

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of TERAGO Inc and should be read in conjunction with our unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2024, and the notes thereto, which we prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should also be read in conjunction with our annual MD&A and audited consolidated financial statements for the years ended December 31, 2023 and 2022, which we prepared in accordance with IFRS and are available on SEDAR at www.sedarplus.ca. The information in this MD&A is provided as of November 11, 2024, unless we indicate otherwise.

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.

Unless otherwise indicated, all dollar amounts are expressed in thousands of Canadian dollars, except per share amounts and percentages.

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 and Uncertainties" 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 the 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 and 5G fixed wireless access for wide area broadband along with 5G Private Wireless Networks business strategy, strategic plan and partnerships, acquisition opportunities, investments in 5G, and 5G technical trials with 5G equipment. 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 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 results intended by management, opportunities for expansion and acquisitions not being available or at unfavourable terms, trends in the global connectivity, decisions from government agencies on the spectrum licences that TERAGO holds, including those from Innovation, Science, and Economic Development Canada ("ISED"), may not be favourable to the Company, the results of technical trials for 5G equipment not being satisfactory, the Company's plans and strategic partnerships associated with 5G may not materialize, the economic viability of any potential 5G services may not exist, a lack of capital to take advantage of certain opportunities including opportunities to provide potential 5G services, and those risks set forth in the "Risk and Uncertainties" section of this MD&A and other uncertainties and potential events. In particular, if any of the risks materialize, the expectations and the 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, TERAGO does 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.

This MD&A should be viewed in conjunction with the Company's other publicly available filings including the Annual Information Form, copies of which can be obtained electronically on SEDAR at www.sedarplus.ca or our website at www.terago.ca.

RISKS AND UNCERTAINTIES

A complete description of the risks and uncertainties affecting the Company is included in the most recently filed 2023 Annual Information Form ("AIF"). Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

OVERVIEW

Select Financial Highlights and Developments

(in thousands of dollars, except with respect to gross profit margin¹, loss per share, backlog MRR¹, and ARPA¹)

- Total revenue increased by 0.8% to \$6,544 for the three months ended September 30, 2024 compared to \$6,491 in the same quarter in the prior year period. For the nine months ended September 30, 2024, total revenue marginally increased by 0.4% to \$19,593 compared to \$19,516 in the same period in the prior year. The increase in revenue in both periods is the result of higher bookings¹ and lower churn¹ in the current year period.
- Adjusted EBITDA^{1,2} for the three months ended September 30, 2024 increased by 2.8% to \$944 as compared to an Adjusted EBITDA^{1,2} of \$918 for the comparative period in 2023. Adjusted EBITDA^{1,2} for the nine months ended September 30, 2024 increased by 25.4% to \$2,815 as compared to \$2,245 for the comparative period in 2023. The increase is a result of overall lower operating expenses combined with higher revenues in the current period compared to same periods in the prior year.
- Net loss for the three months ended September 30, 2024 was \$3,338, or \$(0.17) per share (basic and diluted) compared to a loss of \$3,087, or \$(0.16) per share (basic and diluted) in the same period in 2023. The increased net loss position is the result of higher term debt interest costs due to additional drawdowns in the prior and current year period partially offset by lower depreciation and other operating expenses. For the nine months ended September 30, 2024, net loss was \$10,097, or \$(0.51) per share (basic and diluted) compared to a loss of \$9,624, or \$(0.49) per share (basic and diluted) in the same period in 2023 resulting from higher term debt interest costs partially offset by, lower salaries and related costs, depreciation and other operating expenses.
- ARPA¹ for the connectivity business for the three and nine months increased by 8.3% to \$1,221 and by 7.4% to \$1,193, respectively, compared to \$1,127 and \$1,111, respectively, for the same periods in 2023. The improvement in ARPA¹ is a result of changes in customer base and product mix and a new pricing strategy implemented in the last quarter of the prior year.
- Churn¹ for the connectivity business for the three months ended September 30, 2024 decreased to 0.9% compared to 1.3% for the same period in 2023. Churn¹ for the connectivity business for the nine months ended September 30, 2024 decreased to 0.9% compared to 1.1% for the same period in 2023. The decrease in customer churn¹ was due to the continued execution of the Company's value creation strategy to focus on mid-market and enterprise customers, as well as implementing new strategies for customer renewals and retention.
- Backlog MRR¹ in the connectivity business increased year over year to \$114,136 as of September 30, 2024, compared to \$75,963 for the same period in 2023. The increase in backlog MRR¹ was a result of increase in sales bookings along with Company's continued focus on larger multisite customer deals and on profitable revenue generation.

