

Nuran Wireless Inc.
Consolidated Financial Statements
October 31, 2021 and 2020

Consolidated Financial Statements

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Nuran Wireless Inc.
Consolidated Statements of Comprehensive Income

Years ended October 31, 2021 and 2020

	2021	2020
	\$	\$
Revenue	1 407 320	3 930 078
Cost of sales	1 098 435	2 847 782
Gross profit	308 884	1 082 297
Selling expenses	939 471	869 894
Administrative expenses	5 113 658	1 301 134
Employee shared-based compensation (Note 11)	5 749 974	-
Financial expenses	386 536	458 545
Research and development costs, net of \$92,415 in tax credit ((\$28,036,88) as at October 31, 2020)	241 330	911 876
	<u>12 430 970</u>	<u>3 541 449</u>
Loss before other elements	<u>(12 122 085)</u>	<u>(2 459 152)</u>
Other elements		
Canada Emergency Wage Subsidy	-	472 624
Gain (Loss) on extinguishment of debt	-	1 543 436
Gain (Loss) debt settlement in share	(284 770)	-
Gain (Loss) debt settlement	(140 695)	-
Gain (loss) on impairment of assets	-	(72 378)
Gain (loss) on disposal of assets	(268 532)	(7 654)
Other Revenues	-	119 958
	<u>(693 997)</u>	<u>2 055 986</u>
Loss before income taxes	<u>(12 816 083)</u>	<u>(403 166)</u>
Income tax expense		
Deferred	-	(1 491 087)
Net loss and total comprehensive income	<u><u>(12 816 083)</u></u>	<u><u>(1 894 253)</u></u>
Loss per share (Note 13)		
Basic and diluted loss per share	<u>(0,63)</u>	<u>(0,27)</u>
Weighted average number of outstanding common shares	<u>20 492 734</u>	<u>6 978 297</u>

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

Nuran Wireless Inc.**Consolidated Statements of Changes in Equity**

Years ended October 31, 2021 and 2020

			2021			
	Share capital		Contributed Surplus	Fair value of the conversion option	Deficit	Total Surplus (Deficiency)
	Number	\$	\$		\$	\$
Balance as at November 1, 2020	7 123 117	25 362 587	1 568 472	-	(28 895 688)	(1 964 629)
Issue of share capital (Note 10)	15 540 847	11 551 415	-	-	-	11 551 415
Share Issue cost	-	(162 442)	-	-	-	(162 442)
Net loss and total comprehensive income for the period	-	-	-	-	(12 816 083)	(12 816 083)
Amendment to the conversion option of the convertible debenture (Note 9)	-	(1 169 615)	-	1 469 766	-	300 151
Debenture conversion in share capital (Note 10)	7 490 913	6 936 770	-	(1 469 766)	-	5 467 004
Exercise of Warrants (Note 11)	1 506 780	4 094 718	(3 156 000)	-	-	938 718
Exercise of Stock Options (Note 12)	59 800	89 700	-	-	-	89 700
Warrants (Notes 10 and 11)	-	(1 055 127)	1 055 127	-	-	-
Employee shared-based compensation (Note 11 and 12)	-	-	6 524 776	-	-	6 524 776
Non-employee shared-based compensation (Note 11 and 12)	-	-	543 106	-	-	543 106
Balance as at October 31, 2021	31 721 457	45 648 006	6 535 481	-	(41 711 771)	10 471 716
			2020			
	Number	Share capital \$	Contributed surplus \$	Fair value of conversion option	Deficit \$	Total equity \$
Balance as at November 1, 2020	6 919 117	25 064 583	1 505 585	1 218	(27 001 435)	(430 049)
Net loss and total comprehensive income	-	-	-	519 895	(1 894 253)	(1 374 358)
Amendment to the conversion option of the convertible debentures (Note 18)	-	-	(520 988)	-	-	(520 988)
Forbearance to the convertible debentures default (Note 18)	-	-	-	(43 004)	-	255 000
Debenture conversion in share capital	204 000	298 004	-	-	-	80 766
Warrants (Note 20)	-	-	80 766	-	-	-
Employee share-based compensation (Note 21)	-	-	15 000	-	-	15 000
Non-employee share-based compensation (Note 21)	-	-	10 000	-	-	10 000
Debenture Maturity (Note 18)	-	-	478 109	(478 109)	-	-
Balance as at October 31, 2020	7 123 117	25 362 587	1 568 472	-	(28 895 688)	(1 964 629)

