

**Nuran Wireless inc.**  
**Condensed Interim**  
**Financial Statements**  
**April 30, 2021 and**  
**April 30, 2020**

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The condensed interim financial statements of Nuran Wireless inc. for the second quarter ended April 30, 2021 as well as the corresponding comparative data were not subject to a review by the Company's auditor.

**Nuran Wireless Inc.****Condensed Interim Consolidated Statements of Comprehensive Income**

Periods ended April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>6 months ended</i>	
	<b>2021-04-30</b>	2020-04-30	<b>2020-04-30</b>	2019-04-30
	\$	\$	\$	\$
<b>Revenue</b>	<b>410 488</b>	1 432 841	<b>880 895</b>	3 478 053
Cost of sales	<b>238 970</b>	1 169 036	<b>618 438</b>	2 452 670
<b>Gross profit</b>	<b>171 518</b>	263 805	<b>262 457</b>	1 025 383
Selling expenses	<b>136 993</b>	316 508	<b>329 440</b>	609 418
Administrative expenses	<b>919 457</b>	382 544	<b>1 297 487</b>	683 096
Financial expenses	<b>115 134</b>	275 183	<b>203 548</b>	433 094
Research and development costs, net of \$0 in tax credits for the three-month period ended April 30, 2021, \$0 for the six-month period ended April 30, 2021 (\$70,135 for the three-month period ended April 30, 2020, \$119,788 for the six-month period ended April 30, 2020)	<b>122 478</b>	180 577	<b>217 193</b>	384 144
	<b>1 294 063</b>	1 154 812	<b>2 047 669</b>	2 109 752
Loss before other elements	<b>(1 122 545)</b>	(891 007)	<b>(1 785 212)</b>	(1 084 369)
Other elements:				
Gain (Loss) debt settlement share		69 740	<b>(285 269)</b>	69 740
Loss on debt settlement			<b>(140 695)</b>	
Loss on disposal of assets	<b>6 000</b>	(267 888)	<b>(269 559)</b>	(267 888)
	<b>6 000</b>	(198 148)	<b>(695 522)</b>	(198 148)
Loss before income taxes	<b>(1 116 545)</b>	(1 089 155)	<b>(2 480 734)</b>	(1 282 517)
<b>Net loss and total comprehensive income</b>	<b>(1 116 545)</b>	(1 089 155)	<b>(2 480 734)</b>	(1 282 517)
<b>Loss per share (Note 12)</b>				
Basic and diluted loss per share	<b>(0,06)</b>	(0,01)	<b>(0,17)</b>	(0,01)
Weighted average number of outstanding common shares	<b>19 631 680</b>	172 977	<b>14 847 610</b>	172 977 913

The accompanying notes are an integral part of the condensed interim financial statements.

**Nuran Wireless Inc.**  
**Condensed Interim Consolidated Statements of Changes in Deficiency**

Periods ended April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

	Share capital		Contributed Surplus	Fair value of the conversion option	Deficit	2020-04-30 Total deficiency
	Number	\$	\$	\$	\$	\$
<b>Balance as at November 1, 2020</b>	7 123 117	25 362 587	1 568 472		(28 895 688)	(1 964 629)
Issue of Shares	8 268 552	400 231				400 231
Net loss and total comprehensive income					(2 480 734)	(2 480 734)
Amendment to the conversion option of the convertible debenture (Note 8)		(1 169 615)		1 469 766		300 151
Debenture conversion in share capital (Note 9)	5 142 428	6 287 048		(1 067 978)		5 219 070
Exercise of Warrants (Note 10)	194 780	339 265				339 265
Exercise of Stock Options (Note 11)	59 800	89 700				89 700
Warrants (Notes 9 and 10)			4 387			4 387
Non-Employee share-based compensation (Note 11)			23 850			23 850
Employee share-based compensation (Note 11)			5 372			5 372
<b>Balance as at April 30, 2021</b>	<b>20 788 677</b>	<b>31 309 215</b>	<b>1 602 081</b>	<b>401 788</b>	<b>(31 376 422)</b>	<b>1 936 662</b>
						2019-04-30
	Share capital		Contributed Surplus	Fair value of the conversion option	Deficit	Total deficiency
	Number	\$	\$		\$	\$
<b>Balance as at November 1, 2019</b>	6 919 117	25 064 583	1 505 585	1 218	(27 001 435)	(430 049)
Net loss and total comprehensive income					(1 282 517)	(1 282 517)
Amendment to the conversion option of the convertible debenture (Note 9)			1 218	(70 958)		(69 740)
Forbearance to the convertible debentures default (Note 9)				316 708		316 708
Employee shared-based compensation (Note 12*)			10 500			10 500
Non-employee shared-based compensation (Note 13)			7 000			7 000
Warrants (Notes 10* and 11*)			80 766			80 766
<b>Balance as at April 30, 2020</b>	<b>6 919 117</b>	<b>25 064 583</b>	<b>1 605 069</b>	<b>246 968</b>	<b>(28 283 952)</b>	<b>(1 367 332)</b>

