



**MetroBridge Networks International Inc.**

**Management's Discussion and Analysis**

**For the Three and Six Months**

**Ended June 30, 2008**

**August 29, 2008**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of the results of the operations and financial position of MetroBridge Networks International Inc. ("MetroBridge" or the "Company") should be read in conjunction with its unaudited interim financial statements for the three and six months ended June 30, 2008, and the notes thereto, and the audited consolidated financial statements for the year ended December 31, 2007 and the notes thereto. Additional information relating to MetroBridge, including its Prospectus dated July 13, 2007 is available on SEDAR at [www.sedar.com](http://www.sedar.com).

MetroBridge reports on certain industry-related non-GAAP measures that are used by management to evaluate the performance of the business. Because these non-GAAP measures do not have a standardized meaning, securities regulations require that non-GAAP measures be clearly defined and qualified, and reconciled with their nearest GAAP measure. See "Definitions – GAAP and Non-GAAP Measures".

*Unless otherwise indicated, all dollar amounts included in this MD&A are in Canadian dollars.*

### FORWARD LOOKING STATEMENTS

Certain information included in this discussion contains forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "estimates," "anticipates," "believes," "plans," or "continue," or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

### COMPANY OVERVIEW

The "Company" refers to MetroBridge Networks International Inc., formerly Huntingdon Capital Inc. ("Huntingdon"), which was acquired on July 26, 2007 in a "reverse take-over" ("RTO") transaction.

The Company owns and operates a wireless network of multiple points of presence, connected wirelessly through microwave radio technology, which provides a commercial-grade internet connection to its subscribers. It has operations and significant wireless networks in British Columbia, Utah, and Arizona. Revenues are derived primarily from wireless internet access, value-added services, traffic, installation fees and equipment sales.

The Company's growth strategy is built on two key elements: aggressive organic growth in established and new markets, combined with acquisitions of wireless broadband providers across North America.

### KEY EVENTS IN THE QUARTER

- Revenues increased 102% year-over-year and 27% quarter-over-quarter to \$1,872,573
- Sales of value-added products and services increased 59% year-over-year and 20% quarter-over-quarter to \$86,856
- Customer Locations\* reached 4,775 in the quarter, up from 887 in the second quarter of 2007 and up from 4,635 in the first quarter of 2008
- Customer Churn\* is at 0.92% up from 0.89% in the second quarter of 2007 and down from 1.23% in the first quarter of 2008
- EBITDA\* loss was \$0.41 million compared to \$0.33 year over year, and \$0.63 million quarter over quarter

- On June 30, 2008, the Company completed a \$500,000 secured loan facility with Orange Capital Corp. The term of the loan is one year, with interest calculated on a monthly basis at a rate of 12% per annum. The Company paid a fee of 2% of the principal amount of the facility, and issued 2,000,000 common shares to Orange Capital Corp. These shares are subject to a 4 month hold period.
- As a condition of the loan, new directors were nominated to the Board and as a result, Martin Carsky, Brent Flichel and Rennie Heel resigned from the Board effective June 30, 2008. David Shore and Dorian Banks remain as members of the Board and the new appointed directors are Martin Bajic who joined the Board as Chairman of the Audit Committee, and Hamed Shahbazi.
- During the quarter, the Company continued to streamline operations to focus on attaining profitability and positive EBITDA\*.

\*See Non-GAAP Measures

## RESULTS OF OPERATIONS

### Key Financial Metrics and Performance Indicators

	Three months ended June 30, 2008 (unaudited)	Three months ended June 30, 2007 (unaudited)	Six months ended June 30, 2008 (unaudited)	Six months ended June 30, 2007 (unaudited)
<b>KEY FINANCIAL METRICS</b>				
Revenue <sup>(1)</sup>	\$ 1,872,573	\$ 926,938	\$ 3,341,674	\$ 1,769,542
Cost of services, excluding amortization <sup>(1)</sup>	684,215	344,088	1,202,309	705,846
Operating expenses <sup>(1)</sup>	1,950,297	984,780	3,715,597	1,931,767
EBITDA loss <sup>2</sup>	408,527	328,139	1,419,720	851,029
Net loss <sup>(1)</sup>	\$ 2,184,353	\$ 621,903	\$ 4,505,154	\$ 1,197,062

	Three months ended June 30, 2008 (unaudited)	Three months ended June 30, 2007 (unaudited)	Six months ended June 30, 2008 (unaudited)	Six months ended June 30, 2007 (unaudited)
<b>KEY PERFORMANCE INDICATORS<sup>2</sup></b>				
Total ARPU	\$ 355	\$ 346	\$ 433	\$ 338
Monthly added ARPU	\$ 680	\$ 470	\$ 516	\$ 495
Customer locations	4,775	887	4,775	887
Churn	0.92%	0.89%	1.69%	0.55%

(1) The figures above have been reclassified where necessary to conform to the current period's consolidated financial statement presentation

(2) See Definitions – GAAP and Non-GAAP Measures

## Summary of Quarterly Results

	Three months ended September 30, 2007 <sup>(1)</sup> (unaudited)	Three months ended December 31, 2007 (unaudited)	Three months ended March 31, 2008 (unaudited)	Three months ended June 30, 2008 (unaudited)
<b>Revenue</b>				
Monthly recurring	\$ 773,646	\$ 758,752	\$ 1,225,409	\$ 1,513,918
Value added services	106,671	32,765	72,107	86,856
Installation, activation, and Traffic	73,319	162,993	171,584	271,799
	953,636	954,510	1,469,100	1,872,573
<b>Cost of services</b>				
Cost of services (exclusive of amortization)	458,472	570,797	518,094	684,215
Amortization of network Equipment	122,276	489,744	299,721	252,115
	580,748	1,060,541	817,815	936,330
<b>Operating expenses</b>				
Corporate office	842,831	1,209,755	792,528	858,933
Sales and marketing	296,478	332,077	496,582	340,844
General and administrative	193,153	399,678	344,676	419,155
Amortization	128,434	(104,742)	54,536	277,648
Bad debts	151,243	137,954	76,976	53,717
	1,312,139	1,974,722	1,765,298	1,950,297
<b>Loss from Operations</b>	<b>939,251</b>	<b>2,080,752</b>	<b>1,114,013</b>	<b>1,014,054</b>
Interest income	(52,575)	(91,819)	(21,253)	-
Interest expense	134,537	320,591	469,607	262,496
Imputed debenture interest	-	-	-	909,943
Exchange loss (gain)	-	(37,284)	29,506	(2,140)
<b>Net loss</b>	<b>\$ 1,021,213</b>	<b>\$ 2,406,218</b>	<b>\$ 1,591,873</b>	<b>\$ 2,184,353</b>

(1) The figures above have been reclassified where necessary to conform to the current period's consolidated financial statement presentation.

