TERAGO
CONNECTIVITY POWERING CHANGE

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of TERAGO Inc. All references in this MD&A to "TERAGO," the "Company," "we," "us", "our" and "our company" refer to TERAGO Inc. and its subsidiaries, unless the context requires otherwise. This MD&A is dated May 10, 2023, and should be read in conjunction with our unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023, and the notes thereto. Additional information relating to TERAGO, including our most recently filed Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com and our website at www.terago.ca. For greater certainty, the information contained on our website is not incorporated by reference or otherwise into this MD&A. All dollar amounts included in this MD&A are in Canadian dollars unless otherwise indicated.

Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. For a description of material factors that could cause our actual results to differ materially, see the "Forward-Looking Statements" section and the "Risk Factors" section in this MD&A. This MD&A also contains certain industry-related non-GAAP and additional GAAP measures that management uses to evaluate performance of the Company. These non-GAAP and additional GAAP measures are not standardized, and the Company's calculation may differ from other issuers. See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures".

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are made as of the date hereof only and based upon current expectations, which involve risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are made pursuant to the 'safe harbour' provisions of, and are intended to be forward-looking statements under, applicable Canadian securities laws. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, the words *anticipate, believe, plan, estimate, expect, intend, should, may, could, objective* and similar expressions are intended to identify forward-looking statements. This MD&A includes, but is not limited to, forward looking statements regarding TERAGO's growth strategy, strategic plan, the growth in TERAGO's business, retention campaign and initiatives to improve customer service, additional capital expenditures, investments in products and other IT services, and the Company's 5G technical trials and 5G private network business strategy. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates, or intentions expressed with the forward-looking statements. When relying on forward-looking statements to make decisions with respect to the Company, you should carefully consider the risks, uncertainties and assumptions, including the risk that TERAGO's growth strategy and strategic plan will not generate the result intended by management, retention efforts decreasing profit margins, opportunities for expansion and acquisition not being available or at unfavourable terms, TERAGO's "go-to-market" strategy may not materialize, trends in the global 5G, and connectivity sectors may not be accurately projected, future ISED decisions in upcoming consultations being unfavourable to the Company, the technical 5G trial the Company is currently conducting may not generate the results intended, the lack of availability of suitable 5G radio equipment, the inability of the Company to successfully launch a 5G private network business, new market opportunities for 5G may not exist or require additional capital that may not be available to the Company, prolonged economic impacts from the current COVID-19 pandemic, and those risks set forth in the "Risk Factors" section of this MD&A and other uncertainties and potential events. If any of the risks materialize, the expectations and predictions of the Company may need to be re-evaluated. Consequently, all of the forward-looking statements in this MD&A are expressly qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Except as may be required by applicable Canadian securities laws, we do not intend, and disclaim any obligation, to update or revise any forward-looking statements whether in words, oral or written as a result of new information, future events or otherwise.

OVERVIEW

Financial Highlights

- Connectivity revenues increased 3.2% from Q4 2022 and 1.6% from same quarter in the prior year period, with connectivity revenue totalling $6.5 million for the three months ended March 31, 2023 compared to $6.3 million in Q4 2022 and $6.4 million in the same quarter in the prior year period. Total revenue decreased 17.7% to $6.5 million for the three months ended March 31, 2023 compared to $7.9 million for the same period in 2022. The decrease in revenue being the result of the Q1 2022 Divestiture[1]. Q1 2022 period includes $1.4 million of divested cloud and colocation revenue.

- Net loss for the three months ended March 31, 2023 was $2.5 million compared to a loss of $3.1 million in the same period in 2022. The improved net loss position is the result of higher gross margins in the current period combined with the reduction of operating expenses in the current period compared to the same period in the prior year. The operating expenses decrease being greater in magnitude than the decrease in revenues and gross profit from the same period in prior year.

- Adjusted EBITDA[2,3] was $0.8 million for the three months ended March 31, 2023 compared to $1.1 million for the same period in 2022. The decrease was as a result of lower revenues and gross profit in the current period and the addback of restructuring and Divestiture costs in the prior year period Adjusted EBITDA calculation.

Key Developments

- Subsequent to the period end, on April 3, 2023, the Company drew down another installment on its debt facility in the amount of CAD $3.0 million (USD $2.3 million) in conjunction with the terms of the Credit Agreement (as described below). This transaction was approved by the Board of Directors.