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

Nuran Wireless Inc.
Consolidated Statements of Cash Flows

Years ended October 31, 2021 and 2020

	<u>2 021</u>	<u>2020</u>
	\$	\$
OPERATING ACTIVITIES		
Net loss and total comprehensive income	(12 816 083)	(1 894 253)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	51 847	90 097
Depreciation of intangible assets	119 880	52 868
Depreciation of Right-of-use assets	46 730	143 114
Interest on lease liabilities	18 077	37 111
Gain on debt settlement	425 465	-
Gain (Loss) on extinguishment of liabilities	-	(1 563 251)
Gain (loss) on impairment of assets	-	72 378
Gain (loss) on disposal of assets	386 818	7 654
Deferred income tax expense	-	1 491 087
Non-employee share-based transaction	543 106	10 000
Employee share-based compensation	3 368 776	15 000
Accretion of convertible debentures (Note 12)	81 691	116 681
Net change in working capital items		
Trade and other receivables	(914 229)	(349 701)
Scientific research and experimental development tax credits receivable	(257 420)	730 832
Inventories	(4 936 676)	734 687
Prepaid expenses	(36 842)	75 826
Security deposits and deposits on purchase of goods	72 734	265 252
Trade and other payables	1 281 648	546 857
Deferred revenue	(357 665)	(86 733)
Net cash from operating activities	<u>(12 922 142)</u>	<u>495 505</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(79 443)	(32 276)
Purchase of intangible assets	(509 387)	(1 174 340)
Right-of-use assets	(467 304)	-
Placement in subsidiary	(23 537)	-
Net cash from investing activities	<u>(1 079 671)</u>	<u>(1 206 616)</u>
FINANCING ACTIVITIES		
Long-term debt	-	1 108 333
Repayment of long-term debt	(1 287 421)	(665 510)
Lease liabilities	467 304	-
Repayment of Lease Liabilities	(55 247)	(178 290)
Convertible debentures and derivative liability	1 990 695	-
Convertible debenture conversion	1 388 075	-
Forbearance of the convertible debenture	(1 169 615)	-
Issue of common shares	15 951 678	-
Share issue cost	(162 442)	-
Net cash from financing activities	<u>17 123 027</u>	<u>264 533</u>
Net increase in cash	<u>3 121 214</u>	<u>(446 578)</u>
Cash, beginning of year	<u>64 254</u>	<u>510 832</u>
Cash, end of year	<u>3 185 468</u>	<u>64 254</u>
Supplementary information		
Interest paid included in operating activities	414 568	201 928

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Financial Position

As at October 31, 2021

(In Canadian dollars)

(Unaudited)

	<u>2021-10-31</u>	<u>2020-10-31</u>
	\$	\$
ASSETS		
Current		
Cash	3 185 469	64 254
Trade and other receivables	1 220 404	306 177
Scientific research and experimental development tax credits receivable	257 420	-
Inventories (Note 4)	6 241 388	1 625 483
Prepaid expenses	39 428	2 586
Security deposits and deposits on purchase of goods	108 834	181 568
Current assets	<u>11 052 943</u>	<u>2 180 068</u>
Non-current		
Property, plant and equipment (Note 5)	294 343	314 414
Intangible assets (Note 6)	5 816 575	5 445 448
Right-of-use assets (Note 7)	420 573	-
Placement in subsidiary	23 537	-
Non-current assets	<u>6 555 028</u>	<u>5 759 862</u>
Total assets	<u>17 607 971</u>	<u>7 939 930</u>
LIABILITIES		
Current		
Trade and other payables	3 394 155	2 112 507
Deferred revenue	1 820 879	2 178 544
Loans payable	-	-
Convertible debentures and derivative liability (Note 9)	-	2 835 000
Deffered Tax Liabilities	-	361 342
Current portion of long-term debt	-	183 444
Current portion of lease liabilities (Note 8)	78 937	-
Current liabilities	<u>5 293 971</u>	<u>7 670 837</u>
Non-current		
Long-term debt	-	1 103 977
Deffered Tax Liabilities	1 491 087	1 129 745
Lease liabilities (Note 8)	351 197	-
Total liabilities	<u>7 136 255</u>	<u>9 904 559</u>
SURPLUS		
Share capital (Note 10)	45 648 006	25 362 587
Contributed Surplus	6 535 481	1 568 472
Deficit	(41 711 770)	(28 895 688)
Total Surplus	<u>10 471 716</u>	<u>(1 964 629)</u>
Total Surplus and liabilities	<u>17 607 971</u>	<u>7 939 930</u>