	Three months ended September 30, 2006 <sup>(1)</sup> (unaudited)	Three months ended December 31, 2006 <sup>(1)</sup> (unaudited)	Three months ended March 31, 2007 <sup>(1)</sup> (unaudited)	Three months ended June 30, 2007 <sup>(1)</sup> (unaudited)
<b>Revenue</b>				
Monthly recurring	\$ 402,306	\$ 507,869	\$ 672,769	\$ 729,687
Value added services	930	20,598	29,138	54,488
Installation, activation, and Traffic	146,647	95,436	140,697	142,763
	549,883	623,903	842,604	926,938
<b>Cost of services</b>				
Cost of services (exclusive of amortization)	202,717	197,952	361,758	344,088
Amortization of network Equipment	56,255	101,324	81,162	124,703
	258,972	299,276	442,920	468,791
<b>Expenses</b>				
Corporate office	367,351	688,211	390,656	431,348
Sales and marketing	204,615	259,800	243,126	266,711
General and administrative	63,223	96,733	241,928	205,489
Amortization	15,633	(8,562)	66,376	73,791
Bad debts			4,901	7,441
	650,822	1,050,646	946,987	984,780
<b>Operating loss</b>	359,911	726,019	547,303	526,633
Interest	22,024	35,333	27,856	95,270
Impairment of network and customer lists	-	-	268,399	-
Imputed debenture interest	-	-	-	-
Exchange loss	-	3,093	-	-
<b>Net loss</b>	\$ 381,935	\$ 764,444	\$ 843,558	\$ 621,903

(1) The figures above have been reclassified where necessary to conform to the current period's consolidated financial statement presentation.

## **Results for the Three and Six Months Ended June 30, 2008**

### Revenue

Total revenue increased 102% to \$1,872,573 for the three months ended June 30, 2008 from \$926,938 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, total revenue increased 89% to \$3,341,673 compared to \$1,769,542 for the same period in 2007. The increase in revenue was primarily due to the addition of a full quarter of revenues from the acquisition of the assets of Utah Broadband LLC (UBB) in February 2008 and strong organic growth in existing markets.

### *Monthly recurring*

Monthly recurring revenue includes contractually agreed fees paid to access network services. Monthly recurring revenue increased 107% to \$1,513,918 for the three months ended June 30, 2008 from \$729,687 for the three months ended June 30, 2007. Monthly recurring revenue increased by 95% to \$2,739,328 for the six months ended June 30, 2008 from \$1,402,456 for the six months ended June 30, 2007. Monthly recurring revenue increased primarily due to the addition of a full quarter of monthly recurring revenues from the acquisition of UBB in February 2008, and strong organic growth in existing markets.

### *Value-added services*

Value-added services revenue, such as Microsoft Exchange, voice over internet protocol and co-location were introduced and widely marketed beginning in 2007. During the quarter ended June 30, 2008, value-added services revenue reached \$86,856, an increase of 59% up from \$54,488 for the quarter ended June 30, 2007. For the six months ended June 30, 2008, value-added services revenue increased 90% to \$158,963 compared to \$83,626 for the same period in 2007.

### *Installation, activation, and traffic*

Installation, activation and traffic revenue increased 90% to \$271,799 for the three months ended June 30, 2008 from \$142,763 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, installation, activation and traffic revenue increased 56% to \$443,383 compared to \$283,460 for the same period in 2007. Included in these revenues are revenues received from the sale of equipment to customers. The increase in these revenues was driven by the increased number of installations that occurred quarter over quarter; and the increase in traffic usage which was in line with the increased number of customers. Revenue from the sale of equipment to customers increased during the quarter.

### Total ARPU\*

Total ARPU for the three months ended June 30, 2008 was \$355 in comparison to \$346 for the 3 months ended June 30, 2007. For the six months ended June 30, 2008 Total ARPU was \$433 in comparison to \$338 for the six months ended June 30, 2007. Total ARPU is increasing as the company continues its focus on enterprise-level customers.

### Monthly added ARPU\*

Monthly added ARPU for the three months ended June 30, 2008 was \$680 in comparison to \$470 for the three months ended June 30, 2007. For the six months ended June 30, 2008, monthly added ARPU was \$516 compared to \$495 for the six months ended June 30, 2007. Monthly added ARPU is increasing as the company continues its focus on enterprise-level customers.

### Customer Locations\*

Customer Locations increased to 4,775 as at June 30, 2008, from 887 as at June 30, 2007. The increase is primarily the result of the addition of the customers in Utah from the UBB asset acquisition, as well as strong organic growth in existing markets.

## Churn\*

Churn in the three months ending June 30, 2008 was 0.92%. In the three months ending June 30, 2007 the Churn was 0.89%.

## Cost of services

Cost of services is comprised of the direct cost of services and amortization of network equipment. Cost of services increased 217% to \$936,330 for the three months ended June 30, 2008 from \$468,791 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, cost of services increased 153% to \$1,754,145 compared to \$911,711 for the same period in 2007.

### *Cost of services (exclusive of amortization of network equipment)*

Cost of services (exclusive of amortization of network equipment) consists of five primary categories: installation costs, bandwidth, rooftop contracts, operations salaries and benefits, and value-added services. Cost of services (exclusive of amortization of network equipment) increased 99% to \$684,215 for the three months ended June 30, 2008 from \$344,088 for the three months ended June 30, 2007. For the six months ended June 30, 2008, cost of services (exclusive of amortization of network equipment) increased 70% to \$1,202,309 compared to \$705,846 for the six months ended June 30, 2007. The increase in network operations costs is driven primarily by the impact of the UBB acquisition, as well as the increase in revenues and number of customers, resulting in increasing bandwidth usage across the networks.

