

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
June 30, 2022 and
July 31, 2021

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The condensed interim consolidated financial statements of Nuran Wireless inc. for the second quarter ended June 30, 2022 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 June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>6 months ended</i>	
	2022-06-30	2021-07-31	2022-06-30	2021-07-31
	\$	\$	\$	\$
Revenue	231 128	7 363	2 113 089	417 851
Cost of sales	125 146	147 314	1 742 531	386 283
Gross profit	105 982	(139 950)	370 558	31 568
Selling expenses	339 295	128 798	776 751	265 791
Administrative expenses	1 479 242	1 357 665	3 301 392	2 413 990
Employee shared-based compensation	292 352	3 486 942	1 120 746	3 486 942
Financial expenses	240 515	70 116	434 133	185 250
Research and development costs, net of \$46,085 in tax credits for the three-month period ended June 30, 2022, \$97,895 for the nine-month period ended June 30, 2022 (\$33,752 for the three-month period ended July 31, 2021, \$32,752 for the nine-month period ended July 31, 2021)	191 419	60 451	216 835	182 929
	2 542 823	5 103 972	5 849 856	6 534 902
Loss before other gain	(2 436 841)	(5 243 922)	(5 479 298)	(6 503 334)
Other elements:				
Gain (Loss) debt settlement share				
Loss on debt settlement			(235 465)	
Gain/Loss on disposal of assets		820		6 820
Gain or Loss Unwind bankruptcy	116 932		116 932	
	116 932	820	(118 533)	6 820
Loss before income taxes	(2 319 909)	(5 243 102)	(5 597 831)	(6 496 514)
Net loss and total comprehensive income	(2 319 909)	(5 243 102)	(5 597 831)	(6 496 514)
Loss per share (Note 13)				
Basic and diluted loss per share	(0,07)	(0,23)	(0,17)	(0,31)
Weighted average number of outstanding common shares	32 910 467	22 627 639	32 713 727	21 186 503

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

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

Periods ended June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

			2022-06-30			
	Share capital		Contributed surplus	Fair value of the conversion option	Deficit	Total Surplus (Deficiency)
	Number	\$	\$	\$	\$	\$
Balance as at January 1, 2022	32 420 357	45 139 877	6 734 468		(41 804 360)	10 069 985
Issue of share capital (Note 10)	550 000	188 000				188 000
Share Issue cost						
Net loss and total comprehensive income for the period					(5 597 831)	(5 597 831)
Amendment to the conversion option of the convertible debenture (Note 9)						
Convertible Debenture (Note 9)		240 930		43 053		283 983
Debenture conversion in share capital (Note 10)						
Exercise of Warrants (Note 11)		228 240	(191 240)			37 000
Employee shared-based compensation - Warrants (Note 11)			1 047 956			1 047 956
Non-employee shared-based compensation - Warrants (Note 11)		(284 649)	284 649			
Employee shared-based compensation - Stock options (Note 12)			72 430			72 430
Non-employee shared-based compensation - Stock options (Note 12)			327 125			327 125
Balance as at June 30, 2022	32 970 357	45 512 398	8 275 388	43 053	(47 402 191)	6 428 648
						2021-07-31
	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)	15 520 951	11 519 728				11 519 728
Share issue cost		(123 239)				(123 239)
Net loss and total comprehensive income for the period					(7 860 705)	(7 860 705)
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)	5 231 822	6 336 229		(1 083 272)		5 252 957
Exercise of warrants (Note 11)	306 780	407 265				407 265
Exercise of stock options (Note 12)	59 800	89 700				89 700
Warrants (Note 10 and 11)		(1 055 127)	1 055 127			
Employee shared-based compensation (Note 11 and 12)			3 534 642			3 534 642
Non-employee shared-based compensation (Note 12)			10 744			10 744
Balance as at July 31, 2021	28 242 470	41 367 528	6 168 985	386 494	(36 756 393)	11 166 613

