

TERAGO Announces Transformative Recapitalization Plan

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TORONTO – September 11, 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 is pleased to announce that, the Company has signed a commitment letter (the “**Commitment Letter**”) to effect a comprehensive recapitalization of its business and raise new capital.

New Term Debt Facility

The Company has entered into a Commitment Letter with EdgePoint Investment Group Inc. (“**EdgePoint**”), in respect of a 36 month term loan, in the principal amount of US \$21,000,000 (the “**New Term Debt Facility**”) to refinance the Company’s Term Debt Facility (as defined herein). The New Term Debt Facility is contingent on the satisfaction of customary conditions, including the execution of definitive loan documents including such terms and provisions reasonably satisfactory to EdgePoint, and conditional on TERAGO securing \$12,000,000 in financing from the completion of the Rights Offering (as defined herein) and the Concurrent Private Placement (as defined herein) (including a standby commitment from Cymbria Corporation (“**Cymbria**”), for which EdgePoint acts as portfolio manager, in the amount of \$4,000,000). The New Term Debt Facility will be subject to an annual interest rate of 15% on the annual balance of the New Term Debt Facility, with 10% payable in cash on an annual basis and 5% shall be accrued to the balance of the New Term Debt Facility and shall be payable upon maturity. Further, in connection with the New Term Debt Facility, the lenders will be issued 2,053,411 warrants (the “**Warrants**”) to purchase one common share in the capital of the Company (each a “**Common Share**”, and collectively, the “**Common Shares**”) at the Subscription Price (as defined herein), for a period of 60 months.

On September 29, 2022, TERAGO Networks Inc., TERAGO’s wholly-owned subsidiary, entered into a Credit and Guaranty Agreement (the “**Original Agreement**”) with CrowdOut Capital LLC (“**CrowdOut**”) in the amount of US\$20,000,000 (the “**Term Debt Facility**”). On March 31, 2025, the Company, CrowdOut, and Cymbria, executed a Second Amendment to the Credit and Guaranty Agreement (the “**Second Amending Agreement**”), which amended certain terms of the Original Agreement, as amended by the First Amendment to the Credit and Guaranty Agreement dated as of May 29, 2024 among CrowdOut, Cymbria and the Company relating to the Company’s secured debt facility (the “**First Amending Agreement**”, collectively with the Original Agreement and the Second Amending Agreement, the “**Credit Agreement**”). The First Amending Agreement served to reduce the amount of the Term Debt Facility from US\$20 million to US\$19 million, and add Cymbria to the syndicate of lenders under the Term Debt Facility. The Second Amending Agreement served to increase the amount of the Term Debt Facility from US\$19 million to US\$21 million, while maintaining consistency with the initial framework of the Credit Agreement, with the US\$2 million increase in the Term Debt Facility funded by Cymbria.

CrowdOut and Cymbria have agreed to extend the Maturity Date (as defined herein) of the Term Debt Facility to October 31, 2025 pursuant to a third amendment to the Credit Agreement to provide additional time to close the New Term Debt Facility.

Rights Offering

As a condition precedent to the Commitment Letter, the Company is conducting a rights offering (the “**Rights Offering**”) to eligible holders of Common Shares (“**Shareholders**”). The Company is issuing to the Shareholders at the close of business on September 23, 2025 (the “**Record Date**”) and who are resident in a province or territory of Canada (the “**Eligible Jurisdictions**”), rights (“**Rights**”) to subscribe for Common Shares on the terms described in the Rights Offering Circular. Each Shareholder on the Record Date who is resident in an Eligible Jurisdiction will receive one Right for each Common Share held, and upon payment of the Subscription Price, will be eligible to receive one Common Share in respect of each Right.

Pursuant to the Rights Offering, the Company will issue up to 20,053,411 Common Shares at a price of per Common Share equal to a 20% discount to the Company’s five-day volume weighted average trading price as at September 10, 2025 (the “**Subscription Price**”). The Subscription Price for the Rights Offering shall be \$0.84 per Common Share. The Rights Offering is not subject to any minimum subscription level. If all Rights are exercised under the Rights Offering, the Company will raise proceeds of approximately \$16.8 million.