- Backlog MRR in the connectivity business increased year over year to $132,929 as of March 31, 2023, compared to $126,631 for the same period in 2022. The increase in backlog MRR was a result of a strong sales performance in signing up new customers, particularly through the Company's channel partners.

- ARPU for the connectivity business was $1,101 in Q1 2023 compared to $1,063 in the prior quarter and compared to $1,061 for the same period in 2022.

1 On January 20, 2022, TERAGO announced it had entered into a definitive agreement to sell its cloud and colocation business lines to a subsidiary of Hut 8 Mining Corp. (Nasdaq: HUT) (TSX: HUT) for an aggregate consideration of Cdn.$30 million in cash (the "Divestiture").

2 Adjusted EBITDA is a Non-GAAP measure. See "Definitions – Key Performance Indicator, IFRS, Additional GAAP and Non-GAAP Measures."

3 See "Adjusted EBITDA" for a reconciliation of net loss to Adjusted EBITDA.

TERAGO OVERVIEW

TERAGO provides wireless connectivity and private 5G wireless networking services to businesses operating across Canada. The Company holds 2120 MHz of exclusive spectrum licenses in the 24 GHz and 38 GHz spectrum bands, which it utilizes to provide secure and reliable enterprise grade networking and connectivity services. TERAGO serves over 1800 Canadian and Global businesses operating in major markets across Canada, including Toronto, Montreal, Calgary, Edmonton, Vancouver, Ottawa, and Winnipeg, and has been providing wireless services since 1999. For more information about TERAGO, please visit **www.terago.ca**.

TERAGO'S NETWORK

TERAGO owns and operates a carrier-grade Multi-Protocol Label Switching ("MPLS") enabled wireline and fixed wireless, Internet Protocol ("IP") communications network in Canada, providing businesses with high performance, scalable, and secure access data connectivity, and associated managed network services.

TERAGO's carrier grade IP communication network serves an important and growing demand among Canadian businesses for network access diversity by offering wireless services that operate alongside their existing wireline broadband connections. TERAGO's wireless network can function as either the primary connection or as a redundant connection to wireline broadband services.

TERAGO's IP network has been designed to eliminate single points of failure and the Company backs its services with customer service level commitments, including 99.9% service availability, industry leading mean time to repair, and 24 x 7 telephone and e-mail access to technical support specialists.

TERAGO offers Canadian businesses high performance unlimited and usage-based dedicated Internet access with upload and download speeds from 5 megabits per second ("Mbps") up to 1 gigabit per second ("Gbps"). TERAGO enhances service performance by minimizing the number of networks between our customers and their audiences, using peering arrangements with multiple tier-one carriers to connect to the Internet.

To deliver its services, the Company has built and operates a carrier-grade, IP network, using licensed and license-exempt spectrum and fibre-optic wireline infrastructure that supports commercially available equipment.

The Company owns and controls a national MPLS distribution network from Vancouver to Montreal that aggregates customer voice and data traffic and interconnects where necessary with carrier diverse leased fibre optic facilities. Major Internet peering and core locations are centralized in Vancouver, Toronto, and Seattle, although Internet access is also available in all regional markets for further redundancy.

TERAGO offers a range of diverse Ethernet-based services over a secured wireless connection to customer locations up to 20 kilometres from a hub (provided line of sight or wireline networks exist) or through a fibre optic connection.

Quality of Service Capabilities

TERAGO's MPLS network, including key high traffic hub sites, is equipped with Quality of Service ("QoS") capabilities to improve performance and traffic management. All of TERAGO's major national markets are end-to-end QoS enabled providing the foundation to support voice traffic and other potential future applications.

TERAGO's Radio Frequency Spectrum

24-GHz and 38-GHz Wide-area Licences

The Company owns a national spectrum portfolio of exclusive 24 GHz and 38 GHz wide-area spectrum licences which covers major regions throughout Canada including 2,120 MHz of spectrum across Canada's 7 largest cities and has a total coverage of approximately 23.5 million of the population in Canada (or nearly 10 million households) [1]. This spectrum is used to deploy point-to-point and point-to-multipoint microwave radio systems, interconnecting core hubs in ring architectures (where possible) to backhaul metro area network traffic and in the access network or "last mile" to deliver high capacity (speeds of 20Mbps to 1Gbps) IP-based services for business, government and mobile backhaul.