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

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

Periods ended June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

	2022-06-30	2021-07-31
	(6 months)	(6 months)
	\$	\$
OPERATING ACTIVITIES		
Net loss	(5 597 831)	(6 496 514)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	37 712	24 202
Depreciation of intangible assets	77 978	49 524
Depreciation of Right-of-use assets	80 760	23 365
Debenture modification cost		
Interest on lease liabilities	22 287	
Gain (loss) on disposal of assets		1 468
Gain (loss) on debt settlement	118 533	
Non-employee share-based transaction	327 125	47 700
Employee share-based transaction	1 120 386	3 497 685
Accretion of convertible debentures	72 421	166 810
Change in fair value of derivative liability		
Net change in working capital items		
Trade and other receivables	(310 927)	(220 232)
Accrued revenues	(1 635 292)	
Scientific research and experimental development tax credits receivable	65 005	(33 752)
Work in progress		
Inventories	(289 390)	(767 560)
Prepaid expenses	(66 324)	(17 313)
Security deposits and deposits on purchase of goods	(27 432)	(568 947)
Trade and other payables	2 776 680	51 941
Deferred revenue	506 079	(225 086)
Net cash from operating activities	(2 722 229)	(4 466 708)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(54 028)	(25 639)
Purchase of intangible assets	(339 973)	(203 806)
Right-of-use assets		(467 304)
Placement in subsidiary		(23 683)
Net cash used in investing activities	(394 000)	(720 432)
FINANCING ACTIVITIES		
Net change in loan payable	500 000	
Repayment of long-term debt		(437 421)
Lease liabilities		467 304
Repayment of Lease liabilities	(93 019)	(18 400)
Convertible debentures and derivative liability	2 000 000	1 000 000
Convertible debenture conversion		723 996
Forbearance of the convertible debenture		(723 996)
Issue of common shares	225 000	11 616 693
Share issue cost		(123 239)
Net cash used in financing activities	2 631 981	12 504 937
Net decrease in cash	(484 248)	7 317 797
Cash, beginning of period	731 191	73 937
Cash, end of period	246 944	7 391 735
Supplementary information		
Interest paid included in operating activities	168 932	50 257

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2022 and December 31, 2021

(In Canadian dollars)

(Unaudited)

	2022-06-30	2021-12-31
	\$	\$
ASSETS		
Current		
Cash	246 944	731 191
Trade and other receivables	1 259 153	948 226
Accrued Revenues	2 452 551	817 259
Scientific research and experimental development tax credits receivable	209 105	274 110
Inventories (Note 4)	5 667 029	5 377 639
Prepaid expenses	85 762	19 438
Security deposits and deposits on purchase of goods	111 113	83 681
Current assets	<u>10 031 657</u>	<u>8 251 544</u>
Non-current		
Property, plant and equipment (Note 5)	283 485	267 169
Intangible assets (Note 6)	6 126 063	5 864 068
Right-of-use assets (Note 7)	595 125	675 885
Placement in subsidiary	0	
Non-current assets	<u>7 004 673</u>	<u>6 807 122</u>
Total assets	<u>17 036 330</u>	<u>15 058 666</u>
LIABILITIES		
Current		
Trade and other payables	5 221 513	2 561 762
Deferred revenue	2 237 859	1 731 780
Loans payable	500 000	
Convertible debentures and derivative liability (Note 9)	2 023 902	
Current portion of long-term debt		
Current portion of lease liabilities (Note 8)	141 376	136 027
Current liabilities	<u>10 124 651</u>	<u>4 429 569</u>
Non-current		
Long-term debt		
Lease liabilities (Note 8)	483 031	559 112
Total liabilities	<u>10 607 682</u>	<u>4 988 681</u>
SURPLUS		
Share capital (Note 10)	45 512 397	45 139 877
Contributed Surplus	8 275 388	6 734 468
Fair value of conversion option	43 053	
Deficit	<u>(47 402 191)</u>	<u>(41 804 360)</u>
Total Surplus	<u>6 428 648</u>	<u>10 069 985</u>
Total Surplus and liabilities	<u>17 036 330</u>	<u>15 058 666</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 June 30, 2022 and July 31, 2021

(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.

