Nuran Wireless Inc.

Consolidated Financial Statements
December 31, 2022 and December 31,2021

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Consolidated Statements of Financial Position	5
Notes to Consolidated Financial Statements	6-54

Independent Audit Report

To the Shareholders of:
Nuran Wireless Inc.

Opinion

We have audited the consolidated financial statements of Nuran Wireless Inc., which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nuran Wireless Inc. as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information is comprised of the information provided in the Management's discussion and analysis report, excluding the consolidated financial statements and our auditor's report on these statements.

Our opinion on the consolidated financial statements does not extend to the other information and we do not express any form of assurance on this information.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to assess whether there is a significant inconsistency between this information and the consolidated financial statements, or the understanding we have acquired during the audit, or whether the other information appears to include any material misstatement, in any other way.

If, in the light of the work we have done, we conclude there is a material misstatement in the other information, we have the obligation to report it. We have nothing to report in this regard.

Other Matter

The Company's amended consolidated financial statements for the year ended December 31, 2021, were audited by another auditor who expressed on those amended consolidated financial statements an unmodified opinion on June 24, 2022.

Responsibilities of Management and Those Charges with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the related safeguards.

The partner responsible for the audit engagement, at the end of which the current auditor's report is issued, is Jeremy Levi.

Jeremy Levi [1]

Montreal, Quebec
May 12, 2023

[1] CPA auditor, permit No. A137352

Nuran Wireless Inc.
Consolidated Statements of Comprehensive Income
Years ended December 31, 2022 and December 31, 2021

	2022 (12 months)	2021 (14 months)
	$	$
Revenue	4,871,890	2,137,616
Cost of sales	2,835,283	1,757,133
Gross profit	2,036,607	380,483
Selling expenses	1,364,192	1,413,458
Administrative expenses	7,588,704	5,881,731
Employee shared-based compensation	1,177,464	5,842,184
Financial expenses	1,036,083	498,629
Research and development costs, net of $168,602 in tax credit ($109,105 as at December 31, 2021)	302,390	378,447
	11,468,833	14,014,449
Loss before other elements	(9,432,226)	(13,633,966)
Other elements		
Gain (Loss) write-off acc payables	25,496	
Gain (Loss) debt settlement	(829,919)	(337,265)
Gain (loss) on impairment of assets		(137,926)
Gain (loss) on disposal of assets		(18,758)
Gain (loss) on modification		
Gain (Loss) Unwind brankruptcy	345,023	
	(459,400)	(493,949)
Loss before income taxes	(9,891,626)	(14,127,915)
Income tax expense		
Income Tax	488	
Deferred		(1,409,817)
Net loss for the year	(9,892,114)	(12,718,098)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign exchange difference on translation of foreign operations	(168,788)	
Total comprehensive income for the year	(10,060,902)	(12,718,098)
Loss per share (Note 21)		
Basic and diluted loss per share	(0.30)	(0.58)
Weighted average number of outstanding common shares	33,427,811	22,115,234

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

Nuran Wireless Inc.
Consolidated Statements of Changes in Equity
Years ended December 31, 2022 and December 31, 2021

	Share capital		Contributed Surplus	Fair value of the conversion option	Translation reserve	Deficit	Total Surplus (Deficiency) 2022
	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 18)	2,587,840	319,645				-	319,645
Net loss and total comprehensive income for the period						(9,892,114)	(9,892,114)
Foreign exchange in translation of foreign operations					(168,788.19)		(168,788)
Debenture conversion in share capital (Notes 17 and 18)		882,550		20,564		-	903,114
Interest conversion in share capital (Note 17 and 18)		1,242,817					1,242,817
Exercise of Warrants (Notes 18 and 19)		405,740	(191,240)			-	214,500
Employee shared-based compensation - Warrants (Note 19)			1,083,389			-	1,083,389
Non-Employee shared-based compensation - Warrants (Note 19)		(1,042,397)	1,042,397				
Employee shared-based compensation - Stock Options (Note 20)			91,061			-	91,061
Non-employee shared-based compensation - Stock Options (Note 20)			346,617			-	346,617
Balance as at December 31, 2022	35,008,197	46,948,232	9,106,691	20,564.00	(168,788.19)	(51,719,508)	4,187,191

	Number	Share capital	Contributed surplus	Fair value of conversion option	Translation reserve	Deficit (restated)	Total equity (Restated) 2021
		$	$			$	$
Balance as at November 1, 2020	7,123,117	25,362,587	1,568,472	-		(28,895,688)	(1,964,629)
Prior year restatement (Note 8)						(213,608)	(213,608)
Restated balance. As at November 1, 2020						(29,109,296)	(2,178,237)
Net loss and total comprehensive income for the period		-		-		(12,718,098)	(12,718,098)
Issue of share capital (Note 18)	8,251,309	9,533,792	1,962,252	-		-	11,496,044
Share Issue cost		(162,442)		-		-	(162,442)
Amendment to the conversion option of the convertible debenture (Note 17)		(232,485)		532,636		-	300,151
Debenture conversion in share capital (Notes 17 and 18)	11,589,830	5,358,331		(532,636)		-	4,825,695
Interest conversion in share capital (Note 17 and 18)	3,189,521	1,204,595					1,204,595
Exercise of Warrants (Notes 18 and 19)	2,206,780	3,975,333	(3,568,068)	-		-	407,265
Exercise of Stock Options (Notes 18 and 20)	59,800	100,165	(10,465)	-		-	89,700
Employee shared-based compensation - Warrants (Note 19)			4,975,746				4,975,746
Employee shared-based compensation - Stock Options (Note 20)	-	-	866,438	-		-	866,438
Non-employee shared-based compensation - Stock Options (Note	-	-	940,093	-		-	940,093
Balance as at December 31, 2021	32,420,357	45,139,877	6,734,468	-	-	(41,827,394)	10,046,951

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

Nuran Wireless Inc.
Consolidated Statements of Cash Flows
Years ended December 31, 2022 and December 31, 2021

	2,022	2021
	$	$
OPERATING ACTIVITIES		
Net loss and total comprehensive income	**(9,892,114)**	(12,718,098)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	**91,769**	63,651
Depreciation of intangible assets	**141,142**	130,848
Depreciation of Right-of-use assets	**221,520**	103,982
Interest on lease liabilities	**53,362**	39,636
Gain on modification	**0**	
Gain on debt settlement	**484,896**	337,265
Gain (loss) on disposal of assets	**(25,496)**	18,758
Deferred income tax expense	**–**	(1,409,817)
Non-employee share-based transaction	**346,617**	940,093
Employee share-based compensation	**1,174,449**	5,842,184
Interest expense converted into share		93,508
Accretion of convertible debentures	**375,204**	300,151
Foreign exchange in translation of foreign operations	**(168,788)**	
Net change in working capital items		
Trade and other receivables	**(4,706,380)**	(642,049)
Scientific research and experimental development tax credits receivable	**(5,701)**	(274,110)
Work in progress	**817,021**	(817,259)
Inventories	**441,245**	(4,024,000)
Prepaid expenses	**(20,170)**	(16,852)
Security deposits and deposits on purchase of goods	**(168,158)**	97,887
Trade and other payables	**4,539,040**	1,810,392
Deferred revenue	**(498,849)**	(446,764)
Net cash from operating activities	**(6,799,390)**	(10,570,594)
INVESTING ACTIVITIES		
Proceeds from the disposal of property, plant and equipment		45,389
Proceeds from the disposal of intangible assets	**–**	18,381
Purchase of property, plant and equipment	**(134,397)**	(80,553)
Purchase of intangible assets	**(826,256)**	(451,890)
Right-of-use assets	**(107,908)**	
Net cash from investing activities	**(1,068,561)**	(468,673)
FINANCING ACTIVITIES		
Long-term debt	**1,794,523**	–
Lease liabilities	**111,852**	
Repayment of Lease Liabilities	**(257,768)**	(124,364)
Repayment Convertible debenture	**(2,235,465)**	–
Convertible debentures and derivative liability	**7,504,516**	–
Exercise of warrants		407,265
Exercise of stock options		89,700
Issue of common shares	**402,499**	11,496,045
Share issue cost		(162,442)
Net cash from financing activities	**7,320,158**	11,706,203
Net increase in cash	**(547,793)**	666,937
Cash, beginning of year	**731,191**	64,254
Cash, end of year	**183,397**	731,191
Supplementary information		
Interest paid included in operating activities	**727,254**	62,407