¹ Adjusted EBITDA is a Non-GAAP measure. 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

TERAGO OVERVIEW

TERAGO provides managed network and security services to businesses across Canada ensuring highly secure, reliable, and redundant connectivity including private 5G wireless networks, Fixed Wireless access, fiber, and cable wireline network connectivity. As Canada's biggest mmWave spectrum holders, the Company possesses exclusive spectrum licenses in the 24 GHz and 38 GHz spectrum bands, which it utilizes to provide secure, dedicated SLA guaranteed enterprise grade performance that is technology diverse from buried cables ensuring high availability 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 and its suite of wireless internet and SD-WAN solutions, 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, high reliability and redundancy, scalable, and secure access, and data connectivity 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 are redundant to their existing wireline broadband connections.

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 99.99% service availability and 24 x 7 customer portal, telephone and email access to technical support specialists.

TERAGO offers Canadian businesses high performance unlimited and usage-based dedicated Internet access with upload and download speeds up to 10 gigabit per second ("Gbps"). TERAGO enhances service performance by minimizing the number of networks between its 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 Victoria to Montreal that aggregates customer voice and data traffic and interconnects, when necessary, with carrier diverse leased fiber optic facilities. Major Internet peering and core locations are centralized in Vancouver, Calgary, Toronto, Seattle, as well as diverse fiber path for 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.

¹ Based on 2016 Canadian data cited by ISED.

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 6,420 MHz of spectrum across Canada's 15 largest metropolitan regions 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.

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" licences for an equal amount of spectrum upon expiry of the current 10-year licence term, or earlier upon voluntary license cancellation. Flexible use licences 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 licences 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 licence 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.

In August 2023, ISED updated its "Spectrum Outlook 2023 to 2027" providing additional clarity and insight as to ISED's overall approach and planning activities related to its management of Canada's radio spectrum over the next five years. The announcement included upgrading 24 GHz mmWave spectrum to Priority 1 which means that ISED plans to release and/or initiate a consultation.

In November 2023, ISED published a Consultation on the Licence Renewal Process for the 24 GHz and 38 GHz Bands and Preliminary Consultation on Changes to the 24.25 – 26.5 GHz Band. All responses were submitted by December 19, 2023.

In May 2024, ISED published Decision on the Licensing Process for Existing Licensees in the 24 and 38 GHz Bands and Considerations Related to the mmWave Auction. As a result of this decision, TERAGO will retain all existing licences and those licences will be renewed annually until a new licensing process is established. In addition to the licence renewals, ISED indicated that it plans to consult on the potential for repurposing the 24 GHz band prior to deciding on the timing and structure of the proposed mmWave auction.

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.

Management's Discussion and Analysis
Three and Nine Months Ended September 30, 2024

RESULTS OF OPERATIONS

Comparison of the three and nine months ended September 30, 2024 and 2023

(in thousands of dollars, except with respect to gross profit margin¹, loss per share, backlog MRR¹, churn rate¹, and ARPA¹)