### *Amortization of network equipment*

Amortization costs increased 202% to \$252,115 for the three months ended June 30, 2008 from \$124,703 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, amortization costs increased 268% to \$551,836 compared to \$205,865 for the same period in 2007. As customer locations increase and the network capacity and coverage expand increased purchases and leases of network equipment are required, which leads to increased amortization expense.

## Operating expenses

### *Corporate office*

Corporate office costs consist primarily of compensation, business development, merger and acquisition, allocated general office costs associated with Vancouver office usage for corporate matters, and investor relations and financing activities. Corporate office costs increased 99% to \$858,933 for the three months ended June 30, 2008 from \$431,348 for the three months ended June 30, 2007. For the six months ended June 30, 2008, corporate office costs increased 101% to \$1,651,462 compared to \$822,004 for the same period in 2007. The increase is due primarily to costs associated with the uncompleted equity financing and related WiBand acquisition and severance costs. Going forward the Company expects corporate office costs to reduce and stabilize as the Company focuses on cash flow and EBITDA. Subsequent to the end of the period, Management has taken steps to improve operational performance by initiating a number expense reductions designed to save approximately \$200,000 per year.

### *Sales and marketing*

Sales and marketing expenses consist primarily of compensation and commissions for the Company's sales personnel, marketing and promotion expenses and advertising costs. Other sales and marketing expenses include trade shows, client entertainment and travel costs. Sales and marketing costs increased 28% to \$340,844 for the three months ended June 30, 2008 from \$266,711 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, sales and marketing costs increased 64% to \$837,426 compared to \$509,837 for the same period in 2007. The increase in the sales and marketing costs is the result of a growing number of sales driving increased commission costs.

### General and administrative

General and administrative costs consist mainly of office rents and occupancy costs, communications expenditures, insurance costs and general office costs, as well as the salaries and benefits of general support staff. General and administrative costs increased 104% to \$419,155 for the three months ended June 30, 2008 from \$205,489 for the three months ended June 30, 2007. For the six months ended June 30, 2008, general and administrative costs increased 71% to \$763,831 compared to \$447,417 for the six months ended June 30, 2007. The increase in the general and administrative costs is due primarily to the following factors: integration of acquired operations in Utah, increased staffing required to service the business and increased office costs related to larger office space required to accommodate increased staffing and additional markets. Going forward, the Company expects these costs to reduce, as more emphasis is placed on attaining positive EBITDA and cash flow. Subsequent to the end of the period, Management has taken steps to improve operational performance by initiating a number expense reductions designed to save approximately \$350,000 per year.

### EBITDA (a non-GAAP measure)

Total EBITDA loss for the three months ended June 30, 2008 was \$408,527 in comparison to \$328,139 for the three months ended June 30, 2007. Total EBITDA loss for the six months ended June 30, 2008 was \$1,034,898 in comparison to \$851,029 for the six months ended June 30, 2007.

	Three months ended June 30, 2008 (unaudited)	Three months ended June 30, 2007 (unaudited)	Six months ended June 30, 2008 (unaudited)	Six months ended June 30, 2007 (unaudited)
<b>Net loss for the period</b>	\$ 2,184,353	\$ 621,903	\$ 3,776,226	\$ 1,197,061
Interest income	-	-	(21,253)	-
Interest expense	262,496	95,270	416,022	123,126
Foreign exchange loss (gain)	(2,140)	-	27,365	-
Amortization	529,763	198,494	884,021	346,032
Imputed debenture interest	909,943	-	1,226,025	-
Stock-based compensation	75,764	-	209,140	-
<b>EBITDA loss</b>	\$ 408,527	\$ 328,139	\$ 1,034,898	\$ 851,029

### Amortization

Amortization costs increased 376% to \$277,648 for the three months ended June 30, 2008 from \$73,791 for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, amortization costs increased 237% to \$332,185 compared to \$140,167 for the same period in 2007. These amortization costs relate to all non-network equipment, including leasehold improvements, computer software, computer hardware, and customer list impairment. The increase is due primarily to customer list impairment, and the customer lists from our Phoenix and Utah acquisitions are amortized.

### Bad debt

Bad debt expense has increased to \$53,717 for the three months ended June 30, 2008 from \$7,441 for the three months ended June 30, 2007. For the six months ended June 30, 2008, bad debt expense increased to \$130,693 compared to \$12,342 for the six months ended June 30, 2007. The increase is due primarily to an increase in long-overdue accounts receivable and the loss of residential customers in Arizona. This loss in Arizona is due to a combination of factors including:

increased competition, service issues with the legacy network, and the closure of uneconomical points of presence on the legacy network.

### *Interest*

Interest expense has increased by 176% to \$262,496 for the three months ended June 30, 2008 from \$95,270 for the three months ended June 30, 2007. Interest expense during the period relates to the convertible debenture. For the six months ended June 30, 2008, interest expense increased to \$416,022 compared to \$95,270 for the same period in 2007.

\*See Definitions – GAAP and Non-GAAP measures

### **Capital resources and liquidity**

Since inception the Company has financed its operations and met its capital expenditure requirements mainly through the sale of equity securities and the securing of debt and leasing facilities.

	As at June 30, 2008 (unaudited)	As at December 31, 2007 (unaudited)
<b>SELECTED BALANCE SHEET INFORMATION</b>		
Cash and cash equivalents	\$ 663,550	\$ 6,160,377
Current assets	2,002,788	7,082,279
Current liabilities	\$ 2,916,674	\$ 1,674,605
Share capital	18,763,753	15,138,926

The Company anticipates making additional operating expenditures and capital expenditures as the business continues to grow. Management believes that the Company's current cash, ability to secure additional equity or debt financing, leasing facilities, and cash from operations will be sufficient to meet anticipated operating and capital expenditure requirements. However, if the Company is required to settle all of its remaining convertible debenture obligations in cash, it may require additional third party financing.