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Financial Position
As at December 31, 2022
(In Canadian dollars)
(Unaudited)

	2022-12-31	2021-12-31
	$	$
ASSETS		
Current		
Cash	**183,397**	731,191
Trade and other receivables	**5,654,606**	948,226
Scientific research and experimental development tax credits receivable	**279,811**	274,110
Accrued revenues	**238**	817,259
Inventories (Note 9)	**4,913,360**	5,354,605
Prepaid expenses	**39,608**	19,438
Security deposits and deposits on purchase of goods	**251,839**	83,681
Current assets	**11,322,859**	8,228,510
Non-current		
Property, plant and equipment (Note 10)	**303,186**	267,169
Intangible assets (Note 11)	**6,549,181**	5,864,068
Right-of-use assets (Note 12)	**562,273**	675,885
Placement in subsidiary	**0**	-
Non-current assets	**7,414,641**	6,807,122
Total assets	**18,737,500**	15,035,632
LIABILITIES		
Current		
Trade and other payables	**6,730,282**	2,561,762
Deferred revenue	**1,232,931**	1,731,780
Loans payable (Note 14)	**1,794,523**	-
Convertible debentures and derivative liability (Note 17)	**4,189,988**	-
Current portion of lease liabilities (Note 16)	**197,063**	136,027
Current liabilities	**14,144,787**	4,429,569
Non-current		
Lease liabilities (Note 16)	**405,522**	559,112
Total liabilities	**14,550,309**	4,988,681
SURPLUS		
Share capital (Note 18)	**46,948,232**	45,139,877
Contributed Surplus	**9,106,691**	6,734,468
Fair value of conversion option	**20,564**	-
Foreign exchange in translation of foreign operations	**(168,788)**	-
Deficit	**(51,719,508)**	(41,827,394)
Total Surplus	**4,187,191**	10,046,951
Total Surplus and liabilities	**18,737,500**	15,035,632

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

1. STATUTES OF INCORPORATION, NATURE OF ACTIVITIES AND CHANGE OF YEAR END

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., NuRAN Wireless (Africa) Holding and Innovation Nutaq Inc., 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.

In 2021, Nuran Wireless Inc. (“NuRAN”) modified its by laws to change its financial year-end from October 31 to December 31. The prior year was a transition year for the Company covering the 14 months ended December 31, 2021.

2. GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRS AND GOING CONCERN ASSUMPTION

NuRAN'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.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). 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.

The consolidated financial statements have primarily been prepared under the historical cost convention. Other measurement bases used are described in the applicable notes.

During the 12 month period ended December 31, 2022, the Company incurred a net loss of $9,892,114 which includes $1,177,464 of non-cash costs which was determined to be the value of stock options and performance warrants issued to key management personnel as part of their employment agreements entered into during 2021 (see note 18) and has a deficit of $51,719,508 as at December 31, 2022. This reflects the significant and upfront nature of capital and operating expenditures in network infrastructure required of the NaaS model and operating losses for the business prior to the repositioning into NaaS. In parallel to deploying this model the Company has taken significant steps forward in restructuring and 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 deployment of over 4,600 rural mobile sites signed from September 2020 to January 2023.

As at the date of these financial statements, the Company is negotiating financing contracts with two separate Development Finance Institutions (DFIs). These represent a combined US$ 27 million in available credit facilities for the deployment of a total of 850 and 242 rural mobile sites in the DRC and Cameroon respectively. In addition, NuRAN completed a non-brokered private placement of convertible debentures and successfully restructured and extended a previous convertible debenture financing during the year to bridge the Company to obtaining the DFI financing.

2. GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRS AND GOING CONCERN ASSUMPTION (continued)

The Company has also initiated discussions with providers of equity finance to support the drawdown of further amounts under these agreements and has launched a second tranche of loan financing.

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 consolidated financial statements for the 12 months period ended December, 2022 (including comparatives) were approved and authorized for issue by the Board of Directors on May 12, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

Basis of consolidation

The Company’s financial statements consolidate those of the parent company and its wholly-owned subsidiaries, Nuran Wireless (Africa) Holding, Nuran Wireless Cameroon Ltd, Nuran Wireless DRC S.A.R.L.U. and Innovation Nutaq Inc., as at December 2022.

All transactions and balances between group companies are eliminated on consolidation, including unrealized gains and losses on transactions between group companies.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the 12 months period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in CAD dollars, which is also the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the Company's functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at the exchange rates in effect at the end of the 12 months period are recognized in the profit or loss.

Non-monetary items are not retranslated at the end of the 12 months period and are measured at historical cost (translated using the exchange rates at the transaction date).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

To determine whether to recognize revenue, the Company follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognizing revenue when/as performance obligations are satisfied. Revenue arises from the sale of goods and the rendering of services and is measured at the consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to customer, excluding sales taxes.

The Company recognizes revenue from -two sources: sale of goods and rendering of services (Network as a Service).

Sale of goods

Performance obligations for the Company's revenue that is derived from the sale of goods is recognised at a point in time, when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. There is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered).

Network as a Service ("NaaS")

The Company's Network as a Service ("NaaS") contracts, normally contain two performance obligations: the construction and sale of the network site, and the operation of the network site. Revenue for the construction and sale of the network site is recognised at a point in time, when the network has been constructed and accepted by the customer. Legal title is not passing to the customer until the defined transfer date. Revenue for the network operation is recognised typically on an over time basis, over the life of the contract. This is because the customer simultaneously receives and consumes the benefits of the network operation services throughout the term of the contract and the contracts require payment to be received for the time and effort spent by the Company on progressing the contract.

The Company's NaaS contracts operating revenue is a fixed guaranteed minimum amount plus a variable portion equal to a percentage of the gross margin (defined as gross revenue generated by the site less allowable direct costs deducted by the Mobile Network Operator) earned by the network over the life of the contract. When estimating the percentage of gross margin earned by the network sites the Company has

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

been constrained because it does not yet have sufficient historical experience to reliably estimate the value of the payment that will be received and is a function of the mobile voice and data traffic which is unknown.

On the sale of network sites, the Company accepts monthly instalment payments from the date the site is accepted/recognized as operational up to the contractual transfer date, in advance of the transfer of the legal title (sale). The Company measures the amount of revenue to recognise on delivery of the goods by calculating a financing component at the interest rate that would have applied had the Company borrowed the funds from its customer.

