

Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)

TERAGO INC.

Three months ended March 31, 2026 and 2025
(Unaudited)

Notice of no auditor review of interim financial statements

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

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

TERAGO INC.

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

	March 31 2026	December 31 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,762	\$ 12,648
Accounts receivable, net	1,491	1,432
Prepaid expenses and other assets	1,254	839
Current portion of contract costs (note 3)	145	222
Total current assets	12,652	15,141
Non-current assets:		
Network assets, property and equipment (note 4)	32,071	31,579
Intangible assets (note 5)	10,977	10,983
Goodwill	861	861
Contract costs (note 3)	495	404
Total non-current assets	44,404	43,827
Total assets	\$ 57,056	\$ 58,968
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,306	\$ 4,317
Current portion of contract liabilities (note 3)	210	201
Current portion of lease liabilities (note 7)	5,432	5,234
Total current liabilities	9,948	9,752
Non-current liabilities:		
Decommissioning and restoration obligations	241	265
Contract liabilities (note 3)	172	164
Long-term debt (note 6)	29,481	28,932
Lease liabilities (note 7)	14,845	14,253
Total non-current liabilities	44,739	43,614
Total liabilities	54,687	53,366
Shareholders' equity:		
Share capital	133,983	133,983
Warrant reserve	1,964	1,964
Contributed surplus	29,071	29,167
Deficit	(162,649)	(159,512)
Total shareholders' equity	2,369	5,602
Total liabilities and shareholders' equity	\$ 57,056	\$ 58,968

See accompanying notes to interim condensed consolidated financial statements.

TERAGO INC.

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

	Three months ended March 31	
	2026	2025
Revenue from operations (note 3)	\$ 6,172	\$ 6,414
Expenses:		
Cost of services	1,642	1,672
Salaries and related costs	2,319	3,017
Other operating expenses	1,184	986
Amortization of intangible assets (note 5)	21	20
Depreciation of network assets, property and equipment (note 4)	2,161	2,322
	<u>7,327</u>	<u>8,017</u>
Loss from operations	(1,155)	(1,603)
Foreign exchange (loss) gain	(2)	9
Finance costs	(2,052)	(1,964)
Finance income	72	22
	<u>(1,982)</u>	<u>(1,933)</u>
Loss before income taxes	(3,137)	(3,536)
Income taxes	–	–
Loss for the year and comprehensive loss	<u>\$ (3,137)</u>	<u>\$ (3,536)</u>
Loss per share (note 9):		
Basic and diluted	\$ (0.08)	\$ (0.18)
Weighted average number of common shares outstanding, in thousands (note 9):		
Basic and diluted	39,016	20,003

See accompanying notes to interim condensed consolidated financial statements.

TERAGO INC.

Interim Condensed Consolidated Statements of Changes in Equity
 (Expressed in thousands of Canadian dollars and thousands of common shares)
 (Unaudited)

Three months ended March 31, 2026	Share capital Number	Share capital Amount	Contributed surplus	Warrant reserve	Deficit	Total
Balance, January 1, 2026	39,016	\$ 133,983	\$ 29,167	\$ 1,964	\$ (159,512)	\$ 5,602
Loss and comprehensive loss	–	–	–	–	(3,137)	(3,137)
Stock-based compensation recovery, net	–	–	(96)	–	–	(96)
Balance, March 31, 2026	39,016	\$ 133,983	\$ 29,071	\$ 1,964	\$ (162,649)	\$ 2,369

Three months ended March 31, 2025	Share capital Number	Share capital Amount	Contributed surplus	Warrant reserve	Deficit	Total
Balance, January 1, 2025	20,002	\$ 118,596	\$ 28,501	\$ 570	\$ (142,747)	\$ 4,920
Loss and comprehensive loss	–	–	–	–	(3,536)	(3,536)
Issuance of shares for directors' fees	32	32	–	–	–	32
Stock-based compensation expense	–	–	197	–	–	197
Balance, March 31, 2025	20,034	\$ 118,628	\$ 28,698	\$ 570	\$ (146,283)	\$ 1,613

See accompanying notes to interim condensed consolidated financial statements.

TERAGO INC.