1 Based on 2016 Canadian Census data cited by ISED.

in June 2019, Innovation, Science, and Economic Development Canada ("ISED"), released its *Decision* on Releasing Millimetre Wave Spectrum to Support 5G. Among other things in its decision document, ISED reported that existing licensees of the 38 GHz band are eligible to apply for new "flexible use" licenses for an equal amount of spectrum upon expiry of the current 10-year license term, or earlier upon voluntary license cancellation. Flexible use licenses will permit licensees to deploy mobile systems to support 5G, while retaining the current ability to deploy on a fixed wireless basis. The Company holds 25 of 27 issued 38 GHz spectrum licenses in Canada.

In 2022, ISED published several Consultations which proposed updating ISED's approach and planned activities that could impact the Company's 24-GHz and 38-GHz spectrum licenses.

In June 2022, ISED published a Consultation on Policy and Licensing Framework for Spectrum in the 26GHz, 28GHz and 38GHz Bands. Under this Consultation ISED sought comments on the proposed policy and licensing considerations, including auction format, rules, and processes, as well as on conditions of license for spectrum in the 26, 28 and 38 GHz Bands.

In August 2022, ISED published a Consultation on a Non-Competitive Local Licensing Framework, Including Spectrum in the 3900-3980 MHz Band and Portions of the 26, 28 and 38 GHz Bands. Under this Consultation ISED sought comments on a proposed non-competitive local (NCL) licensing framework, with the intent to apply that framework to release spectrum in the 3900-3980 MHz Band (referred to as the 3900 MHz Band) and portions of the 26, 28 GHz and 38 GHz Bands.

In September 2022, ISED published a Consultation on the Spectrum Outlook 2022 to 2026. Under this Consultation ISED sought comments on its proposed overall approach and planned activities for spectrum over the next five years. In this document, ISED proposed that the 24 GHz Band, among several others has been designated as Priority 2 for future release for commercial mobile use. A definitive timeline for the release of spectrum bands designated as Priority 2 and Priority 3 has not yet been confirmed by ISED.

For additional information on these Consultations and to review the response letter of the Company or other stakeholders, please refer to ISED's Consultation webpage: https://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/h_sf08436.html.

For further details on our licensed spectrums, please refer to the Company's most recently filed AIF on SEDAR.

RESULTS OF OPERATIONS

Comparison of the three months March 31, 2023 and 2022
(in thousands of dollars, except with respect to gross profit margin, earnings per share, Backlog MRR, and ARPU)

(unaudited)		Three months ended March 31 2023	2022
Financial			
Cloud and Colocation Revenue	$	-	1,355
Connectivity Revenue	$	6,498	6,434
Other Revenue	$	11	135
Total Revenue	$	6,509	7,924
Cost of Services[1]	$	1,531	2,232
Selling, General, & Administrative Costs	$	4,980	6,121
Gross Profit Margin[1]		76.5%	71.8%
Adjusted EBITDA [1,2]	$	827	1,113
Net Loss	$	(2,549)	(3,140)
Basic loss per share	$	(0.13)	(0.16)
Diluted loss per share	$	(0.13)	(0.16)
Operating			
Backlog MRR[1]			
Connectivity	$	132,929	126,631
Churn Rate[1]			
Connectivity		0.9%	0.7%
ARPU[1]			
Connectivity	$	1,101	1,061

1 See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures"

2 See "Adjusted EBITDA" for a reconciliation of net loss to Adjusted EBITDA

Refer to "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures" for a description of the components of relevant line items below.

Revenue
Total revenue decreased 17.7% to $6.5 million for the three months ended March 31, 2023 compared to $7.9 million for the same period in 2022. The decrease in total revenue being the result of the Divestiture.

Connectivity Revenue
For the three months ended March 31, 2023, connectivity revenue increased 1.6% to $6.5 million compared to $6.4 million for the same period in 2022. The increase is a result of increased customer count and increased Connectivity ARPU compared to same period in 2022.

Cloud and Colocation Revenue
For the three months ended March 31, 2023, cloud and colocation revenue decreased by 100% to $NIL compared to $1.4 million for the same period in 2022 as the Cloud and Colocation lines of business were divested in January 2022.

Cost of Services and Gross Profit Margin %
For the three months ended March 31, 2023, cost of services decreased by 31.8% to $1.5 million compared to $2.2 million in the same period in 2022. The decrease was driven by the Divestiture and partially offset by a year over year shift in the mix of connectivity services sold in alignment with our strategy to attract mid-market and large-scale, predominantly multi-location customers. Gross Profit Margin was 76.5% in the first three months of 2023, compared to 71.8% in same period of 2022.

