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Investor presentation

tuco//s

Nasdaq (TCX) | TSX (TC)





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Quarterly business highlights



tucows

- Three consecutive quarters of KPI growth
- Year-over-year and quarter-over-quarter growth:
 - Revenue +5% YoY | +2.2% QoQ
 - Gross Profit +15% YoY | +13.6% QoQ
 - Adjusted EBITDA +70% YoY | +118.4% QoQ
- Continued leverage reduction: \$6.5m Q2 payment on syndicated loan

ting

- Strong year over year growth in:
 - Revenue +17%
 - Gross Margin +39%
 - Total Subscribers +25%
 - Owned Serviceable Addresses +17%
 - Partner Serviceable Addresses +72%

wavelo

- Year-over-year growth in:
 - Gross Margin +1%
 - Adjusted EBITDA +14%
- New [product catalog](#) introduced

tucows/domains

- Year-over-year and quarter-over-quarter growth:
 - Revenue +4% YoY | +1% QoQ
 - Gross Margin +5% YoY | +2% QoQ
 - Adjusted EBITDA +6% YoY | +12% QoQ

Quarterly KPI summary

Operating Statistics (Amounts in thousands)

QUARTERLY							ANNUAL		
Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23		2024 YTD	2023	2022

TING INTERNET

Internet Subscribers under management ³	48.2	46.1	43.4	41.1	38.6	36.7		48.2	43.4	34.5
Internet Subscribers under management - Net additions ³	2.1	2.7	2.3	2.6	1.9	2.2		4.8	9.0	9.0
Owned Infrastructure Serviceable Addresses ^{1,3,5}	128.3	124.0	121.3	114.5	109.3	101.2		128.3	121.3	95.8
Owned Infrastructure Serviceable Addresses - Net additions ^{1,3,5}	4.3	2.7	6.8	5.2	8.1	5.4		7.0	25.6	19.9
Partner Infrastructure Serviceable Addresses ^{1,5}	36.2	33.0	29.4	25.4	21.1	19.4		36.2	29.4	19.1
Partner Infrastructure Serviceable Addresses - Net additions ^{1,5}	3.2	3.6	4.0	4.3	1.7	0.3		6.8	10.3	3.9
Fiber Capital Expenditures - Consumption ²	12,100	\$18,100	\$18,000	\$17,250	\$21,800	\$23,200		\$30,200	\$80,250	\$86,250

TUCOWS DOMAIN SERVICES

Domains under management	24,500	24,700	24,560	24,543	24,429	24,483		24,500	24,560	24,390
Total new, renewal and transferred-in domain name transactions ⁴	5,276	5,996	5,253	5,391	5,424	5,963		11,272	22,031	21,774

¹ Defined as premises to which Ting Owned Infrastructure or Ting partner infrastructure has the capability to provide a customer connection in a service area.

² This includes all capital expenditures used to build and expand the Ting footprint, including construction and activation of the network and customers, capitalized labor, materials and acquisitions. The Company's life-to-date Fiber capex investment since February 2015 is \$377.2 million, including the Blue Ridge Websoft, Cedar Holdings, and Simply Bits acquisitions, net of capex write-offs.

³ Internet Subscribers and Serviceable Addresses from Simply Bits are not included in Ting metrics.

⁴ Includes all transactions processed under our accreditations for our resellers and our retail brands, as well as transactions processed on behalf of other registrars using our platform.

⁵ Serviceable addresses were revised for Q1 2023 and Q4 2022 based on new address recognition methodology, resulting in a reduction of 419 Owned Infrastructure Serviceable Addresses and 420 Partner Infrastructure Serviceable Addresses.

Summary financial results

3 MONTHS ENDED June 30, 2024
(\$000s except per share amounts)

	Q2 2024 (unaudited)	Q2 2023 (unaudited)	% Change
Total revenue	89,423	84,978	5%
Gross Profit	20,810	18,032	15%
Income Earned on Sale of Transferred Assets, Net	3,357	4,289	(22)%
Net Income (loss)	(18,604)	(30,968)	40%
Basic Net earnings (loss) per common share	(1.70)	(2.86)	41%
Adjusted EBITDA	9,178	5,395	70%
Net cash provided (used) by operating activities	(4,708)	(1,587)	(197)%

tuco's

Portfolio of tech businesses

Balancing cash generation with investment in long-term growth

tucows

Corporate parent allocating capital
and providing efficient shared services to three subsidiary companies

DOMAIN SERVICES

tucows/domains

Pioneer and leading
provider in the global
domain services market

PLATFORM SERVICES

 **wavelo**

Internet service & mobile
network operating software that
delivers customizable, human
solutions for communications
service providers