### **Cash flows from operating activities**

Cash used in operating activities increased to \$502,357 for the three months ended June 30, 2008 as compared to \$370,696 used for the three months ended June 30, 2007. For the six-month period ended June 30, 2008, cash used in operating activities increased to \$1,421,082 compared to \$1,078,936 used for the same period in 2007. The increase in cash used by operating activities was due primarily to operating losses incurred by the Company.

### **Cash flows from financing activities**

Cash from financing activities results from items such as issuance of shares, loans and capital lease transactions. For the three months ended June 30, 2008 the Company had a net inflow in cash of \$509,150, consisting mainly of loan proceeds. This compares to a net inflow of \$1,492,438 for the three months ended June 30, 2007, which consisted of an outflow of \$11,651 for share issuance and loan proceeds of \$1,696,459, and an outflow of \$192,370 for the repayment of long term debt. For the six months ended June 30, 2008, the Company had a net inflow in cash of \$458,979 compared to 2,193,406 for the same period in 2007.

### **Cash flows from investing activities**

For the three months ended June 30, 2008 cash used in investing activities was \$426,913 as compared to a use of \$248,770 for the three months ended June 30, 2007, due to an increase in the purchase of capital assets. For the six-month period ended June 30, 2008, cash used was \$4,534,724 compared to a use of \$177,356 for the same period in 2007, due to the acquisition of UBB and an increase in the purchase of capital assets.

During the quarter ended June 30, 2008 the company issued 3,119,082 shares for the acquisition of assets in the UBB acquisition.

### **Contractual obligations for the period ended June 30, 2008**

The Company is committed to leases for office and warehouse space, rooftop and network facilities, bandwidth, and vehicles.

### **Off-Balance Sheet Arrangements**

As at June 30, 2008 there are no off-balance sheet arrangements.

### **Outlook**

The Company believes that overall demand for high-speed broadband and value-added products and services continues to grow. Fixed access wireless is a more attractive solution than traditional wired broadband solutions, particularly to businesses requiring premium services and those located in areas where high-speed broadband is not available by traditional wired solutions.

The Company's growth strategy is based on organic growth combined with accretive North American acquisitions. Management is currently focused on achieving positive EBITDA from current operations and plans to accelerate that growth by completing accretive acquisitions in the future.

### **SHARE CAPITAL**

As at June 30, 2008 there were 54,186,998 common shares, 21,037,578 warrants and 3,529,449 stock options outstanding. Details of these securities can be found in Note 6 to the Company's financial statements for the quarter ended June 30, 2008.

### **RELATED PARTY TRANSACTIONS**

In the normal course of business the Company enters into transactions with related companies for the use of property leased by the Company, for the use of furniture and equipment and the provision of certain services by those related companies. These transactions are entered into at rates and amounts that approximate rates and amounts that would exist between arm's length parties.

In the quarter ended June 30, 2007 the Company was related to Alpha Beta Developments, Backbone Systems Incorporated, Netfone Inc., and Momentum Conferencing Corporation through directors in common. In the quarter ended June 30, 2008 the only entity with directors in common was Backbone Systems Incorporated.

Amounts included in accounts receivable from (accounts payable to) these related parties as at June 30, 2008 and December 31, 2007 are:

	As at June 30, 2008 (unaudited)	As at December 31, 2007 (unaudited)
Backbone Systems Incorporated	\$ (28,066)	\$ 20,601

Amounts included in (recoveries of) the statement of operations from related parties for the quarter ended June 30, 2008 and the quarter ended June 30, 2007 are:

	Three months ended June 30, 2008 (unaudited)	Three months ended June 30, 2007 (unaudited)
Backbone Systems Incorporated	\$ (23,870)	\$ 261

## ON-GOING COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company has on-going commitments to:

### *Equipment Leases*

The Company has entered into a number of leases which have been treated as capital leases for accounting purposes. The leases are generally three years in length. The payments due under these leases are:

2008	\$	503,774
2009		854,027
2010		571,930
2011		40,424
Total future minimum lease payments, June 30, 2008		2,070,155
Amount representing interest at 26%		1,148,181
Obligations under capital leases		1,672,838
Less current portion		485,785
Long-term portion		\$ 1,186,963

### *Rooftop leases*

The Company has firm commitments to lease rooftop space on various buildings for its point of presence (“POP”) sites. The Company also has some other sites for which lease contracts have expired, but which have turned into “evergreen” contracts. The Company is endeavouring to establish firm commitments with the building’s owners or agents.

The Company also has commitments for its leased operating space that expire in 2011.

### **RISKS**

The Company’s financial statements have been prepared on a going concern basis notwithstanding the fact that MetroBridge has reported net losses in the current period and in its prior two years of operations. In addition, if the Company is required to settle all of its convertible debenture obligations in cash, it may require additional third party financing to continue as a going concern. The continuation of the Company as a going concern is dependent upon achieving profitable operations and upon the Company’s continuing ability to raise sufficient additional financing as required.

While management anticipates revenue from its current products and related services, there is no assurance that the Company will earn sufficient revenue to maintain its future operations. Consequently, the Company may have to raise additional financing in the future in order to maintain operations. There is no assurance that sufficient additional financing will be available or be available on terms, favourable to the Company. If such funds are unavailable or are not available on acceptable terms, the Company may be unable to maintain its future operations, take advantage of opportunities, develop new products or otherwise respond to competitive pressures. Certain conditions and events such as those described above may cast substantial doubt on the Company’s ability to continue as a going concern.

The Company believes that the following risks are among the most important in order to understand the issues that face its business and its approach to risk management.

