TERAGO INC.
Interim Condensed Consolidated Financial Statements
Three and nine months ended September 30, 2024 and 2023
(Unaudited)

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Interim Condensed Consolidated Financial Statements

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Notice of no auditor review of interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of TERAGO Inc. have been prepared by and are the responsibility of management. TERAGO Inc.'s independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TERAGO INC.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)
(Unaudited)

	Note	September 30, 2024	December 31, 2023
Assets			
Cash and cash equivalents	11	$ 5,489	$ 4,381
Cash held on behalf of third party	11	11	22
Short-term investments	11	232	235
Accounts receivable	11	1,893	1,990
Prepaid expenses and other assets		674	992
Current portion of contract costs	3	177	245
Total current assets		8,476	7,865
Network assets, property and equipment	4	35,361	33,549
Intangible assets	5	11,025	10,863
Goodwill		861	861
Contract costs	3	428	358
Total non-current assets		47,675	45,631
Total Assets		$ 56,151	$ 53,496
Liabilities			
Accounts payable and accrued liabilities	11	$ 3,711	$ 2,977
Payable for cash held to third party	11	11	22
Current portion of contract liabilities	3	194	193
Current portion of long-term debt facility	9	24,555	-
Current portion of lease liabilities	7, 11	5,529	5,237
Other current liabilities		756	-
Total current liabilities		34,756	8,429
Decommissioning and restoration obligations		222	255
Contract liabilities	3	146	109
Long-term debt facility	6, 11	-	16,871
Lease liabilities	7, 11	13,170	9,827
Other long-term liabilities	6, 8	-	672
Total non-current liabilities		13,538	27,734
Total Liabilities		$ 48,294	$ 36,163
Shareholders' Equity			
Share capital		118,557	118,335
Warrant reserve		570	819
Contributed surplus		28,303	27,655
Deficit		(139,573)	(129,476)
Total shareholders' equity		$ 7,857	$ 17,333
Basis of presentation and going concern	2(b)		
Total Liabilities and Shareholders' Equity		$ 56,151	$ 53,496

On behalf of the Board:

(signed) “Ken Campbell”
Director

(signed) “Pietro Cordova”
Director

The accompanying notes are an integral part of these interim financial statements.

TERAGO INC.

Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in thousands of Canadian dollars, except per share amounts)
(Unaudited)

	Note		Three months ended September 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Total Revenue	3	$	6,544	6,491	19,593	19,516
Expenses						
Cost of services			1,751	1,794	5,278	5,147
Salaries and related costs			2,865	2,841	8,950	9,732
Other operating expenses			1,197	1,301	3,813	4,121
Amortization of intangible assets	5		13	3	29	5
Depreciation of network assets, property, and equipment	4		2,318	2,548	6,996	7,495
		$	8,144	8,487	25,066	26,500
Loss from operations			(1,600)	(1,996)	(5,473)	(6,984)
Impairment of assets and related charges	4, 5		(72)	(110)	(217)	(278)
Foreign exchange gain			39	29	35	17
Finance costs			(1,743)	(1,075)	(4,564)	(2,553)
Finance income			38	65	122	174
Loss before income taxes		$	(3,338)	(3,087)	(10,097)	(9,624)
Income taxes						
Income tax expense			-	-	-	-
Net loss and comprehensive loss		$	(3,338)	(3,087)	(10,097)	(9,624)
Basic & Diluted loss per share	10	$	(0.17)	(0.16)	(0.51)	(0.49)
Basic & Diluted weighted average number of shares outstanding (in 000s)	10		19,939	19,786	19,895	19,760

The accompanying notes are an integral part of these interim financial statements.

TERAGO INC.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)
(Unaudited)