Along with its subsidiaries, Nuran Wireless Cameroon Ltd., Nuran Wireless DRC S.A.R.L.U. and NuRAN Wireless (Africa) Holding, the Company provides products and services that help mobile network operators profitably serve off-grid markets that are currently not served. The strategy is to build and operate rural cellular infrastructure, monetizing the assets through a Network as a Service (NAAS) business model that has been developed by the Company and is seeing growing interest in a number of markets globally.

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 and its place of business is at 2150, Cyrille-Duquet, suite 100, Québec (Québec) 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 2021 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 June 30, 2022, the Company incurred a net loss of \$5,597,831 and has a deficit of \$47,402,191 as at June 30, 2022. This reflects the significant and upfront nature of capital and operating expenditures in network infrastructure required of the NaaS model. In parallel to deploying this model the Company has taken significant steps forward in improving its balance sheet and restructuring and repositioning operations however there is uncertainty that may cast 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 continue to reposition its operations in line with the NaaS model and to obtain additional financing and execute the

NuRAN Wireless Inc.

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(In Canadian dollars)

(Unaudited)

NaaS contracts signed in September 2020, February 2021, December 2021 and April 2022.

The Company has previously announced the successful conclusion of commercial bank financing as well as the signing of mandate letters for significant DFI credit facilities and as at the date of these financial statements a non-brokered private placement of convertible debentures and the restructuring and extension of a previous convertible debenture financing. In addition, the Company is advancing discussions with providers of equity finance to support the DFI finance. There are however operational risks resulting in uncertainties that this plan 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 condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 29, 2022.

3 - SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2021 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 December 31, 2021.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

4 - INVENTORIES

	<u>2022-06-30</u>	<u>2021-12-31</u>
	\$	\$
Raw materials	926 512	1 076 192
Finished goods	4 740 517	4 301 447
	<u>5 667 029</u>	<u>5 377 639</u>

For the six-month period ended June 30, 2022, \$89,180 and \$89,180 for the three-month period ended June 30, 2022 (\$0 for the nine-month period ended July 31, 2021 and \$0 for the three-month period ended July 31, 2021) 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 June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

5 - PROPERTY, PLANT AND EQUIPMENT

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

	2022-06-30			
	Leasehold improvements	Equipment and furniture, tele- communication system, furniture and fixtures	Computer equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance as at January 1, 2022	7,727	610,684	323,600	942,011
Additions	-	40,237	13,790	54,027
Disposal	-	-	-	-
Balance as at June 30, 2022	<u>7,727</u>	<u>650,921</u>	<u>337,390</u>	<u>996,038</u>
Depreciation				
Balance as at January 1, 2022	683	423,651	250 508	674 842
Disposal	-	-	-	-
Depreciation	773	25,494	11,445	37,712
Balance as at June 30, 2022	<u>1,456</u>	<u>449,145</u>	<u>261,953</u>	<u>712,554</u>
Carrying amount as at June 30, 2022	<u><u>6,271</u></u>	<u><u>201,776</u></u>	<u><u>75,437</u></u>	<u><u>283,485</u></u>

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

6 – INTANGIBLE ASSETS

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

	2022-06-30		
	Acquisition software	Trademarks	Total
	\$	\$	\$
Gross carrying amount			
Balance as at January 1, 2022	6,492,482	42,523	6,535,005
Additions	339,973		339,973
Disposal	-	-	-
Balance as at June 30, 2022	<u>6,832,455</u>	<u>42,523</u>	<u>6,874,978</u>
Amortization			
Balance as at January 1, 2022	670,937	-	670,937
Amortization	77,978	-	77,978
Balance as at June 30, 2022	<u>748,915</u>	<u>-</u>	<u>748,915</u>
Carrying amount as at June 30, 2022	<u><u>6,083,540</u></u>	<u><u>42,523</u></u>	<u><u>6,126,063</u></u>

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(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:

Right-of-use assets

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

	<u>2022-06-30</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at January 1, 2022	779,867
Adjustment	<u>(3,943)</u>
Balance as at June 30, 2022	<u>775,924</u>
Depreciation	
Balance as at January 1, 2022	103,982
Depreciation	<u>76,817</u>
Balance as at June 30, 2022	<u>180,799</u>
Carrying amount as at June 30, 2022	<u><u>595,125</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.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

