Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)

TERAGO INC.

Three and nine months ended September 30, 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)

	September 30 2026	December 31 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 5,134	$ 12,648
Accounts receivable, net	1,653	1,432
Prepaid expenses and other assets	1,038	839
Current portion of contract costs (note 3)	164	222
Total current assets	7,989	15,141
Non-current assets:		
Network assets, property and equipment (note 4)	31,191	31,579
Intangible assets (note 5)	10,934	10,983
Goodwill	861	861
Contract costs (note 3)	524	404
Total non-current assets	43,510	43,827
Total assets	$ 51,499	$ 58,968
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,463	$ 4,317
Current portion of contract liabilities (note 3)	213	201
Current portion of lease liabilities (note 7)	5,347	5,234
Total current liabilities	10,023	9,752
Non-current liabilities:		
Decommissioning and restoration obligations	211	265
Contract liabilities (note 3)	183	164
Long-term debt (note 6)	30,610	28,932
Lease liabilities (note 7)	14,715	14,253
Total non-current liabilities	45,719	43,614
Total liabilities	55,742	53,366
Shareholders' equity (deficiency):		
Share capital	134,000	133,983
Warrant reserve	1,964	1,964
Contributed surplus	29,960	29,167
Deficit	(170,167)	(159,512)
Total shareholders' equity (deficiency)	(4,243)	5,602
Total liabilities and shareholders' equity (deficiency)	$ 51,499	$ 58,968

Going concern (note 2(a))

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 September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Revenue from operations (note 3)	$ 6,196	$ 6,398	$ 18,578	$ 19,156
Expenses:				
Cost of services	1,644	1,670	4,967	5,005
Salaries and related costs	2,773	2,653	8,045	8,437
Other operating expenses	1,249	1,263	3,577	3,778
Amortization of intangible assets (note 5)	22	20	65	60
Depreciation of network assets, property and equipment (note 4)	2,056	2,273	6,368	6,880
	7,744	7,879	23,022	24,160
Loss from operations	(1,548)	(1,481)	(4,444)	(5,004)
Loss from sale of assets (note 4)	–	(341)	–	(341)
Foreign exchange (loss) gain	(1)	(32)	(10)	(3)
Finance costs	(2,198)	(2,214)	(6,392)	(6,550)
Finance income	52	8	191	46
	(2,147)	(2,579)	(6,211)	(6,848)
Loss before income taxes	(3,695)	(4,060)	(10,655)	(11,852)
Income taxes	–	–	–	–
Loss for the period and comprehensive loss	$ (3,695)	$ (4,060)	$ (10,655)	$ (11,852)
Loss per share (note 10):				
Basic and diluted	$ (0.09)	$ (0.20)	$ (0.27)	$ (0.59)
Weighted average number of common shares outstanding, in thousands (note 10):				
Basic and diluted	39,036	20,054	39,023	20,031

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)

Nine months ended September 30, 2026	Share capital Number	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	–	–	–	–	(10,655)	(10,655)
Issuance of shares for directors' fees	19	17	–	–	–	17
Deferred share unit expense	–	–	300	–	–	300
Stock-based compensation expense, net	–	–	493	–	–	493
Balance, September 30, 2026	39,035	$ 134,000	$ 29,960	$ 1,964	$ (170,167)	$ (4,243)

Nine months ended September 30, 2025	Share capital Number	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	–	–	–	–	(11,852)	(11,852)
Issuance of shares for directors' fees	70	69	–	–	–	69
Stock-based compensation expense	–	–	569	–	–	569
Issuance of warrants	–	–	–	274	–	274
Balance, September 30, 2025	20,072	$ 118,665	$ 28,070	$ 844	$ (154,599)	$ (6,020)