\*Notes refer to April 30, 2019 financial statements

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**Nuran Wireless Inc.**  
**Condensed Interim Statements of Cash Flows**

Periods ended April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

	<b>2021-04-30</b>	2020-04-30
	<b>(6 months)</b>	(6 months)
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	<b>(2 480 734)</b>	(1 282 517)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	<b>23 191</b>	44 533
Depreciation of intangible assets	<b>31 278</b>	32 340
Depreciation of Right-of-use assets		71 557
Gain/loss extinguishment of debt		267 888
Gain (loss) on disposal of assets	<b>387 024</b>	
Gain (loss) on debt settlement	<b>425 964</b>	
Non-employee share-based transaction	<b>23 850</b>	7 000
Employee share-based transaction	<b>5 372</b>	10 500
Accretion of convertible debentures	<b>(57 096)</b>	111 322
Change in fair value of derivative liability		(69 740)
Net change in working capital items		
Trade and other receivables	<b>(93 494)</b>	(147 848)
Scientific research and experimental development tax credits receivable	<b>(165 005)</b>	326 708
Work in progress		(45 590)
Inventories	<b>(365 082)</b>	680 535
Prepaid expenses	<b>(29 536)</b>	65 979
Security deposits and deposits on purchase of goods	<b>(14 403)</b>	329 960
Trade and other payables	<b>(476 134)</b>	640 792
Deferred revenue	<b>(450 552)</b>	(315 692)
Net cash from operating activities	<b>(3 235 357)</b>	727 727
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(13 614)</b>	(24 680)
Purchase of intangible assets	<b>(41 448)</b>	(780 801)
Placement in subsidiary	<b>(1 459)</b>	
Right-of-use assets		(429 341)
Net cash used in investing activities	<b>(56 521)</b>	(1 234 822)
<b>FINANCING ACTIVITIES</b>		
Net change in loan payable to Shareholder	<b>1 145 943</b>	
Long-term debt		646 215
Repayment of long-term debt	<b>(1 287 421)</b>	(347 121)
Lease liabilities		429 341
Repayment of Lease liabilities		(88 848)
Interest paid on lease liabilities		20 342
Convertible debentures and derivative liability	<b>1 990 695</b>	
Convertible debenture conversion	<b>1 067 978</b>	
Forbearance of the convertible debenture	<b>(767 826)</b>	
Issue of class "A" shares	<b>1 575 993</b>	
Net cash used in financing activities	<b>3 725 361</b>	659 929
<b>Net increase in cash</b>	<b>433 483</b>	152 834
Cash, beginning of period	<b>64 254</b>	510 832
Cash, end of period	<b>497 738</b>	663 666
<b>Supplementary information</b>		
Interest paid included in operating activities	<b>317 258</b>	154 149

The accompanying notes are an integral part of the condensed interim financial statements.