8 – LEASE LIABILITIES

The Company's lease liabilities and their carrying amounts are detailed as follows:

	<u>2022-06-30</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at January 1, 2022	695,139
Additions	-
Lease payments	(93,019)
Lease interest	22,287
Balance as at June 30, 2022	<u>624,407</u>
Current portion	<u>141,376</u>
Non-current portion	<u>483,031</u>

9 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at June 30, 2022, the convertible debentures and derivative liability consists of:

	<u>Convertible debentures</u>
	\$
Opening Balance as at January 1, 2022	-
Issuance of convertible debenture	2,235,465
Conversion of convertible debenture	-
Accretion of convertible debenture	72,421
Fair Value adjustment	(283,984)
Closing balance, as at June 30, 2022	<u>2,023,902</u>

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

As at March 17, 2022, the Company issued secured convertible debentures in the principal amount of \$2,235,465 with an original issue discount equal to 10% of the Purchase Price. Each debenture matures on March 17, 2023. Interest is accrued until the Maturity date, early repayment by the Company or any event of default, after either event if any amount remains unpaid, the remaining balance shall accrue interest at a rate of 22% per annum. The debenture value determined using the current value method was \$1,941,840.

The principal amount is convertible, at the option of the debenture holder, into common shares of the Company at any time before the maturity date at a price of \$1.35 per common share.

The debenture holders also received 1,490,309 share purchase warrants at a price of \$2.00 for a term of two years. The fair value of \$295,081 assigned to the warrants issued was established using a Black-Scholes pricing model.

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1.04
Exercise price	\$2.00
Time to maturity	2 years
Risk-free rate	1.89%
Expected volatility	94.99%
Dividend yield	Nil
Dilution factor	28.72%

The debentures may be prepaid by the Company at any time prior to the Maturity Date, upon ten business days' notice to the debentureholder, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon;

The debentures will rank pari passu in right of payment of principal and interest, the holders will all enter into an interlender agreement appointing a collateral agent;

The debentures are subject to accelerated repayment (subject to a prepayment penalty amount) at the option of the Company or the debentureholder if the Company completes an equity or debt financing for gross proceeds of \$3,000,000 or more.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

The fair value of the conversion option on March 31, 2022, was estimated at \$48,021, which was derived using a Black-Scholes option pricing model.

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1,04
Exercise price	\$1,35
Time to maturity	1 year
Risk-free rate	1,89%
Expected volatility	49.80%
Dividend yield	Nil
Dilution factor	28,72%

10- SHARE CAPITAL

	<u>2021-07-31</u>	<u>2021-12-31</u>
	\$	\$
Class "A" shares (a)	45,512,397	45,139,877

- a) The number of issued common shares totals 32,970,357 as at June 30, 2022 (32,420,357 as at December 31, 2021)

As stated in Note 7, on March 17, 2022, the debenture holders received 1,490,309 share purchase warrants at a price of \$2,00 for a term of two years. The fair value of \$295,081 assigned to the warrants issued was established using a Black-Scholes pricing model.

During the six-month period ended June 30, 2022, 550,000 shares were issued following the exercise of warrants (Note 11).

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial
Statements

As at June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

11 – WARRANTS

The following is a summary of the activity of warrants:

	Six months ended June 30, 2022	
	Number of warrants	Weighted average exercise price
Opening balance, as at January 1, 2022	9,206,304	\$ 1.41
Granted during the period	1,490,309	\$ 2.00
Exercised during the period	(550,000)	\$ 0.41
Expired during the period	-	\$ -
Closing balance, as at June 30, 2022	10,146,613	\$ 1.53

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

The following is a summary of warrants outstanding and exercisable, as at June 30, 2022