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

	Three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities:		
Loss for the period	\$ (3,137)	\$ (3,536)
Adjustments for:		
Severance, acquisition, and other costs	–	65
Depreciation of network assets, property and equipment (note 4)	2,161	2,322
Amortization of intangible assets (note 5)	21	20
Stock-based compensation expense (recovery), net (note 8)	(96)	228
Finance costs	2,052	1,964
Finance income	(72)	(22)
Severance, acquisition, and other costs paid	–	(65)
Foreign exchange gain	5	9
Change in non-cash operating working capital:		
Accounts receivable	13	84
Prepaid expenses and other assets	(415)	(427)
Accounts payable and accrued liabilities	(216)	293
Contract liabilities	17	12
Contract costs	(14)	30
Net cash flows from operating activities	319	959
Cash flows from (used in) financing activities:		
Long-term debt and interest paid	(762)	(1,102)
Payments of lease liabilities	(1,448)	(1,434)
Net cash flows used in financing activities	(2,210)	(2,536)
Cash flows from (used in) investing activities:		
Purchase of network assets, property, and equipment (note 4)	(1,230)	(776)
Purchase of intangible assets (note 5)	(15)	(15)
Change in non-cash working capital related to network assets, property and equipment and intangible assets	248	38
Net cash flows used in investing activities	(997)	(753)
Net change in cash and cash equivalents	(2,888)	(2,330)
Cash and cash equivalents, beginning of year	12,648	4,186
Change in cash due to foreign exchange	2	9
Cash and cash equivalents, end of year	\$ 9,762	\$ 1,865

See accompanying notes to interim condensed consolidated financial statements.

TERAGO INC.

Notes to Interim Condensed Consolidated Financial Statements
(Expressed In thousands of Canadian dollars, except share and per share amounts)

Three months ended March 31, 2026 and 2025
(Unaudited)

1. Corporate information:

TERAGO Inc. (the "Company") is incorporated under the Canada Business Corporations Act with its corporate head office located at Suite 800 - 55 Commerce Valley Drive West, Thornhill, Ontario. The Company's common shares are listed on the Toronto Stock Exchange (TSX) under the symbol TGO.

The Company owns and operates a carrier-grade, fixed wireless, IP communications network and provides managed network and security services to businesses across Canada ensuring highly secure, reliable and redundant connectivity services. As Canada's biggest mmWave spectrum holders, the Company possesses exclusive spectrum licenses in the 24GHz 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.

2. Basis of preparation:

a) Statement of compliance:

These unaudited interim condensed consolidated financial statements ("interim financial statements") have been prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2025 (the "2025 Consolidated Financial Statements"). These interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. The notes presented in these interim financial statements include only significant changes and transactions that have occurred since the last fiscal year. Accordingly, these interim financial statements should be read in conjunction with the Company's 2025 Consolidated Financial Statements.

These interim financial statements for the three months ended March 31, 2026 were authorized for issue by the Board of Directors on May 12, 2026.

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

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2. Basis of preparation (continued):

b) Recently adopted accounting pronouncements:

Effective January 1, 2026, the Company adopted the following new amendments to IFRS:

(i) *Amendments to IFRS 9 and IFRS 7:*

The IASB has amended IFRS 9 following its post implementation review of the classification and measurement requirements. The amendments include guidance on the classification of financial assets, including those with contingent features. The IASB has also amended IFRS 7, wherein companies will now be required to provide additional disclosures on financial assets and financial liabilities that have certain contingent features.

(ii) *Annual improvements to IFRS Accounting Standards:*

The annual improvements to IFRS Accounting Standards were issued on July 18, 2024. The IASB made minor amendments to IFRS 9 and to a further four accounting standards. The amendments to IFRS 9 address a conflict between IFRS 9 and IFRS 15 over the initial measurement of trade receivables; and how a lessee accounts for the derecognition of a lease liability.

The adoption of these amendments did not have any impact on the interim financial statements for the three months ended March 31, 2026.

c) Recent accounting pronouncements:

The IASB has issued the following new standard that is not yet effective for the three months ended March 31, 2026:

(i) *Presentation and disclosure in financial statements ("IFRS 18"):*

IFRS 18 was issued on April 9, 2024 and will replace IAS 1, Presentation of Financial Statements. IFRS 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information in the financial statements. The standard is effective for annual periods beginning on or after January 1, 2027.

The Company is continuing to assess the impact of IFRS 18 on the Company's consolidated financial statements once they are adopted.