	Note		Three months ended September 30		Nine months ended September 30	
			2024	2023	2024	2023
Operating Activities						
Net loss for the period		$	(3,338)	(3,087)	(10,097)	(9,624)
Adjustments to reconcile net loss to net cash from (used in) operating activities:						
Restructuring and other costs			-	170	636	1,367
Depreciation of network assets, property and equipment	4		2,318	2,548	6,996	7,495
Amortization of intangible assets	5		13	3	29	5
Stock-based compensation expense	9		213	193	627	363
Finance costs			1,743	1,075	4,564	2,553
Finance income			(38)	(65)	(122)	(174)
Impairment of assets and related charges	4, 5		72	110	217	277
Restructuring and other costs paid			(246)	(369)	(790)	(975)
Foreign exchange (gain)			(24)	(41)	(33)	(13)
Changes in non-cash working capital items:						
Accounts receivable			8	(153)	222	(190)
Prepaid expenses			(3)	301	-	(11)
Accounts payable and accrued liabilities			448	5	1,128	(1,777)
Contract liabilities			9	(27)	39	24
Contract costs			(53)	54	(1)	19
Cash from (used in) Operating Activities		$	1,122	717	3,415	(661)
Investing Activities						
Change in receivable in escrow			-	500	-	500
Purchase of network assets, property, and equipment	4	$	(817)	(980)	(2,628)	(4,283)
Purchase of intangible assets	5		(11)	(149)	(191)	(443)
Sale of short-term investments			-	-	-	910
Change in non-cash working capital related to network assets, property and equipment and intangible assets			115	21	117	(319)
Cash used in Investing Activities		$	(713)	(608)	(2,702)	(3,635)
Financing Activities						
Proceeds from debt borrowings	6	$	3,972	-	7,003	6,775
Long-term debt and interest paid	6		(851)	(548)	(2,277)	(1,284)
Payments of lease liabilities	7		(1,415)	(1,529)	(4,364)	(4,518)
Cash from (used in) Financing Activities		$	1,706	(2,077)	362	973
Net change in cash and cash equivalents during the period		$	2,115	(1,968)	1,075	(3,323)
Cash and cash equivalents, beginning of period			3,350	4,837	4,381	6,220
Change in cash due to foreign exchange			24	41	33	13
Cash and cash equivalents, end of period		$	5,489	2,910	5,489	2,910

The accompanying notes are an integral part of these interim financial statements.

TERAGO INC.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars and thousands of common shares)
(Unaudited)

Nine months ended September 30, 2024	Share Capital Number (in 000s)		Share Capital Amount		Contributed Surplus		Warrant Reserve		Deficit		Total
Balance, January 1, 2024	19,853	$	118,335	$	27,655	$	819	$	(129,476)	$	17,333
Issuance of common shares from vesting of RSUs and PSUs	25		30		(30)		-		-		-
Shares deducted for payment of withholding tax	(4)		-		(8)		-		-		(8)
Issuance of shares for directors' fees	97		192		-		-		-		192
Stock based compensation	-		-		424		-		-		424
Issuance of warrants	-		-		-		13		-		13
Expiration of warrants	-		-		262		(262)		-		-
Net loss and comprehensive loss	-		-		-		-		(10,097)		(10,097)
Balance, September 30, 2024	19,971	$	118,557	$	28,303	$	570	$	(139,573)	$	7,857

Nine months ended September 30, 2023	Share Capital Number (in 000s)		Share Capital Amount		Contributed Surplus		Warrant Reserve		Deficit		Total
Balance, January 1, 2023	19,735	$	118,105	$	26,822	$	963	$	(116,291)	$	29,599
Issuance of shares for directors' fees	51		129		-		-		-		129
Stock based compensation	-		-		226		-		-		226
Issuance of warrants	-		-		-		233		-		233
Expiration of warrants	-		-		233		(233)		-		-
Net loss and comprehensive loss	-		-		-		-		(9,624)		(9,624)
Balance, September 30, 2023	19,786	$	118,234	$	27,281	$	963	$	(125,915)	$	20,563

1. Reporting Entity

TERAGO Inc. (the "Company") is incorporated in Canada with its head office located at Suite 800 – 55 Commerce Valley Drive West, Thornhill, Ontario. The Company provides businesses across Canada with connectivity services and owns and operates a carrier-grade, fixed wireless, IP communications network, in Canada targeting small medium enterprise customers that require connectivity services. The Company's common shares are listed on the Toronto Stock Exchange (TSX) under the symbol TGO.

2. Basis of Preparation

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements ("interim financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2023 (the "2023 Consolidated Financial Statements"). These interim condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The notes presented in these interim financial statements include only significant changes and transactions that have occurred since the last fiscal year. Accordingly, these interim financial statements should be read in conjunction with the Company's 2023 Consolidated Financial Statements.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as at September 30, 2024. The Board of Directors authorized the interim financial statements for issue on November 11, 2024.