	Warrants outstanding		Warrants exercisable	
		Weighted average contractua l life (years)		Weighted average contractua l life (years)
June 30, 2022	Number		Number	
Exercise price				
\$0.00	1,500,000	2.18	-	-
\$0.00	1,300,000	1.75	-	-
\$0.50	450,000	0.02	450,000	0.02
\$1.25	168,400	0.66	168,400	0.66
\$1.53	28,550	1.02	28,550	1.02
\$1.75	339,889	0.14	339,889	0.14
\$2.00	1,490,309	1.72	-	-
\$2.40	4,869,465	1.02	4,869,465	1.02
	<u>10,146,613</u>		<u>5,856,304</u>	

As stated in Note 7, on March 17, 2022, the company issued secured convertible debenture in the principal amount of \$2,235,465 with an original issue discount equal to 10% of the Purchase Price. The debenture holders received 1,490,309 share purchase warrants at a price of \$2.00 for a term of two years. The fair value of \$295,081 assigned to the warrants issued was established using a Black-Scholes pricing model.

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1,04
Exercise price	\$2,00
Time to maturity	2 years
Risk-free rate	1,89%
Expected volatility	94.99%
Dividend yield	Nil
Dilution factor	28,72%

12 - OPTIONS

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

	<u>Six months ended June 30, 2022</u>	
	Number of options	Weighted average exercise price
Opening balance, as at January 1, 2022	1,965,000	\$ 2.08
Granted during the period	550,000	\$ 1.40
Exercised during the period	-	\$ -
Forfeited	(11,000)	\$ 2.95
Closing balance, as at June 30, 2022	2,504,000	\$ 1.93

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2022 and July 31, 2021

(In Canadian dollars)

(Unaudited)

The following is a summary of stock options outstanding and exercisable as at June 30, 2022:

	<u>Options outstanding</u>		<u>Options exercisable</u>	
	<u>Number</u>	<u>Weighted average contractual life (years)</u>	<u>Number</u>	<u>Weighted average contractual life (years)</u>
June 30, 2022				
Exercise price				
\$1.34	250,000	4.58	150,000	4.58
\$1.45	300,000	0.58	300,000	0.58
\$1.50	20,000	1.47	20,000	1.47
\$1.67	100,000	4.33	100,000	4.33
\$1.60	355,000	2.37	277,500	2.37
\$1.70	250,000	4.31	187,500	4.31
\$2.35	1,225,000	3.49	1,225,000	3.49
\$2.50	4,000	0.57	4,000	.57
	<u>2,504,000</u>		<u>2,264,000</u>	

On January 27, 2022, NuRAN Wireless inc. granted stock options pursuant to its incentive stock option plan to consultants and directors of the Company, to purchase an aggregate of 250,000 common shares of the Company at an exercise price of \$1.34 per share. Pursuant to the terms of the grant, 100,000 options will vest immediately, 50,000 options will vest over a period of 3 months from the date of grant and the remaining 100,000 options will vest over a period of 6 months from the date of grant. The options expire five years from the date of grant.

The fair value of \$196,750 assigned to the stock options issued was established using a Black-Scholes pricing model

NuRAN Wireless Inc.

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(In Canadian dollars)

(Unaudited)

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1.34
Exercise price	\$1.34
Time to maturity	5 years
Risk-free rate	1.27%
Expected volatility	119.87%
Dividend yield	Nil
Dilution factor	26.33%

On January 27, 2022, NuRAN Wireless inc. granted stock options for Consulting Services to be provided by the consultant to purchase an aggregate of 300,000 common shares of the Company at an exercise price of \$1.45 per share. Pursuant to the terms of the grant, the options will vest immediately.

The fair value of \$49,200 assigned to the stock options issued was established using a Black-Scholes pricing model

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1.34
Exercise price	\$1.45
Time to maturity	1 year
Risk-free rate	1.27%
Expected volatility	79.19%
Dividend yield	Nil
Dilution factor	26.33%

For the six-month period ended June 30, 2022, \$72,430 (\$58,444 for the nine-month period ended July 31, 2021) employee remuneration expense has been included in profit or loss and credited to contributed surplus.

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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.

15 – POST-REPORTING DATE EVENTS

On July 12, 2022, the Company announced the closing of a non-brokered private placement of convertible debentures with a strategic investor for aggregate gross proceeds of \$2,000,000 (the "Convertible Debenture").

