

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
September 30, 2022 and
October 31, 2021

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The condensed interim consolidated financial statements of Nuran Wireless inc. for the third quarter ended September 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 September 30, 2022 and October 31, 2021

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>9 months ended</i>	
	2022-09-30	2021-10-31	2022-09-30	2021-10-31
	\$	\$	\$	\$
Revenue	1 625 652	519 061	3 730 808	936 913
Cost of sales	411 958	332 683	2 149 941	718 966
Gross profit	1 213 694	186 378	1 580 867	217 946
Selling expenses	329 374	481 233	1 106 125	747 023
Administrative expenses	1 537 143	2 356 793	5 037 202	4 735 629
Employee shared-based compensation	434 614	2 263 032	1 555 225	5 749 974
Financial expenses	848 196	140 921	1 295 135	298 122
Research and development costs, net of \$68,092 in tax credits for the three-month period ended September 30, 2022, \$165,987 for the nine-month period ended September 30, 2022 (\$58,683 for the three-month period ended October 31, 2021, \$92,415 for the nine-month period ended October 31, 2021)	126 952	(36 314)	343 787	146 615
	3 276 280	5 205 665	9 337 474	11 677 364
Loss before other gain	(2 062 586)	(5 019 287)	(7 756 608)	(11 459 417)
Other elements:				
Gain (Loss) write-off acc payables	25 496		25 496	
Gain (Loss) debt settlement in share		498		499
Gain (Loss) on debt settlement	(587 843)		(823 308)	
Gain (Loss) on disposal of assets		207		7 027
Gain (Loss) Unwind branckruptcy	68 102		185 034	
	(494 245)	705	(612 778)	7 526
Loss before income taxes	(2 556 832)	(5 018 582)	(8 369 386)	(11 451 892)
Net loss and total comprehensive income	(2 556 832)	(5 018 582)	(8 369 386)	(11 451 892)
Loss per share (Note 13)				
Basic and diluted loss per share	(0,08)	(0,24)	(0,25)	(0,48)
Weighted average number of outstanding common shares	33 542 523	20 492 734	32 993 028	23 651 884

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 September 30, 2022 and October 31, 2021

(In Canadian dollars)

(Unaudited)

			2022-09-30			
	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		(41 827 394)	10 046 951
Issue of share capital (Note 10)	1 887 840	319 645				319 645
Share Issue cost						
Net loss and total comprehensive income for the period					(8 369 386)	(8 369 386)
Amendment to the conversion option of the convertible debenture (Note 9)						
Convertible Debenture (Note 9)		882 550		24 581		907 131
Debenture conversion in share capital (Note 10)		705 800				705 800
Exercise of Warrants (Notes 10 and 11)		405 740	(191 240)			214 500
Employee shared-based compensation - Warrants (Note 11)			1 470 178			1 470 178
Non-employee shared-based compensation - Warrants (Note 11)		(1 042 397)	1 042 397			
Employee shared-based compensation - Stock options (Note 12)			83 608			83 608
Non-employee shared-based compensation - Stock options (Note 12)			346 617			346 617
Balance as at Septembre 30, 2022	34 308 197	46 411 215	9 486 028	24 581	(50 196 780)	5 725 044
			2021-10-31			
	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)	15 540 847	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 (Note 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 12)			543 106			543 106
Balance as at Octobre 31, 2021	31 721 457	45 648 006	6 535 481		(41 711 771)	10 471 716

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 September 30, 2022 and October 31, 2021

(In Canadian dollars)

(Unaudited)