(unaudited)	Three months ended September 30			Nine months ended September 30		
	2024	2023	% Chg	2024	2023	% Chg
Financial						
Total Revenue	\$ 6,544	6,491	0.8	19,593	19,516	0.4
Cost of Services ¹	\$ 1,751	1,794	(2.4)	5,278	5,147	2.5
Gross Profit Margin ¹	73.2%	72.4%	1.2	73.1%	73.6%	(0.8)
Salaries and Related Costs ¹	\$ 2,652	2,478	7.1	7,895	8,097	(2.5)
Other Operating Expenses ¹	\$ 1,197	1,301	(8.0)	3,605	4,027	(10.5)
Adjusted EBITDA ^{1,2}	\$ 944	918	2.8	2,815	2,245	25.4
Net Loss	\$ (3,338)	(3,087)	8.1	(10,097)	(9,624)	4.9
Basic & diluted loss per share	\$ (0.17)	(0.16)	7.3	(0.51)	(0.49)	4.2
	Three months ended September 30			Nine months ended September 30		
	2024	2023	Chg	2024	2023	Chg
Operating						
<u>Backlog MRR¹</u>						
Connectivity	\$ 114,136	75,963	38,173	114,136	75,963	38,173
<u>Churn Rate¹</u>						
Connectivity	0.9%	1.3%	-0.4%	0.9%	1.1%	-0.2%
<u>ARPA¹</u>						
Connectivity	\$ 1,221	1,127	8.3%	1,193	1,111	7.4%

¹ Adjusted EBITDA is a Non-GAAP measure. 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

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2024

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

(in thousands of dollars, except with respect to gross profit margin¹, loss per share, backlog MRR¹, and ARPA¹)

Revenue

Total revenue increased by 0.8% to \$6,544 for the three months ended September 30, 2024 compared to \$6,491 in the same period in 2023. For the nine months ended September 30, 2024, total revenue marginally increased 0.4% to \$19,593 compared to \$19,516 for the same period in 2023. The increase in revenue in both periods is the result of higher bookings¹ and lower churn¹ in the current year period.

Cost of Services and Gross Profit Margin %¹

For the three months ended September 30, 2024, cost of services¹ decreased by 2.4% to \$1,751 compared to \$1,794 in the same period in 2023. The decrease is attributable to tighter controls and improved results related to supplier costs.

For the nine months ended September 30, 2024, cost of services¹ increased by 2.5% to \$5,278 compared to \$5,147 in the same period in 2023. The increase was primarily driven by a one-time adjustment (\$170) in the prior year period related to the divestiture of the Cloud and Colocation lines of business.

Gross Profit Margin¹ increased to 73.2% for the three months ended September 30, 2024 compared to 72.4% for the same period of 2023. For the nine months ended September 30, 2024, gross profit margin¹ was 73.1% compared to 73.6% for the same period of 2023.

Salaries and related costs and other operating expenses ("SG&A")¹

For the three months ended September 30, 2024, SG&A increased by 1.9% to \$3,849 compared to \$3,779 for the same period in 2023. The slight increase was a result of higher consultant and contractor costs in current year period compared to prior year period. For the nine months ended September 30, 2024, SG&A decreased by 5.1% to \$11,500 compared to \$12,124 for the same period in 2023. The overall decrease in SG&A year over year was driven by overall lower operating costs (both people and non-people costs) as the Company executing further optimization of its cost structure by reducing costs relative to its level of business activity and driving efficiencies in the business.

Adjusted EBITDA^{1,2}

Adjusted EBITDA^{1,2} for the three months ended September 30, 2024 increased by 2.8% to \$944 as compared to an Adjusted EBITDA^{1,2} of \$918 for the comparative period in 2023. Adjusted EBITDA^{1,2} for the nine months ended September 30, 2024 increased by 25.4% to \$2,815 as compared to \$2,245 for the comparative period in 2023. The increase is a result of overall lower operating expenses combined with higher revenues in the current period compared to same periods in the prior year.

Net loss

Net loss for the three months ended September 30, 2024 was \$3,338, or \$(0.17) per share (basic and diluted) compared to a loss of \$3,087, or \$(0.16) per share (basic and diluted) in the same period in 2023. The increased net loss position is the result of higher term debt related interest costs resulting from additional drawdowns in the prior and current year period partially offset by depreciation and other operating expenses. For the nine months ended September 30, 2024, net loss was \$10,097, or \$(0.51) per share (basic and diluted) compared to a loss of \$9,624, or \$(0.49) per share (basic and diluted) in the same period in 2023 resulting from higher term debt interest costs.

