TERAGO Reports Fourth Quarter and Full Year 2024 Financial Results

Toronto – March 26, 2025 – TERAGO Inc. ("TERAGO" or the "Company") (TSX: TGO, https://terago.ca/), Canada's 91% mmWave spectrum holder and a leading provider of Managed Fixed Wireless Internet, 5G Private Wireless Networks and SD-WAN solutions today reported financial and operating results for the fourth quarter and fiscal year ended December 31, 2024. All figures reported in this release are in thousands of Canadian dollars.

The Company announced positive performance for the fourth quarter and fiscal 2024, demonstrating the ongoing success of its smart growth strategy and operational enhancements. TERAGO has achieved strong fiscal 2024 results, including a 16.9% (Q4, 2024 – 0.9%) rise in Adjusted EBITDA, a 5.2% (Q4, 2024 - 4.1%) growth in ARPA, and a year over year increase of approximately $4,492 in cash flows from operations.

"TERAGO is a critical player in the Canadian communications landscape driving competition, innovation and investments. We are uniquely focused on mid-market and lower enterprise sized businesses leveraging our national carrier grade wireless and fibre network.", said Daniel Vucinic, CEO of TERAGO. "We have experienced improved profitability, lower operational expenses, better margin profile on new customer deals, and a more streamlined approach to capital investments. With growing demand for our services, supported by a diverse range of network solutions, we expect continued momentum in MRR bookings, contributing to long-term value creation for all our stakeholders."

Selected Financial Highlights and Key Developments

- Total revenues for the quarter ended December 31, 2024 increased by 0.6% to $6,572 compared to $6,536 for the same period in 2023. For the year ended December 31, 2024, total revenue marginally increased by 0.4% to $26,165 compared to $26,052 for the same period in 2023. The increase in revenue in both periods is a result of higher bookings[1], higher ARPA[1] and lower churn[1] as compared to prior year periods.

- Adjusted EBITDA[1,2] increased by 0.9% to $1,201 for the quarter ended December 31, 2024, compared to $1,190 for the same period in 2023. For the year ended December 31, 2024, Adjusted EBITDA[1,2] increased 16.9% to $4,016 compared to $3,435 for the same period in 2023. The increase was a result of lower operating expenses partially offset by increased finance costs related to existing debt facility as compared prior year periods.

- Net loss for the quarter ended December 31, 2024 was $3,174, or $(0.16) per share (basic and diluted) compared to a net loss of $3,561, or $(0.18) per share (basic and diluted) for the same period in 2023. The lower net loss in the quarter was a combination of higher margins and overall lower salaries and operating expenses, partially offset by higher finance costs, as a result of additional drawdowns from the existing debt facility. For the year ended December 31, 2024 net loss was $13,271, or $(0.67) per share (basic and diluted) compared to a net loss of $13,185, or $(0.67) per share (basic and diluted) for the same period in 2023. The increase in net loss was primarily resulting from higher finance costs, partially offset by a reduction in overall operating expenses year over year.

- ARPA[1] for the connectivity business for the quarter ended December 31, 2024 increased by 4.1% to $1,212 up from $1,164 for the same period in 2023. For the year ended December 31, 2024, ARPA[1] increased by 5.2% to $1,184 compared to $1,125 for the same period in 2023 resulting from changes in customer base and product mix.

- Churn[1] for the connectivity business for the quarter ended December 31, 2024, decreased to 0.8% compared to 1.0% for the same period in 2023. Churn[1] for the connectivity business for the year ended December 31, 2024, decreased to 0.9% compared to 1.1% for the same period in 2023. The decrease in customer churn[1] 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 MRR[1] increased year over year to $111,905 as of December 31, 2024, from $65,363 for the same period in 2023. The increase in backlog MRR[1] is the result of increase in sales bookings along with Company's continued focus on larger multisite customer deals and on profitable revenue generation.

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(1) See " Non-IFRS Measures"

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

- 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 retains all existing licences and those licences will be renewed annually until a new licensing process is established.

- The Company's sales pipeline continues to expand, with notable recent wins, including a multi-million-dollar contract with a national retailer, as announced in November 2024, which will yield revenue in the coming year.