Salaries and related costs and other operating expenses ("SG&A")
For the three months ended March 31, 2023, SG&A decreased by 18.0% to $5.0 million compared to $6.1 million for the same period in 2022. The decrease in SG&A was due to year over year lower headcount and salary costs and lower operating expenses resulting from the Divestiture.

Net loss
Net loss for the three months ended March 31, 2023 was $2.5 million compared to a loss of $3.1 million in the same period in 2022. The improved net loss position is the result of higher gross profit margins in the current period combined with the reduction of operating expenses in the current period being greater than the decrease in revenues and gross profit margins (see above).

Adjusted EBITDA[1,2]
Adjusted EBITDA was $0.8 million for the three months ended March 31, 2023 compared to $1.1 million for the same period in 2022. The decrease is as of a result of lower revenues and gross profit margins in the current year and the addback of restructuring and Divestiture costs in the prior year period Adjusted EBITDA calculation.

1 See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures"

2 Adjusted EBITDA is a Non-GAAP measure. See "Definitions – Key Performance Indicator, IFRS, Additional GAAP and Non-GAAP Measures.

The table below reconciles net loss to Adjusted EBITDA[1,2] for the three months ended March 31, 2023 and 2022.

(in thousands of dollars, unaudited)		Three months ended March 31	
		2023	**2022**
Net loss for the period	$	(2,549)	(3,140)
Foreign exchange loss (gain)		30	(5)
Finance costs		644	756
Finance income		(67)	(15)
Impairment loss on divested assets		-	107
Loss from operations		(1,942)	(2,297)
Add:			
Depreciation of network assets, property and equipment and amortization of intangible assets		2,479	2,492
Loss on disposal of network assets*		8	171
Impairment of other assets and related charges*		60	120
Stock-based compensation expense		202	173
Restructuring, acquisition-related, integration and other related costs		20	454
Adjusted EBITDA[1,2]	$	827	1,113

*Prior year figures have been adjusted to conform with current year presentation.

1 See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures"

2 Adjusted EBITDA is a Non-GAAP measure. See "Definitions – Key Performance Indicator, IFRS, Additional GAAP and Non-GAAP Measures.

Backlog MRR[1]
Connectivity backlog MRR was $132,929 as at March 31, 2023, compared to $126,631 as at March 31, 2022. The increase in backlog is a result of a strong sales performance in signing up new customers, particularly through the Company's channel partners.

ARPU [1]
For the three months ended March 31, 2023, connectivity ARPU was $1,101 compared to $1,061 for the same period in 2022. The increase in ARPU is a result of the Company's ongoing focus to attract mid-market and large-scale, predominantly multi-location customers.

Churn[1]
For the three months ended March 31, 2023, connectivity churn was 0.9% compared to 0.7% for the same period in 2022. The increase in customer churn was due to the continued execution of the Company's strategy to focus on mid-market and large-scale customers. The Company will continue to focus its service and support activities on customer retention to keep customer churn low.

Finance costs
For the three months ended March 31, 2023, finance costs decreased 25.0% to $0.6 million compared to $0.8 million in the prior year period. The decrease was due to the repayment of the Company's term debt facility in February 2022, partially offset by the current term debt facility closed in September 2022.

Depreciation and amortization
For the three months ended March 31, 2023, depreciation of network assets, property and equipment and amortization of intangibles was flat at $2.5 million compared to the same period in 2022.

1 See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures"

Summary of Quarterly Results

All financial results are in thousands, except for Earnings per Share, Gross Profit Margin, Backlog MRR, Churn Rate, and ARPU