The transaction price is then allocated between all performance obligations on a relative stand-alone selling price basis. The stand-alone selling price per site is estimated based on the expected cost of building the site, including the financing component, plus a profit margin (Gross Cost). The difference between the Gross Cost and the estimate of the Gross Margin for each of the Network's sites, is classified as operational income.

The costs of fulfilling contracts do not result in the recognition of a separate asset because for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be operated in the manner intended by the Company's management. They are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognized according to the following methods to write down the cost less estimated residual value, if any. The following rates are applied:

	Methods	Rates
Leasehold improvements	straight-line	5 years
Equipment and furniture, telecommunication system, furniture and fixtures	decreasing	20%
Computer equipment	decreasing	30%

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Recognition of intangible assets

The acquired computer software is capitalized on the basis of costs incurred to acquire and install the specific software. Trademarks acquired are recognized as intangible assets at their cost.

Expenditure on the research phase of projects is recognized as an expense as incurred. Costs that are attributable to a project's development phase are recognized as intangible assets, provided that they meet the following recognition requirements:

- The development costs can be measured reliably;
- The project is technically and commercially feasible;
- The Company intends and has sufficient resources to complete the project;
- The Company has the ability to use or sell the asset;
- The asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalization are expensed as incurred. Directly attributable costs include employee costs incurred on development along with an appropriate portion of relevant overheads.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalized costs (except for trademarks) are amortized over their estimated useful lives, as these assets are considered finite. The following amortization method and rate are applied:

	Method	Rate
Software	straight-line	20%

As no finite useful life for trademarks can be determined, related carrying amounts are not amortized.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

Gains or losses arising from the disposal of intangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss when incurred.

Impairment of property, plant and equipment and intangible assets

For impairment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment and intangible assets

An impairment loss is recognized for the amount by which the asset's, or cash-generating unit's, carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. The case being that any impairment losses for cash-generating units are charged pro rata with the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortized cost;
- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI).

For the periods considered, all financial assets of the Company are classified into the amortized cost category.

The classification is determined by both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognized in profit or loss.

Subsequent measurement of financial assets

After initial recognition, these are measured at amortized cost using the effective interest method, minus, if any, an allowance for impairment loss. Discounting is omitted where the effect of discounting is immaterial. Cash and trades and other receivables fall into this category of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses. Instruments within the scope of the requirements included accounts receivable. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“Twelve-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company assesses the impairment of trade accounts receivable on an individual basis since they originate from specific contracts.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, loans payable, long-term debt, convertible debentures and derivative liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the profit and loss are included within financial expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible debentures

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds are allocated to the conversion option and recognized in the "Fair value of conversion option" within shareholders' equity, net of income tax effects.

The Company accounts for amendments to convertible debt as a substantial modification if one of the following tests are met:

- The present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument; or
- A significant change in the terms and conditions such that immediate derecognition is required with no additional quantitative analysis.

A substantial modification shall be accounted for like an extinguishment. If any of the tests above are not met, the debt is accounted for as a debt modification.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

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 this is not readily determinable, in which case the Company's incremental borrowing rate is used. Right-of-use assets are initially measured at the amount of the lease liability.

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. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease.

Income taxes

The tax expense recognized in the profit or loss comprises the sum of deferred taxes and current taxes not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current taxes are payable on taxable profit, which differs from profit or loss in the consolidated financial statements. The calculation of current taxes is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred taxes are not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided that those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has the right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are directly in equity, in which case the related deferred taxes are also recognized in equity.

Investment tax credits and government assistance

Investment tax credits and government assistance related to current expenses are accounted for as a reduction of research and development costs and as other revenue, respectively, while those related to the acquisition of property, plant and equipment or intangible assets are accounted for as a reduction of the cost of the related asset. Investment tax credits and government assistance are accrued in the 14 months period in which the related expenses or capital expenditures are incurred, provided that the Company is reasonably certain that the credits will be received. Investment tax credits must be examined and approved by tax authorities and it is possible that the amounts granted will differ from the amounts recorded.

Inventories

Raw materials are valued at the lower of cost and net realizable value, the cost being determined using the first in, first out method. Finished goods are valued at the lower of cost and net realizable value, the cost being determined using the first in, first out method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity, reserves and dividend payments

Share capital represents the paid-up capital of shares that have been issued, net of share issue cost.

Retained earnings (deficit) include all current and prior period retained profits and losses.

Contributed surplus includes costs recognized in accordance with the share-based compensation, warrants and expired convertible debenture equity components.

Unit placements

The proceeds from the issued units are allocated between the shares and the warrants using the fair value method. Proceeds are allocated between shares and warrants based on the relative weight of the fair value of each component. The fair value of the shares is determined by the market price and the warrants by using Black-Scholes option pricing model.

Share-based compensation

The Company operates an equity-settled share-based remuneration plan for its employees, which is not cash-settled. Moreover, the Company may grant warrants to its suppliers as payment of goods and services. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted.

Where suppliers are rewarded using share-based payments, the Company estimates the fair value of the goods or services received, unless such fair value cannot be estimated reliably. In such a case, the fair value of the goods or services is determined indirectly by reference to the fair value of the equity instruments granted.

The fair value of the equity instruments granted is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to equity in "Contributed surplus". If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of warrants or share options, the proceeds received and the compensation costs previously recorded as contributed surplus, net of any directly attributable transaction costs, are allocated to share capital.

Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Significant management judgments in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses is discussed below. The effects of COVID-19 have resulted in certain judgments and estimates being significant in the current period when they had not been in the past. This is due to the uncertainty introduced by the effects of the pandemic, such as collection risk for customers and the cash flows included in estimates of recoverable amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant management judgments in applying accounting policies and estimation uncertainty

Significant management judgments

- Going concern:

  The assessment of the Company's ability to continue as a going concern, to raise sufficient funds to pay for its ongoing operating expenditures and to discharge its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances (Note 2).

- Capitalization of internally developed software:

  Distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired (Note 11).

- Debt modification:

  The Company needs to exercise judgment to determine the impact of any changes to the terms of the convertible debentures and then apply the guidance set out in IFRS 9 - Financial Instruments to determine whether the change is considered a debt extinguishment or a debt modification (Note 17).

Estimation uncertainty

- Inventories:

  Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology, or other market-driven changes or their routing and use oversea that may reduce future selling prices.

- Recognition of investment tax credits:

  Determining the amount of investment tax credits requires estimates and significant judgment as management needs to assess if research and development projects for which investment tax credits are claimed are eligible, as well as assessing if the expenses incurred are eligible.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant management judgments in applying accounting policies and estimation uncertainty

Estimation uncertainty

- Expected credit loss of trade accounts receivable:

  Significant estimates and judgments are required in the application of IFRS 9 when measuring the expected credit losses and the assessment of expected credit loss provisions required for trade accounts receivable, including the forward-looking information to adjust historic loss rates (Note 8).

- Share-based compensation:

  Significant estimates and judgments are required in determining the fair value of the equity instruments granted as share-based compensation or the fair value of goods or services received. The estimated value of share-based compensation requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own shares, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (Notes 19 and 20).

- The determination of the recoverable amount of non-financial assets:

  In assessing impairment, management estimates the recoverable amount of each asset of the cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainties relate to assumptions about future operating results and the determination of a suitable discount rate.

- The determination of incremental borrowing rate used and expected lease lengths in the application of IFRS 16 - Leases:

  Determining the incremental borrowing rate is more complex than simply determining the weighted rate that an entity pays on its current borrowings. The Company determines the incremental borrowing rate by taking into consideration the base rate, financing factors, and asset factors. The Company determines the expected lease lengths by assessing the periods for which the lease contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty (Note 16).