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

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Nuran Wireless Inc. is incorporated under the Business Corporations Act (B.C.) and with its subsidiaries (together, the “Company”) operates in the research, development, manufacturing, marketing and operation of digital electronic circuits and wireless telecommunication products and services to the mobile telephony industry.

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

The Company's registered office is at 1000 - 595 Burrard Street, Vancouver BC V7X 1S8.

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. 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.

These statements consolidate the results of Nuran Wireless Inc., Nuran Wireless Cameroon Ltd, Nuran Wireless DRC S.A.R.L.U and Innovation Nutaq inc.

During the year ended October 31, 2021, the Company incurred a net loss of \$12,816,083 which includes 5,749,974 of non-cash costs which was determined to be the value of the performance warrants issued to the CEO and the CFO as part of their employment agreements entered into during the year (see note 11) and has a deficit of \$41,711,771 as at October 31, 2021.

The Company has taken significant steps to improve its balance sheet and to restructure its operations in support of its NaaS business model. Although the Company has started to increase its market presence there is uncertainty that may cast significant doubts as to Nuran's future.

The Company's ability to continue as a going concern is dependent upon its capacity to continue to sign/convert additional mobile operators to it's NaaS model, to obtain additional financing and to execute the NaaS contracts signed in September 2020 and February 2021 with Orange subsidiaries.

As at the date of these financial statements, 100% 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 on July 12, 2021, the Company raised \$11,065,453 through a non-brokered private placement of common shares and warrants

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

supported by an investment from Spacecom (see note 10) 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.

The Company continued to make progress in the rollout of its NaaS networks in Cameroon and the Democratic Republic of the Congo (DRC). In Cameroon, where at the date of these statements it has 15 fully operating sites, NuRAN invested \$2,575,130 and another \$1,834,446 was invested in equipment for its DRC network where the first site went live subsequent to the end of this period.

Together these contracts are projected to generate significant gross revenues and operating profit which will be transformative for the Company, however if the Company is unable to continue to successfully implement its plan, there is a possibility that the Company may be unable to continue as a going concern and realize on its assets and discharge its liabilities in the normal course of operations.

The carrying amounts of assets, liabilities, revenues and expenses presented in these 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 December 31, 2021.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 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>2021-10-31</u>	<u>2020-10-31</u>
	\$	\$
Raw materials	1 134 781	986 941
Finished goods	5 106 607	638 542
	<u>6 241 388</u>	<u>1 625 483</u>

For the year ended October 31, 2021, \$110,291 (\$2,167,515 in 2020) of inventories was included in profit or loss as an expense, \$0 (\$14,681 in 2020) as a loss on impairment and \$0 (\$97,716 in 2020) as a write-down.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

