



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended

October 31, 2019 and 2018

GENERAL

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") of NuRAN Wireless Inc. ("we", "us", "our", the "Company" or "NuRAN") (formerly 1014372 B.C. Ltd.) for the year ended October 31, 2019 has been prepared by management and should be read in conjunction with the consolidated financial statements for the year ended October 31, 2019 and 2018 and the related notes thereto. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). References to notes are with reference to the consolidated financial statements. Unless otherwise noted, all currency amounts are in Canadian dollars. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Unless otherwise stated, this MD&A is prepared as of February 27, 2020.

DISCLAIMER FOR FOWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer (as defined herein) or NuRAN (as defined herein) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: expectations regarding NuRAN's ability to raise capital, the intention to expand the business and operations of NuRAN and use of working capital and proceeds of capital raises. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of NuRAN to obtain necessary financing; general economic conditions in Canada and globally; competition for, among other things, capital and skilled personnel; our ability to hire and retain qualified employees and key management personnel; possibility that government policies or laws may change; possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to acquisitions and international expansion; reliance on large customers; reliance on a limited number of suppliers; risks related to NuRAN's competition; and NuRAN's failure to adequately protect its intellectual property; interruption or failure of information technology systems. These forward-looking statements should not be relied upon as representing NuRAN's views as of any date subsequent to the date of this MD&A.

Although NuRAN has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect NuRAN. Additional factors are noted under "Risk Factors" in this MD&A. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Issuer or



NuRAN undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

CORPORATE STRUCTURE

NuRAN was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company was initially a wholly-owned subsidiary of Bravura Ventures Corp. ("Bravura"). On October 14, 2014, the Company entered into an arrangement agreement with Bravura and 1014379 B.C. Ltd., pursuant to which the shareholders of Bravura exchanged certain common shares of Bravura for common shares of NuRAN by way of a plan of arrangement (the "Arrangement") and NuRAN became a reporting issuer in the provinces of British Columbia and Alberta.

Following completion of the Arrangement, NuRAN entered into an amalgamation agreement dated March 11, 2015 with Nutaq Innovation Inc. ("Nutaq") and 9215174 Canada Inc. ("Newco"), a wholly owned subsidiary of NuRAN formed for the purpose of the amalgamation, pursuant to which Nutaq amalgamated with Newco and NuRAN acquired all of the issued and outstanding shares of the amalgamated company in consideration of 32,999,994 common shares of NuRAN based on a ratio of 2.749 NuRAN common shares for each share of Nutaq issued and outstanding on the closing date. Nutaq and Newco completed the amalgamation on June 2, 2015 and the amalgamated company was named "Nutaq Innovation Inc.". Following the closing of the transaction, NuRAN had 40,471,869 common shares issued and outstanding and former shareholders of Nutaq acquired 81.5% of the issued and outstanding common shares of NuRAN. Following closing of the Amalgamation, Nutaq Innovation Inc. is a wholly owned subsidiary of NuRAN and NuRAN operates the business of Nutaq.

Nutaq was incorporated under the laws of Canada on May 30, 2005 under the name "Lyrtech RD Inc.". Nutaq changed its name to "Nutaq Innovation Inc." on August 31, 2012. Nutaq's registered and head office is located at 2150 Cyrille-Duquet Street, Suite 100, Quebec, Quebec G1N 2G3. Nutaq does not have any subsidiaries.

DESCRIPTION OF BUSINESS

NuRAN Wireless, with its wholly owned subsidiary Nutaq Innovation inc., is a leading supplier of mobile and broadband wireless infrastructure solutions. Its innovative radio access network (RAN), core network, and backhaul products dramatically reduce the total cost of ownership, giving mobile network operators (MNO) the ability to profitably serve remote, low income and low population density locations, an unfeasible proposition with existing systems, thereby creating new opportunities for mobile network operators and internet service providers.

The Company provides a variety of specialized systems for indoor coverage, rural connectivity in emerging markets, connectivity to offshore platforms and ships, private mobile networks or custom solutions for specific markets such as Internet of Things (IoT), public safety, emergency or crisis communications.

NuRAN's wireless solutions are also capable of supporting mobile payment transactions, a tremendous social and economic benefit for those in the developing world where 95% of all transactions are cash and 60% of adults don't currently have a bank account.