- Effective interest rate of convertible financial instruments:

  For accounting of convertible financial instruments, the Company needs to determine the effective interest rate required to evaluate the fair value of the liability component. The effective interest rate should be the market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Determining such a market rate requires assumptions such as comparable loans on the market and qualitative and quantitative analysis of the financial position of the Company (Note 17).

4. NEW OR REVISED STANDARDS OR INTERPRETATIONS

New standards adopted as at December 31, 2022.

- IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material);
- IFRS 3 - Business Combinations (Amendment - Definition of Business);
- Revised Conceptual Framework for Financial Reporting.

5. BANKRUPTCY OF ITS SUBSIDIARY

On November 16, 2021, NuRAN filed a proposal with its creditors for the unwinding of the bankruptcy of its 100% owned subsidiary, Innovation Nutaq Inc. (“Nutaq”). This proposal provided for the payment by Nutaq, within sixty days of its approval by the Court, of an amount of $150,000 for distribution to unsecured creditors, after payment of the trustee's fees and disbursements of approximately $10,000. The creditors were notified of the proposal by the trustee on November 18, 2021 and the court approved the composition proposal of Nutaq on January 12, 2022. The payment was made on March 15, 2022 and the bankruptcy of Nutaq was formally discharged on March 25, 2022.

6. OPERATING SEGMENTS

During the 12 months period ended December 31, 2022, the Company operated as a manufacturer of digital electronic circuits and wireless telecommunication products, which was considered one reportable segment under the requirements of IFRS 8.

The Company changed its business model in its subsidiaries to act also as a Network as a Service (NaaS) entity in various geographical areas which was considered another reportable segment under the requirements of IFRS 8.

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

7. PRIOR YEAR RESTATEMENT

The Company revealed that the evaluation of impairments of assets for the year ended October 31, 2020 was incorrect following the Nutaq bankruptcy. As a result of this restatement, the items described below in the financial statements as at October 31, 2020, were modified by the following amounts:

7. PRIOR YEAR RESTATEMENT (continued)

Other elements for the year ended October 31, 2020	
Loss impairment of assets	-294 878,05

Retained earnings as at November 1, 2021	
Opening balance	294 878,05

Balance sheet as at November 1, 2021	
Stock raw material	294 878,05
Retained earnings	-294 878,05

8. TRADE AND OTHER RECEIVABLES

	2022	2021
	$	$
Trade accounts receivable, gross	5,621,862	532,252
Allowance for credit losses	(16,222)	(15,185)
	5,605,640	517,067
Indirect taxes receivable	48,966	431,159
	5,654,606	948,226

All amounts are short-term amounts. Accordingly, the carrying amount of trade and other receivables is considered a reasonable approximation of their fair value. The Company does not hold any collateral as security.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end.

8. TRADE AND OTHER RECEIVABLES (continued)

The variation of the allowance for credit losses is presented below:

	2022	2021
	$	$
Opening balance	**15 185**	
Write-off		
Exchange difference on allowance for credit losses	**1037**	(1 382)
Impairment loss		16 567
Closing balance	**16 222**	15 185

The lifetime expected loss provision for trade receivables is as follows:

December 31, 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total 2,022
Expected loss rate	0%	0%	0%	1%	0%
Gross carrying amount	$ 3,452,886	$137,544	$ 90,815	$ 1,940,522	$5,621,767
Loss provision	$ -	$ -	$ -	$ 16,222	$ 16,222

December 31, 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total 2,021
Expected loss rate	0%	0%	0%	13%	3%
Gross carrying amount	$ 117,961	$ 38,201	$ 259,646	$ 116,444	$ 532,252
Loss provision	$ -	$ -	$ -	$ 15,185	$ 15,185

9. INVENTORIES

	2022	2021
	$	$
Raw materials	942,450	1,136,170
Finished goods	3,970,910	4,241,469
	4,913,360	5,377,639

For the year ended December 31, 2022, a total of $93,776 ($137,926 in 2021) of inventories was included in profit or loss as an expense.

10. PROPERTY, PLANT AND EQUIPMENT

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

				2022
	Leasehold improvements	Equipment and furniture, tele-communication system, furniture and fixtures	Computer equipment	Total
	$	$	$	$
Gross carrying amount				
Balance as at January 1, 2021	7 727	610 684	323 600	942 011
Additions		106 941	20 845	127 786
Balance as at December 31, 2022	7 727	717 625	344 445	1 069 797
Depreciation and impairment				
Balance as at January 1, 2021	683	423 651	250 508	674 842
Depreciation	1 546	65 319	24 904	91 769
Balance as at December 31, 2022	2 229	488 970	275 412	766 611
Carrying amount as at December 31, 2022	5 498	228 655	69 033	303 186

10. PROPERTY, PLANT AND EQUIPMENT (continued)

				2021
	Leasehold improvements	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	7 727	22 623	50 203	80 553
Disposal		(199 747)	(3 495)	(203 242)
Write-off			(78 772)	(78 772)
Balance as at December 31, 2021	7 727	610 684	323 600	942 011
Depreciation and impairment				
Balance as at November 1, 2020		533 818	295 240	829 058
Disposal		(152 866)	(2 198)	(155 064)
Depreciation	683	42 699	20 269	63 651
Write-off			(62 803)	(62 803)
Balance as at December 31, 2021	683	423 651	250 508	674 842
Carrying amount as at December 31, 2021	7 044	187 033	73 092	267 169

Amortization charges for each of the reporting periods are included in profit or loss and detailed as follows:

	2 022	2 021
	$	$
Administrative expenses	**59 663**	30 458
Research and development costs	**32 106**	33 193
	91 769	63 651

11. INTANGIBLE ASSETS

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

			2022
	Software	**Trademarks**	**Total**
	$	**$**	**$**
Gross carrying amount			
Balance as at December 1, 2021	**6 492 482**	**42 523**	**6 535 005**
Additions			
Under development	**811 862**		**811 862**
Acquired	**12 672**	**1 721**	**14 393**
Balance as at December 31, 2022	**7 317 016**	**44 244**	**7 361 260**
Depreciation and impairment			
Balance as at December 1, 2021	**670 937**		**670 937**
Amortization	**141 142**		**141 142**
Balance as at December 31, 2022	**812 079**		**812 079**
Carrying amount as at December 31, 2022	**6 504 937**	**44 244**	**6 549 181**

			2021
	Software	Trademarks	Total
	$	$	$
Gross carrying amount			
Balance as at November 1, 2020	5 925 085	60 452	5 985 537
Additions			
Under development	560 047	452	560 499
Acquired	7 350		7 350
Disposal		(18 381)	(18 381)
Balance as at December 31, 2021	6 492 482	42 523	6 535 005
Depreciation and impairment			
Balance as at November 1, 2020	540 089		540 089
Amortization	130 848		130 848
Balance as at December 31, 2021	670 937		670 937
Carrying amount as at December 31, 2021	5 821 545	42 523	5 864 068

11. INTANGIBLE ASSETS (continued)

Amortization charges for each of the reporting periods are included in profit or loss and detailed as follows:

	2 022	2 021
	$	$
Cost of sales	**124 918**	110 455
Research and development costs	**5 994**	8 784
Administrative expenses	**10 231**	11 609
	141 142	130 848

As at December 31, 2022, software includes software under development at a cost of $3,585,066 ($2,786,707 as at December 31, 2021).