The Convertible Debenture has an original issuance discount of 10% and the principal of \$2,222,222 is convertible into common shares at a fixed price of \$1.35 at the option of the debenture holder during the term. The principal amount is due one year from the date of closing and does not bear interest until the maturity date or an event of default occurs. The investor also received 1,481,481 share purchase warrants, exercisable to acquire one common share of the Company at a price of \$2.00 for a period of 24 months from the date of closing. The debentures may be prepaid by the Company, upon ten business days' notice to the debenture holder, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon. As a condition of closing of the Offering, NuRAN entered into a sales agreement pursuant to which NuRAN agreed to engage the investor as its exclusive transmission equipment provider for a term of the earlier of seven years or until such time as the Company completes the purchase of a committed volume of equipment for its African operations.

The Company intends to use the net proceeds from the Offering for working capital purposes, to fund its purchases under the sales agreement and for capital expenditures under the Company's NaaS agreements. The Convertible Debenture and Warrants, and any securities

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issuable upon conversion or exercise thereof, will be subject to a statutory holder period of four months and one day from the issuance of the Convertible Debenture.

On August 22, 2022, the Company announced that it has restructured the terms of the secured convertible debenture financing closed on March 18, 2022 in the principal amount of \$2,222,222.

In connection with the Company's DFI Loan Facilities announced in January, the increased working capital requirements following the Company's entry into several Network as a Service agreements with MTN Group, and the Company's successful RFP selection and group framework agreement (GFA) with MTN Group, the secured lenders from the March Debenture Offering agreed to restructure the existing secured debt, extend the maturity date to August 19, 2023 and advance an additional \$900,000 to NuRAN. The restructuring gives the Company the flexibility to either convert or repay the obligations and thereby manage the financial impact leading to closing of the non-dilutive Loan Facilities. The Company entered into debt settlement agreements with each of the secured lenders pursuant to which the prior securities and agreements were cancelled and the company agreed to issue the following: (i) secured convertible debentures (the "New Debentures") in the aggregate principal amount of \$3,517,512 with a blended conversion price of approximately \$0.905 representing a 25% premium to the 5 day volume weighted average price of NuRAN's common shares with \$1,951,804 of the principal amount convertible at \$0.95 at the option of the debenture holder and the remaining principal amount convertible at a price of \$0.85, provided that if at any time while the debentures remain outstanding, the volume weighted average price of the common shares does not exceed \$0.85 for a period of 50 consecutive trading days, the Conversion Price will be reduced to \$0.73. \$1,398,278 of the principal amount of the debentures bears interest at a rate of 12% until maturity and the remaining principal amount does not bear interest until maturity; (ii) 2,694,667 share purchase warrants (the "New Warrants"), with each warrant exercisable to acquire one common share of the Company at an exercise price of \$1.10 until August 19, 2025; and (iii) 153,954 bonus common shares of the Company. In connection with the debt restructuring the secured lenders also agreed to forbear their right to enforce their security and accelerate payment of the debenture amounts under the terms of their security agreements and debentures issued pursuant to the March Debenture Offering relating to any technical default under the debentures due to the cease trade order issued in May 2022.

The Debentures may be prepaid by the Company at any time prior to the Maturity Date, upon ten business days' notice, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon. In connection with the Debenture Offering the Company also agreed to settle outstanding fees of \$220,979 by issuing a New Debenture in the same principal amount, 205,333 New Warrants, and 28,886 bonus common shares of the Company.

The Company has received \$500,000 of the proceeds advanced prior to closing and intends to use remaining net proceeds from the Offering to fund the continuation of rollout of its NaaS networks in Cameroon, the DRC and South Sudan, including the incorporation of new subsidiaries in South Sudan, Sudan and Namibia and set up costs associated with its recent

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agreements with MTN Group and for working capital purposes. Subject to completion of the DFI loan and the conversion rights of the debenture holders, the Company intends to repay the New Debentures prior to maturity.

Any securities issuable upon conversion or exercise of the New Debentures held by individual debenture holders, New Warrants, and bonus common shares will be subject to a statutory hold period of four months and one day from August 19, 2022.