5 – PROPERTY, PLANT AND EQUIPMENT

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

	2021-10-31		
	Equipment and furniture, tele- communication system, furniture and fixtures	Computer equipment	Total
	\$	\$	\$
Gross carrying amount			
Balance as at November 1, 2020	787,808	355,664	1,143,472
Additions	50,019	29,424	79,443
Disposals	(191,639)	(11,091)	(202,730)
Balance as at October 31, 2021	<u>646,188</u>	<u>373,997</u>	<u>1,020,185</u>
Depreciation			
Balance as at November 1, 2020	533,818	295,240	829,058
Disposals	(147,891)	(7,172)	(155,063)
Depreciation	35,800	16,047	51,847
Balance as at October 31, 2021	<u>421,727</u>	<u>304,115</u>	<u>725,842</u>
Carrying amount as at October 31, 2021	<u><u>224,461</u></u>	<u><u>69,882</u></u>	<u><u>294,343</u></u>

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

6 – INTANGIBLE ASSETS

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

	2021-10-31		
	Acquisition software	Trademarks	Total
	\$	\$	\$
Gross carrying amount			
Balance as at November 1, 2020	5,925,085	60,452	5,985,537
Additions	508,935	452	509,387
Disposals		(18,380)	(18,380)
Balance as at October 31, 2021	6,434,020	42,524	6,476,544
Amortization			
Balance as at November 1, 2020	540,089	-	540,089
Amortization	119,880	-	119,880
Balance as at October 31, 2021	659,969	-	659,969
Carrying amount as at October 31, 2021	5,774,051	42,524	5,816,575

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

7 – RIGHT-OF-USE ASSETS

The Company's right-of-use assets and lease liabilities and their carrying amounts are detailed as follows:

	<u>2021-10-31</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at November 1, 2020	
Additions	<u>467,304</u>
Balance as at October 31, 2021	<u>467,304</u>
Depreciation	
Balance as at November 1, 2020	
Depreciation	<u>46,731</u>
Balance as at October 31, 2021	<u>46,731</u>
Carrying amount as at October 31, 2021	<u><u>420,573</u></u>

Right-of-use assets are initially measured at the amount of the lease liability. Subsequent to initial measurements, right-of-use assets are amortized on a straight-line basis over the remaining term of the lease.

8 – LEASE LIABILITIES

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

	<u>2021-10-31</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at November 1, 2020	
Additions	467,304
Lease payments	(55,247)
Lease interest	18,077
Balance as at October 31, 2021	<u>430,134</u>
Current portion	<u>78,937</u>
Non-current portion	<u>351,197</u>

9 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at October 31, 2021, the convertible debentures and derivative liability consists of:

	<u>Convertible debentures</u>
	\$
Opening Balance as at November 1, 2020	2,835,000
Issuance of convertible debenture	1,990,695
Conversion of convertible debenture	(4,825,695)
Accretion of convertible debenture	300,151
Forbearance of the debenture default	(300,151)
Closing balance, as at October 31, 2021	<u>-</u>

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

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

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 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

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

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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 \$1.00.

During the year ended October 31, 2021, the debenture holders requested the conversion of debentures totalling a par value of \$4,825,695 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 \$6,295,461.

10- SHARE CAPITAL

	<u>2021-10-31</u>	<u>2020-10-31</u>
	\$	\$
Class "A" shares (a)	45,648,006	25,362,587

a) The number of issued common shares totals 31,720,357 as at October 31, 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

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

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 \$1.00.

As at April 6, 2021, Nuran Wireless DRC S.A.R.L.U. issued 100 shares representing 100% of its share capital to Nuran Wireless inc.

As at June 22, 2021, Nuran Wireless Cameroon Ltd. issued an additional 990 shares of its share capital to Nuran Wireless inc. The total number of shares subscribed is 1,000 shares representing 100% of its share capital to Nuran Wireless inc.

As at July 12, 2021, the Company completed a non-brokered private placement of common shares and warrants of the Company for gross proceeds of \$11,065,433. In connection with the Offering, the Company issued 4,617,930 units (each comprised of one Common Share and one Warrant) for gross proceeds of \$7,065,433 and received a lead order to subscribe for 2,614,379 Common Shares and 182,000 Warrants for gross proceeds of approximately \$4,000,000 from Space-Communication Ltd., an international satellite communication provider. Following closing of the Offering, Spacecom held a 9.3% equity stake in the Company on an undiluted basis.