These interim financial statements include the accounts of TERAGO Inc. and its wholly owned subsidiaries.

b) Basis of Presentation and Going Concern

These interim financial statements have been prepared mainly on a historical cost basis. Other measurement bases used are described in the applicable notes to these interim financial statements.

These interim financial statements have been prepared on a going concern basis that assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities and commitments in the normal course of business as they come due.

The Company has relied on funding through its existing USD $19,000 three-year term debt facility to support its operations, which was fully drawn as at September 30, 2024. The term debt facility matures on September 29, 2025 and the Company's current cash resources are not sufficient to repay the term debt facility on maturity as well as to fund its planned business operations. The Company's business plan is dependent upon securing additional financing through debt or issuance of equity to repay the term debt facility, finance its operations within and beyond the next twelve months. The Company has been successful in securing financing in the past and the Company is currently exploring financing alternatives; however, there is no assurance that these initiatives will be successful.

The above conditions indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Management has assessed the Company's ability to raise additional financing and continue as a going concern and has concluded that the going concern basis of accounting is appropriate. These interim financial statements do not reflect any adjustments to the carrying value of assets, liabilities, and reported revenues and expenses that might be material and necessary should the Company be unable to continue as a going concern.

(Expressed in thousands of Canadian dollars, except for per share amounts)

c) Recently Adopted Accounting Pronouncement

Effective January 1, 2024, the Company adopted the following new amendments to IFRS:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* (the 2020 amendments), to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* (the 2022 amendments), to improve the information a company provides about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively “the Amendments”) are effective for annual periods beginning on or after January 1, 2024. The Company adopted these amendments effective January 1, 2024 and did not have any material impact on the interim financial statements for the nine months ended September 30, 2024.

3. Revenue

The Company’s operations, main sources of revenue, and methods for recognition are those described in Note 3 of the 2023 Consolidated Financial Statements. The Company’s revenue is primarily derived from contracts with customers. Other Revenue relates to services provided to the buyer of the Cloud and Colocation lines of business, post divestiture.

a) Disaggregation of revenue

In the following table, the Company disaggregates revenue into two categories that depict the nature of its revenue streams.

		Three months ended September 30		Nine months ended September 30	
		2024	**2023**	**2024**	**2023**
Revenue from Operations	$	6,544	6,491	19,593	19,498
Other Revenue		-	-	-	18
Total Revenue		6,544	6,491	19,593	19,516

b) Contract Costs

The following table summarizes the changes in contract costs for the three and nine months ended September 30, 2024:

		2024	2023
Balance, June 30	$	551	691
Incremental costs capitalized		124	28
Amortization		(71)	(82)
Balance, September 30		604	637
Less: current		(177)	(257)
	$	428	380

		2024	2023
Balance, January 1	$	603	656
Incremental costs capitalized		226	215
Amortization		(224)	(234)
Balance, September 30		604	637
Less: current		(177)	(257)
	$	428	380

(Expressed in thousands of Canadian dollars, except for per share amounts)

c) Contract Liabilities

The following is a table that summarizes the change in contract liabilities for the three and nine months ended September 30, 2024:

		2024	2023
Balance, June 30	$	332	347
Additions from provisioning		93	52
Revenue recognised for services provided		(85)	(79)
Balance, September 30		340	320
Less: Current		(194)	(209)
	$	146	111

		2024	2023
Balance, January 1	$	302	296
Additions from provisioning		281	209
Revenue recognised for services provided		(243)	(185)
Balance, September 30		340	320
Less: Current		(194)	(209)
	$	146	111

d) Unsatisfied Performance Obligations

The aggregate amount of future revenue allocated to performance obligations that are unsatisfied as of September 30, 2024 was $25,858 (September 30, 2023 - $20,115). This represents contractual service obligations that the Company has yet to fulfill under its contracts with customers and yet to invoice its customers. The Company expects to recognize this revenue over the next three years, which represents the average remaining contractual terms prior to renewals. This amount excludes obligations owing for month-to-month contracts as the unsatisfied term is calculated monthly.

