flow from operations of \$2.7 million during the fourth quarter of fiscal 2007.

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, Thursday, February 7, at 5:00 ET to discuss the Company's fourth quarter and year ended December 31, 2007 results. To access the conference call via the internet go to **about.tucows.com** and click on "Investors."

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 416-640-1917 or 1-877-289-8525 and enter the pass code 21261362 followed by the pound key. The telephone replay will be available until Thursday, February 14, 2008 at midnight. To access the archived conference call via the Internet, go to **http://about.tucows.com** and click on "Investors."

Tucows Inc.

Tucows provides Internet services for hosting companies and ISPs. Through our global network of over 9,000 service providers we provide 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.com remains one of the most popular software download sites on the Internet. For more information please visit: about.tucows.com.

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