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3. Revenue:

a) Disaggregation of revenue

The Company's operations, main sources of revenue, and methods for recognition are those described in Note 4 of the 2025 Consolidated Financial Statements. The Company's revenue consists of connectivity revenue derived from contracts with customers.

(b) Contract costs:

	Three months ended March 31	
	2026	2025
Balance, beginning of period	\$ 626	\$ 601
Incremental costs capitalized	44	25
Amortization	(30)	(55)
Balance, end of period	640	571
Less current portion	(145)	(151)
	\$ 495	\$ 420

(c) Contract liabilities:

	Three months ended March 31	
	2026	2025
Balance, beginning of period	\$ 365	\$ 346
Additions from provisioning	89	79
Revenue recognized for services provided	(72)	(67)
Balance, end of period	382	358
Less current portion	(210)	(208)
	\$ 172	\$ 150

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3. Revenue (continued):

(d) Unsatisfied performance obligations:

The aggregate amount of future revenue allocated to performance obligations that are unsatisfied as of March 31, 2026 was \$23,740 (December 31, 2025 – \$22,851). This represents contractual service obligations that the Company has yet to fulfill under its contracts with customers and yet to invoice its customers. The Company expects to recognize this revenue over the next three years, which represents the average remaining contractual terms prior to renewals. This amount excludes obligations owing for month-to-month contracts as the unsatisfied term is calculated monthly.

4. Network assets, property and equipment:

March 31, 2026	Network assets	Datacentre infrastructure	Computer equipment	Other ¹	Right-of-use assets	Total
Cost						
Balance, January 1, 2026	\$ 141,244	\$ 874	\$ 5,291	\$ 4,037	\$ 44,693	\$ 196,139
Additions	1,227	2	–	1	–	1,230
Disposals	–	–	–	–	(113)	(113)
Reclassifications/modifications	–	–	–	–	1,537	1,537
Balance, March 31, 2026	\$ 142,471	\$ 876	\$ 5,291	\$ 4,038	\$ 46,117	\$ 198,793
Accumulated depreciation						
Balance, January 1, 2026	\$ 125,276	\$ 794	\$ 5,275	\$ 4,027	\$ 29,189	\$ 164,560
Depreciation for the year	1,257	11	5	1	887	2,161
Disposals	–	–	–	–	–	–
Reclassifications/modifications	–	–	–	–	–	–
Balance, March 31, 2026	\$ 126,533	\$ 805	\$ 5,280	\$ 4,028	\$ 30,076	\$ 166,722
Net book value						
March 31, 2026	\$ 15,938	\$ 71	\$ 11	\$ 10	\$ 16,041	\$ 32,071
December 31, 2025	\$ 15,968	\$ 80	\$ 16	\$ 10	\$ 15,504	\$ 31,579

¹Other includes office furniture, equipment and leasehold improvements.

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4. Network assets, property and equipment (continued):

Disposal of network assets, property and equipment:

For the three months ended March 31, 2026, the Company wrote off assets with a net book value of \$7 (cost of \$24 less accumulated depreciation of \$17) which primarily represents replaced assets and obsolete assets disposed of for negligible value. The Company also periodically reviews network assets, property, and equipment when events or circumstances may indicate the carrying value is no longer realizable. For the three months ended March 31, 2026, the Company recorded a charge of \$49 (2025 - \$72) on network assets, property, equipment and intangible assets. The corresponding loss on disposal is included in depreciation of network assets, property, and equipment.

5. Intangible assets:

March 31, 2026	Radio spectrum licenses	Computer software	Total intangible assets
Cost			
Balance, January 1, 2026	\$ 12,649	\$ 10,711	\$ 23,360
Additions	–	15	15
Balance, March 31, 2026	\$ 12,649	\$ 10,726	\$ 23,375
Accumulated amortization			
Balance, January 1, 2026	\$ 2,371	\$ 10,006	\$ 12,377
Amortization for the year	–	21	21
Balance, March 31, 2026	\$ 2,371	\$ 10,027	\$ 12,398
Net book value			
March 31, 2026	\$ 10,278	\$ 699	\$ 10,977
December 31, 2025	\$ 10,278	\$ 705	\$ 10,983

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6. Long-term debt:

	March 31, 2026	December 31, 2025
Long-term debt	\$ 30,571	\$ 30,571
Less financing fees	1,090	1,639
	<u>\$ 29,481</u>	<u>\$ 28,932</u>

The following table presents the movement in the carrying value of the long-term debt during the three months ended March 31, 2026:

Balance, beginning of period	\$ 28,932
Interest expense recognized	1,311
Cash interest payments	(762)
Net increase in carrying value	549
Balance, end of period	<u>\$ 29,481</u>

New Senior Secured Term loan facility:

On October 15, 2025, the Company entered into a 36-month senior secured term loan facility with Cymbria Corporation as lender and EdgePoint Investment Group Inc. as administrative and collateral agent, providing gross proceeds of approximately \$30,571.

