MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended

December 31, 2023 and 2022

GENERAL

The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) of NuRAN Wireless Inc. (“we”, “us”, “our”, the “Company” or “NuRAN”) for the year ended December 31, 2023 has been prepared by management and should be read in conjunction with the condensed interim consolidated financial statements for twelve-month period ended December 31, 2023 and twelve-month period ended December 31, 2022 and the related notes thereto. The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). References to notes are with reference to the consolidated financial statements. Unless otherwise noted, all currency amounts are in Canadian dollars. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Unless otherwise stated, this MD&A is prepared as of April 29, 2024.

DISCLAIMER FOR FOWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer (as defined herein) or NuRAN (as defined herein) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: expectations regarding NuRAN’s ability to raise capital, the intention to expand the business and operations of NuRAN and use of working capital and proceeds of capital raises. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are subject to a number of risks as outlined below under "Risks and Uncertainties" and include risks such as the uncertainties regarding the continuing impact of COVID-19, and measures to prevent its spread, risks relating to NuRAN's business and the economy generally; NuRAN's ability to continue to develop its new NaaS model; the capacity of the Company to deliver its technical solution and to import inventory to Africa at a reasonable cost; NuRAN's ability to obtain project financing for the proposed site build out under its NaaS agreements with Orange, MTN and other telecommunication providers; the potential loss of one or more significant suppliers or a reduction in significant volume from such suppliers; NuRAN's ability to meet or exceed customers’ demand and expectations; significant current competition and the introduction of new competitors or other disruptive entrants in the Company's industry; NuRAN's ability to retain key employees and protect its intellectual property; compliance with local laws and regulations and ability to obtain all required permits for its operations; access to the credit and capital markets; changes in applicable telecommunications laws or regulations or changes in license and regulatory fees; downturns in customers’ business cycles; insurance prices and insurance coverage availability; the Company's ability to effectively maintain or update information and technology systems; our ability to implement and maintain measures to protect against cyberattacks and comply with applicable privacy and data security requirements; the Company's ability to successfully implement its business strategies or realize expected cost savings and revenue enhancements; business development activities, including acquisitions and integration of acquired businesses; the Company's expansion into markets outside of Canada and the operational, competitive and regulatory risks facing the Company's non-Canadian based operations. These forward-looking statements should not be relied upon as representing NuRAN’s views as of any date subsequent to the date of this MD&A.

Although NuRAN has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect NuRAN. Such statements made by the Company are based on current expectations, factors and assumptions and reflect our expectations as at December 31, 2023. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties" below.

CORPORATE STRUCTURE

NuRAN was incorporated under the *Business Corporations Act* (British Columbia) on September 23rd, 2014. The Company was initially a wholly owned subsidiary of Bravura Ventures Corp. ("Bravura"). On October 14th, 2014, the Company entered into an arrangement agreement with Bravura and 1014379 B.C. Ltd., pursuant to which the shareholders of Bravura exchanged certain common shares of Bravura for common shares of NuRAN by way of a plan of arrangement (the "Arrangement") and NuRAN became a reporting issuer in the provinces of British Columbia and Alberta.

Following completion of the Arrangement, NuRAN entered into an amalgamation agreement dated March 11, 2015 with Nutaq Innovation Inc. ("Nutaq") and 9215174 Canada Inc. ("Newco"), a wholly owned subsidiary of NuRAN formed for the purpose of the amalgamation, pursuant to which Nutaq amalgamated with Newco and NuRAN acquired all of the issued and outstanding shares of the amalgamated company in consideration of 32,999,994 common shares of NuRAN based on a ratio of 2.749 NuRAN common shares for each share of Nutaq issued and outstanding on the closing date. Nutaq and Newco completed the amalgamation on June 2nd, 2015, and the amalgamated company was named "Nutaq Innovation Inc.". Following the closing of the transaction, NuRAN had 40,471,869 common shares issued and outstanding and former shareholders of Nutaq acquired 81.5% of the issued and outstanding common shares of NuRAN. Following the closing of the Amalgamation, Nutaq Innovation Inc. was a wholly owned subsidiary of NuRAN and NuRAN operated the business of Nutaq.

Nutaq was incorporated under the laws of Canada on May 30, 2005, under the name "Lyrtech RD Inc.". Nutaq changed its name to "Nutaq Innovation Inc." on August 31, 2012; its registered and head office is located at 2150 Cyrille-Duquet Street, Suite 100, Quebec, Quebec G1N 2G3. On August 28, 2020, the Board of Directors of Nutaq voted to cease operations and on that date all its board members, except Mr. Francis Letourneau, resigned their respective positions. On August 31, 2020, Nutaq announced the decision and filed an insolvency proceeding and on September 1, 2020, the Company approved the appointment of Lemieux Nolet as trustee for Nutaq's bankruptcy proceedings. At the same time the trading of the Company's stock was halted.