(Expressed in thousands of Canadian dollars, except for per share amounts)

4. Network Assets, Property and Equipment

Cost		Network assets		Datacentre infrastructure		Computer equipment		Other*		Right-of-use Assets		Total
Balance, January 1, 2024	$	133,448	$	760	$	5,281	$	4,030	$	35,099	$	178,618
Additions		2,611		5		6		6		104		2,732
Disposals		(75)		-		-		-		(85)		(160)
Reclassifications / Adjustments		(25)		25		-		-		6,377		6,377
Impairment		(403)		-		-		-		-		(403)
Balance, September 30, 2024	**$**	**135,556**	**$**	**790**	**$**	**5,287**	**$**	**4,036**	**$**	**41,495**	**$**	**187,164**
Accumulated Depreciation												
Balance, January 1, 2024	$	114,046	$	678	$	5,198	$	4,017	$	21,130	$	145,069
Depreciation for the period		3,760		41		40		4		3,151		6,996
Disposals		(41)		-		-		-		-		(41)
Reclassifications / Adjustments		(8)		8		-		-		-		-
Impairment		(221)		-		-		-		-		(221)
Balance, September 30, 2024	**$**	**117,536**	**$**	**727**	**$**	**5,238**	**$**	**4,021**	**$**	**24,281**	**$**	**151,803**
Net Book Value, September 30, 2024	**$**	**18,020**	**$**	**63**	**$**	**49**	**$**	**15**	**$**	**17,214**	**$**	**35,361**

*Other includes office furniture, equipment and leasehold improvements.

Impairment of Property, Plant, and Equipment

As a result of the loss of certain customers and customer locations during the three and nine months ended September 30, 2024, the Company determined the value of certain network assets were not recoverable. As a result, the assets were written off and an impairment charge of $182 (cost of $403 less accumulated depreciation of $221) was recorded in other operating expenses on the statement of comprehensive loss for the nine months ended September 30, 2024 (nine months ended September 30, 2023 - $233).

5. Intangible Assets and Goodwill

Cost		Radio spectrum licenses		Computer Software		Total Intangibles		Goodwill		Total Intangibles and Goodwill
Balance, January 1, 2024	$	12,649	$	10,461	$	23,110	$	5,388	$	28,498
Additions		-		191		191		-		191
Balance, September 30, 2024	**$**	**12,649**	**$**	**10,652**	**$**	**23,301**	**$**	**5,388**	**$**	**28,689**
Accumulated Amortization										
Balance, January 1, 2024	$	2,371	$	9,876	$	12,247	$	4,527	$	16,774
Amortization for the period		-		29		29		-		29
Balance, September 30, 2024	**$**	**2,371**	**$**	**9,905**	**$**	**12,276**	**$**	**4,527**	**$**	**16,803**
Net Book Value, September 30, 2024	**$**	**10,278**	**$**	**747**	**$**	**11,025**	**$**	**861**	**$**	**11,886**

(Expressed in thousands of Canadian dollars, except for per share amounts)

6. Long-term Debt Facility

		September 30 2024		December 31 2023
Current portion of Long-term debt facility	$	25,702	$	-
Less: unamortized financing fees		(1,147)		-
		24,555		-
Long-term debt facility	$	-	$	18,186
Less: unamortized financing fees		-		(1,315)
		-		16,871

Term Debt Facility

On September 29, 2022, the Company entered into a three year Credit and Guaranty Agreement (the “Credit Agreement”) with CrowdOut Capital LLC (“CrowdOut”) in the amount of USD $20,000. The Credit Agreement is a draw down facility and terms include the following: variable interest rate of SOFR + 9.00%, serviced with monthly interest payments only for a term of 36 months. At the end of the term, there is an exit fee payable to CrowdOut of up to a maximum of $1,000 calculated on a pro-rata basis determined by the amount of the facility that has been drawn down under the Credit Agreement at the time of exit. The Credit Agreement also included a 1% annual rate standby fee for any amounts undrawn on the facility. The standby fee and interest amounts are payable monthly. The Company incurred financing fees in the amount of $395 to facilitate the execution of the Credit Agreement.

In accordance with the Credit Agreement, the Company also issued to CrowdOut 216,463 warrants for the purchase of common shares. 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 warrants vest pro-rata as the facility is drawn down. The strike price for all warrants was $4.43 (based upon a 20% premium to the 30-day VWAP at the time of closing).

Since the inception of the Credit Agreement through to May 29, 2024, the Company had drawn in aggregate $18,792 (USD $14,000), resulting in the vesting of 151,496 of the issued warrants to CrowdOut. The Company had also incurred transaction fees in aggregate through to May 29, 2024 in the amount of $307 (USD $227). The balance due to CrowdOut for the exit fee is $767 based upon the amount drawn down under the Credit Agreement as of May 29, 2024.