	2022-09-30	2021-10-31
	(9 months)	(9 months)
	\$	\$
OPERATING ACTIVITIES		
Net loss	(8 369 386)	(11 451 892)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	57 290	40 363
Depreciation of intangible assets	116 967	107 260
Depreciation of Right-of-use assets	115 613	46 730
Debt modification cost		
Interest on lease liabilities	34 549	18 077
Gain (loss) on disposal of assets		1 261
Gain (loss) on debt settlement	638 274	(498)
Gain (loss) write-off of assets	(25 496)	
Non-employee share-based transaction	346 617	543 106
Employee share-based transaction	1 553 787	3 368 776
Accretion of convertible debentures	177 627	284 928
Change in fair value of derivative liability		
Net change in working capital items		
Trade and other receivables	(1 022 185)	(927 416)
Accrued revenues	(2 070 023)	
Scientific research and experimental development tax credits receivable	(3 087)	(92 415)
Work in progress		
Inventories	(174 271)	(4 985 391)
Prepaid expenses	(40 627)	(35 619)
Security deposits and deposits on purchase of goods	(336 805)	(10 621)
Trade and other payables	3 432 558	1 900 343
Deferred revenue	(292 281)	(157 008)
Net cash from operating activities	(5 860 879)	(11 350 016)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(59 904)	(79 443)
Purchase of intangible assets	(473 281)	(503 549)
Right-of-use assets	3 943	(467 304)
Placement in subsidiary	(0)	(23 537)
Net cash used in investing activities	(529 243)	(1 073 833)
FINANCING ACTIVITIES		
Net change in loan payable	200 000	
Repayment of long-term debt		(437 421)
Lease liabilities		467 304
Repayment of Lease liabilities	(139 339)	(55 247)
Repayment Convertible debenture	(2 235 465)	
Convertible debentures and derivative liability	7 504 516	1 000 000
Convertible debenture conversion		1 028 799
Forbearance of the convertible debenture		(1 110 491)
Issue of common shares	402 500	14 804 877
Share issue cost		(162 442)
Net cash used in financing activities	5 732 212	15 535 379
Net decrease in cash	(657 909)	3 111 531
Cash, beginning of period	731 191	73 937
Cash, end of period	73 282	3 185 469
Supplementary information		
Interest paid included in operating activities	398 619	159 541

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 September 30, 2022 and December 31, 2021

(In Canadian dollars)

(Unaudited)

	2022-09-30	2021-12-31
	\$	\$
ASSETS		
Current		
Cash	73 281	731 191
Trade and other receivables	1 970 411	948 226
Accrued Revenues	2 887 282	817 259
Scientific research and experimental development tax credits receivable	277 197	274 110
Inventories (Note 4)	5 528 876	5 354 605
Prepaid expenses	60 065	19 438
Security deposits and deposits on purchase of goods	420 486	83 681
Current assets	<u>11 217 598</u>	<u>8 228 510</u>
Non-current		
Property, plant and equipment (Note 5)	269 782	267 169
Intangible assets (Note 6)	6 220 383	5 864 068
Right-of-use assets (Note 7)	556 329	675 885
Placement in subsidiary	0	
Non-current assets	<u>7 046 494</u>	<u>6 807 122</u>
Total assets	<u><u>18 264 093</u></u>	<u><u>15 035 632</u></u>
LIABILITIES		
Current		
Trade and other payables	5 783 789	2 561 762
Deferred revenue	1 439 499	1 731 780
Loans payable	200 000	
Convertible debentures and derivative liability (Note 9)	4 525 411	
Current portion of lease liabilities (Note 8)	145 686	136 027
Current liabilities	<u>12 094 385</u>	<u>4 429 569</u>
Non-current		
Lease liabilities (Note 8)	444 663	559 112
Total liabilities	<u><u>12 539 048</u></u>	<u><u>4 988 681</u></u>
SURPLUS		
Share capital (Note 10)	46 411 215	45 139 877
Contributed Surplus	9 486 028	6 734 468
Fair value of conversion option	24 581	
Deficit	<u>(50 196 780)</u>	<u>(41 827 394)</u>
Total Surplus	<u>5 725 044</u>	<u>10 046 951</u>
Total Surplus and liabilities	<u><u>18 264 093</u></u>	<u><u>15 035 632</u></u>

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

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Notes to Condensed Interim Consolidated Financial Statements

As at September 30, 2022 and October 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 nine-month period ended September 30, 2022, the Company incurred a net loss of \$8,369,386 and has a deficit of \$50,196,780 as at September 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 repositioning its 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 NaaS contracts for the

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Notes to Condensed Interim Consolidated Financial Statements

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deployment of over 4,100 rural mobile sites signed from September 2020 to October 2022 with more in the pipeline.