ARPA¹

For the three and nine months ended September 30, 2024, ARPA¹ for the connectivity business increased by 8.3% to \$1,221 and by 7.4% to \$1,193, respectively, compared to \$1,127 and \$1,111, respectively for the same periods in 2023. The improvement in ARPA¹ is a result of changes in customer base and product mix and a new pricing strategy implemented in the last quarter of the prior year.

¹ Adjusted EBITDA is a Non-GAAP measure. 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

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2024

Churn¹

For the three months ended September 30, 2024, churn¹ for the connectivity business decreased to 0.9% compared to 1.3% for the same period in 2023. For the nine months ended September 30, 2024, churn¹ for the connectivity business was 0.9% compared to 1.1% for the same period in 2023. The decrease in customer churn¹ was due to the continued execution of the Company's value creation strategy to focus on mid-market and enterprise customers, as well as implementing new strategies in regard to customer renewals and retention. The Company continues to review, modify and improve its customer experience practices with a focus on reducing customer churn¹.

Backlog MRR¹

Backlog MRR¹ in the connectivity business increased year over year to \$114,136 as of September 30, 2024, compared to \$75,963 for the same period in 2023. The increase in backlog MRR¹ was a result of increase in sales bookings along with Company's continued focus on larger multisite customer deals and on profitable revenue generation.

Finance costs

For the three and nine months ended September 30, 2024, finance costs increased 62.1% to \$1,743 and 78.8% to \$4,564 respectively compared to \$1,075 and \$2,553, respectively for the same period 2023. The increase is primarily as a result of the interest costs related to the additional drawdowns of funds through the original and amended term debt facility (refer to "Term Debt Facility" below) which were made from the second quarter of fiscal 2023 through to the first half of fiscal 2024.

Depreciation and amortization

For the three and nine months ended September 30, 2024, depreciation of network assets, property and equipment and amortization of intangibles decreased 8.6% to \$2,331 and 6.3% to \$7,025, respectively compared to \$2,551 and \$7,500, respectively for the same period in 2023. The decrease in both periods was a result of lower additions in current year combined with higher asset impairments during prior year end close.

The table below reconciles Adjusted EBITDA^{1,2} to net loss for the three and nine months ended September 30, 2024 and 2023.

(in thousands of dollars, unaudited)	Three months ended September 30		Nine months ended September	
	2024	2023	2024	2023
Adjusted EBITDA^{1,2}	\$ 944	918	2,815	2,245
Deduct:				
Depreciation of network assets, property and equipment and amortization of intangible assets	2,331	2,551	7,025	7,500
Stock-based compensation expense	213	193	627	363
Restructuring and other costs	-	170	636	1,367
Loss from operations	(1,600)	(1,996)	(5,473)	(6,985)
Add/deduct:				
Impairment of assets and related charges	72	110	217	277
Foreign exchange gain	(39)	(29)	(35)	(17)
Finance costs	1,743	1,075	4,564	2,553
Finance income	(38)	(65)	(122)	(174)
Net loss for the period	\$ (3,338)	(3,087)	(10,097)	(9,624)

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

2 Adjusted EBITDA is a Non-GAAP measure.

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2024

Summary of Quarterly Results

The following table sets out our selected financial and operating information for each of the eight most recent quarters, the latest of which ended September 30, 2024. Our quarterly operating results have historically fluctuated and may continue to fluctuate in the future. Therefore, we believe that past operating results and period-to-period comparisons should not be relied upon as an indication of the Company's future performance.

All financial results are in thousands, except for loss per share, gross profit margin¹, backlog MRR¹, churn rate¹, and ARPA¹.