**Nuran Wireless Inc.**  
**Condensed Interim Statements of Financial Position**

Periods ended April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

	<u>2020-04-30</u>	<u>2020-10-31</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	497 738	64 254
Trade and other receivables	399 671	306 177
Scientific research and experimental development tax credits receivable	165 005	
Work in progress		
Inventories (Note 4)	1 669 794	1 625 483
Prepaid expenses	32 122	2 586
Security deposits and deposits on purchase of goods	195 971	181 568
Current assets	<u>2 960 301</u>	<u>2 180 068</u>
Non-current		
Property, plant and equipment (Note 5)	256 963	314 414
Intangible assets (Note 6)	5 437 237	5 445 448
Placement in subsidiary	1 459	
Non-current assets	<u>5 695 660</u>	<u>5 759 862</u>
Total assets	<u>8 655 961</u>	<u>7 939 930</u>
<b>LIABILITIES</b>		
Current		
Trade and other payables	1 639 709	2 112 507
Deferred revenue	1 727 992	2 178 544
Loans payable (Note 7)	1 142 607	
Convertible debentures and derivative liability (Note 8)	717 904	2 835 000
Deferred Tax liabilities	361 342	361 342
Current portion of long-term debt		183 444
Current liabilities	<u>5 589 554</u>	<u>7 670 837</u>
Non-current		
Long-term debt		1 103 977
Deferred Tax liabilities	1 129 745	1 129 745
Total liabilities	<u>6 719 299</u>	<u>9 904 559</u>
<b>DEFICIENCY</b>		
Share capital (Note 9)	31 309 215	25 362 587
Contributed Surplus	1 602 081	1 568 472
Fair value of conversion option	401 788	
Deficit	<u>(31 376 422)</u>	<u>(28 895 688)</u>
Total deficiency	<u>1 936 662</u>	<u>(1 964 629)</u>
Total deficiency and liabilities	<u>8 655 961</u>	<u>7 939 930</u>

The accompanying notes are an integral part of the condensed interim financial statements.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Nuran Wireless Inc. is incorporated under the Business Corporations Act (B.C.). Nuran Wireless Inc. and its subsidiaries (together, the "Company") operate in the research, development, manufacturing and marketing of digital electronic circuits and wireless telecommunication products.

### 2 - GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRSs AND GOING CONCERN ASSUMPTION

The Company's registered office is at 2150 Cyrille-Duquet Street, suite 100, Québec, Quebec G1N 2G3.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Accordingly, they do not include all the disclosures required under IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the 2020 audited annual financial statements. They are based on the assumption that the Company is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of its operations.

During the six-month period ended April 30, 2021, the Company incurred a net loss of \$2,480,734 and has a deficit of \$31,376,422 as at April 30, 2021. Consequently, there is material uncertainty that may cast significant doubts as to whether the Company will have the ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its capacity to adequately restructure its operations, to continue the refinancing of its Convertible Debentures for which a forbearance agreement has been reached and to obtain additional financing to deliver on the NaaS contracts signed in September 2020 and February 2021. As at the date of these financial statements, 74% of the principal amount of the Convertible Debentures and 100% of other secured debt outstanding at the end of October 2020 have been converted to common shares. In addition, the Company has made expenditures towards the rollout of the NaaS contract in Cameroon and planning is progressing for the contract in DRC announced in February 2021. Together these contracts will generate significant projected gross revenues and operating profit which will be transformative for the Company. In addition the Company announced a non-brokered private placement generating gross proceeds of up to \$11,000,000 (Note 14) to be used for expenses associated with the buildout of sites under its NAAS contracts with Orange SA, product development and general working capital purposes. This capital provides the Company with much needed resources to achieve its objectives and will be used to further leverage other funding sources. There are however operational risks resulting in uncertainties that this plan

**NuRAN Wireless Inc.**  
**Notes to Condensed Interim Consolidated Financial**  
**Statements**

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

will be implemented successfully. If the Company is unable to continue to successfully implement the above, there is a possibility that the Company may be unable to continue to realize on its assets and to discharge its liabilities in the normal course of operations.

The carrying amounts of assets, liabilities, revenues and expenses presented in the condensed interim consolidated financial statements and the condensed interim consolidated statements of financial position's classification have not been adjusted as would be required if the going concern assumption were not appropriate.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 29, 2021.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 3 - SUMMARY OF ACCOUNTING POLICIES

#### Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2020 annual financial statements.

#### Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the condensed interim financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended October 31, 2020.