On May 29, 2024, the Company and CrowdOut entered into a First Amendment to Credit Agreement (the “Amending Agreement”) which amended certain terms of the previously executed Credit Agreement dated September 29, 2022. The Amending Agreement served to add Cymbria Corporation (“Cymbria”) to the syndicate of lenders under the Credit Agreement and amended certain conditions and covenants of the Credit Agreement. The Company incurred financing fees in the amount of $274 to facilitate the execution of the Amending Agreement. The Amending Agreement gave effect to the following:

- the committed debt facility decreased from a USD $20,000 facility to a USD $19,000 facility under the Amending Agreement. The remaining USD $5,000 facility will be funded by Cymbria through the Credit Agreement with CrowdOut in two tranches, with the first tranche in the amount of USD $2,000 available as of the effective date of the Amending Agreement and the second tranche in the amount of USD $3,000 available at any time on or after July 1, 2024;
- the Amending Agreement removed the 1% annual rate standby fee on amounts undrawn on the facility and removed any further accrual of exit fee to CrowdOut;
- the interest rates applicable under the Amending Agreement remains the same as in the Credit Agreement except that the Adjusted Term SOFR floor has increased from 1.5% to 5%;
- the last twelve months’ (“LTM”) installed monthly recurring revenue ratio was updated to reflect that repayments of lease liabilities are included in the definition of installed monthly recurring revenues under this financial covenant, with the maximum ratio for this financial covenant updated to reflect these changes;
- the minimum fixed charge coverage ratio was updated to reflect that repayments of lease liabilities are now included in the definition of fixed charges under this financial covenant.

The Company issued 54,100 warrants to Cymbria, on similar terms to the common share purchase warrants previously issued to CrowdOut under the terms of the Credit Agreement. Each warrant entitles Cymbria to subscribe for and purchase, one fully paid common share in the capital of the Company at a price per common share of $4.43. The warrants vest pro-rata as the US$5,000 funded by Cymbria is drawn down. As a result of the Amending Agreement, the equivalent amount of previously issued common share purchase warrants to CrowdOut shall remain unvested.

On May 30, 2024, the Company received its first draw down under the Amending Agreement in the amount of CAD $2,736 (USD $2,000), resulting in the vesting of 21,640 of the issued warrants to Cymbria. On August 27, 2024, the Company received the second tranche in the amount of CAD $4,038 (USD $3,000), resulting in the vesting of the remaining 32,460 of the issued warrants to Cymbria.

In accordance with the Amending Agreement, the Company is subject to the following financial covenants: (i) total debt (including payables more than 120 days past due) not to exceed 160% of the Company's LTM installed monthly recurring revenue from May 31, 2024 to May 31, 2025 and 155% of the Company's LTM installed monthly recurring revenue from June 30, 2025 and thereafter, (ii) the Company's cash and cash equivalents balance and short-term investments (excluding payables more than 60 days past due) to be above $1,500 at every month end, and (iii) if the Company's cash and cash equivalents balance and short-term investments is below $2,500, the Fixed-Charge Coverage Ratio (FCCR) must be 1.1x or greater.

This facility has been accounted for as a compound financial instrument with a liability component for the debt and an equity component for the warrants issued, as the warrants are exchangeable for a fixed number of the Company's common shares, they meet the fixed-for-fix criteria. As of the date of the draw down of the facility, the liability is measured at its fair value using the forward SOFR curve rate at the time of the draw down (the most recent drawdown on August 27, 2024 was at 14.35%) and the warrants are measured at the residual amount of the compound financial instrument.

For the nine months ended September 30, 2024, the Company incurred additional transactions fees of $11 (USD $8) and $95 for the accrued exit fee.

All financing fees incurred to facilitate the execution of the Credit Agreement and the Amending Agreement are deferred and are recorded as a reduction in the carrying amount of debt. The amortization of the fees and interest expense for the nine months ended September 30, 2024, were $694 and $2,277, respectively, which are included in finance costs (2023 – $292 and $1,284, respectively).

These amendments to the Credit Agreement through the Amending Agreement were considered non-substantive changes under IFRS 9, Financial Instruments, and as such, did not require the extinguishment of the existing liability and recognition of a new liability.