(unaudited)		Q1 - 23	Q4 - 22	Q3 - 22	Q2 - 22	Q1 - 22	Q4 - 21	Q3 - 21	Q2 - 21
Financial									
Revenue	$	6,509	6,335	6,632	6,731	7,924	10,695	10,876	10,903
Gross Profit Margin %[1]		76.5%	75.1%	72.9%	72.8%	71.8%	71.0%	73.9%	75.4%
Adjusted EBITDA[1]	$	827	1,164	610	1,019	1,113	2,330	3,116	3,369
Net Profit (loss)	$	(2,549)	(2,406)	(2,913)	(3,112)	(3,140)	(8,955)	(2,255)	(1,796)
Basic loss per share	$	(0.13)	(0.12)	(0.15)	(0.16)	(0.16)	(0.46)	(0.11)	(0.09)
Diluted loss per share	$	(0.13)	(0.12)	(0.15)	(0.16)	(0.16)	(0.46)	(0.11)	(0.09)
Basic weighted average number of shares outstanding		19,737	19,720	19,700	19,683	19,669	19,655	19,635	19,618
Diluted weighted average number of shares outstanding		19,737	19,720	19,700	19,683	19,669	19,655	19,635	19,618
Operating									
Backlog MRR[1]									
Connectivity	$	132,929	178,948	138,893	133,436	126,631	110,481	102,911	126,834
Churn Rate[1]									
Connectivity		0.9%	0.9%	0.7%	0.9%	0.7%	0.7%	0.9%	1.4%
ARPU[1*]									
Connectivity	$	1,101	1,063	1,099	1,118	1,061	1,043	1,026	1,032

**The comparative ARPU numbers for the historic quarterly results presented above have changed to conform with the presentation of ARPU revenue allocations for Q1 2023.*

Seasonality

The Company's net customer growth, with respect to its connectivity business, is typically impacted adversely by weather conditions as the majority of new customer locations require the installation of rooftop equipment. Typically, harsher weather in the first quarter of the year results in a reduction of productive installation days.

The Company's cash flow and earnings are typically impacted in the first quarter of the year due to several supplier and landlord agreements requiring annual payments in the first quarter, annual rate increases in existing long-term contracts, payments of prior year period end accruals, such as variable compensation, audit and other compliance costs and the restart on January 1st of payroll taxes and other levies related to employee compensation.

1 See "Definitions – Key Performance Indicators, IFRS, Additional GAAP and Non-GAAP Measures"

LIQUIDITY AND CAPITAL RESOURCES

TERAGO has historically financed its growth and operations through cash generated by operations, the issuance of equity securities and long-term debt.

The table below is a summary of cash inflows and outflows by activity.

(in thousands of dollars, unaudited)		Three months ended March 31	
		2023	**2022**
Statement of Cash Flows Summary			
Cash inflows and (outflows) by activity:			
Operating activities	$	(193)	(567)
Investing activities		(2,572)	24,205
Financing activities		(1,678)	(21,555)
Net cash inflows (outflows)		(4,443)	2,083
Cash and cash equivalents, beginning of period		6,220	5,481
Cash and cash equivalents, end of period	**$**	**1,777**	**7,564**

Operating Activities
For the three months ended March 31, 2023, cash used in operating activities was $0.2 million compared to cash used in operating activities of $0.6 million for the same period in 2022. The decrease was primarily due to a lower loss from operations, relative changes in non-cash working capital and higher cash payments for restructuring activities in 2022.

Investing Activities
For the three months ended March 31, 2023, cash used in investing activities was $2.6 million compared to cash generated of $24.2 million for the same period in 2022. The decrease in cash generated from investing activities was mainly the result of the purchase of fixed assets and increased spending on process improvement software projects. The decrease was also as a result of net proceeds received from the Divestiture in prior year period.

Financing Activities
For the three months ended March 31, 2023, cash used in financing activities was $1.7 million compared to cash used in financing activities of $21.6 million for the same period in 2022. The decrease in cash used was due to the repayment of the Company's term debt loan in 2022.

Capital Resources
As at March 31, 2023, the Company had cash and cash equivalents of $1.8 million, short-term investments of $1.1 million and access to a revolving facility as described below, subject to the terms and conditions of the credit facilities.

As described below (see Debt Facility), the Company closed a USD $20 million term debt facility with CrowdOut Capital LLC. As at March 31, 2023, the Company still has USD $15 million available to draw from the facility (see also Debt Facility).

Management believes the Company's current cash, anticipated cash from operations and access to the remaining undrawn facility will be sufficient to meet its working capital and capital expenditure requirements for at least the twenty-four-month period following March 31, 2023.