(unaudited)	Q3 - 24	Q2 - 24	Q1 - 24	Q4 - 23	Q3 - 23	Q2 - 23	Q1 - 23	Q4 - 22
Financial								
Revenue	\$ 6,544	6,577	6,472	6,536	6,491	6,516	6,509	6,335
Gross Profit Margin % ¹	73.2%	73.0%	72.9%	72.4%	72.4%	72.0%	76.5%	75.1%
Adjusted EBITDA ^{1,2}	\$ 944	941	930	1,190	918	500	827	1,164
Net Profit (loss)	\$ (3,338)	(3,212)	(3,547)	(3,561)	(3,087)	(3,988)	(2,549)	(2,406)
Basic & diluted loss per share	\$ (0.17)	(0.16)	(0.18)	(0.18)	(0.16)	(0.20)	(0.13)	(0.12)
Basic & diluted weighted average number of shares outstanding (in 000s)	19,939	19,888	19,858	19,805	19,786	19,755	19,737	19,720
Operating								
<u>Backlog MRR¹</u>								
Connectivity	\$ 114,136	46,584	48,328	65,363	75,963	85,471	132,929	178,948
<u>Churn Rate¹</u>								
Connectivity	0.9%	1.0%	0.8%	1.0%	1.3%	1.2%	0.9%	0.9%
<u>ARPA¹</u>								
Connectivity	\$ 1,221	1,200	1,158	1,164	1,127	1,104	1,101	1,063

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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity is cash generated from operations, which is supplemented by borrowings under its existing term debt facility. In addition to these sources, the Company can use equipment leases to meet its capital expenditure requirement as needed. The Company sets priorities on its uses of available funds based on short-term operational requirements, expenditures to continue to operate a robust network, while also considering its long-term contractual obligations and returning value to its shareholders. The Company believes it continues to have access to the capital markets and as part of its financing strategy, the Company regularly reviews its capital structure, cost of capital, and the needs for additional debt financing or raising equity capital.

The Company has a working capital deficit, which is typical in a capital-intensive business, and is not an indication of a lack of liquidity. As at September 30, 2024, the Company is reporting its term debt as a current liability as the facility matures in less than twelve months and would require to securing additional financing. See the discussion under "Liquidity Risk" under Financial Risk Management below.

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

² Adjusted EBITDA is a non-GAAP measure.

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2024

As at September 30, 2024, the Company had cash and cash equivalents of \$5,489, short-term investments of \$232.

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

(in thousands of dollars, unaudited)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Statement of Cash Flows Summary				
Cash inflows and (outflows) by activity:				
Operating activities*	\$ 1,122	717 \$	3,415	(661)
Investing activities	(713)	(608)	(2,702)	(3,635)
Financing activities	1,706	(2,077)	362	973
Net cash outflows	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

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

Operating Activities

For the three and nine months ended September 30, 2024, cash generated from operating activities was \$1,122 and \$3,415, respectively compared to cash generated in operating activities of \$717 and used \$661 for the same period in 2023. The increase was primarily due to lower restructuring costs and strict management of working capital items in the current year period.

Investing Activities

For the three months ended September 30, 2024, cash used in investing activities was \$713 compared to \$608 for the same period in 2023. The increase in cash used in investing activities was mainly the result of the settlement of the divestiture related escrow in the prior year period. For the nine months ended September 30, 2024, cash used in investing activities was \$2,702 compared to \$3,635 for the same period in 2023. The decrease was a result of a decrease in the purchase of fixed assets and process improvement software projects.

Financing Activities

For the three months ended September 30, 2024, cash from financing activities was \$1,706 compared to cash used of \$2,077 for the same period in 2023. The increase in cash from financing activities was a result of term debt drawdowns in current period. For the nine months ended September 30, 2024, cash from financing activities was \$362 compared to cash from financing activities of \$973 for the same period in 2023. The decrease in cash from financing activities was a result of higher interest costs related to additional drawdowns from the prior year period into the current year period.

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).

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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 \$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.

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.

OFF-BALANCE SHEET TRANSACTIONS

As a general practice, we have not entered into off-balance sheet financing arrangements.

FINANCIAL RISK MANAGEMENT

In the normal course of our business, we engage in operating and financing activities that generate risks in the following primary areas:

Liquidity Risk

Liquidity risk is the risk that we are not able to meet our financial obligations as they fall due. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that we have sufficient liquidity to meet our liabilities when due, under both normal and financially stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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. The unaudited interim condensed consolidated 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.

Credit Risk

Credit risk represents the financial loss that we would experience if a counterparty to a financial instrument, in which we have an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

We have credit risk relating to cash and cash equivalents and short-term investments, which we manage by dealing with large chartered Canadian banks and investing in highly liquid investments.