The Company is in compliance with all of the terms and conditions including the financial covenants as amended by the Amending Agreement as at September 30, 2024.

7. Leases

The Company has many leases of which it is a lessee. The major categories of leases are building leases for the Company's fixed wireless services, network equipment, corporate offices, and warehouses. Lease terms vary by category and range from 1 to 15 years.

a) Right-of-use Asset

Changes in the right-of-use asset are summarized in Note 4 of these Interim Financial Statements.

(Expressed in thousands of Canadian dollars, except for per share amounts)

b) Lease Liability

The following table is a summary of the changes in the lease liability during the period:

		2024	2023
Balance, June 30	$	18,952	14,628
Additions		-	697
Terminations		(2)	(273)
Interest on lease liabilities		614	393
Modifications		550	1,483
Lease payments		(1,415)	(1,529)
Balance, September 30		18,699	15,399
Less: current portion		(5,529)	(5,377)
	$	13,170	10,022

		2024	2023
Balance, January 1	$	15,063	14,341
Additions		104	1,101
Terminations		(96)	(547)
Interest on lease liabilities		1,615	1,029
Modifications		6,377	3,993
Lease payments		(4,364)	(4,518)
Balance, September 30		18,699	15,399
Less: current portion		(5,529)	(5,377)
	$	13,170	10,022

8. Other Current Liabilities

		September 30 2024		December 31 2023
Debt financing - exit fee, current portion (Note 6)	$	756	$	-
Debt financing - exit fee, non-current portion (Note 6)		-		672
		756		672

9. Stock-Based Compensation

(a) Stock Options

For the three and nine months ended September 30, 2024, the Company granted 20 and 745 stock options, respectively (2023 – 630 and 978, respectively).

For the three and nine months ended September 30, 2024, the Company recorded stock-based compensation related to stock options expense of $135 and $425, respectively (2023 – expense of $135 and $269, respectively).

(Expressed in thousands of Canadian dollars, except for per share amounts)

A summary of the change in the Company's stock option plan as at September 30, 2024 is presented below.

	2024		2023	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding - January 1	937	$2.54	501	$5.57
Granted	745	$2.11	978	$2.56
Forfeited / Expired	(90)	$4.46	(574)	$5.17
Outstanding - September 30	1,592	$2.23	905	$2.57
Exercisable	313	$2.67	56	$4.81

As at September 30, 2024, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life are as follows (number of options in 000's):

	Options Outstanding			Options Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
$1.60 - $2.11	1,407	9.36	$2.00	210	$1.87
$2.12 - $5.44	185	7.67	$4.18	103	$4.29
	1,592	9.01	$2.23	313	$2.67

(b) Restricted Share Units (RSUs)

For the three and nine months ended September 30, 2024, the Company granted nil and nil RSUs, respectively (2023 – nil and nil, respectively).

For the three and nine months ended September 30, 2024, the Company recorded compensation expense of $1 and $10, respectively (2023 – expense of $6 and recovery of ($82), respectively).

The following table is a summary of the number of outstanding RSUs as at:

	September 30 2024
Opening Balance, January 1, 2024	12
Granted	-
Forfeited	-
Vested and settled / paid	(12)
Ending Balance, September 30, 2024	-

(c) Performance Based Share Units (PSUs)

For the three and nine months ended September 30, 2024, the Company granted nil and nil PSUs (2023 – nil and nil PSUs, respectively).

For the three and nine months ended September 30, 2024, the Company recorded nil and nil compensation expense (2023 – expense of nil and recovery of ($5), respectively).

The following table is a summary of the number of outstanding PSUs as at:

	September 30 2024
Opening Balance, January 1, 2024	17
Granted	-
Forfeited	-
Vested and settled / paid	(17)
Ending Balance, September 30, 2024	-

(d) Stock-Based Compensation Summary

The following table is a summary of the stock-based compensation expense:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Restricted share units	$ 1	6	$ 10	(82)
Performance-based share units	-	-	-	(5)
Stock options	135	135	425	269
Directors' fees paid in shares	77	-	192	129
Directors' fees accrued	-	52	-	52
	$ 213	193	$ 627	363

10. Loss Per Share

The following table sets forth the calculation of basic and diluted loss per share.