In connection with the Rights Offering, the Company has entered into standby purchase agreements (the “**Standby Purchase Agreements**”) with Cymbria and Hunsbury Capital – Belco Special Situations Fund LP (“**Hunsbury**”, and collectively with Cymbria, the “**Standby Purchasers**”), pursuant to which, the Standby Purchasers have agreed, subject to satisfaction or waiver of the conditions in the Standby Purchase Agreements, to purchase up to an aggregate of \$5,200,000 in Common Shares under the Rights Offering. Cymbria has agreed to purchase up to \$4,000,000 of Common Shares pursuant to its standby commitment provided under Cymbria’s Standby Purchase Agreement, while Hunsbury has agreed to purchase up to \$1,200,000 of Common Shares pursuant to its standby commitment provided under Hunsbury’s Standby Purchase Agreement.

The Standby Shares (as defined in the Standby Purchase Agreements) will be subject to a lock-up period of four months plus a day, while the rest of the securities issued pursuant to the Rights Offering will be freely trading after the Expiry Date (as defined herein).

The period during which the Rights may be exercised under the Rights Offering will begin on the Record Date and will end at 5:00 p.m. (Toronto time) (the “**Expiry Time**”) on October 15, 2025 (the “**Expiry Date**”), after which time, unexercised Rights will be void and of no value. Commencing on September 23, 2025, the Rights will be listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “TGO.RT” and will continue to be posted for trading on the TSX until noon (Toronto time) on the Expiry Date, at which time they will cease trading.

Shareholders who fully exercise all of their Rights will be entitled to subscribe for additional Common Shares, if available, as a result of unexercised Rights prior to the Expiry Time on

the Expiry Date, subject to certain limitations as set out in the Company's Rights Offering circular (the "**Rights Offering Circular**") and the notice of Rights Offering on form 45-106F14 (the "**Rights Offering Notice**"). Both the Rights Offering Circular and Rights Offering Notice will be available on SEDAR+ under the Company's corporate profile at www.sedarplus.ca.

The New Term Debt Facility is conditional on TERAGO securing \$12,000,000 in financing from the completion of the Rights Offering and the Concurrent Private Placement. At this time, only \$5,200,000 has been currently committed in connection with the standby commitment for the Rights Offering. As a result, TERAGO must raise a minimum additional \$6,800,000 from the Concurrent Private Placement and the Rights Offering to close the Recapitalization Transactions. If TERAGO does not raise this additional amount, the Standby Purchase Agreements will be terminated. If TERAGO does not receive the funds from the Standby Purchasers pursuant to such termination, the Rights Offering will not be completed. In addition, if the Rights Offering were not to be completed, although any subscription payments paid in connection with the exercise of Rights would be returned promptly to subscribers by the subscription agent without interest or deduction, any person who had purchased Rights in the market would lose the entire purchase price paid to acquire such Rights. If the Recapitalization Transactions were to be terminated, TERAGO would have limited cash resources and anticipates that it would not have sufficient capital to repay the Term Debt Facility on the Maturity Date. The Recapitalization Transactions are not expected to have any effect on control of TERAGO.

The Company intends to close the Rights Offering on October 15, 2025 or such other date, or dates as the Company may determine, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX.

Concurrent Private Placement

Concurrent with the Rights Offering, the Company also intends to complete a non-brokered private placement of Common Shares (the "**Concurrent Private Placement**", and collectively with the New Term Debt Facility and the Rights Offering, the "**Recapitalization Transactions**") for additional gross proceeds of up to \$5,500,000, at a price per Common Share equal to the Subscription Price. Pursuant to the Concurrent Private Placement, it is expected that an additional 6,547,619 Common Shares will be issued and outstanding, representing 32.65% of the current issued and outstanding number of Common Shares. The Common Shares offered pursuant to the Concurrent Private Placement will be offered to persons resident in Canada who qualify as "accredited investors" under National Instrument 45-106 – *Prospectus Exemptions*, and may be offered to persons who reside outside of Canada who qualify under prospectus exemptions in those jurisdictions.