12. RIGHT-OF-USE ASSETS

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

	2,022	2,021
	$	$
Gross carrying amount		
Balance as at December 1, 2021	**779,867**	
Addition	**107,909**	779,867
Balance as at December 31, 2022	**887,776**	779,867
Depreciation and impairment		
Balance as at December 1, 2021	**103,982**	
Amortization	**221,521**	103,982
Balance as at December 31, 2022	**325,503**	103,982
Carrying amount as at December 31, 2022	**562,273**	675,885

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.

13. TRADE AND OTHER PAYABLES

	2,022	2,021
	$	$
Accounts payable and accrued liabilities		
Shareholders	**39,400**	39,400
Others	**6,134,714**	2,104,472
Salaries and payroll deductions payable	**556,168**	417,890
	6,730,282	2,561,762

As at December 31, 2022, accounts payable include $239,069 relating to intangible asset purchases ($367,771 as at December 31, 2021) and $39,400 ($39,400 as at December 31, 2021) relating to unpaid interest on convertible debentures (Note 17).

The carrying amount of trade and other payables is considered a reasonable approximation of their fair value, given that all amounts are short-term amounts.

During the year, the Company has written off $319,527 of accounts payable and accrued payables ($238,696 as at December 31, 2021) (Note 5). The write off is related to the Nutaq process to unwind the bankruptcy.

14. LOANS PAYABLE

	2022	2021
	$	$
Loan from non-related company (a)	**294 523**	-
Loan from non-related company (b)	**400 000**	-
Loan from individual (c)	**1 100 000**	-
		-
	1 794 523	**-**

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

a) The loan from non-related company is secured by a chattel mortgage on the universality of the Company's assets.

   The loan relates to a factoring agreement for a maximum of $2,500,000. As at December 31, the Company has $731,859 ($0 as at December 31, 2021) in accounts receivable that have been transferred in factoring to the lender, for which an amount of $437,336 ($0 as at December 31, 2021) has been retained as a factoring reserve.

14. LOANS PAYABLE (continued)

These factoring agreements stipulate that the Company shall repay the loans received related to invoices that are past due over 90 days. As at December 31, 2022 these terms are not respected and as at the date of these statements an agreement has been reached with the lender.

b) The loan from non-related company is a promissory note dated October 14, 2022

On August 19, 2022, the Company has reimbursed $900,000 when it has restructured the terms of the secured convertible debenture closed on March 17, 2022 (Note 17)

The loan is represented by promissory notes of $400,000, bears interest equal to the Bank of Canada overnight rate plus 11,75%, is payable on demand and is unsecured.

c) The loan from an individual consists of 5 promissory notes dated September 19, 2022 to December 13, 2022. The notes bear interest equal to the Bank of Canada overnight rate plus 11,75%, is payable on demand and is unsecured.

15. EMPLOYEE FUTURE BENEFITS

The Company implemented a tailored Simplified Pension Plan (SIPP) that will improve the retirement preparedness of NuRAN employees in Canada.

All employees in Canada are eligible after three months of continuous service. Participation in the plan is on a voluntary basis and employees who wish to participate will benefit from the employer's matching contribution up to a maximum of 3% of their gross annual salary. In order to benefit from the employer's contribution, participants must contribute between 1% and 3% of their gross annual salary.

16. 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.

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.

16. LEASE LIABILITIES (continued)

Lease liabilities

	2,022	2,021
	$	$
Gross carrying amount		
Balance as at December 31, 2021	**695,139**	
Additions	**111,852**	779,868
Lease payments	**(257,768)**	(124,364)
Lease interest	**53,362**	39,636
Write-off		
Balance as at December 31, 2022	**602,585**	695,139

17. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at December 31, 2022, the convertible debentures and derivative liability consist of the following:

	Convertible debentures	**Derivative liability**	**Total**
	$	**$**	**$**
Balance at October 31, 2020	**2 835 000**	**-**	**2 835 000**
Issuance of convertible debenture	**1 990 695**	**-**	**1 990 695**
Forbearance of the debenture default	**(300 151)**	**-**	**(300 151)**
Conversion of convertible debentures	**(4 825 695)**	**-**	**(4 825 695)**
Accretion of convertible debentures	**300 151**	**-**	**300 151**
Balance at December 31, 2021	**-**	**-**	
		-	
Issuance of convertible debenture	**8 196 179**	**-**	**8 196 179**
Restructuring of the debentures	**(2 235 465)**	**-**	**(2 235 465)**
Fair Value of the debenture	**(912 931)**	**-**	**(912 931)**
Conversion of convertible debentures	**(1 233 000)**	**-**	**(1 233 000)**
Accretion of convertible debentures	**375 204**	**-**	**375 204**
Closing balance, as at December 31, 2022	**4 189 988**	**-**	**4 189 988**

17. CONVERTIBLE DEBENTURE AND DERIVATIVE LIABILITY (continued)

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 was to mature on March 17, 2023 with interest accrued until the Maturity date, early repayment by the Company or any event of default. After either event if any amount remained unpaid, the remaining balance would accrue interest at a rate of 22% per annum. The debenture value determined using the current value method was $1,951,481. These debentures were subsequently settled on August 19, 2022.

The principal amount was convertible, at the option of the debenture holder, into common shares of NuRAN 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:

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 could 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 were to rank pari passu in right of payment of principal and interest, the holders would all enter into an interlender agreement appointing a collateral agent;

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

17. CONVERTIBLE DEBENTURE AND DERIVATIVE LIABILITY (continued)

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.

The principal amount is convertible, at the option of the debenture holder, into common shares of NuRAN 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.

17. CONVERTIBLE DEBENTURE AND DERIVATIVE LIABILITY (continued)

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%

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 NuRAN at an exercise price of $1.10 for a term of three years replacing the previous share purchase warrants issued;

(iii) 182,840 bonus common shares of the NuRAN.

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

17. CONVERTIBLE DEBENTURE AND DERIVATIVE LIABILITY (continued)

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%

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 twelve-months period ended December 31, 2022, the debenture holders requested the conversion of debentures totalling a par value of $1,233,000 in common shares of NuRAN. 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 $1,242,817.

18. SHARE CAPITAL

NuRAN's share capital consists only of fully paid shares of each of the following categories, each of an unlimited amount and without nominal value:

Common shares, voting and participating

Preferred shares

	2022	2021
	$	$
Common shares (a)	**46 948 232**	45 139 877
	46 948 232	45 139 877

(a) The number of issued common shares totals 35,008,197 as at December 31, 2021 (32,420,357 as at December 31, 2021).

As stated in Note 17, on August 22, 2022, the debenture holders received 182,840 bonus shares at a price of $0.72.

During the year, 1,500,000 shares were issued following the conversion of debentures (Note 17) and 905,000 shares were issued pursuant to the exercise of warrants (Note 19).