The Company, in the normal course of business, is exposed to credit risk from its customers and the accounts receivable are subject to normal industry risks. We review accounts receivable balances regularly and reduce amounts to their expected realizable values by recognizing an allowance for doubtful accounts in the period the account is estimated not to be fully collectible. In order to minimize the credit risk on accounts receivables, our extension of credit to customers involves review and approval by senior management. Customers that do not have this information available are typically placed on a pre-authorized payment plan for service or provide deposits to the Company. This risk is further minimized as the Company does not have any significant customer concentration and has a diverse customer base located across various provinces in Canada.

Interest Rate Risk

Interest rate risk arises because of the fluctuation in interest rates. We are, or have been, subject to interest rate risk on our cash and cash equivalents, short-term investments and term debt facility. We are exposed to interest rate risk on our term debt facility since the interest rates applicable are variable and are, therefore, exposed to cash flow risks resulting from interest rate fluctuations. For the three month period, if a shift in interest rates of 1% were to occur, the interest expense would increase by approximately \$60 due to the fluctuation and this would be recorded in profit or loss.

Currency Risk

Currency risk is the risk that fluctuations in foreign exchange rates could impact our results from operations. We are subject to a currency risk, primarily between the Canadian dollar and the U.S. dollar. Currently, we do not enter into foreign exchange contracts to manage this exposure but may do so in the future. As a result, we have currency exposure with respect to items denominated in foreign currencies, the significant of which is our term debt facility.

If a shift in foreign currency exchange rates of 1% were to occur, the foreign exchange gain or loss could change by approximately \$223 due to the fluctuation and this would be recorded in profit or loss.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates.

Our significant accounting policies are fully described in Note 3 to our consolidated financial statements for the years ended December 31, 2023 and 2022 which are available on SEDAR (www.sedarplus.ca). Certain accounting policies are particularly important to the reporting of our financial position and results of operations and require the application of significant judgment by our management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different, estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the financial statements. We believe that there have been no significant changes in our critical accounting estimates for the three and nine months ended September 30, 2024 from the years presented in our annual consolidated financial statements for the years ended December 31, 2023 and 2022.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

IAS 1 was amended to clarify the classification of liabilities as current or non-current to improve the information a company provides about term debt with covenants. The Company adopted these amendments effective January 1, 2024 and it did not have any material impact on the unaudited condensed interim consolidated financial statements.

OUTSTANDING SHARE DATA

As of November 11, 2024, there are 19,970,726 Common Shares issued and outstanding.

In addition, as of September 30, 2024 there were: (i) 1,592,328 stock options outstanding with exercise prices ranging from \$1.60 to \$5.44 per share; (ii) 216,463 warrants issued to CrowdOut as part of the Credit Agreement in the fourth quarter of 2022 for the purchase of Common Shares which vest on a pro-rata basis as the facility is drawn down; and (iii) 54,100 warrants issued to Cymbria as part of the Amending Agreement for the purchase of Common Shares.

CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At September 30, 2024, 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.

Internal controls over financial reporting

Management is responsible for designing and maintaining internal controls over financial reporting ("ICFR") as defined under National Instrument 52-109. At September 30, 2024, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these internal controls and procedures was effective in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS using the Committee of Sponsoring Organizations of the Treadway Commission Framework (2013).

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The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the three months ended September 30, 2024, that have materially affected or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that its objectives are met. Due to its inherent limitations in all systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal control over financial reporting are effective in providing reasonable, not absolute assurance that the objectives of our control systems have been met.

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 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.

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 term debt facility, amortization of deferred financing costs including expenses associated with closing our 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 "Adjusted EBITDA" refers to 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 costs. The Company believes that Adjusted EBITDA is useful additional information to management, the Board and investors as they 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 excludes items that could affect the comparability of our operational results and

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2024

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 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 IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Refer to reconciliation of net loss to Adjusted EBITDA provided above. 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.

Salaries and related costs

Salaries and related costs includes regular payroll related expenses, commissions and consulting fees. All share based compensation, restructuring and other related costs are excluded from Salaries and related costs.

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. All restructuring and other related costs are excluded from other operating expenses.

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.

ARPA

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