The Company recently announced the approval by two separate Development Finance Institutions (DFIs) of a combined USD 27 million in credit facilities with final negotiations underway for the closing of loan documentation as at the date of these financial statements. In addition NuRAN completed a non-brokered private placement of convertible debentures and successfully restructured and extended a previous convertible debenture financing during the quarter. The Company is also advancing discussions with providers of equity finance to support the DFI finance and is about to launch a second tranche of loan financing which already has proven interest in the market. Each of these initiatives is evidence of the interest in the NaaS model as well as belief in the management team and will be transformative for the NuRAN business. 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 November 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.

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Notes to Condensed Interim Consolidated Financial
Statements

As at September 30, 2022 and October 31, 2021

(In Canadian dollars)

(Unaudited)

4 - INVENTORIES

	<u>2022-09-30</u>	<u>2021-12-31</u>
	\$	\$
Raw materials	922 924	1 076 192
Finished goods	4 605 952	4 301 447
	5 528 876	5 377 639

For the nine-month period ended September 30, 2022, \$89,180 and \$0 for the three-month period ended September 30, 2022 (\$110,291 for the nine-month period ended October 31, 2021 and \$110,291 for the three-month period ended October 31, 2021) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

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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:

	2022-09-30			
	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	-	42,512	17,390	59,902
Disposal	-	-	-	-
Balance as at September 30, 2022	<u>7,727</u>	<u>653,196</u>	<u>340,990</u>	<u>1,001,913</u>
Depreciation				
Balance as at January 1, 2022	683	423,651	250 508	674 842
Disposal	-	-	-	-
Depreciation	1,159	38,254	17,876	57,289
Balance as at September 30, 2022	<u>1,842</u>	<u>461,905</u>	<u>268,384</u>	<u>732,131</u>
Carrying amount as at September 30, 2022	<u><u>5,885</u></u>	<u><u>191,293</u></u>	<u><u>72,606</u></u>	<u><u>269,782</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:

	2022-09-30		
	Acquisition software	Trademarks	Total
	\$	\$	\$
Gross carrying amount			
Balance as at January 1, 2022	6,492,482	42,523	6,535,005
Additions	472,852	430	473,282
Disposal	-	-	-
Balance as at September 30, 2022	<u>6,965,334</u>	<u>42,953</u>	<u>7,008,287</u>
Amortization			
Balance as at January 1, 2022	670,937	-	670,937
Amortization	116,967	-	116,967
Balance as at September 30, 2022	<u>787,904</u>	<u>-</u>	<u>787,904</u>
Carrying amount as at September 30, 2022	<u><u>6,177,430</u></u>	<u><u>42,953</u></u>	<u><u>6,220,383</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>2022-09-30</u>
	Total
	\$
Gross carrying amount	
Balance as at January 1, 2022	779,867
Adjustment	<u>(3,943)</u>
Balance as at September 30, 2022	<u>775,924</u>
Depreciation	
Balance as at January 1, 2022	103,982
Depreciation	<u>115,613</u>
Balance as at September 30, 2022	<u>219,595</u>
Carrying amount as at September 30, 2022	<u><u>556,329</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>2022-09-30</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at January 1, 2022	695 139
Additions	-
Lease payments	(139,339)
Lease interest	34,549
Balance as at September 30, 2022	<u>590,349</u>
Current portion	<u>145,686</u>
Non-current portion	<u>444,663</u>

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(Unaudited)

9 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

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

	Convertible debentures
	\$
Opening Balance as at January 1, 2022	-
Issuance of convertible debenture	8,196,179
Restructuring of Convertible debenture	(2,235,465)
Conversion of convertible debenture	(700,000)
Accretion of convertible debenture	177,628
Fair Value adjustment	(912,931)
Closing balance, as at September 30, 2022	4,525,411

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 \$1,951,481.