Debt Facility
On September 29, 2022, the TERAGO entered into a credit agreement (the "Credit Agreement") with CrowdOut Capital LLC (the "lender") in the amount of USD $20 million. The Credit Agreement is a drawdown facility and terms include the following: Variable interest rate of Adjusted SOFR + 9.00%, serviced with monthly interest payments only for a term of 36 months. The Credit Agreement also includes a 1% annual rate standby fee for any amounts undrawn on the facility. The standby fee and interest amounts are payable monthly. On October 3, 2022, TERAGO took the initial draw

of USD $5.0 million in accordance with the Credit Agreement and to date has not made any further drawdowns. At the conclusion of the loan term, there is an exit fee payable to the lender of up to a maximum of CAD $1 million calculated on a pro-rata basis determined by the amount of the facility that has been drawn down at the time of exit. In accordance with the Credit Agreement, TERAGO also issued to the lender 216,463 warrants ("lender warrants") for the purchase of common shares which vest on a pro-rata basis as the facility is drawn down. Each warrant will be exercisable for the purchase of one common share for a period of up to five years from the date of the Credit Agreement. The strike price for all warrants is CAD $4.46 (based upon a 20% premium to the 30-day VWAP at the time of closing).

Subsequent to the period end, on April 3, 2023, the Company drew down another installment on its debt facility in the amount of CAD $3.0 million (USD $2.3 million) in conjunction with the terms of the Credit Agreement. This transaction was approved by the Board of Directors.

Share Capital

TERAGO's authorized share capital consists of an unlimited number of Common Shares, and an unlimited number of Class A Non-Voting Shares. A detailed description of the rights, privileges, restrictions, and conditions attached to the authorized shares is included in the Company's 2022 Annual Information Form, a copy of which can be found on SEDAR at www.sedar.com.

As of March 31, 2023, there were 19,753 thousand Common Shares issued and outstanding. In addition, as of March 31, 2023 there were 849 thousand Common Shares issuable upon exercise of TERAGO stock options, 29 thousand Common Shares issuable upon vesting of restricted share units, 27 thousand Common Shares issuable upon vesting of performance share units, and 216 thousand Common Shares issuable upon exercise of warrants which were issued to the lender of the debt facility secured in Q4 2022.

Due to the additional draw down of the debt facility on April 3, 2023, an additional 11% (23,987) of lender warrants vested, resulting in total of 36% (78,103) of the lender warrants having now vested.

As of the reporting date there have been no changes to the number of shares issued and outstanding.

RISK FACTORS

TERAGO is exposed to a number of risks and uncertainties that are common to other companies engaged in the same or similar businesses. The summary of the material risks that could significantly affect the financial condition, operating results, or business of TERAGO, are set out in our management's discussion and analysis for the fiscal year ended December 31, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At December 31, 2022, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company was made known to them and was recorded, processed, summarized, and reported within the time periods specified under applicable securities legislation. There have been no changes as of March 31, 2023.

The Company has adopted a work-from-home program since March 16, 2020. As substantially all of the Company's day-to-day activities can be fully performed by personnel working remotely, the Company is able to remain fully operational during this period, and continues to pursue revenue opportunities, execute on its product development roadmap, and generate revenue from both new and existing customers. The Company has complied with applicable federal, provincial, and other local regulations related to the pandemic. The Company will continue to monitor closely developments in this regard, with the health and safety of the Company's employees and management as the primary concern.

TERAGO's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to TERAGO is made known to management by others, particularly during the period in which the interim filings are being prepared and that information required to be disclosed by TERAGO in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. TERAGO's disclosure controls and procedures includes controls and procedures designed to ensure that information required to be disclosed by TERAGO in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure.

TERAGO's internal control over financial reporting are designed to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. TERAGO's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of TERAGO; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of TERAGO are being made only in accordance with authorizations of management and directors of TERAGO; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of TERAGO's assets that could have a material effect on TERAGO's financial statements. There have been no changes to the Company's internal controls over financial reporting in the period that have materially affected or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The control framework used to design TERAGO's internal control over financial reporting is based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

Due to its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

DEFINITIONS – KEY PERFORMANCE INDICATORS, IFRS, ADDITIONAL GAAP AND NON-GAAP MEASURES

IFRS Measures

Cost of services
Cost of services consists of expenses related to delivering service to customers and servicing the operations of our networks. These expenses include costs for the lease of intercity facilities to connect our cities, internet transit and peering costs paid to other carriers, network real estate lease expense, spectrum lease expenses and lease and utility expenses for the data centres and salaries and related costs of staff directly associated with the cost of services.

Gross profit margin %
Gross profit margin % consists of gross profit margin divided by revenue where gross profit margin is revenue less cost of services.

Other operating expenses
Other operating expenses includes sales commission expense, advertising and marketing expenses, travel expenses, administrative expenses including insurance and professional fees, communication expenses, maintenance expenses and rent expenses for office facilities.