### 4 - INVENTORIES

	<u>2021-04-30</u>	<u>2020-10-31</u>
	\$	\$
Raw materials	<b>982 977</b>	986 941
Finished goods	<b>686 817</b>	638 542
	<u><b>1 669 794</b></u>	<u>1 625 483</u>

For the six-month period ended April 30, 2021, \$0 and \$0 for the three-month period ended April 30, 2021 (\$11,207 for the six-month period ended April 30, 2020 and \$0 for the three-month period ended April 30, 2020) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.



# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 5 - PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment and their carrying amounts are detailed as follows:

	<b>2021-04-30</b>		
	<b>Equipment and furniture, tele- communication system, furniture and fixtures</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Gross carrying amount</b>			
Balance as at November 1, 2020	<b>787,808</b>	<b>355,664</b>	<b>1,143,472</b>
Additions		<b>13,614</b>	<b>13,614</b>
Disposal	<b>(194,185)</b>	<b>(11,091)</b>	<b>(205,277)</b>
Balance as at April 30, 2021	<b>593,623</b>	<b>358,187</b>	<b>951,809</b>
<b>Depreciation</b>			
Balance as at November 1, 2020	<b>533,818</b>	<b>295,240</b>	<b>829,058</b>
Disposal	<b>(150,231)</b>	<b>(7,172)</b>	<b>(157,403)</b>
Depreciation	<b>15,448</b>	<b>7,743</b>	<b>23,191</b>
Balance as at April 30, 2021	<b>399,035</b>	<b>295,811</b>	<b>694,846</b>
<b>Carrying amount as at April 30, 2021</b>	<b>194,588</b>	<b>62,376</b>	<b>256,963</b>

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 6 – INTANGIBLE ASSETS

The Company's intangible assets and their carrying amounts are detailed as follows:

	<u>2021-04-30</u>		
	<u>Acquisition software</u>	<u>Trademarks</u>	<u>Total</u>
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance as at November 1, 2020	5,925,085	60,452	5,985,537
Additions	41,448		41,448
Disposal		(18,380)	(18,380)
Balance as at April 30, 2021	<u>5,966,533</u>	<u>42,072</u>	<u>6,008,605</u>
<b>Amortization</b>			
Balance as at November 1, 2020	540,089		540,089
Amortization	31,279		31,279
Balance as at April 30, 2021	<u>571,368</u>		<u>571,368</u>
<b>Carrying amount as at April 30, 2021</b>	<u><u>5,395,165</u></u>	<u><u>42,072</u></u>	<u><u>5,437,237</u></u>

### 7 - LOANS PAYABLE

	<u>2021-04-30</u>	<u>2020-10-31</u>
	\$	\$
Shareholders	1,142,607	

Given their short-term maturity, the carrying amount of loans payable is considered a reasonable approximation of their fair value.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 8 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at April 30, 2021, the convertible debentures and derivative liability consists of:

	<b>Convertible debentures</b>
	\$
<b>Opening Balance as at November 1, 2020</b>	<b>2,835,000</b>
<b>Issuance of convertible debenture</b>	<b>990,695</b>
<b>Conversion of convertible debenture</b>	<b>(3,050,695)</b>
<b>Accretion of convertible debenture</b>	<b>243,055</b>
<b>Forbearance of the debenture default</b>	<b>(300,151)</b>
<b>Closing balance, as at April 30, 2021</b>	<b>717,904</b>

The extinguishment and recognition of the debentures, including the fair value of the warrants issued as consideration (Note 10) and the fair value of the conversion option, resulted in an equity adjustment of \$1,110,490 that has been recognized in the consolidated statement of changes in equity. This transaction had no impact on the consolidated statement of comprehensive income.

As at November 16, 2020, a debt holder of the Company agreed to convert \$100,000 of debt into a secured convertible debenture (the "Debenture") of the Company. The principal amount of the Debenture is \$115,000 (the "Purchase Price"), representing the original \$100,000 of debt (the "Debt"), inclusive of an original issue discount equal to 15% of the Purchase Price. The Debt was in default, and the issuance of the Debenture was to result in an extension of the maturity of the Debt until May 31, 2021. The Debenture was to bear interest at a rate of 10% per annum however was converted into common shares of the Company at a conversion price of \$0.71 on the same date.

As at November 20, 2020, a debt holder of the Company agreed to convert an additional \$250,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is \$287,500 for the original \$250,000 of debt (representing an original issue discount equal to 15% of the purchase price). The Debenture was to bear interest at a rate of 10% per annum however was converted into common shares of the Company at a conversion price of \$0.60 on the same date.