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 \$284,649 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:

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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	30.25%

The debentures may be prepaid by the Company at any time prior to the Maturity Date, 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;

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 debenture holder if the Company completes an equity or debt financing for gross proceeds of \$3,000,000 or more.

The fair value of the conversion option on March 31, 2022, was estimated at \$43,053, which was derived using a Black-Scholes option pricing model:

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	30.25%

As at July 12, 2022, the Company issued secured convertible debentures in the principal amount of \$2,222,222 with an original issue discount equal to 10% of the Purchase Price. The debenture matures on July 12, 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 \$1,927,728.

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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 holder also received 1,481,481 share purchase warrants at a price of \$2.00 for a term of two years. The fair value of \$108,148 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	\$0.73
Exercise price	\$2.00
Time to maturity	2 years
Risk-free rate	3.19%
Expected volatility	89.22%
Dividend yield	Nil
Dilution factor	35.11%

The debentures may be prepaid by the Company at any time prior to the Maturity Date, 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

The fair value of the conversion option on September, 2022, was estimated at \$3,292, which was derived using a Black-Scholes option pricing model:

Share price	\$0.73
Exercise price	\$1.35
Time to maturity	1 year
Risk-free rate	3.19%
Expected volatility	45.72%
Dividend yield	Nil
Dilution factor	35.11%

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As at August 19, 2022, the Company announced that it has restructured the terms of the secured convertible debenture financing closed on March 17, 2022 in the principal amount of \$2,235,465.

The Company entered into debt settlement agreements with each of the secured lenders pursuant to which the prior secured debentures, related security agreements and previously issued warrants from the March Debenture Offering were cancelled and the company agreed to issue the following to the secured lenders:

- (i) secured convertible debentures in the aggregate principal amount of \$3,517,512 (inclusive of all advances, accrued interest and default fees) 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) 2,899,999 share purchase warrants, with each warrant exercisable to acquire one common share of the Company at an exercise price of \$1.10 for a term of three years;
- (iii) 182,840 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 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

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The fair value of the conversion option on September, 2022, was estimated at \$10,273 and \$16,816, which was derived using a Black-Scholes option pricing model:

Share price	\$0.72
Exercise price	\$0.95
Time to maturity	1 year
Risk-free rate	3.43%
Expected volatility	43.57%
Dividend yield	Nil
Dilution factor	39.57%

Share price	\$0.72
Exercise price	\$0.55
Time to maturity	1 year
Risk-free rate	3.43%
Expected volatility	43.57%
Dividend yield	Nil
Dilution factor	39.57%

The fair value of \$649,600 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	\$0.72
Exercise price	\$1.10
Time to maturity	3 years
Risk-free rate	3.43%
Expected volatility	111.04%
Dividend yield	Nil
Dilution factor	39.57%

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(In Canadian dollars)

(Unaudited)

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.

During the nine-months period ended September 30, 2022, the debenture holders requested the conversion of debentures totalling a par value of \$700,000 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 \$705,800.

10- SHARE CAPITAL

	<u>2022-09-30</u>	<u>2021-12-31</u>
	\$	\$
Class "A" shares (a)	46,411,215	45,139,877

- a) The number of issued common shares totals 34,308,197 as at September 30, 2022 (32,420,357 as at December 31, 2021)

As stated in Note 9, on August 22, 2022, the debenture holders received 182,840 bonus shares at a price of \$0.72.

During the nine-month period ended September 30, 2022, 800,000 shares were issued following the conversion of debenture (Note 9) and 905,000 shares were issued pursuant to the exercise of warrants (Note 11).