The Company generates revenue from three sources:

➤ Sale of Wireless Infrastructure Solutions ("WIS")

NuRAN's WIS solutions are infrastructure wireless devices (e.g. base station radios) that use proprietary breakthrough small cell solution to offer better coverage, the lowest installed cost and the most efficient power consumption currently available in the global marketplace. Our design provides two key competitive advantages:

- Low total cost of ownership (TCO): a key feature for developing countries and rural/low population density areas, and
- Small footprint, easy to deploy private networks, customizable for specific markets such as defense, utilities, industrial and machine-to-machine ("M2M").

During this year, this stream includes revenues from sales of WIS to Original Equipment Manufacturers (OEM'S).

➤ Advanced Development Platforms ("ADP") services

ADP's services are provided by NuRAN's wholly owned subsidiary Nutaq Innovation and focus primarily on the wireless, scientific/medical and defense markets providing its customers with the prototyping tools needed to:

- Execute on increasingly complex designs addressing the growing sophistication of markets such as 4G and 5G;
- Speed up the development and validation of IoT devices by enabling testing directly in the developers' lab with Nutaq's PicoLTE
- Decrease new product design costs and time to market;
- Decrease product design risks; and
- Offer product differentiation through innovation.

➤ Engineering Design Services

Also through Nutaq Innovation, the Company applies its expertise and 30 years of experience in hardware and software for Digital Signal Processing (DSP) and the wireless market place to help its clients convert ideas into products.

GENERAL OBJECTIVES

The Company's mission is to enable its clients to profitably connect the 4 Billion of people without broadband connectivity and the Next Billion of wireless communication users, those that do not have the benefit of accessing reliable telecommunications and power infrastructures.

The company delivers the world's most affordable, lowest power consumption and easiest to deploy wireless solutions. NuRAN deploys its own breakthrough small cell solution in traditionally underserved and emerging markets, addressing the CapEx and OpEx challenges of operators, allowing the Telcos to deploy profitably in the least population dense and most remote areas at the lowest Average Revenue Per User (ARPU).



The Company's products continue to be tested by several MNOs and community organizations in many countries around the World, providing voice and data to villages in rural areas not covered by any kind of voice or data networks as well as in urban areas where there are still opportunities to provide an affordable service.

Multiple trials have been successfully conducted with MNOs and resulted in product/vendor qualification, a prerequisite for being able to sell the equipment.

OVERALL PERFORMANCE AND OUTLOOK

Performance

During the year ended October 31, 2019, the Company continued the implementation of its strategy to become the supplier of choice to Mobile Network Operators (MNO) across the world for remote and rural area without connectivity.

Management's decision in 2016 and continuous effort to redirect NuRAN's efforts to the MNO market was made with the awareness that this change would require considerable initial investments in marketing, branding, sales, field tests and to prepare for increased production. These investments were planned to be recovered over the next couple of years through increased market visibility, higher sales and better gross margins.

In spite of delays incurred throughout the qualification process with MNO's, the growing sales pipeline confirms management's expectations.

The Company's ongoing investments in research and development, engineering and manufacturing have been rewarded with the acknowledgment by leading industry organizations and participants that NuRAN's Wireless Infrastructure Solutions are "at the top of its class".

In addition, NuRAN's marketing and branding efforts have significantly increased the market's awareness of its wireless solutions.

Some of the achievements since the beginning of the fiscal year that support this view include:

- Collaboration between NuRAN and Intelsat to expand and enhance mobile connectivity services to the Marshall Islands;
- Signature of a \$4.75M contract for delivery and installation of NuRAN's Wireless Infrastructure Solutions;
- Collaboration between NuRAN and Raeanna to expand mobile connectivity in Africa;
- NuRAN wins GSMA Connected Society Innovation Grant for rural connectivity, in partnership with Vodafone Ghana;
- NuRAN technology selected by MTN for its rural expansion plan, consisting of more than 5,000 potential sites, contract and negotiations with deployment partners ongoing.