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 September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Cash flows from (used in) operating activities:				
Loss for the period	$ (3,695)	$ (4,060)	$ (10,655)	$ (11,852)
Adjustments for:				
Restructuring and other costs	–	–	196	332
Depreciation of network assets, property and equipment (note 4)	2,056	2,273	6,368	6,880
Amortization of intangible assets (note 5)	22	20	65	60
Loss from sale of assets (note 4)	–	341	–	341
Stock-based compensation expense, net (note 8)	479	159	810	638
Finance costs	2,198	2,214	6,392	6,550
Finance income	(52)	(8)	(191)	(46)
Restructuring and other costs paid	–	–	(196)	(332)
Foreign exchange loss	1	32	10	3
Change in non-cash operating working capital:				
Accounts receivable	53	87	(30)	243
Prepaid expenses and other assets	89	226	(199)	(201)
Accounts payable and accrued liabilities	580	(97)	(417)	573
Contract liabilities	5	(46)	31	31
Contract costs	(36)	(1)	(62)	47
Net cash flows from operating activities	1,700	1,140	2,122	3,267
Cash flows from (used in) financing activities:				
Proceeds from debt borrowings (note 6)	–	–	–	2,760
Long-term debt and interest paid (note 6)	(797)	(1,003)	(2,339)	(3,047)
Financing costs incurred (note 6)	–	–	–	(138)
Payments of lease liabilities (note 7)	(1,393)	(1,372)	(4,396)	(4,303)
Net cash flows (used in) from financing activities	(2,190)	(2,375)	(6,735)	(4,728)
Cash flows from (used in) investing activities:				
Purchase of network assets, property, and equipment (note 4)	(1,306)	(1,006)	(3,452)	(2,990)
Purchase of intangible assets (note 5)	–	(9)	(16)	(30)
Proceeds from sale of assets	–	1,351	–	1,351
Sale of short-term investments	–	234	–	234
Change in non-cash working capital related to network assets, property and equipment and intangible assets	346	295	571	10
Net cash flows (used in) investing activities	(960)	865	(2,897)	(1,425)
Net change in cash and cash equivalents	(1,450)	(370)	(7,510)	(2,886)
Cash and cash equivalents, beginning of period	6,588	1,699	12,648	4,186
Change in cash due to foreign exchange	(4)	(32)	(4)	(3)
Cash and cash equivalents, end of period	$ 5,134	$ 1,297	$ 5,134	$ 1,297

See accompanying notes to interim condensed consolidated financial statements.

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) Going concern:

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

In assessing whether the going concern assumption is appropriate, management considered all available information about the future, covering at least twelve months from September 30, 2026, the end of the reporting period. The Company has incurred recurring losses and has a shareholders' deficiency. The Company's existing cash resources and expected cash flows are not sufficient to fund its planned business operations and investment plans for the next twelve months. Accordingly, the Company's business plan is dependent upon securing additional financing through debt or issuance of equity to finance its operations within and beyond the next twelve months.

2. Basis of preparation (continued):

The Company has been successful in securing financing in the past, including the senior secured term loan facility of $30,571 entered into on October 15, 2025 (note 6). Management is currently exploring financing alternatives; however, there is no assurance that the Company will be successful in obtaining additional financing, or that such financing will be available on terms acceptable to the Company.

The conditions described above indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management has concluded that it is appropriate to prepare these interim condensed consolidated financial statements on a going concern basis, based on its assessment of the Company's ability to raise additional financing. These 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.

b) 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 and nine months ended September 30, 2026 were authorized for issue by the Board of Directors on November 12, 2026.

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

2. Basis of preparation (continued):

c) 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 and nine months ended September 30, 2026.

d) Recent accounting pronouncements:

The IASB has issued the following new standard that is not yet effective for the three and nine months ended September 30, 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.

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 September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Balance, beginning of period	$ 652	$ 553	$ 626	$ 601
Incremental costs capitalized	119	47	151	106
Amortization	(83)	(46)	(89)	(153)
Balance, end of period	688	554	688	554
Less current portion	(164)	(142)	(164)	(142)
	$ 524	$ 412	$ 524	$ 412

(c) Contract liabilities:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Balance, beginning of period	$ 391	$ 423	$ 365	$ 346
Additions from provisioning	91	109	266	326
Revenue recognized for services provided	(86)	(156)	(235)	(296)
Balance, end of period	396	376	396	376
Less current portion	(213)	(227)	(213)	(227)
	$ 183	$ 150	$ 183	$ 150

3. Revenue (continued):

(d) Unsatisfied performance obligations:

The aggregate amount of future revenue allocated to performance obligations that are unsatisfied as of September 30, 2026 was $24,756 (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:

September 30, 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	3,411	7	–	1	33	3,452
Disposals	–	–	–	–	(81)	(81)
Reclassifications/modifications	–	–	–	–	2,610	2,610
Balance, September 30, 2026	$ 144,655	$ 881	$ 5,291	$ 4,038	$ 47,255	$ 202,120
Accumulated depreciation						
Balance, January 1, 2026	$ 125,276	$ 794	$ 5,275	$ 4,027	$ 29,189	$ 164,561
Depreciation for the period	3,733	33	9	4	2,589	6,368
Balance, September 30, 2026	$ 129,009	$ 827	$ 5,284	$ 4,031	$ 31,778	$ 170,929
Net book value						
September 30, 2026	$ 15,646	$ 54	$ 7	$ 7	$ 15,477	$ 31,191
December 31, 2025	$ 15,968	$ 80	$ 16	$ 10	$ 15,504	$ 31,579

[1]Other includes office furniture, equipment and leasehold improvements.

Disposal of network assets, property and equipment:

For the nine months ended September 30, 2026, the Company wrote off assets with a net book value of $30 (cost of $130 less accumulated depreciation of $100) 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 nine months ended September 30, 2026, the Company recorded a charge of $158 (2025 - $210) 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:

September 30, 2026	Radio spectrum licenses	Computer software	Total intangible assets
Cost			
Balance, January 1, 2026	$ 12,649	$ 10,711	$ 23,360
Additions	–	16	16
Balance, September 30, 2026	$ 12,649	$ 10,727	$ 23,376
Accumulated amortization			
Balance, January 1, 2026	$ 2,371	$ 10,006	$ 12,377
Amortization for the year	–	65	65
Balance, September 30, 2026	$ 2,371	$ 10,071	$ 12,442
Net book value			
September 30, 2026	$ 10,278	$ 656	$ 10,934
December 31, 2025	$ 10,278	$ 705	$ 10,983

6. Long-term debt:

	September 30, 2026	December 31, 2025
Term debt	$ 30,571	$ 30,571
Accrued PIK interest	1,497	327
Less unamortized financing costs and present value discount	(1,458)	(1,966)
	$ 30,610	$ 28,932

6. Long-term debt (continued):

The following table presents the movement in the carrying value of the long-term debt during the nine months ended September 30, 2026:

Balance, beginning of period	$ 28,932
Interest expense recognized	4,017
Cash interest payments	(2,339)
Net increase in carrying value	1,678
Balance, end of period	$ 30,610

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.

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.

6. Long-term debt (continued):

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 10 of the 2025 Consolidated Financial Statements for further details regarding the terms, amendments and extinguishment of this facility.

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.

7. Leases (continued):

(b) Lease liabilities:

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Lease liabilities, beginning of period	$ 19,962	$ 17,652	$ 19,487	$ 18,681
Additions	33	1,815	33	1,815
Terminations	–	–	(19)	(3)
Interest on lease liabilities	802	669	2,347	1,945
Modifications	658	1,608	2,610	2,238
Lease payments	(1,393)	(1,371)	(4,396)	(4,303)
Lease liabilities, end of period	20,062	20,373	20,062	20,373
Less current portion	(5,347)	(5,356)	(5,347)	(5,356)
	$ 14,715	$ 15,017	$ 14,715	$ 15,017

8. Stock-based compensation:

(a) Stock options:

For the three and nine months ended September 30, 2026, the Company granted nil stock options (2025 – nil stock options) and 2,510,131 stock options (2025 – 446,904 stock options), respectively. 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 nominal consideration. Subsequently, on June 10, 2026, the Company granted stock options to certain employees. The cancellation and the subsequent grant have been accounted for as a modification of the original awards under IFRS 2, Share-based Payment. For the three and nine months ended September 30, 2026, the Company recorded stock-based compensation expense of $479 and $493 (2025 – $142 and $569), respectively, which includes the effect of the modification described above. In addition, the Company recorded stock-based compensation expense of $17 (2025 – $69) related to directors' fees paid in common shares.