The Company has retained Origin Merchant Securities Inc. ("**Origin**") as its exclusive financial advisor in connection with the Recapitalization Transactions. At closing, the Company will pay customary fees to Origin from the gross proceeds from the New Term Debt Facility and the Concurrent Private Placement.

The Company expects insider participation from directors and officers to represent less than 2% of the Concurrent Private Placement.

The Company intends to use the proceeds of the Rights Offering, the transactions contemplated by the Standby Purchase Agreements and the Concurrent Private Placement to fund capital expenditures, other related transaction fees and expenses, and general corporate working capital purposes.

All securities issued in connection with the Concurrent Private Placement will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Upon completion of the Rights Offering and the Concurrent Private Placement, assuming all Rights are exercised and the Concurrent Private Placement is fully subscribed, the Company will issue 26,601,030 Common Shares, representing 132.65% of the current issued and outstanding number of Common Shares.

The Recapitalization Transactions are all subject to TSX approval.

Application for Exemptive Relief

The Company also wishes to announce that it has submitted a financial hardship exemption application (from securityholder approval) (the “**Financial Hardship Application**”) for certain transactions provided for in Subsection 604(e) (the “**Financial Hardship Exemption**”) of the TSX Company Manual for the Recapitalization Transactions, on the basis that the Company is in serious financial difficulty and the Recapitalization Transactions are designed to address these financial difficulties in a timely manner.

The maximum amount of interest consideration and Warrants payable to Cymbria, an insider and the Company’s largest shareholder, under the New Term Debt Facility is approximately \$14,052,603 (assuming an exchange rate of 1.38 to USD) and 2,053,411 Warrants, respectively. As the New Term Debt Facility and the Concurrent Private Placement will result in the issuance of consideration to insiders of the Company in an amount greater than 10% of the market capitalization of TERAGO, and greater than 25% of the number of Common Shares outstanding, respectively, disinterested shareholder approval of such issuances would be required pursuant to subsections 604(a)(ii) and 607(g)(i) of the TSX Company Manual (the “**Requisite Approvals**”). The Company’s reliance on the “Financial Hardship” exemption also applies to the fixing of the Subscription Price for the Rights Offering, the Subscription Price for the Concurrent Private Placement and the exercise price of the Warrants before disclosure of the Concurrent Private Placement and the New Term Debt Facility. The Rights Offering, the Concurrent Private Placement and the New Term Debt Facility are inter-related transactions and cross-conditional, each dependent on completion of the others.

As Cymbria (acting at the direction of its portfolio manager, EdgePoint) is not considered a disinterested shareholder for the purposes of securities laws, it would not be entitled to vote in respect of the Requisite Approvals under subsection 604(a)(ii) and subsection 608 (a)(ii). For further clarity, the Warrants are priced below the market price, and would not be acceptable under subsection 608 without reliance on the Financial Hardship Exemption. As of the date hereof, Cymbria holds 4,706,715 Common Shares, and 854,100 Warrants, each

exercisable to purchase one Common Share. Cymbria is the only entity that is anticipated to hold more than 10% of the issued and outstanding Common Shares upon completion of the Recapitalization Transactions, and they may hold up to 9,468,619 Common Shares at that time.

Management and the board of directors of the Company (the “**Board**”) have assessed and evaluated various opportunities to raise capital, and in light of the significant capital requirements of the Company, and the close nexus to the Maturity Date of the Term Debt Facility, the Company does not have time to seek securityholder approval for the Recapitalization Transactions, and must rely on the Financial Hardship Exemption in these circumstances.