As at November 30, 2020, a debt holder of the Company agreed to convert an additional \$300,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is \$352,900 for the original \$300,000 of debt (representing an original issue discount equal to 15% of the purchase price). The Debenture was to bear interest at a rate of

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

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10% per annum however was converted into common shares of the Company at a conversion price of \$0.49 on the same date.

As at December 29, 2020, a debt holder of the Company agreed to convert an additional \$200,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is \$235,294 representing an original issue discount equal to 15% of the purchase price of the original \$200,000 owed to the debt holder. The convertible debenture bears interest at a rate of 10% per annum and was converted into common shares of the Company at a conversion price of \$0.37.

As at January 12, 2021, all of the holders of the 12% senior secured convertible debentures of the Company issued on February 23, 2017 executed the Forbearance Agreement dated as of November 30, 2020 to forbear from enforcing their rights under the security agreements relating to the Debentures until December 31, 2021. Following the execution of the Forbearance Agreement by all Secured Creditors on January 12, 2021, effective as of such date the Debentures have been amended as follows:

- (i) The maturity date of the Debentures is amended to December 31, 2021;
- (ii) Subject to compliance with applicable securities laws, all accrued but unpaid interest and penalties on the Debentures in common shares of the Company up to and as at January 12, 2021 will be settled at a deemed price per common share equal to \$0.28 (being last closing market price of the common shares on the CSE), discounted by the maximum discount permitted by Section 2.1 of Policy 6 of the CSE. As at January 12, 2021, the total amount of interest and penalties owed under the Debentures totaled approximately \$875,000;
- (iii) Interest on the Debentures following January 12, 2021 will be payable on June 30, 2021 and December 31, 2021, payable at the option of the Company in cash or common shares, at a deemed price per common share equal to the volume weighted average trading price of the common shares on the CSE for the 10 day period prior to the interest payment date; and
- (iv) In the event that the Company elects to pay accrued interest in common shares, the effective interest rate is increased to 15% (from 12%).

As at March 23, 2021, debt holders of the Company agreed to convert an additional \$1,000,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is \$1,000,000 and was converted into common shares of the Company at a conversion price of \$1.

During the six-month period ended April 30, 2021, the debenture holders requested the conversion of debentures totalling a par value of \$3,050,695 in common shares of the Company. Taking into account the book value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was \$5,118,673.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 9- SHARE CAPITAL

	<u>2021-04-30</u>	<u>2020-10-31</u>
	\$	\$
Common Shares	31,309,215	25,362,587

- a) The number of issued common shares totals 20,788,667 as at April 30, 2021 (7,123,117 as at October 31, 2020)

As at November 9, 2020, Nuran Wireless Cameroon Ltd issued 10 shares representing 100% of its share capital to Nuran Wireless inc.

As at December 3, 2020, a majority of the holders of the senior secured convertible debentures of the Company issued on February 23, 2017 have executed the Forbearance Agreement effective December 3, 2020 to forbear from enforcing their rights under the security agreements relating to the Debentures until December 31, 2021. Prior to the forbearance the Company was in material default under the terms of the Debentures. In consideration of the foregoing forbearance, the Company has agreed to adjust the conversion price of the Debentures to \$0.33 per common share.

As at December 15, 2020, the Company completed a non-brokered private placement of units of the Company at a price of \$0.40 per unit for total gross proceeds of \$400,000. Each Unit consists of one common share in the capital of the Company and one Common Share purchase warrant, with each Warrant entitling the holder to acquire one Common Share at a price of \$0.50 per Common Share for a period of 18 months from the date of issuance. The Company issued an aggregate of 1,000,000 units pursuant to the offering.

As at March 23, 2021, debt holders of the Company agreed to convert \$1,000,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is \$1,000,000 and was converted into common shares of the Company at a conversion price of \$1.

During the six-month period ended April 30, 2021, the Company converted unpaid interest and penalties on the debenture totalling a par value of \$887,495 in common shares of the Company. Taking into account the book value of the debt converted, the carrying value recorded for these shares was \$1,172,762.