- NuRAN secured a long-term low interest loan of up to \$3M CAD with Quebec Government and its “Créativité Québec” program where 75% of all expenses related to the upcoming Multi Standard LiteCell xG is financed through the program;
- United States Patent Office granted the Company with a patent related to 5G Massive MIMO;
- Industry veteran Christian de Faria joined as new director of the Company;
- NuRAN partnered with Israel’s Spacecom AMOS 17 and an undisclosed mobile network operator for a large rural connectivity project in Africa;
- Former CTIO of MTN Group Babak Fouladi joined as new director of the Company.
- In July 2019, NuRAN announced it has successfully conducted over-the-air 5G communication tests between its Nutaq test & measurement systems and 5G-capable commercial smartphones, with plans to migrate the technology onto NuRAN’s LiteRAN xG product.

The above progresses and achievements reinforce management’s belief on the success of the Company’s strategic shift and that NuRAN is positioned to become the market leader in this very important and growing space which should generate strong returns to its shareholders.

Outlook

NuRAN’s WIS solutions have started being deployed for commercial operations by mobile operators. NuRAN has qualified its solutions with Tier-1 mobile operators and mobile operating groups. It is making progress in completing the qualification with additional ones (undergoing activities), and is preparing trials with multiple other ones as well. NuRAN solutions are being either tested or operated by MNOs in more than 20 countries across South East Asia, Africa, South America and Latin America. NuRAN has also established alliances with other key industry actors such as satellite operators and tower companies to further increase its outreach. The successful qualification by mobile operators and the partnerships with key industry players put NuRAN in position to generate significant business on both short and long term.

NuRAN’s previously announced LiteRAN xG, a WIS solution that will provide operators with 2G, 3G, & 4G capability from a single piece of equipment for operators to run multiple technologies simultaneously and evolve their service through time, will start being deployed this year. The addition of xG to the portfolio significantly widens the Company’s addressable market.

On October 9, 2018, NuRAN announced the introduction of the Mobile Network Enabler (“MNE”) model. This new model is complementary to NuRAN’s existing CAPEX model and facilitates network expansion for mobile network operators in emerging markets by providing them with a zero-CAPEX model where NuRAN provides its mobile infrastructure solutions as a service. Leveraging its carrier-grade mobile network infrastructure solutions as well as its extensive expertise in the build of cost-effective cellular networks, NuRAN is able to setup network operation from the ground up and with better return on investment. While rollouts under the MNE model require the Company to make upfront investments, they are foreseen to generate significant value whereby NuRAN will benefit from long-term recurring revenues with compelling return on investment.



The following discussion of the Company's financial performance is based on the consolidated financial statements for the year ended October 31, 2019 and 2018.

FACTORS CONCERNING THE COMPANY'S FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

To evaluate the results of the strategic shift, management closely monitors four key measures of the Company's performance: Revenue, Gross Profit Margins (GPM), Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Income.

Revenue growth measures the success of our marketing and sales efforts. It will be dependent on the Company's ability to penetrate new markets and gain new customers for existing and new products and services. The investments in marketing and sales and the new products launched since 2016 have increased our sales pipeline, started to generate sales and should produce increasing revenues.

GPM measures how efficiently and effectively NuRAN delivers its systems and services to its clients.

EBITDA measures the entire operations by including selling and administrative costs. It should increase as sales grow.

Management believes that net income is a measure of how efficiently and effectively the business is running. To achieve an acceptable net income, the company needs to significantly increase its revenues, while maintaining or slightly increasing its selling and general administration costs.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the consolidated financial statements of the Company as at October 31, 2019, October 31, 2018 and October 2017 and for the periods then ended:

| | Year ended October 31, 2019 | Year ended October 31, 2018 | Year ended October 31, 2017 |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total revenues | \$ 2,122,167 | \$ 4,169,237 | \$ 6,019,133 |
| Total loss | \$ (3,548,993) | \$ (3,497,000) | \$ (2,003,725) |
| Net loss per share – basic | \$ (0.02) | \$ (0.03) | \$ (0.02) |
| Net loss per share – diluted | \$ (0.02) | \$ (0.03) | \$ (0.02) |

| | Year ended October 31, 2019 | Year ended October 31, 2018 | Year ended October 31, 2017 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Total assets | \$ 8,828,268 | \$ 7,549,728 | \$ 7,520,862 |
| Total non-current financial liabilities | \$ 632,911 | \$ 206,657 | \$ 293,639 |

RESULTS OF OPERATIONS**Revenue**

The \$2,047,070 decrease in revenue for the year ended October 31, 2019 compared to the year ended October 31, 2018 (\$1,849,896 for the year ended October 31, 2018 compared to the year ended October 31, 2017) results from the intense focus of its sales & marketing efforts towards the Company's WIS revenue source. Although these efforts have increased the overall opportunity pipeline, contracts have taken longer than expected to materialize. The recently signed contract to improve the Marshall Islands telecommunications infrastructure is an example of those lengthy contract negotiations. Management expects that these efforts will be rewarded with significant business in the coming future, compensating for this past decrease in sales.