The facility bears interest at 15% per annum, of which 10% is payable in cash in quarterly installments and 5% is payable-in-kind ("PIK"), accruing to the principal balance and payable at maturity. Interest expense recognized during the period includes both the cash interest and the non-cash PIK interest, with PIK interest accreting to the carrying amount of the debt. There are no scheduled principal repayments during the term of the facility, with the full outstanding principal balance, including accrued PIK interest, due at maturity. The facility matures on October 15, 2028 and is secured by a first-ranking charge over substantially all of the Company's assets and does not contain financial maintenance covenants.

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6. Long-term debt (continued):

Interest on the facility is recognized using the effective interest method, which incorporates contractual cash interest, PIK interest and the amortization of financing fees. The difference between interest expense recognized and cash interest paid results in an increase in the carrying value of the debt during the period.

On October 21, 2025, the facility was syndicated by the administrative agent to additional lenders. In connection with the syndication, the Company issued 2,053,411 common share purchase warrants to the participating lenders on a pro-rata basis, each exercisable to acquire one common share of the Company for a period of 60 months following issuance.

Consistent with the accounting applied to the Company's former Credit Agreement, the new term loan and the warrants issued in connection with the financing are accounted for as a compound financial instrument consisting of a liability component for the debt and an equity component for the warrants. On initial recognition, the liability component was measured at its fair value using the market borrowing rate applicable to the Company at the date of issuance, and the equity component representing the warrants was measured as the residual amount and recorded within warrant reserve in shareholders' equity.

The Company incurred financing fees of \$1,012 in connection with the new facility. These costs were directly attributable to the issuance of the debt liability and were therefore deducted from the carrying amount of the liability component and are amortized over the term of the facility using the effective interest method.

Former Term debt facility:

The Company's previous credit facility with CrowdOut Capital LLC, as amended, was fully repaid on October 15, 2025 in connection with the refinancing described above. Refer to Note 6 of the 2025 Consolidated Financial Statements for further details regarding the terms, amendments and extinguishment of this facility.

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7. Leases:

The Company has many leases of which it is a lessee. The major categories of leases are building leases for the Company's fixed wireless services, network equipment, corporate offices and warehouses. Lease terms vary by category and range from 1 to 20 years.

(a) Right-of-use asset:

Changes in the right-of-use asset are summarized in note 4 of these interim financial statements.

(b) Lease liabilities:

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

	Three months ended March 31	
	2026	2025
Lease liabilities, beginning of period	\$ 19,487	\$ 18,681
Additions	–	–
Terminations	(49)	(3)
Interest on lease liabilities	750	640
Modifications	1,537	140
Lease payments	(1,448)	(1,434)
Lease liabilities, end of period	20,277	18,023
Less current portion	(5,432)	(5,451)
	\$ 14,845	\$ 12,572

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8. Stock-based compensation:

(a) Stock options:

For the three months ended March 31, 2026, the Company granted 150,000 stock options (2025 - 446,904 stock options). On March 10, 2026, certain employees and officers voluntarily surrendered 1,481,328 (2025 – nil) stock options previously granted under the Company's stock option plan. The surrendered options were cancelled for a nominal consideration. Accordingly, for the three months ended March 31, 2026, the Company recorded stock-based compensation expense (recovery), net of \$(96) (2025 – \$228), which included stock-based compensation expense of \$17 (2025 – \$32) related to directors' fees paid in common shares.

For the three months ended March 31, 2026 and 2025, the Company did not grant any Restricted Share Units (RSUs) or Performance based Share Units (PSUs); and accordingly, the Company recorded stock based compensation expense of nil (2025 – nil) associated with RSUs and PSUs.