Foreign exchange gain (loss)
Foreign exchange gain (loss) relates to the translation of monetary assets and liabilities into Canadian dollars using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in net income in the period.

Finance costs
Finance costs consist of interest charged on our short- and long-term debt, amortization of deferred financing costs including expenses associated with closing our long-term debt facility and accretion expense on the Company's decommissioning and restoration obligations. The deferred financing costs are amortized using the effective interest method over the term of the loan.

Finance income
Finance income consists of interest earned on our cash and cash equivalent and short-term investment balances.

Additional GAAP Measures

Earnings (loss) from operations
Earnings (loss) from operations exclude foreign exchange gain (loss), income taxes, finance costs and finance income. We include earnings (loss) from operations as an additional GAAP measure in our consolidated statement of earnings. We consider earnings (loss) from operations to be representative of the activities that would normally be regarded as operating for the Company. We believe this measure provides relevant information that can be used to assess the consolidated performance of the Company and therefore, provides meaningful information to investors.

Non-GAAP Measures

Adjusted EBITDA
The term "EBITDA" refers to earnings before deducting interest, taxes, depreciation, and amortization. The Company believes that Adjusted EBITDA is useful additional information to management, the Board and investors as it provides an indication of the operational results generated by its business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and it excludes items that could affect the comparability of our operational results and could potentially alter the trends analysis in business performance. Excluding these items does not necessarily imply they are non-recurring, infrequent or unusual. Adjusted EBITDA is also used by some investors and analysts for the purpose of valuing a company. The Company calculates Adjusted EBITDA as earnings before deducting interest, taxes, depreciation and amortization, foreign exchange gain or loss, finance costs, finance income, gain, or loss on disposal of network assets, property and equipment, impairment of property, plant, & equipment and intangible assets, stock-based compensation and restructuring, acquisition-related and integration costs. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to operating earnings or net earnings determined in accordance with IFRS as an indicator of our financial performance or as a measure of our liquidity and cash flows. Adjusted EBITDA does not take into

account the impact of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

Adjusted EBITDA does not have any standardized meaning under GAAP. TERAGO's method of calculating Adjusted EBITDA may differ from other issuers and, accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Results of Operations – Adjusted EBITDA" for reconciliation of net loss to Adjusted EBITDA.

Key Performance Indicators

Backlog MRR

The term "Backlog MRR" is a measure of contracted monthly recurring revenue (MRR) from customers that have not yet been provisioned. The Company believes backlog MRR is useful additional information as it provides an indication of future revenue. Backlog MRR is not a recognized measure under IFRS and may not translate into future revenue, and accordingly, investors are cautioned in using it. The Company calculates backlog MRR by summing the MRR of new customer contracts and upgrades that are signed but not yet provisioned, as at the end of the period. TERAGO's method of calculating backlog MRR may differ from other issuers and, accordingly, backlog MRR may not be comparable to similar measures presented by other issuers.

ARPU

The term "ARPU" refers to the Company's average revenue per customer per month in the period. The Company believes that ARPU is useful supplemental information as it provides an indication of our revenue from an individual customer on a per month basis. ARPU is not a recognized measure under IFRS and, accordingly, investors are cautioned that ARPU should not be construed as an alternative to revenue determined in accordance with IFRS as an indicator of our financial performance. The Company calculates ARPU by dividing our total revenue before revenue from early terminations by the number of customers in service during the period and we express ARPU as a rate per month. TERAGO's method of calculating ARPU has changed from the Company's past disclosures to exclude revenue from early termination fees, where ARPU was previously calculated as revenue divided by the number of customers in service during the period. TERAGO's method may differ from other issuers, and accordingly, ARPU may not be comparable to similar measures presented by other issuers.

Churn

The term "churn" or "churn rate" is a measure, expressed as a percentage, of customer cancellations in a particular month. The Company calculates churn by dividing the number of customer cancellations during a month by the total number of customers at the end of the month before cancellations. The information is presented as the average monthly churn rate during the period. The Company believes that the churn rate is useful supplemental information as it provides an indication of future revenue decline and is a measure of how well the business is able to renew and keep existing customers on their existing service offerings. Churn and churn rate are not recognized measures under IFRS and, accordingly, investors are cautioned in using it. TERAGO's method of calculating churn and churn rate may differ from other issuers and, accordingly, churn may not be comparable to similar measures presented by other issuers.