Gross Profit

Gross profit for the year ended October 31, 2019 decreased by \$717,712 compared to the year ended October 31, 2018 (decreased by \$1,413,776 for the year ended October 31, 2018 compared to the year ended October 31, 2017). The decrease in gross profit is in direct relation with the decrease in revenue.

Gross margin for the year ended October 31, 2019 decreased to 34% from 35% for the year ended October 31, 2018 (decreased to 35% for the year ended October 31, 2018 from 48% for the year ended October 31, 2017). The gross margin for the year ended October 31, 2019 is only marginally lower than for the year ended October 31, 2018. Amortization of capital investments on the sale of certain goods starting in FY2018 resulted in lower gross margins for the two most recent years compared to FY2017.

Expenses

During the year ended October 31, 2019 total expenses decreased by \$666,714 from the year ended October 31, 2018 (for the year ended October 31, 2018 total expenses decreased by \$624,015 from the year ended October 31, 2017). The decrease is mainly due to a reduction in financial expenses.

Net Loss Before Other Elements and Income Taxes

As a result of all the factors mentioned above the Net Loss Before Other Elements and Income Taxes for the year ended October 31, 2019 slightly increased to \$3,551,628 from the year ended October 31, 2018 loss of \$3,500,630 (loss of \$2,710,869 for the year ended October 31, 2017).

Other Elements and Income Taxes

Other Elements and Income Taxes for the year ended October 31, 2019 generated a net gain of \$2,635 compared with a net gain of \$3,630 in the year ended October 31, 2018 (net gain of \$707,144 for the year ended October 31, 2017).

Net Loss and Total Comprehensive Income

As a result of all the factors mentioned above the Net Loss and Total Comprehensive Income for the year ended October 31, 2019 increased to \$3,548,993 from the year ended October 31, 2018 loss of \$3,497,000.

Financial Highlights of the year ended October 31, 2019

For the year ended October 31, 2019, Company's financial performance was the following as compared to the year ended October 31, 2018:

- Revenue of \$2,122,167 compared to \$4,169,237 for the year ended October 31, 2018;
- Gross margin of 34% compared to 35% for to the year ended October 31, 2018;
- Gross Profit of \$728,985 compared to a Gross Profit of \$1,446,697 for the year ended October 31, 2018;
- Net Loss Before Other Elements and Income Taxes of \$3,551,628 compared to \$3,500,630 during the year ended October 31, 2018;
- Net Loss of \$3,548,993 compared to a Net Loss of \$3,497,000 for the year ended October 31, 2018.

Expenses

Below is a discussion of the expenses for the year ended October 31, 2019

| | 2019 | 2018 | % change from 2018 |
|--|-----------|-----------|--------------------|
| Selling expenses | 1,105,283 | 1,228,367 | -10.02% |
| Administrative expenses | 1,634,168 | 1,713,373 | -4.62% |
| Financial expenses | 676,386 | 1,358,373 | -50.21% |
| Research and development costs, net of \$94,743 (2018 - \$653,294) in tax credits | 864,776 | 647,214 | 33.62% |
| | 4,280,613 | 4,947,327 | -13.48% |

Selling expenses

Selling expenses consist of salaries to sales staff, commissions on sales, travel expenses, trade shows and presentations. No significant change in selling expenses occurred between the two periods.

Administrative expenses

Administrative expenses consist of remuneration, legal fees, audit and accounting fees, insurance, rent, consulting fees and general office expenses. No significant change in administrative expenses occurred between the two periods.

Financial expenses

Financial expenses consist of loan interest, fees on factoring accounts receivable and gain/loss on exchange rate. The significant decrease in financial expenses for the year ended October 31, 2019 compared to the year ended October 31, 2018 is mainly due to lower accretion expenses.

Research and development

Research and development costs for the year ended October 31, 2018 were significantly lower due to tax credits collected during that period for expenses incurred in prior years.

