

Investor presentation

08.06.2020

tuco//s

Nasdaq (TCX) | TSX (TC)

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Our business

Consistent, reliable cash flow generation + growth

Investment Summary

Consistent and reliable revenue and cash flow generation

through high volume, low-cost subscription services

Committed to returning capital to shareholders

Dominant position

in the global wholesale domain name market

Visible revenue stream plus new growth opportunities in mobile industry

as Mobile Services Enabler

Building next phase of outsized long-term growth opportunity

as an early mover in next generation services in the fiber-to-the-premise space

Good ideas into great businesses

Three distinct businesses that leverage our central technical, administrative and support competencies, and follow our uncompromising customer-centric orientation

Domains

Pioneer and leading provider in the global domains services market



Network Access | Mobile Services Enabler (MSE)

Delivering a wide range of functions including billing, activation, provisioning, and funnel marketing to mobile providers

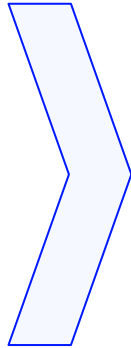
Network Access | Ting Internet

Early mover in long-term growth opportunity of the fiber-to-the-premise space



Our business

Strong cash flowing
businesses



Generating
capital for

Tucows next phase of
outsized growth



Proven track record of long-term performance

18

consecutive years

of revenue growth¹

18

consecutive years

of positive cash flow from operations

19

years

as a public company

17.4%

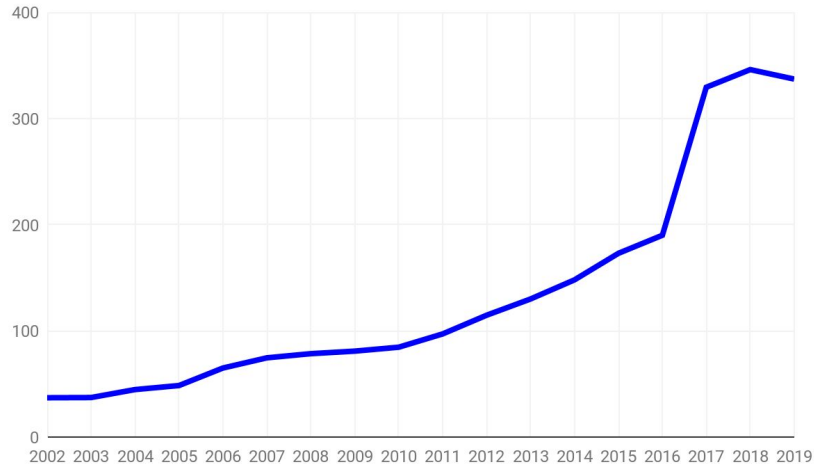
annual ROI

since going public

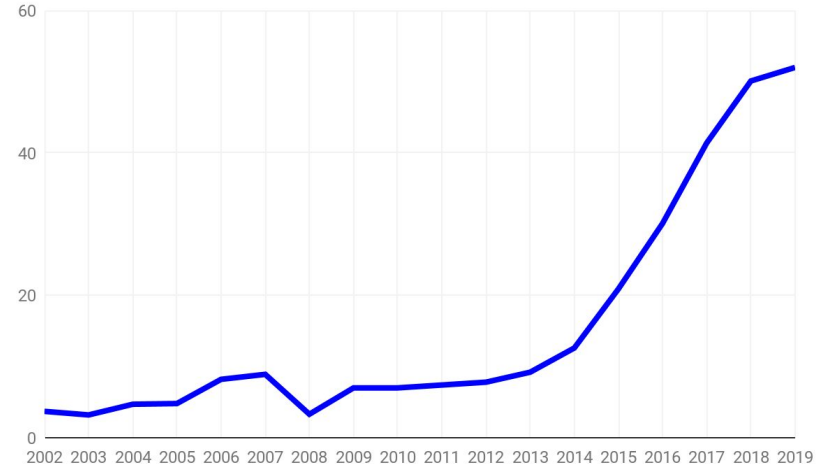
¹Excluding the impact of a transitional revenue stream acquired and subsequently disposed of in 2018.