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Numerator for basic and diluted loss per share:				
Net loss for the period	$ (3,338)	(3,087)	$ (10,097)	$ (9,624)
Denominator for basic and diluted loss per share:				
Basic weighted average number of shares outstanding (in 000s)	19,939	19,786	19,895	19,760
Effect of stock options, RSUs and PSUs	-	-	-	-
Diluted weighted average number of shares outstanding (in 000s)	19,939	19,786	19,895	19,760
Loss per share:				
Basic & diluted	$ (0.17)	(0.16)	$ (0.51)	$ (0.49)

Due to the loss for the three and nine months ended September 30, 2024, the impact of all the options, RSUs and PSUs totaling 1,595 and 1,175, respectively (2023 – 921 and 820, respectively), were excluded in the calculation of diluted loss per share because they were antidilutive.

(Expressed in thousands of Canadian dollars, except for per share amounts)

11. Financial instruments

a) Classification and fair values

The fair values of cash and cash equivalents, cash held on behalf or third party and short-term investments are based on quoted market values. The fair values of short-term financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, as presented in the consolidated statements of financial position, approximate their carrying amounts due to their short-term maturities. The fair value of current term debt approximates its carrying value because management believes the interest rates approximate the market interest rate for similar debt with similar security.

The following table outlines the carrying amounts and fair value of its financial assets and financial liabilities including their level in the fair value hierarchy.

	Carrying Amount		Fair Value (Level 2)	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Financial Assets				
Cash and cash equivalents	$ 5,489	$ 4,381	$ 5,489	$ 4,381
Accounts receivable	1,893	1,990	1,893	1,990
Cash held on behalf of third party	11	22	11	22
Short term investments	232	235	232	235
Financial Liabilities				
Accounts payable and accrued liabilities	$ 3,711	$ 2,977	$ 3,711	$ 2,977
Payable for cash held to third party	11	22	11	22
Term debt facility	24,555	16,871	24,555	16,871
Lease liabilities	18,699	15,063	18,699	15,063

b) Credit risk

The Company's credit risk exposure and management strategies are discussed in the notes to the 2023 Consolidated Financial Statements. During the nine months ended September 30, 2024, the movement in the credit loss allowance in respect of trade receivables was as follows:

	2024
Opening Balance, January 1	$ 132
Amounts written off	(36)
Remeasurement of loss allowance	46
Ending Balance, September 30	$ 142

(Expressed in thousands of Canadian dollars, except for per share amounts)

c) Liquidity Risk

The Company's liquidity risk exposure and management strategies are discussed in the notes to the 2023 Consolidated Financial Statements. As of September 30, 2024, the Company had cash and cash equivalents and short-term investments of $5,721. The short-term investments are pledged as security against a credit facility. The Company has a history of operating losses and can be expected to generate continued operating losses and negative cash flows in the foreseeable future while it carries out its current business plan (note 2(b)). As at September 30, 2024, the Company is in compliance with all facility covenants.

	Less than 1 year	1 - 2 years	Total
Short-term debt and success fee payments	$ 26,458	$ -	$ 26,458
Accounts payable and accrued liabilities	3,711	-	3,711
Total	$ 30,169	$ -	$ 30,169

d) Interest Rate Risk

As a result of the Company's term debt facility (see Note 6), the Company is exposed to fluctuations in SOFR interest rates. For the three and nine months ended September 30, 2024, a 1% increase in the interest rate would have increased interest expense by $60 and $158, respectively (2023 - $38 and $91, respectively), while a 1% decrease in interest rate would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

e) Currency Risk

The Company has suppliers that are not based in Canada which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the fluctuations in the dollar. The Company believes this risk is minimal and does not use financial instruments to hedge these risks. For the nine months ended September 30, 2024 and September 30, 2023, a 1% appreciation in the U.S. dollar to Canadian dollar foreign exchange rate would result in a $223 and $134 decrease in income, respectively, whereas, a 1% depreciation would have the exact opposite impact on income. Balances denominated in foreign currencies that are considered financial instruments are as follows:

	Currency	September 30, 2024	September 30, 2023
Cash and cash equivalents	USD	$ 2,954	$ 820
Accounts payable and accrued liabilities	USD	471	247
Term debt facility	USD	19,000	10,450

12. Segment Reporting

The Company has determined that it operates as a single reportable operating segment providing redundant connectivity services including fixed wireless access and fiber and cable wireline network connectivity for purposes of making operating decisions. The Company's Chief Executive Officer, the chief operating decision maker, evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these interim financial statements.