SUMMARY OF QUARTERLY RESULTS

| Three Months Ended | Net Revenues (\$) | Net Gain (Loss) (\$) | Basic and Diluted Gain (Loss) Per Share (\$) |
|--------------------|----------------------|-------------------------|--|
| 31-Oct-19 | (188,308) | (808,080) | (0.00) |
| 31-Jul-19 | 351,435 | (898,210) | (0.01) |
| 30-Apr-19 | 717,283 | (922,157) | (0.01) |
| 31-Jan-19 | 1,241,757 | (920,546) | (0.01) |
| 31-Oct-18 | 528,443 | (1,406,798) | (0.01) |
| 31-Jul-18 | 1,340,318 | (967,949) | (0.01) |
| 30-Apr-18 | 1,025,302 | (424,779) | (0.00) |
| 31-Jan-18 | 1,275,174 | (697,474) | (0.01) |
| 31-oct-17 | 1,780,065 | (253,812) | (0.00) |

FOURTH QUARTER

During the three months ended October 31, 2019, the Company earned revenues of \$(188,308) compared to \$528,443 during the three months ended October 31, 2018. The negative net revenues for the three months ended October 31, 2019 results mainly from the reversal of revenues from earlier periods of the fiscal year related to an engineering agreement and corrections related to work-in-progress revenues. The decrease in revenue for the quarter results from the more prominent shift the company has undertaken to focus its sales & marketing efforts towards the Company's WIS revenue source, and for which contracts have taken longer than expected to materialize. Management expects the shift of focus to yield significant business for the coming future and offset this past period decrease.

For the three months ended October 31, 2019, the Company incurred a gross loss of \$86,652 compared to gross loss of \$147,456 for the same period of 2018. The gross loss is attributed to the above mentioned reversal of revenues from earlier periods of the fiscal year related to an engineering agreement and corrections related to work-in-progress revenues.

The net loss for the quarter was \$808,080 compared to a net loss of \$1,406,799 for the same quarter in 2018. The decrease in the net loss is mainly due to a decrease of administration, financial, and professional fee, as well as adjustments related to other elements (modification cost and fair value of the debenture).

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash increased to \$510,532 at October 31 2019, from \$222,421 at October 31, 2018. Current assets increased to \$4,468,085 from \$3,537,853 as at October 31, 2018.

The cash position has increased as at October 31, 2019 compared to October 31, 2018 due to the Company's equity raises throughout the fiscal year, as well as upfront payment inflows received within the period.

Future Financing

Management closely monitors the Company's current cash position and the short-term and long-term cash requirements and recognizes the need for improved cash flow and liquidity for future operations and growth. Notwithstanding its cash position at October 31, 2019, the Company will look for additional financing for costs related to operations and its growth strategy (including the purchase of new equipment, continuous development of next generation wireless solutions such as the multi-Standard 2G, 3G, 4G platform).

Although the Company's operations currently generate positive cash flow, these are not sufficient to cover its administrative costs and finance its sales growth and the Company will continue to depend on its ability to convert its sales opportunities into purchase orders as well as on future equity issuances or other means of financing to finance its operations.

The ability of the Company to continue operating will therefore be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Company's operation. There can be no guarantee that the Company will be able to secure any required financing.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include companies under common control as well as key management personnel.

Bleu, Gestion & Investissements inc., ("Bleu") a company controlled by Martin Bédard, President and CEO, was under a services agreement with the Company for a monthly fee amount of \$10,000. As of April 24, 2019, Martin Bédard was no longer President and CEO of the Company.

Finexcorp Inc, a company controlled by Martin Bédard, President and CEO, is under an account receivable factoring and financing agreement with the Company. Finexcorp received factoring fees under this agreement. As of April 24, 2019, Martin Bédard was no longer President and CEO of the Company.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

The transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Company and the related parties and did not differ from the arm's length equivalent value for these services.