#### MetroBridge may need additional financing to fund its continued growth, which may not be available.

MetroBridge’s ability to increase revenue will depend in part on its ability to continue growing the business by maintaining and increasing the subscriber base, which may require significant additional capital that may not be available. MetroBridge may need additional financing due to future developments, changes in its business plan or failure of the business plan to succeed, which could result from increased marketing, distribution or programming costs. MetroBridge’s actual funding requirements could vary materially from its current estimates. If additional financing is needed, MetroBridge may not be able to raise sufficient funds on favourable terms or at all. If MetroBridge fails to obtain any necessary financing on a timely basis, then its ability to execute its business plan may be limited, and its business prospects, financial condition and results of operation could be adversely affected.

#### MetroBridge is reliant on its key personnel.

MetroBridge’s success depends substantially on its directors and officers. If MetroBridge should lose the services of any of these key individuals, its ability to implement its business plan could be severely curtailed or delayed. MetroBridge currently does not carry key man insurance.

#### MetroBridge may not be able to sustain its Total ARPU or Monthly ARPU.

Given the volatile nature of the industry, MetroBridge may not be able to maintain its average selling prices at their current levels. MetroBridge may be required, due to competitive pressures or otherwise, to reduce its prices, in which case, its margins would decline, which would adversely affect its operating results. Other circumstances may cause a reduction in MetroBridge’s ARPU including, without limitation volume discounts provided to its customers and customers purchasing lower cost services.

Risks inherent in acquisitions that MetroBridge may undertake could adversely affect its business prospects, financial condition and results of operations.

MetroBridge anticipates future acquisitions of businesses and technologies consistent with its acquisition and growth strategy. From time to time, MetroBridge may also acquire securities of or other interests in companies with respect to which MetroBridge may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including, but not limited to, the following:

- integrating acquired business operations, systems, employees, services, technologies and sales channels into MetroBridge's existing business, workforce and services could be complex, time-consuming and expensive;
- an acquisition may disrupt MetroBridge's ongoing business, divert resources, increase expenses and distract management;
- MetroBridge may issue additional equity securities that would dilute the interest of its shareholders or incur debt that could have terms unfavourable to MetroBridge or that MetroBridge might be unable to repay;
- MetroBridge may assume debt or other liabilities, known and unknown, including litigation risk, associated with the acquired services, technology or company;
- to the extent an acquired company has a different corporate culture, MetroBridge may have difficulty assimilating the acquired business, which could lead to morale issues, increased turnover and lower productivity than anticipated, and could also have a negative impact on the culture of MetroBridge's existing organization;
- MetroBridge may be required to record substantial accounting charges; and
- an acquisition may involve entry into geographic or business markets in which MetroBridge has little or no prior experience.

In addition, MetroBridge may not realize the anticipated benefits of any acquisition, including securing the services of key employees. Incurring unknown liabilities or the failure to realize the anticipated benefits of an acquisition could increase the costs anticipated with regard to an acquisition and adversely affect MetroBridge's financial condition. Any of the foregoing or other factors could harm MetroBridge's ability to achieve anticipated benefits of acquisitions. MetroBridge may not be able to identify or consummate any future acquisitions on favourable terms, or at all. If MetroBridge does effect an acquisition, it is possible that the financial markets or investors will view the acquisition negatively and the price of its common shares could decline.

MetroBridge has an operating deficit and has incurred losses since inception.

To date, MetroBridge has not had profitable operations. In order to become profitable and sustain profitability, MetroBridge will need to generate additional revenues to offset its cost of sales, and operating expenses. Alternatively, the Company will need to reduce its operating expenses. MetroBridge will also need additional revenues to meet capital expenditure cash flow requirements. MetroBridge may not have the ability to meet aforementioned expenditure requirements without additional issuances of equity securities or securing of debt facilities. MetroBridge may never be able to achieve or sustain its revenue or profit goals.

MetroBridge is in the growth phase.

The industry is currently fragmented, with potentially several providers in each market, often without a clear dominant leader. The emergence of multi-market providers is just beginning and MetroBridge believes that most will be pursuing a similar strategy to that of MetroBridge, that is, combining growth through acquisitions and greenfield deployment. This indicates that the industry is still in the growth

phase of the business life cycle, with high margins and multiple providers with little competitive advantage. As the industry matures, it is anticipated that the industry will consolidate and product differentiation will result in market leaders, thus increasing the need to continually look to increase both efficiency and reliability. As the industry continues to mature, the threat of incumbent fibre providers entering the market increases, as wireless technology continues to be a proven cost effective and a reliable platform from which to provide service.

MetroBridge is subject to significant competition.

MetroBridge has experienced, and expects to continue to experience, intense competition from a number of companies. MetroBridge's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Further, new competitors or alliances among existing competitors could emerge. MetroBridge's services could become obsolete as the features and functions it offers might become standard components of other broader product offerings. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on MetroBridge's business prospects, financial condition and results of operations.

Some competitors have significantly greater resources than MetroBridge (including financial, technical, sales, distribution and product support resources) and have a larger installed base of products, longer operating histories or greater name recognition. MetroBridge's relatively small size in comparison to its competitors may therefore be viewed negatively by prospective customers. In addition, MetroBridge's competitors may be able to respond more quickly to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products.

Possible delays and increased development costs could hurt MetroBridge's business.

Many of the problems, delays and expenses encountered by an enterprise in its early stage may be beyond the control of MetroBridge. Such problems may include, but are not limited to, problems related to technical development of MetroBridge's infrastructure, testing, regulatory policy and regulatory compliance, the competitive and regulatory environment in which it operates, marketing problems, customer acceptance and costs and expenses that may exceed current estimates. Delays in the timely design, construction, deployment and commercial operation of MetroBridge's business, and consequently the achievement of positive cash flow, could result from a variety of causes, including many causes that are beyond its control. Such delays include, but are not limited to, delays in changes in the technical specifications of MetroBridge's infrastructure made to correct or enhance its features, performance or marketability or in response to regulatory developments or otherwise, delays encountered in the construction, integration or testing of MetroBridge's infrastructure and other systems, delays in MetroBridge's ability to obtain financing, insufficient or ineffective marketing efforts and slower-than-anticipated consumer acceptance of MetroBridge's services. Substantial delays in any of these matters could harm MetroBridge's operating results and financial condition.

MetroBridge may have difficulty scaling and adapting existing systems architecture to accommodate increased traffic, technology advances or customer requirements.