During the year ended October 31, 2021, the Company converted unpaid interest and penalties on the debenture totalling a par value of \$919,825 in common shares of the Company. Taking into account the book value of the debt converted, the carrying value recorded for these shares was \$1,204,595.

During the year ended October 31, 2021, 1,506,780 shares were issued following the exercise of warrants (Note 11) and 59,800 shares were issued following the exercise of stock options (Note 12).

As stated in Note 8, the debenture holders requested the conversion of debentures totalling a par value of \$4,825,695 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 \$6,295,461.

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial
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As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

11 – WARRANTS

The following is a summary of the activity of warrants:

	Nine months ended October 31, 2021	
	Number of warrants	Weighted average exercise price
Opening balance, as at November 1, 2020	1,341,109	\$ 4.22
Granted during the period	10,698,015	\$ 1.14
Exercised during the period	(1,506,780)	\$ 0.27
Expired during the period	(626,040)	\$ 6.77
Closing balance, as at October 31, 2021	9,906,304	\$ 1.34

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at October 31, 2021 and October 31, 2020

(In Canadian dollars)

(Unaudited)

The following is a summary of warrants outstanding and exercisable, as at October 31, 2021

	<u>Warrants outstanding</u>		<u>Warrants exercisable</u>	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
October 31, 2021				
Exercise price				
\$0.00	2,000,000	2.41	-	
\$0.00	1,600,000	2.84	-	
\$0.50	900,000	0.62	900,000	0.62
\$1.25	168,400	1.32	168,400	1.32
\$1.53	28,550	1.73		
\$1.75	339,889	0.80	339,889	0.80
\$2.40	4,869,465	1.73		
	<u>9,906,304</u>		<u>1,408,289</u>	

As stated in Note 10, 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 0.25%; 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.

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As at April 1, 2021, the Company approved a new employment agreement with its Chief Executive Officer, Francis Letourneau for a term commencing March 30, 2021 (the "Employment Agreement"). Details of Mr. Letourneau's employment agreement include but are not limited to: an increase in base compensation to \$350,000 per year subject to the Company either completing its project financing under any of its network as a service agreements or completing an equity financing in the minimum amount of \$1,000,000 (whichever is earlier); continued entitlement to receive options of the Company under the Company's stock option plan at the discretion of the Board and the issuance of a performance warrant to acquire a total of up to 3,200,000 common shares of the Company based on the Company reaching certain successful milestones in strategic planning, growth, increases in revenue and achievement of operations targets and subject to Mr. Letourneau completing a minimum of four months of continued employment from the date of the Employment Agreement. These warrants expire on April 1st 2024.

The warrants were assigned a value of \$5,207,400 using the Black Scholes option pricing model using the following assumptions: 0% dilution discount; risk free interest rate of 0.54%; expected volatility of 64%; expected dividend yield of 0%; expected life of three years and exercise price of \$0.00. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$2.63 and, as required by IFRS 2, the equity instrument should be measured at the fair value at the grant date, being the date the Warrant agreement was signed. As there is no strike price, the warrant has a fair value approximating the share price at that date. The share price has been used without any dilution to calculate the share-based compensation expense, even though the stock price at the time the warrants are exercised will differ from the price upon issuance. During the period the performance of the CEO earned him the right to exercise 1,200,000 warrants. At the time these warrants were exercised the stock price was \$1.82.

As stated in Note 10, on July 12, 2021, the Company completed a non-brokered private placement of common shares and warrants of the Company for gross proceeds of \$11,065,433. In connection with the Offering, the Company issued 4,617,930 units (each comprised of one Common Share and one Warrant) for gross proceeds of \$7,065,433 and received a lead order to subscribe for 2,614,379 Common Shares and 182,000 Warrants for gross proceeds of approximately \$4,000,000 from Space-Communication Ltd., an international satellite communication provider. Following closing of the Offering, Spacecom held a 9.3% equity stake in the Company on an undiluted basis.