The Company's key management consists of the directors and executives. The key management personnel remuneration totals \$552,691, including \$119,475 of salaries converted into shares, for the year ended October 31, 2019 (\$725,765 for the year ended October 31, 2018)

Other related party transactions

During the period, the Company entered into the following transactions with related parties:

| | 2019 (\$) | 2018 (\$) |
|--------------------------------|----------------------------|----------------------------|
| Shareholders | | |
| Interest expenses | 66,807 | 65,292 |
| Companies under common control | | |
| Revenues | | |
| Rent | 7,200 | 8,400 |
| Expenses | | |
| Administrative expenses | 137,029 | 120,988 |
| Financial expenses | 78,736 | 122,956 |

PROPOSED TRANSACTIONS

As at the date of this MD&A there are no proposed transactions.

COMMITMENTS

The Company leases office space with a minimum rental payment of \$16,000 per month for a 3 years term.

RECENT EVENTS

In November 2019, NuRAN and Raeanna announced their collaboration to expand mobile connectivity in Africa;

In November 2019, MTN announced it had selected NuRAN's technology for its rural expansion plan, consisting of more than 5,000 potential sites.

In November 2019, NuRAN announced it won the GSMA Connected Society Innovation Grant for rural connectivity, in partnership with Vodafone Ghana;

On December 19, 2019, the Company granted stock options pursuant to its incentive stock option plan to certain directors and officers of the Company to purchase up to an aggregate of 2,500,000 common shares in the share capital of the Company, at an exercise price of \$0.06 per share. The options will vest three months after the date of the grant. All options expire 48 months from the grant date.

In February 2020, NuRAN announced it had booked \$6,000,000 in new business since September 2019, not including any contracts related to MTN's rural expansion announcement, which are expected to come shortly.

In February 2020, NuRAN announced it is making progress on opportunities which fall under its Mobile Network Enabler (MNE) business model, which facilitates network expansion for mobile network operators in emerging markets by providing them with a zero-CAPEX model where NuRAN provides its mobile infrastructure solutions as a service. Leveraging its carrier-grade mobile network infrastructure solutions as well as its extensive expertise in the build of cost-effective cellular networks, NuRAN is able to setup network operation from the ground up and with better return on investment. While rollouts under the MNE model require the Company to make upfront investments, they are foreseen to generate significant value whereby NuRAN will benefit from long-term recurring revenues with compelling return on investment.

In February 2020, NuRAN announced that it plans to complete the connection of its mobile infrastructure solutions to the core network of three African mobile operators, each potentially resulting in additional business for the Company.

On February 26, 2020, the Company entered into a forbearance agreement in connection with its previously issued 12% senior secured convertible debentures (the "Debentures") pursuant to which the majority lenders agreed to waive any default in payment of principal and interest payments due and payable as of this date, and continue to forbear from declaring or acting upon, or exercising related rights or remedies under such creditor's financing agreement until August 23, 2020. In consideration of the confirmation from the Majority of Holders on the execution of the forbearance agreement, the Company offered to grant holders a decrease of the Debenture conversion price from \$0.10 to \$0.05, as well as a share purchase warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.05 for a term of three years for each \$0.50 of principal amount owing to the holder under the Debenture for an aggregate total of 6,180,000 warrants. In addition to the above, the Company will pay cash compensation equal to 3% of debenture principal owed, to be paid along with principal and accrued interests.



ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Allowance for Bad Debts

The Company establishes an appropriate provision for uncollectible or doubtful accounts. Estimates of recoverable amounts are based on management's best estimate of a customer's ability to settle its obligations, and actual amounts received may be affected by various factors, including industry conditions and changes in individual customer financial conditions. To the extent that actual losses on uncollectible accounts differ from those estimated in the Company's provision, both accounts receivable and net earnings will be affected.

Functional Currency

In deciding the functional currency of the parent and its subsidiary, company management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Provisions for Inventory

Management makes estimates of the future customer demand for the Company's products when establishing appropriate provisions for inventory. In making these estimates, management considers product life of inventory and the profitability of recent sales of inventory. In many cases, product sold by the Company turns over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures that systems are in place to highlight and properly value inventory that may be approaching "best before" dates. To the extent that actual losses on inventory differ from those estimated, both inventory and net earnings will be affected.

CRITICAL ACCOUNTING POLICIES

Financial Instruments

The Company classifies its financial assets as fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets and liabilities are classified as FVTPL when the financial asset or liability is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

SHARE CAPITALIssued

The company has 172,977,913 common shares issued and outstanding as of February 27, 2020. There are no securities of any other class issued and outstanding.

Share Purchase Options

The Company has 8,155,000 stock options at February 27, 2020.