19. WARRANTS

The following is a summary of the activity of warrants:

		2022
	Number of warrants	**Weighted average exercise price**
		$
Opening balance	**9 206 304**	**1,41**
Granted during the period	**4 381 480**	**1,40**
Exercised during the period	**(905 000)**	**0,50**
Expired during the period	**(384 889)**	**1,60**
Closing balance, as at Decemer 31, 2022	**12 297 895**	**1,47**
Closing balance of exercisable warrants, as at December 31, 2022	**9 497 895**	**1,89**

		2021
	Number of warrants	Weighted average exercise price
		$
Opening balance	1 341 109	4,25
Granted during the period	10 698 015	1,14
Exercised during the period	(2 206 780)	0,14
Expired during the period	(626 040)	6,77
Closing balance, as at December 31, 2021	9 206 304	1,41
Closing balance of exercisable warrants, as at December 31, 2021	6 306 304	2,06

19. WARRANTS (continued)

The following is a summary of warrants outstanding and exercisable as at December 31, 2022:

	Options outstanding		Options exercisable	
	Number	**Weighted average contractual life (years)**	**Number**	**Weighted average contractual life (years)**
December 31, 2022				
Exercise price				
$0,00	**1 300 000**	**1,25**	**-**	**-**
$0,00	**1 500 000**	**1,68**	**-**	**-**
$0,50	**50 000**	**-**	**50 000**	
$1,10	**2 899 999**	**2,64**	**2 899 999**	**2,64**
$1,25	**168 400**	**0,16**	**168 400**	**0,16**
$1,53	**28 550**	**0,52**	**28 550**	**0,52**
$2,00	**1 481 481**	**1,53**	**1 481 481**	**1,53**
$2,40	**4 869 465**	**0,52**	**4 869 465**	**0,52**
	12 297 895		**9 497 895**	
December 31, 2021				
Exercise price				
$0,00	1 300 000	2,25	-	-
$0,00	1 600 000	2,68	-	-
$0,50	900 000	0,45	900 000	0,45
$1,25	168 400	1,16	168 400	1,16
$1,53	28 550	1,56	28 550	1,56
$1,75	339 889	0,64	339 889	0,64
$2,40	4 869 465	1,56	4 869 465	1,56
	9 206 304		6 306 304	

19. WARRANTS (continued)

As stated in Note 17, 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.

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 17, 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 17, 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

19. WARRANTS (continued)

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. 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%

20. OPTIONS

The Company has a stock option plan for its employees, officers, directors and consultants for up to 10% of the issued and outstanding shares at the grant date.

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

		2022
	Number of options	**Weighted average exercise price**
		$
Opening balance	**1 965 000**	**2,09**
Granted during the period	**550 000**	**1,40**
Exercised during the period	**-**	**-**
Forfeited during the period	**(111 000)**	**2,95**
Closing balance, as at December 31, 2022	**2 404 000**	**1,94**
Closing balance of exercisable options, as at December 31, 2022	**2 404 000**	**1,94**

		2021
	Number of options	Weighted average exercise price
		$
Opening balance	320 200	2,96
Granted during the period	1 940 000	2,09
Exercised during the period	(59 800)	1,50
Forfeited during the period	(235 400)	3,41
Closing balance, as at December 31, 2021	1 965 000	2,09
Closing balance of exercisable options, as at December 31, 2021	1 475 000	2,17

20. OPTIONS (continued)

The following is a summary of stock options outstanding and exercisable as at December 31, 2022:

	Options outstanding		Options exercisable	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
December 31, 2022 Exercise price				
$1,34	**250 000**	**4,08**	**250 000**	**4,08**
$1,45	**300 000**	**0,07**	**300 000**	**0,07**
$1,50	**20 000**	**0,97**	**20 000**	**0,97**
$1,60	**335 000**	**1,86**	**335 000**	**1,86**
$1,67	**100 000**	**3,82**	**100 000**	**3,82**
$1,70	**250 000**	**3,81**	**250 000**	**3,81**
$2,35	**1 145 000**	**2,98**	**1 145 000**	**2,98**
$2,50	**4 000**	**0,07**	**4 000**	**0,07**
	2 404 000		**2 404 000**	
December 31, 2021 Exercise price				
$1,50	20 000	1,97	20 000	1,97
$1,60	355 000	2,86	200 000	2,86
$1,67	100 000	4,82	100 000	4,82
$1,70	250 000	4,81	62 500	4,81
$2,35	1 225 000	3,99	1 087 500	4,26
$2,50	14 000	1,07	4 000	1,07
$7,50	1 000	0,28	1 000	0,28
	1 965 000		1 475 000	

On January 27, 2022, NuRAN 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 NuRAN 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.

20. OPTIONS (continued)

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 granted stock options for Consulting Services to be provided by the consultant to purchase an aggregate of 300,000 common shares of NuRAN 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%

In total, $437,677 ($1,806,531 in 2021) amount of employee remuneration expense and consultation fees (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to contributed surplus.

21. LOSS PER SHARE

Basic and diluted loss 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.

22. INCOME TAXES

Current tax expense

The reconciliation of income taxes computed at the Canadian statutory rates with the income tax expense recorded is as follows:

	31-Dec-22	31-Dec-21
Income tax recovery calculated on the basis of the statutory rate in Canada of 26.50%	(868,138)	(3,743,897)
Increase (decrease) of the following items:		
Non-deductible expenses and non-taxable income	(56,592)	59,901
Change in unrecognized deferred tax assets	924,730	2,305,120
Other	-	(30,941)
Income tax expense in the consolidated statement of net loss and comprehensive loss	-	(1,409,817)

The major component of tax reconciliation of the expected tax expense based on the domestic tax rate for NuRAN (26.50% in 2022; 26.50% in 2021) and the reported tax expense in profit or loss is the increase of the unused tax losses and deductible temporary difference for which no deferred tax assets are recognized.

Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary difference between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred income tax assets (liabilities) are as follows:

22. INCOME TAXES (continued)

	31-Dec-21	Recognized in profit or loss	31-Dec-22
Property, plant and equipment and intangible assets	(1,466,511)	49,250	(1,417,261)
Undeducted accounting reserves	53,178	(53,178)	-
Accounts receivable	(9,716)	-	(9,716)
Inventory	(377,559)	-	(377,559)
Financing fees	85,007	(40,961)	44,046
Tax losses	1,759,327	44,889	1,804,216
Other	(43,726)	-	(43,726)
	-	**-**	**-**

	31-Oct-20	Recognized in profit or loss	31-Dec-21
Property, plant and equipment and intangible assets	(1,507,118)	40,607	(1,466,511)
Undeducted accounting reserves	155,045	(101,867)	53,178
Accounts receivable	(9,716)	-	(9,716)
Inventory	(377,559)	-	(377,559)
Financing fees	99,584	(14,577)	85,007
Tax losses	287,340	1,471,987	1,759,327
Other	(57,393)	13,667	(43,726)
	(1,409,817)	**1,409,817**	**-**

22. INCOME TAXES (continued)

Deferred income taxes

Unrecognized deductible temporary differences and unused tax losses belonged to a subsidiary and consisted of the following as at December 31, 2022:

	2022
Research and development expenses (a)	13,142,633
Unused tax losses	33,628,846
Financing expenses	256,299
Unrecognized deductible temporary differences and unused tax losses	**47,027,778**

(a) Temporary differences from unused research and development expenses shown in this table are those at the Federal level. For the provincial level, the differences totalled $13,268,425 as at October 31, 2022

The Company has unused tax losses from its operations totalling $18,660,633 for the federal level and $18,335,116 for the provincial level that may be carried forward and applied against taxable income over the following years:

	Federal	**Provincial**
2035	244,914	244,914
2036	2,646	2,646
2037	1,445	1,445
2038	115,100	115,100
2039	151,054	151,054
2040	799,532	799,532
2041	13,856,395	13,856,395
2042	3,489,547	3,164,030
	18,660,633	**18,335,116**

23. FINANCIAL EXPENSES

Financial expenses consist of the following:

	December 31, 2022 **(12 months)**	December 31, 2021 **(14 months)**
	$	$
Foreign exchange loss	**(138,244)**	(26,244)
Bank charges	**31,319**	28,328
Penalties	**40,549**	1,079
Accretion expense on convertible debentures	**375,204**	300,151
Interest expenses for financial liabilities at amortized cost		
Current liabilities		3,343
Non-current liabilities and convertible debentures	**677,308**	152,136
	986,137	458,793
Interest expense on financial lease agreements	**49,946**	39,836
	1,036,086	498,629

24. EMPLOYEE REMUNERATION

Expenses recognized for employee benefits such as wages, salaries and social security costs total $4,197.216 for the year ended December 31, 2022 ($8,114,927 for the 14 months period ended December 31, 2021).