In the future, MetroBridge may be required to make changes to its systems architecture or move to a completely new architecture. If it is required to switch architectures, MetroBridge may incur substantial costs and experience delays or interruptions in its service, which may cause users and customers to become dissatisfied and move to competing providers' services. To the extent that demand for MetroBridge services increases, MetroBridge will need to expand its infrastructure, including the capacity of its hardware servers and the sophistication of its software. This expansion is likely to be expensive and complex, and requires additional technical expertise. An unanticipated loss of traffic, increased costs, inefficiencies or failures to adapt to new technologies or user requirements and the associated adjustments to systems architecture could harm MetroBridge's operating results and financial condition.

Inability to renew a lease could lead to interruptions, delays, loss of data, or the inability to accept and fulfill its customers' needs.

While MetroBridge is in compliance with all material terms of its property leases, if it had to relocate to different premises because the lease for any data center was terminated, or because it was not able to renew or extend the lease for a data center, MetroBridge's services may be interrupted, its reputation could suffer and its business prospects, financial condition and results of operations could be adversely affected.

MetroBridge may experience interference from other providers that employ the same frequencies.

Other providers that are located in close proximity to MetroBridge's radios who use the same frequency can cause interference in MetroBridge's services. This interference can potentially cause service disruption, which can range from minor packet loss to complete loss of the internet connection. The problem can be rectified by changing the frequency.

If MetroBridge's security systems are breached, it could incur liability, services may be perceived as not being secure, and its business and reputation could suffer.

MetroBridge's business involves the storage and transmission of the proprietary information of end-users. Although MetroBridge employs internal control procedures to protect the security of its customers' end-users' data, MetroBridge cannot guarantee that these measures will be sufficient. If its security measures are breached as a result of a third-party action, employee error or otherwise, and as a result end-users' information becomes available to unauthorized parties, MetroBridge could incur liability and its reputation could be damaged, which could lead to the loss of current and potential customers. Security breaches could result in misappropriation of personal information, suspension of Website hosting operations or interruptions in services. If MetroBridge experiences any breaches of its network security or sabotage, MetroBridge might be required to expend significant capital and other resources to remedy, protect against or alleviate these and related problems, and MetroBridge may not be able to remedy these problems in a timely manner, or at all. Because techniques used by outsiders to obtain unauthorized network access or to sabotage systems change frequently and generally are not recognized until launched against a target, MetroBridge may be unable to anticipate these techniques or implement adequate preventive measures.

MetroBridge's systems are also exposed to computer viruses, denial of service attacks and bulk unsolicited commercial email, or spam. The property and business interruption insurance MetroBridge carries may not be adequate to fully cover losses that may occur. Such events could cause loss of service and data to customers and end-users, even if the resulting disruption is temporary. MetroBridge could be required to make significant expenditures if its systems are damaged or destroyed, or if the delivery of its services to customers and end-users is delayed.

In addition, the U.S. Federal Trade Commission and certain state agencies have investigated various internet companies' use of their customers' personal information. Various governments have also enacted laws protecting the privacy of consumers' non-public personal information. MetroBridge's failure to comply with existing laws (including those of foreign countries), or the adoption of new laws or regulations regarding the use of personal information that would require MetroBridge to change the way it conducts business or result in an investigation of its privacy practices could increase its operating costs.

The systems and data centers MetroBridge uses are vulnerable to natural disasters and other unexpected problems that could lead to interruptions, delays, loss of data, or the inability to accept and fulfill its customers' needs.

Earthquakes, fire, floods, power loss, telecommunications failures, break-ins, computer sabotage and similar events could damage or destroy MetroBridge's systems and facilities and temporarily prevent MetroBridge from fulfilling existing service orders and from securing new orders. Such events could cause loss of service and data to customers and end-users, even if the resulting disruption is temporary. MetroBridge's business could be seriously harmed, its revenues could decline, or customers' confidence

in its systems could decrease, and MetroBridge could be required to make significant expenditures due to any of these events.

MetroBridge may be unable to respond to the rapid technological changes in the industry and its attempts to respond may require significant capital expenditures.

The internet and electronic commerce are characterized by rapid technological change. Sudden changes in end-user and customer requirements and preferences, the frequent introduction of new services embodying new technologies and the emergence of new industry standards and practices could make MetroBridge's services and systems obsolete. The rapid evolution of internet-based applications and services will require that MetroBridge continually improve the performance, features and reliability of its services. MetroBridge's success will depend, in part, on its ability to develop new services and technologies that address the increasingly sophisticated and varied needs of its current and prospective customers and end-users; and to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

MetroBridge develops a portion of its services internally, rather than by licensing or acquiring technology from third-party vendors. The development of new services is costly, complex, and time-consuming and MetroBridge may not be able to complete development in a timely manner, or at all. MetroBridge's internal development teams may be unable to keep pace with new technological developments. If technological developments or changes in the market outpace its ability to develop services demanded by current and prospective customers and their end-users, MetroBridge's existing services may be rendered obsolete, and it may be forced to license or acquire software and other technology from third parties, or it may lose existing customers and fail to attract new customers. If MetroBridge is forced to shift its strategy toward licensing core technology from third parties, it could prove to be more costly than internal development and adversely impact its business prospects, financial condition and results of operations.

MetroBridge may be unable to use new technologies developed by others effectively or to adapt its internally developed technologies and services to customer requirements or emerging industry standards. In addition, as MetroBridge offers new services and functionality, it will need to ensure that any new services and functionality are well integrated with its current services, particularly as it offers an increasing number of services as part of bundled suites. To the extent that any of MetroBridge's new services do not integrate well with its existing services, MetroBridge's ability to sell such new services could be reduced and its business prospects, financial condition and results of operations could be adversely affected.

Changes in pricing of bandwidth could have an adverse effect on margins.