The following is a summary of stock options outstanding, as at February 27, 2020.

| Exercise price | Options outstanding | | Options exercisable | |
|----------------|---------------------|---|---------------------|---|
| | Number | Weighted average contractual life (years) | Number | Weighted average contractual life (years) |
| \$0.06 | 2,500,000 | 3.81 | | |
| \$0.10 | 3,050,000 | 2.20 | 2,650,000 | 2.10 |
| \$0.20 | 2,430,000 | 1.38 | 2,430,000 | 1.38 |
| \$0.30 | 175,000 | 2.13 | 175,000 | 2.13 |
| | 8,155,000 | | 5,255,000 | |

Warrants

The following is a summary of warrants outstanding, all of which are exercisable, as at February 27, 2020.

| Exercise price | Warrants outstanding | | Warrants exercisable | |
|----------------|----------------------|---|----------------------|---|
| | Number | Weighted average contractual life (years) | Number | Weighted average contractual life (years) |
| \$0.05 | 6,180,000 | 3.00 | | |
| \$0.06 | 300,000 | 1.48 | 300,000 | 1.48 |
| \$0.07 | 10,636,732 | 2.48 | 10,636,732 | 2.48 |
| \$0.10 | 3,246,000 | 1.47 | 3,246,000 | 1.47 |
| \$0.12 | 1,415,252 | 0.28 | 1,415,252 | 0.28 |
| \$0.15 | 5,535,000 | 1.05 | 5,535,000 | 1.05 |
| \$0.20 | 31,915,168 | 0.28 | 31,915,168 | 0.28 |
| \$0.45 | 8,500,000 | 0.99 | 8,500,000 | 0.99 |
| | 67,728,152 | | 61,548,152 | |

CONVERTIBLE DEBENTURE

As of October 31, 2019, the Company has a secured convertible debenture of \$3,090,000 outstanding. It matures on February 23, 2020 and is convertible at any time before the maturity date at a price of \$0.10 per common share. As of February 27, 2020, the amount outstanding is \$3,090,000.

On January 10, 2019, the Company made an offer to holders of its Convertible Debentures to fix the conversion price at \$0.10 per common share (From \$0.12 per common share) and remove any adjustment provisions relating to future financings completed at a price lower than the conversion price.

On May 28, 2019, the Company obtained the authorization from the majority of the holders to postpone the payment of interests due for the period of February 23 to May 23, 2019 to August 23, 2019. In accordance with the Agency and Interlender Agreement dated February, 23, 2017, once a majority of debentures holders accepted the postponement, interests payments on all debentures were postponed.

On August 23rd, 2019, the Company entered into a forbearance agreement with a majority of the debenture holders pursuant to which the majority lenders agreed to waive any default in payment of principal and interest payments due and payable as of August 23, 2019. The majority lenders also agreed to continue to forbear from declaring or acting upon, or exercising related rights or remedies under such creditor's financing agreement until February 23, 2020. In accordance with the Agency and Interlender Agreement dated February, 23, 2017, a direction given by a majority of holders is considered valid, and applies to all holders.



In consideration of forbearance, the debentures holders received a share purchase warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.10 until August 23, 2021 for each \$1.00 of principal amount owing to the Holder under the Debenture for an aggregate total of 3,090,000 warrants. The fair value of \$6,899 to the warrants issued was established using a Black-Scholes pricing model.

RISKS

Additional Financing Requirements and Access to Capital

NuRAN's ability to realize its assets and discharge its liabilities depends on the continued financial support of its shareholders, the growth and profitability of the future sales of its products that are now marketed and from obtaining additional financing.

Sales Risks

NuRAN's sales efforts target large corporations that require sophisticated data capture and production execution systems to collect and analyze data relating to various operational activities. NuRAN spends significant time and resources educating prospective customers about the features and benefits of its solutions. NuRAN's sales cycle usually ranges from 3 to 18 months and sales delays could cause its operating results to vary. NuRAN balances this risk by continuously assessing the condition of its sales pipeline and making the appropriate adjustments as far in advance as possible. NuRAN's strategy also includes a comprehensive program to build and improve relationships with our long-standing customers to better understand needs and proactively manage incoming business levels effectively.