Historical Financial Performance

Revenue (US\$ millions)



Adj. EBITDA^{1,2} (US\$ millions)



1. Adjusted EBITDA excludes depreciation, amortization of intangible assets, income tax provision, interest expense, interest income, stock-based compensation, asset impairment, gains and losses from unrealized foreign currency transactions and infrequently occurring items, including acquisition and transition costs. (Prior to 2013 Adjusted EBITDA included net deferred revenue and did not include foreign currency transactions or acquisition and transition costs)

2. Adjusted EBITDA for 2017 reflects the impact of the purchase price accounting adjustment related to the fair value write down of deferred revenue from the Enom acquisition, which lowered Adjusted EBITDA by \$7.8 million. Adjusted EBITDA for 2019 reflects the impact of the purchase price accounting adjustment related to the fair value write down of deferred revenue from the Ascio acquisition, which lowered Adjusted EBITDA by \$2.5 million.



Market and Financial Data:

Share Price¹: **TCX (NASDAQ) US\$70.99**
TC (TSX) CA\$94.35

Cash²: **US\$8.9m**

Shares out¹: **~10.6m**

Debt²: **US\$113.6m**

Market cap¹: **~US\$752.5m**

1. At Aug 5/20.
2. At Jun 30/20.



Domain services

Tucows' portfolio of domain services



opensrs.com



hover.com



ascio.com



enom.com

Services Offered

domain registration | SSL certificates | email

Quiet growth to global domains leadership

Second largest domain name registrar
in the world

~25 million

Domains under management

Renewal rates well above industry
average

~1.5 million

Domain transactions every month

Leveraging global network of relationships

World's largest
wholesale domain name registrar

Established network of
>36,000
reseller customers

Global footprint in
>150
countries

Domains strategy

- Managed for margin contribution
- Modernizing tech stack to create true platform for domains ecosystem
- Development of new Value Added Services
- Centralize network infrastructure needs and costs with Network Access business

Network access



Network access | Ting mobile: Key Metrics

~150,100
accounts¹

~256,600
subscribers¹

~\$20
average subscriber's bill

~62%
gross margin

3.12%
churn²

<\$100
customer acquisition costs

1. At Jun 30/20. 2. Average for TTM ended Jun 30/20. Inclusive of acquired customer bases.

Transition to from MVNO to Mobile Services Enabler (MSE) Model

Effective August 1, 2020:


Dish acquired Ting Mobile customer relationships and related Ting Mobile assets, and right to use brand

Ting's foundational MVNO platform supports DISH's new mobile business, and DISH becomes Tucows' first customer

De-risks mobile opportunity amidst expected disruption in the market, and creates new near- and long-term potential while increasing the certainty of the cash flows

Ting Internet

Leveraging the Ting brand and operational base for the fixed Internet access market



“There are always skeptics of the need for big bandwidth and many in the industry scoff at gigabit broadband today as nothing more than a marketing ploy. What the critics ignore is that the world grows into larger bandwidth over time. Residential broadband usage is currently growing at a rate of about 21% annually in terms of both total monthly downloads and of desired customer speeds. When gigabit products were first introduced, they were 40 times faster than the average broadband product at that time of about 25 Mbps”

- Doug Dawson, CCG Consulting, 2019

Providing gigabit speeds over fiber-to-the-premise networks

50x

faster than average US
download speed

1000x

faster than average US
upload speed

Network access | Ting Internet: Key Metrics

Cost to build per serviceable address

\$1,000–\$1,500¹

Annual gross margin

\$1,000

Monthly price²

\$89³

Home

\$139

Business

Expected take rate

20%

year 1

50%

year 5

1. Cost of installation varies but is less than \$200/home or \$400/business.

2. Ting Internet Box costs \$200 upfront or \$9/mo. 5/5 Mbps service is \$19/mo + startup cost and is only available in markets built by Ting.

3. In Fullerton, CA, which has no live customers yet, the price will be \$79 due to another ISP on the network.

Aggregate Network Progress: Q2 2020

📍 123,786

Total Projected Potential Serviceable Addresses (SAs)¹

✓ 47,901

SAs Completed¹

✓ 39%

% Completed¹

👤 12,518

Subscribers

Individual Town Progress: Q2 2020

Ting Owned Networks/Services Offered²

Town	Potential SAs ¹	SAs Completed ¹	Build % Completed
Holly Springs	12,619	8,726	69%
Charlottesville	23,000	12,825	56%
Sandpoint	5,000	4,133	83%
Centennial	40,000	4,832	12%
Fuquay-Varina	9,011	4,900	54%
Wake Forest/ Rolesville	11,958	N/A	Announced February 2019
Cedar	16,000	6,400	N/A

Ting Leased Networks/Services Offered²

Town	Potential SAs ¹	SAs Completed ¹	Build % Completed
Westminster	6,198	6,085	98%
Fullerton	52,500	1,294	2%
Solana Beach	6,700	N/A	Announced November 2019

1. Defined as premises to which Ting infrastructure, or Ting's network partner Westminster, have the capability to provide a customer connection in a service area.