Bandwidth is one of the most significant elements in the determination of MetroBridge's cost of sales. An increase in the price of bandwidth could have an adverse effect on gross margins since MetroBridge may not be able to increase prices to compensate. MetroBridge believes that the ability to access bandwidth is more important than the price. MetroBridge has therefore implemented arrangements with several bandwidth providers and has entered into long-term contracts with some of them. If the price of bandwidth were to decrease, MetroBridge's contractual commitment to pay higher prices would cause MetroBridge to be less competitive and its business would suffer. In addition, since MetroBridge purchases additional bandwidth based on anticipated growth, MetroBridge's bandwidth expenses are sometimes larger than necessary for its existing needs. Larger than necessary bandwidth expenses will also increase relative to MetroBridge's needs if its projected growth is delayed or does not occur. This would cause MetroBridge to be less competitive as its costs would outpace its revenues.

Currency fluctuations may adversely affect MetroBridge.

MetroBridge does not currently manage United States – Canadian dollar exchange rate risk using financial instruments. MetroBridge earns revenue and pays expenses in both Canadian and United States dollars, and its financial statements are reported in Canadian dollars.

Governmental regulation involving the transmission of information over the internet is evolving, and MetroBridge may face liability in connection with the information that is transmitted using its services.

The legal framework that applies to the internet is continually evolving. Laws have been, and likely will continue to be, enacted regarding matters such as privacy, security, pricing, taxation, quality and substance of services. Because MetroBridge's services allow customers to transmit information over the internet, MetroBridge may face liability for any improper information that its end-users transmit. MetroBridge may face liability for defamation, negligence, copyright, patent or trademark infringement, and other claims based on the nature and content of the materials being transmitted by way of its services. Although MetroBridge retains discretion to cancel the services being provided to end-users if it learns such content is being transmitted, there can be no guarantee that its end-users will refrain from such transmission or that MetroBridge will not be held responsible for the content being transmitted or hosted using its services or infrastructure. Government regulations also could affect the cost of communicating on the internet and could negatively affect the demand for its services, and its business could thereby be harmed.

Legislation that would make MetroBridge's services specifically responsible for the content of end-users will impact its business and financial condition.

Websites and email messages located on MetroBridge infrastructure could result in it being held responsible for all content on its servers, as its customers would be using MetroBridge's infrastructure to provide services to end-users. As MetroBridge's infrastructure contains content for all of its customers' end-users, monitoring the content would represent an enormous and possibly untenable responsibility.

Any foreign legislation restricting companies from making use of its services based on geographic location of data centers or original location of incorporation or any attempts to halt outsourcing in major markets could have an impact on MetroBridge's business prospects, financial condition and results of operations.

MetroBridge relies on third parties to provide some of its services and its business will be harmed if it is unable to provide these services in a cost-effective manner.

MetroBridge relies on third parties to provide some of its services. If these third parties are unable or unwilling to provide these services in the future, MetroBridge would need to perform them internally or obtain them from other providers. This could cause MetroBridge to incur additional costs or cause interruptions in its business until these services are replaced. Companies may choose not to retain the services of MetroBridge, which could cause its revenue to decline.

MetroBridge has a short operating history.

MetroBridge has a limited operating history upon which its business can be evaluated. Since inception, MetroBridge has incurred substantial net losses. MetroBridge will require expenditures of significant funds for sales and marketing, acquisitions, and building out existing and new networks. If MetroBridge is ultimately unable to generate sufficient revenue to become profitable and have sustainable positive cash flows, prospective purchasers could lose their investment.

MetroBridge may be unable to manage rapidly expanding operations.

MetroBridge is continuing to grow and diversify its business both domestically and internationally. As a result, MetroBridge will need to expand and adapt its operational infrastructure and increase the number of personnel in certain areas. If MetroBridge is unable to manage its growth effectively, it could have a material adverse effect on its business prospects, financial condition and results of operations. To manage growth effectively, MetroBridge must, among other things, continue to develop its internal and external sales forces, its infrastructure capability, its customer service operations and its information systems and maintain its relationships with channel partners. MetroBridge will also need to continue to expand, train and manage its employees. If it is unable to manage growth effectively, MetroBridge may

experience a decrease in subscriber growth and an increase in subscriber churn, which could have a material adverse effect on its business prospects, financial condition and results of operations.

MetroBridge may be subject to product liability exposure.

MetroBridge's agreements with customers typically contain provisions designed to limit exposure to potential product liability claims. Despite this, it is possible that these limitations of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. The sale and support of MetroBridge's products may entail the risk of product liability claims, which are likely to be substantial in light of the use of MetroBridge's products in critical applications. A successful product liability claim could result in significant monetary liability and could seriously harm its business.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The discussion and analysis of MetroBridge's financial condition and results of operations is based on its consolidated financial statements, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles. The preparation of these financial statements requires MetroBridge to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. MetroBridge reviews its estimates on an ongoing basis. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from these estimates and estimates may differ under different assumptions or conditions. The following accounting policies, described in greater detail in Note 3 to the Consolidated Financial Statements, are believed to be critical to the judgments and estimates used in the preparation of the Consolidated Financial Statements.

### *Revenue Recognition*

Revenue is derived primarily from recurring revenue in the form of monthly internet access fees and internet access set-up charges recognized on a monthly basis as services are provided. MetroBridge bills internet access to customers in advance for direct access to the internet, but defers recognition of these revenues and recognizes them on a straight-line basis over the access period.

### *Allowance for Doubtful Accounts*

The Company has experienced some difficulty with its collection of accounts receivable from its Phoenix operations when the operations of Jetstream were acquired. These difficulties have necessitated that the Company create a reserve that is large enough to provide for accounts receivable losses in what it estimates would be a worst possible case.

### *Convertible Debenture*

The Company has outstanding a convertible debenture which included share purchase warrants. The Company used the Black-Scholes model to separately estimate the value of the equity component, being the warrants and the conversion option. The fair value of the equity components has been allocated to equity and the liability will be accreted to its fair value through a charge to interest over the term of the debenture.

### *Accounting for Share-Based Compensation*

In accordance with CICA Handbook Section 3870, stock-based awards granted on or after January 1, 2005 are accounted for using the fair value method of accounting, whereby MetroBridge recognizes compensation expense equal to the fair value of the award over its vesting period. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected term of stock grants, the expected volatility of MetroBridge's stock and expected dividends. In addition, judgment is also required in estimating the amount of stock-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, stock-based compensation expense

and MetroBridge's results of operations could be materially impacted. The fair value of the awards is determined using the Black-Scholes option pricing model.