During the six-month period ended April 30, 2021, 194,780 shares were issued following the exercise of warrants (Note 10) and 59,800 shares were issued following the exercise of stock options (Note 11).

As stated in Note 7, the debenture holders requested the conversion of debentures totalling a par value of \$3,050,695 in common shares of the Company. Taking into account the book

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited)

value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was \$5,118,673.

### 10 – WARRANTS

The following is a summary of the activity of warrants:

	Six months ended April 30, 2021	
	Number of warrants	Weighted average exercise price
Opening balance, as at November 1, 2020	1,341,109	\$ 4.22
Granted during the period	1,000,000	\$ 0.50
Exercised during the period	(194,780)	\$ 1.74
Expired during the period	(520,840)	\$ 8.13
Closing balance, as at April 30, 2021	1,625,489	\$ 0.98

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

The following is a summary of warrants outstanding and exercisable, as at April 30, 2021

	Warrants outstanding		Warrants exercisable	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
April 30, 2021				
Exercise price				
\$0.05	1,000,000	1.13	1,000,000	1.13
\$1.25	168,400	1.83	168,400	1.83
\$1.50	12,000	0.31	12,000	0.31
\$1.75	339,889	1.31	339,889	1.31
\$2.50	105,200	0.32	105,200	0.32
	<u>1,625,489</u>		<u>1,625,489</u>	

As stated in Note 9, on December 15, 2020, the Company completed a non-brokered private placement of units of the Company at a price of \$0.40 per unit for total gross proceeds of \$400,000. Each Unit consists of one common share in the capital of the Company and one Common Share purchase warrant, with each Warrant entitling the holder to acquire one Common Share at a price of \$0.50 per Common Share for a period of 18 months from the date of issuance. The Company issued an aggregate of 1,000,000 units pursuant to the offering.

The warrants were assigned a value of \$4,387 using the Black Scholes option pricing model using the following assumptions: risk free interest rate of; expected volatility of 64%; expected dividend yield of 0%; expected life of one year and a half and exercise price of \$0.50. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$0.350.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 11 - OPTIONS

The following is a summary of the activity of stock options:

	<u>Six months ended April 30, 2021</u>	
	Number of options	Weighted average exercise price
Opening balance, as at November 1, 2020	320,200	\$ 2.96
Granted during the period	1,225,000	\$ 2.35
Exercised during the period	(59,800)	\$ 1.50
Forfeited	(56,000)	\$ 2.86
Closing balance, as at April 30, 2021	<u>1,429,400</u>	<u>\$ 2.50</u>

The following is a summary of stock options outstanding and exercisable as at April 30, 2021:

	<u>Options outstanding</u>		<u>Options exercisable</u>	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
April 30, 2021				
Exercise price				
\$1.50	40,200	2.64	40,200	2.64
\$2.35	1,225,000	4.66	950,000	4.78
\$2.50	74,000	0.79	74,000	0.79
\$5.00	89,200	0.20	89,200	0.20
\$7.50	1,000	0.95	1,000	0.95
	<u>1,429,400</u>		<u>1,154,400</u>	



# **NuRAN Wireless Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

On February 8, 2021, NuRAN Wireless inc. granted stock options pursuant to its incentive stock option plan to employees, consultants, directors and officers of the Company, to purchase an aggregate of 1,225,000 common shares of the Company at an exercise price of \$2.35 per share. Pursuant to the terms of the grant, 950,000 options will vest immediately, 137,500 options will vest over a period of 6 months from the date of grant and the remaining 137,500 options will vest over a period of 12 months from the date of grant. 1,150,000 of the options expire five years from the date of grant and the remaining 75,000 options will expire three years from the date of grant.

The options with a three-year lifespan were assigned a value of \$14,325 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.18%; expected volatility 65%; expected dividend yield of 0%; expected life of five years and an exercise price of \$2.35. Expected volatility was based on the historical volatility of other comparable listed companies.

The options with a five-year lifespan were assigned a value of \$365,700 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.18%; expected volatility 65%; expected dividend yield of 0%; expected life of three years and an exercise price of \$2.35. Expected volatility was based on the historical volatility of other comparable listed companies.