2. On leased networks, Ting may not be the sole Internet service provider (ISP), or may have a head start before other providers or services. As a result, we do not expect long-term subscriber penetration to be as high as on our owned networks, where we are the sole ISP.



Quarterly highlights



Quarterly KPI Summary

Operating Statistics

(Amounts in thousands)

QUARTERLY						YTD			ANNUAL		
Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	2020	2019	2018			

TING MOBILE

Mobile Accounts under management	150.1	153.6	159.7	166.2	157.3	159.9		150.1	159.7	162.6
Mobile Accounts under management - Net additions (deactivations)	(3.5)	(6.1)	(6.5)	8.9	(2.6)	(2.6)		(9.6)	(2.9)	(3.4)
Mobile Subscriptions under management	256.6	271.7	289.1	293.8	280.3	284.0		256.6	289.1	296.3
Mobile Subscriptions under management - Net additions (deactivations)	(15.0)	(17.6)	(4.7)	13.5	(3.7)	(12.3)		(32.6)	(7.2)	14.0
Mobile Account churn	2.30%	3.17%	3.66%	3.36%	2.79%	2.83%		2.74%	3.16%	2.95%

TING INTERNET

Internet Subscribers under management ⁴	12.5	11.6	10.2	9.5	8.8	7.7		12.5	10.2	7.0
Internet Subscribers under management - Net additions ⁵	0.9	0.6	0.7	0.7	1.1	0.7		1.5	3.2	2.5
Owned Infrastructure Passed Addresses ^{1,4}	61.2	56.6	47.2	43.9	38.3	32.5		61.2	47.2	28.1
Owned Infrastructure Passed Addresses - Net additions ⁵	4.6	2.9	3.3	5.6	5.8	4.4		7.5	19.1	13.6
Serviceable Addresses ^{2,4}	47.9	45.4	36.4	34.2	33.5	31.8		47.9	36.4	28.1
Serviceable Addresses - Net additions ⁵	2.5	2.6	2.2	0.7	1.7	3.7		5.1	8.3	12.1
Fiber Capital Expenditures ³	\$9,750	\$7,600	\$8,000	\$8,500	\$9,050	\$6,900		\$17,350	\$32,450	\$25,100

DOMAIN SERVICES

Domains under management	24,592	23,895	23,773	23,858	25,010	25,207		24,592	23,773	23,309
Total new, renewed and transferred-in domain name registrations provisioned	4,747	4,756	4,119	4,227	4,377	4,562		9,503	17,285	17,358

¹ Defined as premises to which Ting has constructed a fiber network but do not yet have the capability to provide an active customer connection.

² Defined as premises to which Ting infrastructure, or Ting's network partner Westminster, have the capability to provide a customer connection in a service area.

³ The Company's life-to-date Fiber capex investment since February 2015 is \$105.1 million, including Blue Ridge Websoft and Cedar Holdings acquisitions, net of capex write-offs.

⁴ The Company acquired Cedar Holdings Group on January 1, 2020 which increased the opening Internet subscribers by 790 and Passed Addresses and Serviceable Addresses by 6,400, respectively.

⁵ The increase in acquired Internet Subscribers, Passed Addresses, and Serviceable Addresses from Cedar Holdings Group are not included in the Q1 Net Additions.



Summary Financial Results

	3 Months Ended June 30			6 Months Ended June 30		
	2020 (Unaudited)	2019 (Unaudited)	% Change	2020 (Unaudited)	2019 (Unaudited)	% Change
Net revenue	82,122	84,117	(2.4%)	166,107	163,070	1.9%
Gross Profit	22,966	24,507	(6.3%)	48,116	47,158	2.0%
Net income	157	2,616	(94.0%)	2,991	5,415	(44.8%)
Basic Net earnings per common share	0.01	0.25	(96.0%)	0.28	0.51	(45.1%)
Adjusted EBITDA ¹	12,175	11,486	6.0%	24,856	20,917	18.8%
Net cash provided by operating activities	8,939	6,979	28.1%	23,012	15,970	44.1%

1. This Non-GAAP financial measure is described below and reconciled to GAAP net income in the accompanying table.

Resources

tucows.com/investors

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