8. Stock-based compensation (continued):

The following table outlines the activity for stock options for the nine months ended September 30, 2026 and 2025:

	2026		2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	(in 000's)		(in 000's)	
Outstanding, January 1	1,918	$ 1.96	1,587	$ 2.22
Granted	2,510	$ 1.27	447	$ 1.00
Cancelled	(1,491)	$ 2.24	–	–
Outstanding, September 30	2,937	$ 1.23	2,034	$ 1.95
Exercisable	132	$ 1.00	829	$ 2.36

As at September 30, 2026, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life are as follows:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (period)	Weighted average exercise price	Number exercisable	Weighted average exercise price
	(in 000's)			(in 000's)	
$0.80 - $1.28	709	8.95	$ 1.03	132	$1.00
$1.29 - $1.32	2,228	9.69	$ 1.30	–	–
	2,937	9.54	$ 1.23	132	$1.00

8. Stock-based compensation (continued):

(b) Deferred share units ("DSUs"):

On May 12, 2026, the Company adopted a Deferred Share Unit Plan (the "DSU Plan"), which was approved by the shareholders on June 16, 2026 at the Company's annual and special meeting. The Company grants DSUs to the non-executive members of the Board of Directors as their annual remuneration for the services rendered as directors on the Company's Board. These DSUs are awarded as equity-settled or cash-settled, do not have an exercise price, vest immediately and are settled when the board member is no longer rendering service to the Company. For cash-settled awards, the Company records the changes in the fair value of the award in the statements of comprehensive loss using the Company's share price as of the reporting date. Equity-settled awards are recorded as contributed surplus in the statements of changes in shareholders' equity (deficiency). The measurement of the compensation costs for these awards is based on the fair value of the award at the date of the grant. For the DSUs to be equity-settled, the Company has a reserve, approved by the shareholders of 600,000 common shares.

On June 25, 2026, the Company granted 227,273 equity-settled DSUs to the non-executive members and recognized stock-based compensation expense of $300 during the three and six months ended June 30, 2026, with a corresponding increase to contributed surplus.

9. Loss per share:

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

	Three months ended		Nine months ended	
	September 30, 2026	September 30, 2025	2026	2025
Numerator:				
Loss for the period	$ (3,695)	$ (4,060)	$ (10,655)	$ (11,852)
Denominator:				
Weighted average number of common shares (in thousands):				
Basic and diluted	39,036	20,054	39,023	20,031
Loss per share:				
Basic and diluted	$ (0.09)	$ (0.20)	$ (0.27)	$ (0.59)

9. Loss per share (continued):

Due to the loss for the three and nine months ended September 30, 2026, there were nil (2025 – nil) weighted average outstanding stock options, DSUs, RSUs and PSUs excluded from the computation of diluted loss per share as their effect would have been anti-dilutive.

10. Financial instruments:

(a) Classification and fair values of financial instruments:

The fair values of cash and cash equivalents 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)	
	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025
Financial assets				
Cash and cash equivalents	$ 5,134	$ 12,648	$ 5,134	$ 12,648
Accounts receivable	1,653	1,432	1,653	1,432
Financial liabilities				
Accounts payable and accrued liabilities	$ 4,463	$ 4,317	$ 4,463	$ 4,317
Long-term debt (note 6)	30,610	28,932	30,610	28,932
Lease liabilities	20,062	19,487	20,062	19,487

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 nine months ended September 30, 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	175
Balance, end of period	$ 556

(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 September 30, 2026, the Company had cash and cash equivalents of $5,134. The Company has a history of operating losses and can be expected to generate continued operating losses and negative cash flows in the foreseeable future while it carries out its current business plan (note 2(a)). As at September 30, 2026, the Company's financial liabilities that have contractual maturities are summarized below:

	Less than 1 year	2 - 3 years	Total
Long-term debt	$ –	$ 35,495	$ 35,495
Accounts payable and accrued liabilities	4,463	–	4,463
	$ 4,463	$ 35,495	$ 39,958

The amounts presented above in respect of long-term debt include principal and PIK interest payable at maturity. In addition, the Company is required to make cash interest payments as described in note 6.

10. Financial instruments (continued):

(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 September 30, 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.

(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 and nine months ended September 30, 2026, the Company recorded a foreign exchange loss of $1 and $10 (2025 - loss of $32 and $3), respectively.

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

		September 30, 2026	September 30, 2025
Cash and cash equivalents	U.S. dollar	$ 11	$ 79
Accounts payable and accrued liabilities	U.S. dollar	177	652
Long-term debt	U.S. dollar	–	21,000

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss could change by approximately $24 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.