The Board established a special committee of independent directors (the “**Special Committee**”), free from any material interest in the Recapitalization Transactions and unrelated to the parties to the Recapitalization Transactions, to consider and assess the Company’s financial situation and the Company’s intention to file the Financial Hardship Application with the TSX for the Financial Hardship Exemption. The Recapitalization Transactions are designed to improve the Company’s financial situation, and the Special Committee has determined that the Recapitalization Transactions are reasonable for the Company, under its current circumstances.

The Special Committee has considered and reviewed the circumstances currently surrounding the Company and the Recapitalization Transactions including, among other factors: the Company’s current financial difficulties and immediate capital requirements; the lack of alternate financing arrangements available; and the fact that the Recapitalization Transactions are the only viable financing option at the present time. The Special Committee has considered and assessed the Company’s financial situation and the proposed application for the Financial Hardship Exemption, and made a unanimous recommendation to the Board that the Company make the Financial Hardship Application to the TSX. The Board, upon the recommendation of the Special Committee, has determined that: (i) TERAGO is in serious financial difficulty; (ii) the Recapitalization Transactions are designed to improve TERAGO’s financial situation and (iii) based on the determination of the Special Committee, the Recapitalization Transactions are reasonable for TERAGO in the circumstances.

The current financial difficulties are directly linked to amounts owing under the Term Debt Facility. On September 29, 2025, the Term Debt Facility becomes due and payable (the “**Maturity Date**”), and TERAGO still owes \$22,008,833, including principal, interest, and fees under the Term Debt Facility. The Company is not currently generating sufficient cash from its operations to make payments owed under the Term Debt Facility and to otherwise meet its financial and non-financial obligations under the Credit Agreement. The Company has pursued a number of other financing alternatives and other opportunities, all designed to improve the Company’s distressed financial condition and ensure its ongoing viability as a going concern, and has been unable to bring any such alternatives or opportunities to fruition.

The proceeds from the Rights Offering, assuming 50% of the Rights Offering is completed, is expected to remedy the financial problems by providing the capital necessary to sustain the Company’s operations for the next twelve (12) months.

There can be no assurance that the TSX will accept the Financial Hardship Application for the use of the Financial Hardship Exemption from the requirement to obtain shareholder approval for the Recapitalization Transactions.

In connection with reliance on the above described Financial Hardship Exemption from the TSX's shareholder approval requirements, it is expected that the TSX will place TERAGO under a remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption.

As Cymbria is a related party of the Company, the New Term Debt Facility and the issuance of the Warrants in connection with the New Term Debt Facility will constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and are subject to the formal valuation and minority approval requirements thereof, as applicable, unless an exemption is available. It is the intention of the Company to rely on the exemptions in Sections 5.5(a) and 5.7(1)(a) (Fair Market Value Not More Than 25% of Market Capitalization) of MI 61-101 for the issuance of the Warrants and Section 5.7(1)(f) (Loan to Issuer, No Equity or Voting Component) of MI 61-101 for the New Term Debt Facility. The Corporation notes that Cymbria's participation in the Rights Offering would ordinarily be considered a related party transaction, but per Section 5.1 (k), the Rights Offering is exempt from the rules under MI 61-101.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

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 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 may contain words considered forward-looking statements or information under applicable securities laws, including but not limited to statements regarding: the granting by the TSX of the Financial Hardship Exemption; the Recapitalization Transactions and the anticipated timing and outcomes thereof, including the satisfaction of the conditions to the Recapitalization Transactions; the receipt of required approvals for the proposed Recapitalization Transactions; the anticipated number of Common Shares to be issued to insiders of the Company in connection with the Recapitalization Transactions; the Company's ability to continue as a going concern; the TSX's remedial delisting review of the Common Shares; and the anticipated use of proceeds of the proposed Rights Offering and Concurrent Private Placement. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond TERAGO's control. 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 are subject to risks, uncertainties and assumptions, including the Company not obtaining the approval of the Recapitalization Transactions from the TSX or acceptance of the Financial Hardship Application by the TSX, and 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.ca 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.