A summary of the change in the Company's stock option plan as at March 31, 2026 is presented below:

	2026		2025	
	Number of options (in 000's)	Weighted average exercise price	Number of options (in 000's)	Weighted average exercise price
Outstanding, January 1	1,918	\$ 1.96	1,587	\$ 2.22
Granted	150	\$ 0.80	447	\$ 1.00
Cancelled	(1,481)	\$ 2.25	–	–
Outstanding, March 31	587	\$ 0.94	2,034	\$ 1.95
Exercisable	136	\$ 1.01	360	\$ 2.75

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8. Stock-based compensation (continued):

As at March 31, 2026, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life are as follows:

Range of exercise prices	Options outstanding		Options exercisable		
	Number outstanding (in 000's)	Weighted average remaining contractual life (period)	Weighted average exercise price	Number exercisable (in 000's)	Weighted average exercise price
\$0.80 - \$1.22	587	9.20	\$ 0.95	136	\$1.01
	587	9.20	\$ 0.95	136	\$1.01

9. Loss per share:

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

	Three months ended March 31,	
	2026	2025
Numerator:		
Loss for the period	\$ (3,137)	\$ (3,536)
Denominator:		
Weighted average number of common shares (in thousands):		
Basic and diluted	39,016	20,003
Loss per share:		
Basic and diluted	\$ (0.08)	\$ (0.18)

Due to the loss for the three months ended March 31, 2026, there were nil (2025 – nil) weighted average outstanding stock options, RSUs and PSUs excluded from the computation of diluted loss per share as their effect would have been anti-dilutive.

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10. Financial instruments:

(a) Classification and fair values of financial instruments:

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

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

	Carrying amount		Fair value (Level 2)	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Financial assets				
Cash and cash equivalents	\$ 9,762	\$ 12,648	\$ 9,762	\$ 12,648
Accounts receivable	1,491	1,432	1,491	1,432
Financial liabilities				
Accounts payable and accrued liabilities	\$ 4,306	\$ 4,317	\$ 4,309	\$ 4,317
Long-term debt (note 6)	29,481	28,932	29,481	28,932
Lease liabilities	20,277	19,486	20,277	19,486

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10. Financial instruments (continued):

(b) Credit risk:

The Company's credit risk exposure and management strategies are discussed in the notes to the 2025 Consolidated Financial Statements. During the three months ended March 31, 2026, the movement in the credit loss allowance in respect of trade receivables was as follows:

Balance, beginning of period	\$ 381
Amounts written off	–
Remeasurement of loss allowance	20
Balance, end of period	\$ 401

(c) Liquidity risk:

The Company's liquidity risk exposure and management strategies are discussed in the notes to the 2025 Consolidated Financial Statements. The Company has a history of operating losses and can be expected to generate continued operating losses and negative cash flows in the foreseeable future while it carries out its current business plan. As of March 31, 2026, the Company had cash and cash equivalents of \$9,762. As at March 31, 2026, the Company's financial liabilities that have contractual maturities are summarized below:

	Less than 1 year	2 - 3 years	Total
Long-term debt	\$ –	\$ 30,571	\$ 30,571
Accounts payable and accrued liabilities	4,306	–	4,309
	\$ 4,306	\$ 30,571	\$ 34,880

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to changes in interest rates on its cash and cash equivalents. The impact of change in interest rates is not expected to be significant. As at March 31, 2026, the Company's outstanding term debt facility is denominated in Canadian dollars and bear interest at fixed rates. Accordingly, the Company is not exposed to fluctuating benchmark interest rates, including SOFR or other variable interest rates.

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10. Financial instruments (continued):

(e) Currency risk:

The Company transacts business in multiple currencies, the most significant of which is the U.S. Dollar. Currently, the Company does not enter into foreign exchange contracts to manage this exposure but may do so in the future. The Company has foreign currency exposure with respect to cash and cash equivalents, accounts receivable, accounts payable. It is also exposed to foreign currency risk on revenue and expenses where it invoices or procures in U.S. dollars. During the three months ended March 31, 2026, the Company recorded a foreign exchange loss of \$2 (2025 - gain of \$9).

Balances denominated in foreign currencies that are considered financial instruments are as follows:

		March 31, 2026	March 31, 2025
Cash and cash equivalents	U.S. dollar	\$ 22	\$ 849
Accounts payable and accrued liabilities	U.S. dollar	210	458
Long-term debt	U.S. dollar	–	19,000

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss could change by approximately \$26 due to the fluctuation and this would be recorded in the interim condensed consolidated statements of comprehensive loss.

11. Segment reporting:

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