Foreign Exchange Risk

NuRAN's sales are mainly outside Canada and are generally conducted in currencies other than the Canadian dollar, while a majority of our product research and development expenses, integration services, customer support costs and administrative expenses are in Canadian dollars. Fluctuations in the value of foreign currencies relative to the Canadian dollar can negatively, or positively, impact NuRAN's financial results.

Outsourcing Risk

NuRAN outsources the manufacture of its products to third parties. If they do not properly manufacture the products or cannot meet the needs in a timely manner, NuRAN may be unable to fulfill its product delivery obligations and its costs may increase, and its revenue and margins could be negatively impacted. The Company's reliance on third-party manufacturers subjects it to a number of risks, including the absence of guaranteed manufacturing capacity and the inability to control the amount of time and resources devoted to the manufacture of products. To mitigate this dependency, the Company has relationships with two separate manufacturing service providers and maintain contact with additional alternative suppliers in case the primary manufacturing sources should be disrupted.

Competition

NuRAN must contend with strong international competition. Therefore, there are no guarantees that NuRAN can maintain its competitive position. However, its unique services and products, and skilled human resources give it a competitive edge in several markets.



Availability and Cost of Qualified Professionals

The high-technology industry's strong growth increased the demand for qualified staff. So far, NuRAN has successfully met its needs for personnel. NuRAN benefits from its location in Quebec City, which gives it access to a large pool of engineering resources. Aware that the satisfaction of its customers is directly tied to the quality of its employees, NuRAN continues to take measures to attract and retain well-qualified professionals.

Ability to Develop and Expand Mix of Products and Services to Keep Pace with Demand and Technological Trends

NuRAN uses several means to remain on the cutting edge and to meet its customers' changing needs—steady investments in product development and improvements, business alliances with major industry suppliers and partners, ongoing training of its personnel and occasional business acquisitions that provide it with specific know-how

Protection of Intellectual Property

To protect its intellectual property, NuRAN relies on a series of patent and trademark laws, provisions respecting trade secrets, confidentiality protection measures, and various contracts. Regardless of all the efforts made to retain and protect its exclusive rights, third parties could attempt to copy aspects of its products or obtain information regarded as exclusive without authorization. There can be no assurance that the measures taken by NuRAN to protect its exclusive rights will be sufficient.

Dependence on Customers

NuRAN is currently dependent on a limited number of customers for the sale of its products and services. If one or several of these customers should cease doing business with Nutaq for any reason or should reduce or defer their current or planned product purchases, NuRAN's operating results and financial position could be adversely affected.

International Operations Risk

Our international operations are subject to various economic, political and other uncertainties that could adversely affect our business. Since 2014, approximately 40% of our sales were derived from sales outside the United States, and economic conditions in the countries and regions in which we operate significantly affect our profitability and growth prospects. The following risks, associated with doing business internationally, could adversely affect our business, financial condition and results of operations:

- regional or country specific economic downturns;
- fluctuations in currency exchange rates between the Canadian dollar and the US dollar;
- complications in complying with a variety of foreign laws and regulations, including with respect to environmental matters, which may adversely affect our operations and ability to compete effectively in certain jurisdictions or regions;
- international political and trade issues and tensions;

- unexpected changes in regulatory requirements, up to and including the risk of nationalization or expropriation by foreign governments;
- higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and double taxation;
- greater difficulties protecting our intellectual property;
- increased risk of litigation and other disputes with customers;
- fluctuations in our operating performance based on our geographic mix of sales;
- longer payment cycles and difficulty in collecting accounts receivable;
- costs and difficulties in integrating, staffing and managing international operations, especially in rapidly growing economies;
- transportation delays and interruptions;
- natural disasters and the greater difficulty in recovering from them in some of the foreign countries in which we operate;
- uncertainties arising from local business practices and cultural considerations;
- customs matter and changes in trade policy, tariff regulations or other trade restrictions; and
- national and international conflicts, including terrorist acts.

We expect that the percentage of our sales occurring outside the United States will increase over time largely due to increased activity in Africa, Central and South America and other emerging markets. The foregoing risks may be particularly acute in emerging markets, where our operations are subject to greater uncertainty due to increased volatility associated with the developing nature of the economic, legal and governmental systems of these countries. If we are unable to successfully manage the risks associated with expanding our global business or to adequately manage operational fluctuations, it could adversely affect our business, financial condition or results of operations.