For the six-month period ended April 30, 2021, \$29,222 and \$0 for the three-month period ended April 30, 2021 (\$10,500 for the six-month and \$3,500 the three-month period ended April 30, 2020) employee remuneration expense has been included in profit or loss and credited to contributed surplus.

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

### 12 - LOSS PER SHARE

Basic and diluted losses per share have been calculated based on the net loss available for common shareholders by the weighted average number of common shares outstanding during the period. There were no adjustments to the numerator and denominator of basic earnings used in calculating diluted earnings.

Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 10 and 11.

### 13 - RELATED PARTY TRANSACTIONS

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

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

#### Other related party transactions

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

	<u>2021-04-30</u> <u>(3 months)</u>	<u>2020-04-30</u> <u>(3 months)</u>	<u>2021-04-30</u> <u>(6 months)</u>	<u>2020-04-30</u> <u>(6 months)</u>
	\$	\$	\$	\$
Shareholders				
Interest expenses		3,279		6,632

### 14 – POST-REPORTING DATE EVENTS

On May 27, 2021, the debenture holders requested the conversion of debentures totalling a par value of \$29,500 in common shares of the Company.

On June 29, 2021 the Company announced a non-brokered private placement of up to 7,189,542 units ("Units") of the Company at a price of \$1.53 per Unit for gross proceeds of up to \$11,000,000 (the "Offering"). Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant ("Warrant"), with each Warrant entitling the holder to acquire one Common Share at a price of \$2.40 per Common Share for a period of 24 months from the date of issuance, subject to an acceleration

# NuRAN Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2021 and April 30, 2020

(In Canadian dollars)

(Unaudited)

provision. In connection with the Offering, the Company received a lead order to subscribe for 2,614,379 Units for gross proceeds of \$4,000,000 from Space-Communication Ltd. (TASE: SCC) ("Spacecom"), an international satellite communication provider. Following closing of the Offering, Spacecom is expected to hold an approximately 9.3% equity stake in the Company on an undiluted basis, assuming total gross proceeds of \$11,000,000. The order from Spacecom is subject to certain closing conditions, including the following:

- i. Spacecom and NuRAN having entered into mutually acceptable commercial agreements for the engagement of Spacecom as an exclusive satellite capacity provider, including: (i) a signed and binding Master Service Agreement ("MSA") for the supply of satellite capacity, including an exclusivity commitment from NuRAN in favour of Spacecom for the provision of satellite capacity in connection with all future projects of the Company, (ii) a signed and binding Service Order pursuant to the MSA for the supply of managed services for 120 sites of the Company's Network as a Service (NAAS) contract with Orange Cameroon SA in Cameroon; and (iii) a signed and binding Service Order pursuant to the MSA for the supply of satellite capacity to 2,000 sites of the Company's NAAS contract with Orange DRC SA located in the Democratic Republic of the Congo (the "DRC Contract");
- ii. the parties having entered into a mutually acceptable lock-box arrangement pursuant to which Spacecom shall be assured that the sum of \$4,000,000 will be applied by the Company toward the fulfilment by NuRAN of its obligations under the DRC Contract;
- iii. the parties having entered into a mutually acceptable participation agreement with respect to any subsidiaries of the Company in Africa pursuant to which Spacecom will be entitled to participate, on the same terms and conditions as any third-party investor (the "Investor"), in the event of any sale by the Company of all or any part of its operations to any Investor, whether through the sale of assets or shares or through any other means;
- iv. the parties having entered into a mutually acceptable right of first refusal agreement pursuant to which Spacecom will be entitled to match any offer received by the Company from time to time for the financing of all or any part of its operations in Africa.
- v. the appointment of a board observer in favour of Spacecom for as long as it holds at least 5% of the issued and outstanding shares of NuRAN;
- vi. the parties adding such restrictions as may be necessary to all convertible securities issuable to Spacecom in connection with the Offering to prevent Spacecom from becoming a "related party" of NuRAN, as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions adopted by the Canadian Securities Administrators ("MI 61-101") and/or beneficially owning more than 9.9% of the issued and outstanding Common Shares (the "Ownership Limitation"); and
- vii. other customary closing conditions, including completion of the respective parties due diligence and receipt of all required regulatory approvals and consents for the Offering and appointment of the board nominee.