The warrants were assigned a value of \$1,029,356 using the Black Scholes option pricing model using the following assumptions: risk free interest rate of 0.47%; expected volatility of 64%; expected dividend yield of 0%; expected life of two years and exercise price of \$2.40. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$2.28.

In connection with the Offering, the Company paid an aggregate cash commission of \$119,562 to registered dealers that introduced subscribers to the Company (each a "Finder") and issued 79,085 non-transferable Common Share purchase warrants to each Finder (with terms

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identical to the Warrants issued under the Offering, with the exception of no Acceleration Provision and certain finders warrants exercisable at a price of \$1.53).

50,535 warrants were assigned a value of \$10,837 using the Black Scholes option pricing model using the following assumptions: risk free interest rate of 0.47%; expected volatility of 64%; expected dividend yield of 0%; expected life of two years and exercise price of \$2.40. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$2.28.

28,550 warrants were assigned a value of \$10,546 using the Black Scholes option pricing model using the following assumptions: risk free interest rate of 0.47%; expected volatility of 64%; expected dividend yield of 0%; expected life of two years and exercise price of \$1.53. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$2.28.

As at September 3, 2021, the Company approved an employment agreement with Questus Consulting Ltd. a company controlled by Jim Bailey, Chief Financial Officer of the Company. Pursuant to the terms of the Employment Agreement, the Company will pay Questus a fixed fee of \$20,833.33 per month in consideration of certain management consulting services provided by Questus including managing the financing and banking functions of the Company and overseeing the procedures for internal controls and management of continuous disclosure filings of the Company. Under the terms of the Employment Agreement, Questus will be entitled to receive options of the Company under the Company's equity compensation plan at the discretion of the Board and was issued a performance warrant to acquire a total of up to 1,600,000 common shares of the Company based on the Company reaching certain successful milestones in strategic planning, growth, increased revenue and achievement of operation targets and subject to the completion of a minimum of four months of continued employment from the date of the Employment Agreement. These warrants expire on September 3, 2024.

The warrants were assigned a value of \$524,189 using the Black Scholes option pricing model using the following assumptions: 0% dilution discount; risk free interest rate of 0.39%; expected volatility of 64%; expected dividend yield of 0%; expected life of three years and exercise price of \$0.00. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was \$1.88 and, as required by IFRS 2, the equity instrument should be measured at the fair value at the grant date, being the date the Warrant agreement was signed. As there is no strike price, the warrant has a fair value approximating the share price at that date. The share price has been used without any dilution to calculate the share-based compensation expense, even though the stock price at the time the warrants are exercised will differ from the price upon issuance. During the period the performance of the CFO earned him the right to exercise nil warrants as he did not complete four months of continuous employment from the Employment Agreement date.

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12 - OPTIONS

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

	<u>Six months ended October 31, 2021</u>	
	Number of options	Weighted average exercise price
Opening balance, as at November 1, 2020	320,200	\$ 2.96
Granted during the period	1,575,000	\$ 2.20
Exercised during the period	(59,800)	\$ 1.50
Forfeited	(225,400)	\$ 3.49
Closing balance, as at October 31, 2021	<u>1,610,000</u>	<u>\$ 2.20</u>

The following is a summary of stock options outstanding and exercisable as at October 31, 2021:

	<u>Options outstanding</u>		<u>Options exercisable</u>	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
October 31, 2021				
Exercise price				
\$1.50	20,000	2.13	20,000	2.13
\$1.70	250,000	4.97	62,500	4.97
\$1.70	100,000	4.99	100,000	4.99
\$2.35	1,225,000	4.15	1,087,500	4.43
\$2.50	14,000	0.52	14,000	0.52
\$7.50	1,000	0.45	1,000	0.45
	<u>1,610,000</u>		<u>1,285,000</u>	

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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 \$57,750 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.18%; expected volatility 64%; 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.

The options with a five-year lifespan were assigned a value of \$1,148,850 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.18%; expected volatility 64%; 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.