FIBER INTERNET SERVICES

ting

Building and providing
in-demand services over
fiber-to-the premise
networks

tucows

Consistent revenue and cash flow generation + growth opportunities
through high volume, low-cost subscription services

DOMAIN SERVICES

tucows/domains

Reliable cash flow + global relationships + dominant position in wholesale domains market

PLATFORM SERVICES

 wavelo

A visible revenue stream and strong growth potential in a critical and underserved space

FIBER INTERNET SERVICES

ting

Outsized long-term growth as an early mover in next generation telecom infrastructure & services

Proven track record of long-term performance

23

years
as a public company

22

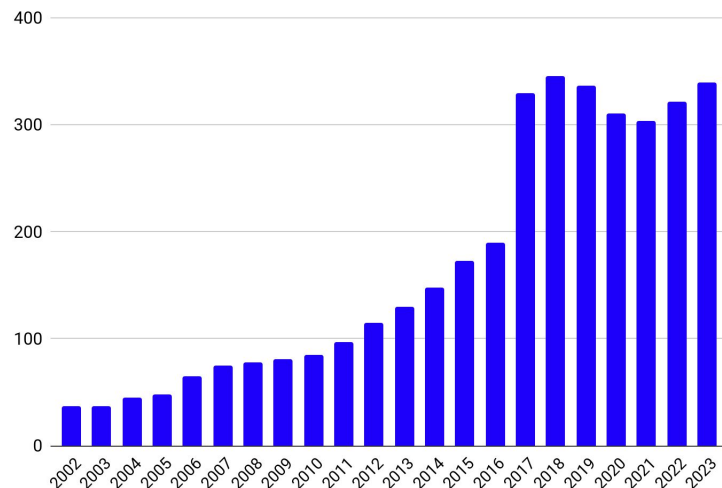
consecutive years
of revenue growth¹

8.8%

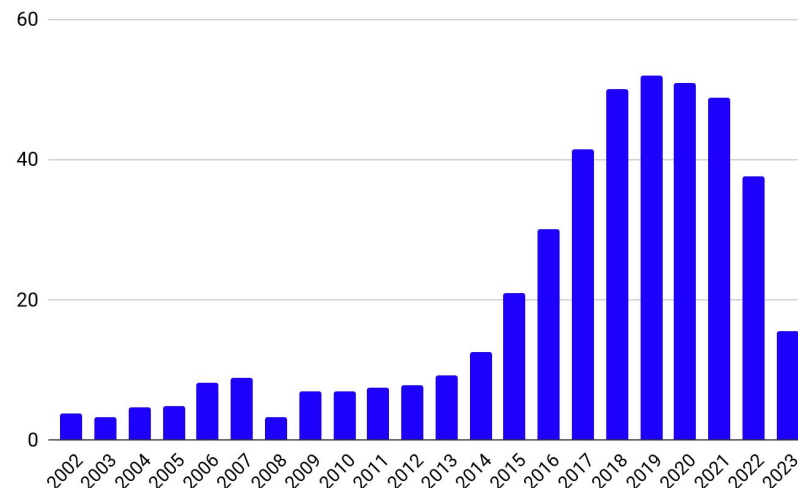
annual ROI²
since going public

1. Excluding the impact of a transitional revenue stream acquired and subsequently disposed of in 2018, and the impacts of changing the Mobile business model starting in Q3 2020.
2. As at June 28, 2024.

Revenue (US\$ millions)



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



NOTE: Revenue for 2020 and 2021 reflects the impact of change in Mobile business model to Wavelo in Q3 2020.

1. Adjusted EBITDA excludes depreciation, amortization of intangible assets, income tax provision, interest expense, accretion of contingent consideration, stock-based compensation, asset impairment, gains and losses from unrealized foreign currency transactions and costs that are not indicative of ongoing performance (profitability), 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.