RESULTS OF OPERATIONS

Comparison of the quarter and year ended December 31, 2024 and 2023

(In thousands of dollars, except with respect to gross profit margin[1], earnings per share[1], Backlog MRR[1], and ARPA[1])

(in thousands of dollars, unaudited)		Quarter ended December 31				Year ended December 31		
		2024	2023	% Chg		2024	2023	% Chg
Financial								
Total Revenue	$	6,572	6,536	0.6	$	26,165	26,052	0.4
Cost of Services[1]	$	1,703	1,801	(5.4)	$	6,981	6,948	0.5
Gross Profit Margin[1]		74.1%	72.4%	2.3		73.3%	73.3%	(0.0)
Salaries and Related Costs[1]	$	2,542	2,465	3.1	$	10,437	10,563	(1.2)
Other Operating Expenses[1]	$	1,126	1,080	4.2	$	4,731	5,106	(7.3)
Adjusted EBITDA[1,2]	$	1,201	1,190	0.9	$	4,016	3,435	16.9
Net Loss	$	(3,174)	(3,561)	(10.9)	$	(13,271)	(13,185)	0.7
Basic & diluted loss per share	$	(0.16)	(0.18)	(11.6)	$	(0.67)	(0.67)	(0.1)

		Quarter ended December 31				Year ended December 31		
		2024	2023	Chg		2024	2023	Chg
Operating								
Backlog MRR[1]								
Connectivity	$	111,905	65,363	46,542	$	111,905	65,363	46,542
Churn Rate[1]								
Connectivity		0.8%	1.0%	-0.2%		0.9%	1.1%	-0.2%
ARPA[1]								
Connectivity	$	1,212	1,164	4.1%	$	1,184	1,125	5.2%

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(1) See " Non-IFRS Measures"

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

Conference Call

Management will host a conference call on Thursday, March 27, 2025, at 10:00 AM ET to discuss these results.

To access the conference call, please dial 888-506-0062 or 973-528-0011 and use conference ID 851226 if applicable. Please call the conference telephone number 15 minutes prior to the start time so that you are in the queue for an operator to assist in registering and patching you through.

An archived recording of the conference call will be available through Tuesday, April 10, 2025. To listen to the recording, call 877-481-4010 or 919-882-2331 and enter passcode 52183# if applicable.

(1) Non-IFRS Measures

This press release contains references to "Cost of Services", "Gross Profit Margin", Salaries and Related Costs", "Other Operating Expenses", "Adjusted EBITDA", "Backlog MRR", "Churn" and "ARPA" which are not measures prescribed by International Financial Reporting Standards (IFRS).

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

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

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.

Adjusted EBITDA - 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 costs. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to operating earnings (losses), or net earnings (losses) 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.

A reconciliation of net loss to Adjusted EBITDA is found below and in the MD&A for the quarter and year ended December 31, 2024. Adjusted EBITDA does not have any standardized meaning under IFRS/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.

The table below reconciles net loss to Adjusted EBITDA for the quarter and year ended December 31 2024 and 2023.

(in thousands of dollars, unaudited)		Quarter ended December 31			Year ended December 31	
		2024	2023		2024	2023
Adjusted EBITDA[1]	$	1,201	1,190	$	4,016	3,435
Deduct:						
Depreciation of network assets, property and equipment and amortization of intangible assets		2,363	2,577		9,605	10,354
Stock-based compensation expense		236	227		863	590
Restructuring and other costs		65	804		701	2,171
Loss from operations		(1,463)	(2,418)		(7,153)	(9,680)
Add/deduct:						
Foreign exchange gain		145	(24)		180	(7)
Finance costs		(1,895)	(1,154)		(6,459)	(3,707)
Finance income		39	35		161	209
Net loss for the period	$	(3,174)	(3,561)	$	(13,271)	(13,185)

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.

(1) See " Non-IFRS Measures”

About TERAGO

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 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 1,800 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.

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Forward-Looking Statements
This news release includes certain forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond TERAGO's control. Forward-looking statements may include but are not limited to statements regarding the further developing our 5G Fixed Wireless Access program, consistently executing across all fronts of the business, success in providing Canadian enterprises with managed services and the 5G fixed wireless trials being conducted by the Company. All such statements constitute "forward-looking information" as defined under, applicable Canadian securities laws. Any statements contained herein that are not statements of historical facts constitute forward-looking information. The forward-looking statements reflect the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including those risks set forth in the "Risk Factors" section in the Annual Information Form for the year ended December 31, 2024 and risks set forth in the "Financial Risk Management" section in the annual MD&A of the Company for the year ended December 31, 2024 available on www.sedarplus.com and under the Company's corporate profile. Factors that could cause actual results or events to differ materially include the inability to consistently achieve sales growth across all lines of TERAGO's business including managed services, inability to complete successful 5G technical trials, the results of the 5G trials not being satisfactory to TERAGO or any of its technology partners, regulatory requirements may delay or inhibit the trial, the economic viability of any potential services that may result from the trial, the ability for TERAGO to further finance and support any new market opportunities that may present itself, and industry competitors who may have superior technology or are quicker to take advantage of 5G technology. Accordingly, readers should not place undue reliance on forward-looking statements as several 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. Except as may be required by applicable Canadian securities laws, TERAGO does not intend, and disclaims 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.