25. LEASE SERVICE CONTRACT

The Company leases offices under the scope of IFRS 16. The future lease payment for the 12 months period ending December 31, 2022 until expiration of the lease agreement is $602,585.

The lease expense during the 12 months period amounts to the following, representing the minimum lease payments:

	December 31, 2022 **(12 months)**	December 31, 2021 (14 months)
	$	$
Lease expense (office)	**257,768**	124,568

26. EXCLUSIVITY

Spacecom shall have an exclusive right to provide, either directly or through third party's satellite capacity / bandwidth with respect to any Customer's requirements for satellite capacity / bandwidth on GEO satellites, either for pure capacity purpose and/or for managed services and/or for any other service or requirement, in all cases where Spacecom is willing and able to provide the satellite capacity / bandwidth required at the Agreed Price by the required SSD and where the satellite to be used meets all the Original Capacity Technical Requirements. Any actual provision by Spacecom of Service Capacity to the Customer shall be subject to the execution of a Service Order between the Parties.

27. 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.

Transactions with key management personnel

The Company's key management consists of the directors and executives. The key management personnel remuneration totals $1,839,013 ($1,671,863 for the 14 months period ended December 31, 2021) and a share-based compensation totals $909,600 ($7,975,746 for the 14 months period ended December 31, 2021) for the year ended December 31, 2022.

The number of shares held personally or through a company by key management personnel is 2,513,932 shares as at December 31, 2022 (3,401,914 as at December 31, 2021).

28. FINANCIAL INSTRUMENTS RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its executives and focuses on actively securing the Company's short to medium-term cash flows.

The Company does not actively engage in the trading of financial assets for speculative purposes and it does not write options.

28. FINANCIAL INSTRUMENT RISK (continued)

The carrying amounts of the Company's financial assets and liabilities by category are as follows:

	December 31, 2022 (12 months)	December 31, 2021 (14 months)
	$	$
Financial assets classified at amortized costs		
Cash	**183,397**	731,191
Trade accounts receivable	**5,605,640**	517,067
	5,789,037	1,248,258

	December 31, 2022 (12 months)	December 31, 2021 (14 months)
	$	$
Financial liabilities carried at amortized cost		
Trade accounts payable	**6,174,114**	2,561,762
Convertible debentures	**-**	-
Long-term debt	**-**	-
	6,174,114	2,561,762

28. FINANCIAL INSTRUMENTS RISK (continued)

The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically foreign currency risk which result from its operating and financing activities.

- Foreign currency risk and foreign currency sensitivity:

  The exposure to currency exchange rate fluctuations arises from the Company's sales and expenses outside Canada, which are primarily denominated in US dollars.

  To mitigate the Company's exposure to foreign currency risk, non-Canadian cash flows are monitored, but no forward exchange contracts or other derivative financial instruments are entered into.

  Foreign currency-denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported by key management, translated into Canadian dollars at the closing rate:

	December 31, 2022 (12 months)	December 31, 2021 (14 months)
	$	$
Cash	**156,025**	**213,518**
Trade accounts receivable and deposits	**7,317,051**	**732,575**
Trade and other payables	**4,176,037**	**1,589,698**

  A change in exchange rates of 5% is considered to be reasonably possible based on the observation of current market conditions and the market risk volatility in exchange rates in the previous 12 months. All other things being equal, such a change in exchange rates would have increased or decreased the net loss and deficit by $164,852 for the year ended December 31, 2022 ($42,090 in 2021) based on the Company's foreign currency financial instruments held at each reporting date.

28. FINANCIAL INSTRUMENTS RISK (continued)

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk mainly due to trade accounts receivable from its customers. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized as at its reporting date.

The Company continuously monitors defaults of customers and incorporates this information into its credit risk controls.

To assess the expected credit losses, trade accounts receivable have been assessed on an individual basis since they originate from specific contracts. There are few contracts, therefore, this gives a more precise assessment than using a calculation matrix and grouping all trade accounts receivable according to certain criteria.

The Company takes into account economic perspectives of regions served by its clients as well as economic decisions affecting the telecommunication industry in Canada and worldwide. Therefore the Company adjusted the hypothesis of assessment according to expected changes in these factors.

Trade accounts receivable are written off when there is no reasonable expectation of recovery. Failure to make payments within 120 days from the invoice date and failure to engage with the Company on alternative payment arrangement for instance are considered indicators of no reasonable expectation of recovery.

The Company's management considers that all of its financial assets that are not impaired or past due are of good credit quality. The amounts analyzed by the length of time past due are the following:

	December 31, 2022 (12 months)	December 31, 2021 (14 months)
	$	$
No more than three months	**3,670 196**	415,808
More than three months but no more than six months	**1,142,549**	32,647
More than six months but no more than one year	**464,252**	22,213
More than one year	**232,721**	61,584
	5,509,717	532,252

The Company is exposed to a credit risk concentration because 90% of its trade accounts receivable are due from three customers (72% from three customers as at December 31, 2021).

28. FINANCIAL INSTRUMENTS RISK (continued)

Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring forecasts of cash inflows and outflows due in day-to-day business. Net cash requirements on day-to-day, week-to-week and 30-day projections are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade accounts receivable. The Company's existing cash resources and its trade accounts receivable are insufficient to cover the current cash outflow requirement and, therefore, the Company is actively exploring possible sources of financing on the market. Cash flows from trade and other receivables are all contractually due within six months.

The Company's financial liabilities have contractual maturities (including interest payments, where applicable) which are summarized below:

					December 31, 2022 (12 months)
	Current		**Non-current**		
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Trade and other payables	**4,077,496**	**1,999,554**	**653,231**		**6,730,282**
Lease liabilities	**119,554**	**77,509**	**405,522**		**602,585**
Loan payable	**1,794,523**				**1,794,523**
Convertible Debenture	**4,189,988**				**4,189,988**
	10,181,561	**2,077,063**	**1,058,753**		**13,317,378**

					December 31, 2021 (14 months)
	Current		Non-current		
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years	Total
	$	$	$	$	$
Trade and other payables	2,561,762				2,561,762
Lease liabilities	66,658	69,369	559,112		695,139
	2,628,420	69,369	559,112		3,256,901

These amounts reflect the contractual undiscounted cash flows, and therefore may differ from the carrying amounts of the liabilities at the reporting date.

28. FINANCIAL INSTRUMENTS RISK (continued)

Fair value measurement

Financial assets and financial liabilities measured at amortized cost which fair value is disclosed in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Unobservable inputs for the asset or liability.

All of the Company's financial liabilities are included into level 2.

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern (Note 2) and to provide an adequate return to its shareholders by pricing its services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity and management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. In order to adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

30. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

Disaggregation of Revenue

The Company has examined its activities and has determined that, based on information reviewed on a regular basis by the main decision-makers, it has two reportable segments (NaaS and Direct sales). The Company has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided below.

30. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENTS INFORMATION (continued)

The following information provides the required entity-wide disclosures:

As at December 31, 2022 :

Segment	Region	Sale of Goods	Rendering of Services	Others	Total
		$	$	$	$
NaaS	Africa	2,275,727	649,670	177,839	3,103,236
Direct	Africa	318,693	-	1,556	320,249
Direct	Canada		67,173	168	67,341
Direct	USD	188,508	-	-	188,508
Direct	Europe	601,454	277,753	-	879,207
Direct	Others	313,349	-	-	313,349
December 31, 2022		3,697,730	994,596	179,564	4,871,890

As at December 31, 2021:

Segment	Region	Sale of Goods	Rendering of Services	Others	Total
		$	$	$	$
NaaS	Africa	788,390	20,380	-	808,770
Direct	Africa	250,332	-	-	250,332
Direct	Canada	522,157	15,489	20	537,666
Direct	USD	265,326	-	17,563	282,889
Direct	Europe	(6,385)	-	-	(6,385)
Direct	Others	264,344	-	-	264,344
December 31, 2021		2,084,164	35,869	17,583	2,137,616

The Company is exposed to a credit risk concentration because 63% of its revenues are from two customers for the year ended December 31, 2022 (40% from one customer in 2021).

All of the Company's non-current assets are located in Canada and Africa.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Lease liabilities	Convertible debentures and derivative liability	Long-term debt	Total
	$	$	$	$
January 1, 2022	695,139	-	-	695,139
Cash flows				
Addition	111,852			
Repayment	(257,768)	-		(257,768)
Proceeds	53,362	-	-	53,362
Non-cash				
Conversion into convertible debenture		(2,235,465)		
Issuance of convertible debenture	-	8,196,179	-	8,196,179
Accretion of convertible debentures	-	(537,727)	-	(537,727)
Forbearance to the convertible debentures default	-		-	
Conversion of convertible debentures	-	(1,233,000)	-	(1,233,000)
December 31, 2022	602,585	4,189,988	-	6,916,185

	Lease liabilities	Convertible debentures and derivative liability	Long-term debt	Total
	$	$	$	$
November 1, 2020		2,835,000	1,287,421	4,122,421
Cash flows				
Repayment	(124,365)	-		(124,365)
Proceeds	779,868	-	-	779,868
Non-cash				
Conversion into convertible debenture	-		(1,287,421)	(1,287,421)
Issuance of convertible debenture		1,990,695		1,990,695
Accretion of convertible debentures	-	300,151	-	300,151
Forbearance to the convertible debentures default	-	(300,151)	-	(300,151)
Conversion of convertible debentures	-	(4,825,695)	-	(4,825,695)
December 31, 2021	695,139	-	-	695,139

32. UNCERTAINTIES RELATED TO COVID-19

On March 11, 2020, the World Health Organisation announced the pandemic status of COVID-19. The outbreak of COVID-19 resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. Though many of these effects have now eased or been mitigated, some effects of COVID-19 have affected and may continue to adversely affect the global economy and the economy of affected nations. Given the Company is focusing on markets in a number of countries globally and operates in the telecommunication environment, the effect of COVID-19 and the knock-on effect that it will have on medium to long-term customers and business behavior cannot yet be quantified. At this time, the Company has been impacted by the pandemic in the following ways:

Travel bans

Due to travel bans, business with existing customers and new potential customers had to be conducted remotely and this had an effect of delayed timetables. Additionally, negotiations with some banks were halted or delayed, as the banks required in person meetings; and

Supply chain disruptions

Certain suppliers were unable to fulfil their orders due to the direct impact of COVID-19.

Given the inherent uncertainties, it is not practicable at this time to determine the overall impact of COVID-19 on the Company or to provide a quantitative estimate of this impact. However, management believes, having undertaken programs of cost management and stress-testing of their forecasting of revenues and cash flows including the worst likely case, that it is still appropriate to prepare the financial statements on a going concern basis.

33. POST-REPORTING DATE EVENTS

FINANCING

On January 17, 2023, the Company announced the entry into a Network-as-a-Service (“NaaS”) agreement with Orange Madagascar for the deployment of up to 500 rural networking telecommunication sites under the NaaS business model in the east coast of Madagascar. The 10-year agreement will generate over US$ 90 million in potential gross revenue at an approximate rate of US$ 1,500 per site per month with an estimated gross margin of 70%. Fees for the NaaS services provided by NuRAN under the agreement are paid on a revenue sharing basis. The project is expected to support 2G and 3G networks with variety of site categories to cover different population densities and coverage areas. NuRAN expects to retain the ownership of the infrastructure after completion of the contract.

On February 21, 2023, the Company announced that it received a US $1.41 Million purchase order from the Marshall Islands National Telecommunication Authority (MINTA) to extend and to add 4G coverage to their existing network which NuRAN deployed during 2021 and 2022. This purchase order was made based on a more traditional “capex” model as opposed to Network as a Service (NaaS); the same basis as the previous deployment.

Also on February 21, 2023, the Company announced that it finalized negotiations with the holders of secured debentures issued in August 2022. The debenture holders have agreed to waive certain rights pursuant to the debentures, including relating to events of default in favour of EIB and the other DFI. As consideration to these debenture holders, the Company has entered into debt settlement agreements pursuant to which the prior secured debentures and related security agreements from August 2022 were cancelled and the Company agreed to issue the following: (i) secured convertible debentures (the " New

33. POSTREPORTING DATE EVENTS (continued)

Debentures") in the aggregate principal amount of CA $2,975,914 (inclusive of all advances, accrued interest and fees) with a conversion price of $0.42 per common share; and (ii) an aggregate of 750,000 bonus shares, which are subject to a 4 month hold. The New Debentures do not bear interest until maturity.

On April 4, 2023 the Company announced that it granted an aggregate of 1,250,000 stock options to a consultant of the Company to purchase 1,250,000 common shares of NuRAN pursuant to the Company's stock option plan. The Options, which vest immediately, are exercisable at an exercise price of $0.425 per Option Share for a period of five (5) years from the date of grant. Pursuant to the policies of the Canadian Securities Exchange, the Options are subject to a hold period of four months from the date of grant.

Also on April 4, 2023, NuRAN announced that it secured a non-convertible bridge loan from a US based institution for US$ 1,500,000. The initial tranche of the Loan for US$ 400,000 was funded on April 4, 2023 and the balance of US$ 1,100,000 was funded and announced on April 25, 2023. The Loan is for a term of six months and is subject to a number of terms and conditions including the following: (i) the principal amount to be repaid is US$ 1,653,947.39 including a 5% original issuance discount and a 5% lending fee, (ii) 10% interest per annum, paid on maturity, (iii) the Loan will be senior to all existing and future debt and secured by all the assets of the Company and its subsidiaries excluding the shares in its African subsidiaries and any other assets which are to be pledged as part of the security package to the DFI lenders, (iv) a right of participation in future debt offerings during the term of the Loan; and (v) customary information rights and default provisions for a loan of this nature. In the event of a default, interest will accrue at the lesser of: (i) 24% and (ii) the maximum legal rate. The Loan may be prepaid by the Company at any time prior to the maturity date, without penalty. The Company also agreed to issue the Lender 2,000,000 share purchase warrants with each warrant exercisable to acquire a share of NuRAN at an exercise price of $0.40 for a period of 2 years from the closing date. Any securities issuable upon exercise of these warrants will be subject to a statutory hold period of four months and one day from the Second Tranche closing date.