TCX (NASDAQ) US\$24.00 | TC (TSX) CA\$33.14

Share Price¹

~10.98m

Shares out¹

~US\$262.8m

Market cap¹

US\$39.3m

Cash^{2,3}

US\$198.6m

Tucows Debt Excluding Ting²

US\$344.7m

Ting Debt²

1 At Aug 7/2024.

2 At June 30/2024.

3 Unrestricted cash balance

tucows/domains

Reliable cash flow + capital light



tucows/domains

Pioneer and leading provider
in global domain services

Highly efficient operation

Reliable cash flow

Global network of resellers

Renewal rates above industry average

World's largest wholesale domain registrar

World's second-largest domain registrar

~24.5 million

Domains under management

Global footprint in

>195

countries

~1.8 million

Domain transactions every month

Global network of

>35,000

reseller customers

Services offered today

domain registration

SSL certificates

email

Services being introduced

hosting

billing & provisioning

Web3 and identity



Managing for **margin**



Modernizing tech stack to create a **true platform** for domains ecosystem



Development of **new** Value Added Services to distribute through the reseller channel



Visible revenue stream and strong growth potential for SaaS in a large, critical, and underserved space





Network operating software
that delivers a
modern alternative for
communications providers
(CSPs)
and their customers

Launched at a critical time for the
global telecommunications industry –
CSPs are competing to deliver more
value from their networks

Leveraging:

Global race to 5G

Fiber proliferation

IOT Utilization

Fixed and mobile convergence

Need for better customer experience

Building the modern alternative to outdated and inflexible OSS/BSS

Wavelo is solving decades of poor customer experience in telecom that is the result of antiquated core systems (or systems of record) that pass their inefficiency onto the customer.

Flexible, cloud-based, event-driven software simplifies management of mobile and internet network access, enabling providers to:

Better utilize all owned and leased access

Focus on customer experience

Scale businesses faster

Customizable and a la carte services for providers:

Subscription and billing management

Network orchestration and provisioning

Individual developer tools and more

Macro trends

\$2.5T

Global telecom services revenue by 2028¹

~\$550B

Telecom managed services spending by 2028²

~\$130B

Global OSS/BSS spending by 2028³

Anchor mobile customer



Anchor internet customer



A neglected space with **large and growing need** for a solution

Future customer opportunities in the **global transition to 5G**
and expansion of **fiber** infrastructure

ting

Outsized long-term growth as an early mover in next generation telecom infrastructure & services



ting

Capitalizing on the U.S. coax-to-fiber transition by building and providing services over fiber-to-the-premise networks

“A billion fiber optic connections to the Internet are coming online in just a few years. A large majority of them will be in Asia, primarily led by China. These connections have already proven to be future-proof, capable of reaching not just gigabit speeds, but multi-gigabit speeds.

Fiber is not only faster; it's also cheaper long-term. No other connection even comes close by comparison. The future of the Internet is going to be fiber. ”

- Electronic Frontier Foundation, Dec 2020

US Telecom infrastructure is making a generational transition from copper and coax to fiber

70 million US households do not yet have access to fiber.

ISP customers are consistently dissatisfied. In a [recent customer satisfaction index](#), ISPs came dead last.

Ting has established fiber footprints around the US and is expanding where appropriate

Ting has the early mover advantage

Ting is consistently ranked highly by customers

Cost to build per serviceable address

~ **\$1,650¹**

Annual gross margin per subscriber

\$1,000

Monthly price²

\$89³ **\$139**

Home

Business

Expected take rate

20% **50%**

year 1

year 5

1. Cost of installation varies but starts at \$200/home or \$400/business, and does not include the cost of the drop fiber. This assumption was updated May 10, 2023.

2. Prices for 1GB services in markets that Ting built.

3. In Fullerton, CA, the price will be \$79 due to another ISP on the network.

Cost to build per serviceable address

~ \$1,650¹

Profit Margin

60–75%

Churn

0.6–0.75%/mo

Expected take rate

20% 50%
year 1 year 5

1. Cost of installation varies but starts at \$200/home or \$400/business, and does not include the cost of the drop fiber. This assumption was updated May 10, 2023.

Aggregate Network Progress Q2 2024

 **48,231** Total Subscribers

Ting Owned Networks Progress

Town	Potential SAs	SAs Completed ¹	% Completed
Raleigh Region	97,000	45,543	47%
Charlottesville	24,000	19,547	81%
Sandpoint Region	8,500	6,674	79%
Denver Region	111,500	31,530	28%
Western Slope	38,500	6,400	17%
Culver City	21,000	11,460	55%
Alexandria	93,500	7,181	8%
Marana	27,500	0	0%
Total	421,500	128,335	30%

Ting Leased Networks Progress²

Town	Potential SAs	SAs Completed ¹	% Completed
Westminster	6,620	6,619	100%
Fullerton	53,500	6,341	12%
San Diego Region	86,500	14,503	17%
Colorado Springs	226,500	8,756	4%
Memphis	315,000	0	0%
Total	688,120	36,219	5%

SA = Serviceable Address

1. Defined as premises to which Ting infrastructure or Ting's partner infrastructure has 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.

Resources

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