On October 20, 2021, NuRAN Wireless inc. granted stock options as compensation for Consulting Services to be provided by the consultant, to purchase an aggregate of 250,000 common shares of the Company at an exercise price of \$1.70 per share. Pursuant to the terms of the grant, 62,500 options will vest immediately, 62,500 options will vest over a period of 3 months from the date of grant, 62,500 options will vest over a period of 6 months from the date of grant and the remaining 62,500 options will vest over a period of 9 months from the date of grant. All of the options expire 5 years from the date of grant.

The options were assigned a value of \$216,000 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.79%; expected volatility 64%; expected dividend yield of 0%; expected life of five years and an exercise price of \$1.70. Expected volatility was based on the historical volatility of other comparable listed companies.

On October 26, 2021, NuRAN Wireless inc. granted stock options pursuant to its incentive stock option plan to certain directors of the Company, to purchase an aggregate of 100,000 common shares of the Company at an exercise price of \$1.67 per share. Pursuant to the terms of the grant, 100,000 options will vest immediately, and all of the options expire 5 years from the date of grant

The options were assigned a value of \$89,500 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.86%; expected volatility 64%; expected dividend yield of 0%; expected life of five years and an exercise price of \$1.67. Expected volatility was based on the historical volatility of other comparable listed companies.

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For the year ended October 31, 2021, a \$6,506,391 (\$25,000 in 2020) amount of employee remuneration expense has been included in profit or loss and credited to contributed surplus.

13 - 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 11 and 12.

14 - 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:

	2021	2020
	(12 months)	(12 months)
	<u>\$</u>	<u>\$</u>
Shareholders	-	58,336
Interest expenses	-	-

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15 – POST-REPORTING DATE EVENTS

On November 29, 2021, the Company announced its first site live in the Democratic Republic of the Congo and provided the following corporate update on operations and financing.

The first site in DRC went live at 12:21pm Eastern Standard time on Friday November 26. Despite the global supply sourcing issues and logistical delays, the Company expects to deliver 14 more sites in 2021 in DRC and is ramping up to be on track to have a total of 120 sites live by March, 2022.

NuRAN is in the process of setting up a counter on the number of sites going live and population covered on its website www.nuranwireless.com to provide up to the minute updates on its site installations in Africa.

NuRAN management confirmed that there were 15 sites live in Cameroon. The initial report on the 10 sites for the first month of usage demonstrates a 32.68% penetration rate and initial revenue is 100% higher than previous estimates. There are currently 4 out of 10 sites surpassing the minimum guaranteed amount which was not expected at this early stage. The technical performance of the sites is tracking management's initial performance expectations.

NuRAN received final Board approval for their 2.87M CAD debt financing from Afriland First Bank in Cameroon to re-finance its first 122 site rollout. The loan is for a five (5) year term with an initial six (6) month capital grace period and an annual interest rate of 9%. NuRAN is guaranteeing the loan by way of a letter of guarantee. Afriland First Bank also operates in many countries being targeted for future NAAS projects such as Ivory Coast, Liberia and South Sudan.

NuRAN announced that it has changed its financial year-end from October 31 to December 31 in order to coincide with the financial year-end of other publicly traded companies in similar sectors and to align with traditional financial, operational, and taxation cycles.

On December 16, 2021 the Company announced the signing of an agreement for a minimum of 250 sites with MTN Group Limited (JSE:MTN) for the deployment of rural sites under the NaaS model in the Republic of South Sudan ("South Sudan") for the deployment of sites through the build, own, operate, and transfer ("BOOT") revenue share model. The 10-year agreement is estimated to represent approximately CAD \$1,800 of revenue per site and per month or CAD \$57 million in revenues over the course of the contract, with the potential for more sites to be added and the ability to leverage terrestrial backhaul networks to deliver inexpensive data capacity that is intended to drive higher ARPU and revenues. Pursuant to the terms of the agreement, the parties intend to install a minimum of 250 rural networking sites in South Sudan within the next 24 months. An initial 50 sites will be launched from existing tower infrastructure owned by MTN and allowing for an accelerated project launch. NuRAN will partner with Tandem Solution LTD

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("Tandem"), a local partner and already familiar to MTN. Tandem is fully licensed for infrastructure work in the country.