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11 – WARRANTS

The following is a summary of the activity of warrants:

	<u>Nine months ended September 30, 2022</u>	
	Number of warrants	Weighted average exercise price
Opening balance, as at January 1, 2022	9,206,304	\$ 1.41
Granted during the period	4,381,480	\$ 1.05
Exercised during the period	(905,000)	\$ 0.50
Expired during the period	(384,889)	\$ 1.60
Closing balance, as at September 30, 2022	12,297,895	\$ 1.48

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

September 30, 2022 Exercise price	Warrants outstanding		Warrants exercisable	
	Number	Weighted average contractua l life (years)	Number	Weighted average contractua l life (years)
\$0.00	1,500,000	1.93	-	-
\$0.00	1,300,000	1.50	-	-
\$0.50	50,000	0.00	50,000	0.00
\$1.10	2,899,999	2.89	-	-
\$1.25	168,400	0.41	168,400	0.41
\$1.53	28,550	0.77	28,550	0.77
\$2.00	1,481,481	1.78	-	-
\$2.40	4,869,465	0.77	4,869,465	0.77
	12,297,895		5,116,415	

As stated in Note 9, 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 \$284,649 assigned to the warrants issued was established using a Black-Scholes pricing model.

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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	30.25%

As stated in Note 9, on July 12, 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 holder also received 1,481,481 share purchase warrants at a price of \$2,00 for a term of two years. The fair value of \$108,148 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	\$0.73
Exercise price	\$2.00
Time to maturity	2 years
Risk-free rate	3.19%
Expected volatility	89.22%
Dividend yield	Nil
Dilution factor	35.11%

As stated in Note 9, on August 19, 2022, the Company issued secured convertible debenture in the aggregate principal amount of \$3,517,512 (inclusive of all advances, accrued interest and default fees) 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,

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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. The debenture holder also received 2,899,899 share purchase warrants at a price of \$1.10 for a term of three years. The fair value of \$649,600 assigned to the warrants issued was established using a Black-Scholes pricing model. The previously issued warrants from the March Debenture Offering were cancelled.

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

Share price	\$0.72
Exercise price	\$1.10
Time to maturity	3 years
Risk-free rate	3.43%
Expected volatility	111.04%
Dividend yield	Nil
Dilution factor	39.57%

12 - OPTIONS

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

	<u>Nine months ended September 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 September 30, 2022	2,504,000	\$ 1.93

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The following is a summary of stock options outstanding and exercisable as at September 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>
September 30, 2022				
Exercise price				
\$1.34	250,000	4.33	250,000	4.33
\$1.45	300,000	0.33	300,000	0.33
\$1.50	20,000	1.22	20,000	1.22
\$1.67	100,000	4.07	100,000	4.07
\$1.60	355,000	2.12	277,500	2.12
\$1.70	250,000	4.06	250,000	4.06
\$2.35	1,225,000	3.24	1,225,000	3.24
\$2.50	4,000	0.32	4,000	0.32
	<u>2,504,000</u>		<u>2,426,500</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

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(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 nine-month period ended September 30, 2022, \$83,608 (\$225,343 for the nine-month period ended October 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 October 6th, 2022, the Company announced that the European Investment Bank (EIB) formally approved its senior credit facility for a total of US\$18,000,000. The approval is expected to trigger the release of an additional EUR 8,000,000 senior secured credit facility with a second DFI for which final approval was already granted in July 2022. The combined proceeds are to be used for project expenditures relating to the installation of network infrastructure by NuRAN and roll out of up to 242 rural sites in Cameroon and 850 sites in Democratic Republic of the Congo (DRC) and will be provided to NuRAN Wireless (Africa) Holding in Mauritius which owns the two subsidiaries. Drawdown is subject to entering into formal loan agreements as well as compliance with a number of customary closing conditions, including the Company providing evidence of investing a minimum of USD\$ 6,000,000 in Cameroon and DRC which it has completed.

On October 31st NuRAN obtained a waiver from its debentureholders over the occurrence of an event of default concerning the DFI financing that was triggered as at October 31st. The waiver was in effect until November 15th and on November 15th the Company obtained a further waiver until December 15th.

Also on October 31st the Company was advised by the holders of its Convertible Debentures that the volume weighted average price of its common shares did not exceed \$0.85 for a period of 50 consecutive trading days and therefore the Conversion Price will be reduced to \$0.73.