#### *Accounting for Income Taxes*

MetroBridge has accumulated significant non-capital tax losses during the build out of its network. As at December 31, 2007 the Company had approximately \$6,130,515 of losses for Canadian income tax purposes available to offset future tax liabilities.

In preparing the Consolidated Financial Statements, MetroBridge is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These temporary differences, together with the net operating loss carry forwards from operations and certain other items, result in future income tax assets and liabilities, which are recorded on the balance sheet. MetroBridge assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated statement of operations. No future income tax asset has been recorded on MetroBridge's consolidated balance sheet to date as a full valuation allowance has been provided for the amount of any benefit. It has provided a full valuation allowance as it has not been demonstrated that future realization of the tax benefit is more likely than not, given that the company has a history of losses.

Judgment is required in determining the amounts of future income tax assets and liabilities and the related valuation allowance recorded against the net future income tax assets. In assessing the potential realization of future income tax assets, management considers whether it is "more likely than not" that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets related to the Company's operations is dependent upon the generation of sufficient future taxable income from these operations during the period in which the future income tax assets are recoverable. Management assesses the likelihood that future income tax assets will be recovered from future taxable income and whether a valuation allowance is required to reflect any uncertainty.

#### *Impairment of Capital Assets and Intangible Assets*

The Company estimates useful life and recoverability to determine the annual amortization expense. In addition, MetroBridge monitors events and changes in circumstances that may require an assessment of the recoverability of its long-lived assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment loss is recognized in operations, for the amount by which the carrying amount of an asset exceeds its fair value.

#### **Impact of Recently Issued Accounting Standards**

The CICA has announced several future changes in accounting policy, which will affect the financial statements of the Company subsequent to December 31, 2007. The significant changes, along with the impact on the financial statements of the Company are as follows:

(a) Inventories:

In June 2007, the CICA issued new Handbook Section 3031, *Inventories*, which replaces CICA 3030, Inventories. The new standard requires inventory to be measured at the lower of cost or net realizable value and requires any write-downs to be reversed if the value subsequently recovers, provides expanded guidance on the determination of cost, including the allocation of overhead and expands disclosures. The Company will adopt this new standard effective January 1, 2008, and does not expect the financial statements to be materially affected.

(b) Capital disclosures:

In December 2006, the CICA issued Handbook Section 1535, *Capital Disclosures*. This section establishes standards for disclosing information about an entity's objectives, policies and

processes for managing capital. This standard is effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The Company will adopt this new standard effective January 1, 2008.

(c) Financial instruments – disclosures and presentation:

In December 2006, the CICA issued Handbook Section 3862, *Financial Instruments - Disclosures*, and Section 3863, *Financial Instruments - Presentation*. These standards enhance existing disclosures in previously issued Section 3861, *Financial Instruments - Disclosure and Presentation*. Section 3862 places greater emphasis on disclosures about risks related to recognized and unrecognized financial instruments and how those risks are managed. Section 3863 carries forward the same presentation standards as Section 3861. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The Company will adopt this new standard effective January 1, 2008.

(d) Financial statement presentation:

In April 2007, the CICA Accounting Standards Board amended Section 1400, *General Standards of Financial Statement Presentation*. These amendments require management to disclose any uncertainties that cast significant doubt on the entity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management must take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet date. The Company will adopt this new standard effective January 1, 2008 on a prospective basis.

(e) International financial reporting standards:

The Accounting Standards Board (“AcSB”) establishes financial accounting and reporting standards for use by Canadian companies. It also participates in the development of internationally accepted accounting standards. The AcSB is accountable to the Accounting Standards Oversight Council, an independent body established in September 2000 by the CICA. On February 13, 2008, the AcSB announced that the use of International Financial Reporting Standards (“IFRS”) will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-oriented enterprises including listed companies. IFRS will replace Canada's current GAAP. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is evaluating the impact of the adoption of IFRS.

## **Definitions – GAAP and Non-GAAP Measures**

### *Customer Locations*

MetroBridge calculates its customer locations based on the number of installations that it completes for the related period. A customer location is considered to be a physical installation of equipment wireless transmitting and receiving data traffic for which a monthly amount in fees is remitted to the company. This includes customer locations acquired through acquisition.

### *Monthly Added Average Revenue Per User (“Monthly Added ARPU”)*

MetroBridge calculates monthly added ARPU by dividing the network access revenues added for the month by the related number of customer locations added for that month. Network access revenues for a month are calculated by adding the network access revenues per customer location for the related month. Customer locations for a month are identified by date of installation and are associated with the month in which the installation was completed and customers were able to receive network access. This only includes revenues added post acquisition.

#### *Total Average Revenue Per User ("Total ARPU")*

MetroBridge calculates total ARPU by dividing the network access revenues for a period, most typically a month, by the number of customer locations at the end of the applicable period. Total network access revenues are calculated by adding all the revenues that relate to network access fees.

#### *Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")*

MetroBridge calculates EBITDA by removing the effects of interest expense, interest income foreign exchange (gain)/loss, amortization and stock based compensation from net loss. MetroBridge believes that EBITDA is a useful measure of operational financial performance generated by its business activities without taking into consideration how the activities are financed or taxed and prior to taking into consideration asset amortization. EBITDA is not a measure recognized under GAAP and, accordingly, investors are cautioned that EBITDA should not be considered an alternative to operating income or net income determined in accordance with GAAP as an indicator of its financial performance. EBITDA does not take into consideration the effects of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which have been separately disclosed in the consolidated statements of cash flow. MetroBridge's method of calculating EBITDA may differ from other issuers and, accordingly, may not be comparable to similar measures presented by other issuers.

#### *Churn*

MetroBridge calculates churn by taking the monthly recurring revenue lost during the period attributable to customers who had been with the company for greater than 90 days, as a percentage of total revenue (excluding interest) for the period.