On September 22, 2020, the trustee and Nutaq's first ranking secured creditors reached an agreement pursuant to which all the assets of Nutaq, including all inventory, equipment and R&D equipment, trademarks, patents, accounts receivables, bank account and SR&ED credits would be sold. On October 27, 2020, the parent company re-acquired these Nutaq Assets for $100,000.

As a result of the insolvency proceedings, the Company eliminated/extinguished the obligation to repay certain creditors and recorded a $ 1.5M gain on the extinguishment of liabilities. Also, the Company assumed all obligations of Nutaq. Subsequently the management of NuRAN made the decision to unwind the bankruptcy of Nutaq in order to recover the significant losses accumulated and which can be used to offset future profits of the Company, now estimated at over $ 24M. The process began in 2021 and the final step was completed when NuRAN's proposal to creditors was accepted by the bankruptcy court on March 17, 2022. A final payment of settlement was made and on March 25, 2022, Nutaq received a Certificate of Full Performance of Proposal issued by the Licensed Insolvency Trustee signifying that Nutaq is released from the debt included in the proposal.

In 2021, NuRAN incorporated two wholly owned subsidiaries, NuRAN Wireless Cameroon Ltd. and NuRAN Wireless DRC SARLU, to own and manage the networks that the Company is developing in those countries. In April 2022 the Company incorporated NuRAN Wireless (Africa) Holding based in Mauritius, a regional holding company that will hold all of its African investments. During 2022 the shares in both subsidiaries were transferred to the holding company and in future this entity will be used to raise debt and equity to fund further growth. The results therefore include the consolidated results of these African subsidiaries. During 2023 NuRAN incorporated two other wholly owned subsidiaries of NuRAN Wireless (Africa) Holding known as NuRAN Wireless Cote d'Ivoire SARLU and NuRAN Wireless Madagascar SARLU to own and manage networks in those countries although these entities had no operations in the current year.

In 2021 NuRAN modified its bylaws to change its financial year-end from October 31 to December 31 such that the prior year was a transition year for the Company.

DESCRIPTION OF BUSINESS

NuRAN is a leading supplier of mobile and broadband wireless infrastructure solutions. Its innovative radio access network (RAN), core network, and backhaul products dramatically reduce the total cost of ownership, giving mobile network operators (MNOs) the ability to profitably serve remote, low income and low population density locations, an unfeasible proposition with existing systems.

NuRAN's current business focus is to grow the market penetration of its Network as a Service (NaaS) offering, a communications solution whose backbone is its Wireless Infrastructure Systems (WIS).

NuRAN's WIS are mobile wireless infrastructure equipment (e. g. base station radios) that use proprietary breakthrough small cell solutions to offer better coverage, the lowest installed cost, the most efficient power consumption combined with leading technology for satellite bandwidth reduction usage currently available in the global marketplace. This technology was subject to rigorous testing by leading MNOs proving its carrier-grade status and leading to broad acceptance for NaaS solutions in the years since.

Our design provides two key competitive advantages:

- Low total cost of ownership, a key feature for developing countries and rural/low population density areas, and
- Small footprint, easy to deploy private networks, customizable for large scale deployments such as rural mobile networks and specific markets such as defense, utilities, industrial and machine-to-machine ("M2M").

NuRAN's NaaS model leverages the capabilities of its WIS as well as its extensive expertise in building cost-effective cellular infrastructure. The model provides not only the network equipment, but NuRAN also finances, builds, manages and maintains the cellular sites in a very effective manner. Revenue to NuRAN comes in the form of either a revenue share with guaranteed minimum or threshold, or fixed monthly payments depending usually on the type of site being deployed. As demonstrated by the number of contracts signed, the NaaS model has received significant interest from MNOs as a carrier-grade mobile network infrastructure solution that allows MNOs to continue focusing their capital expenditure on building capacity in more dense urban and semi-urban areas while developing new technologies such as 4G and 5G. Another reason for this growing interest in the NaaS model is that it allows MNOs to reach previously uneconomic markets, thus meeting government license obligations to cover the vast majority of the population which is only possible by serving remote communities. The investment in the NaaS model is customer friendly but it also provides NuRAN with long-term recurring revenues resulting in a compelling return over contract periods which range from 5 to 10 years in length, and in many cases are of indefinite length because they incorporate continued asset ownership by NuRAN.

NuRAN's wireless infrastructure solutions are also capable of supporting mobile payment transactions, a tremendous social and economic benefit for those in the developing world where 95% of all transactions are cash and 60% of adults don't currently have a bank account, as well a significant potential market for MNOs. This is one of the key applications that MNOs are interested in rolling out when they deploy NaaS in rural areas where bank accounts are less prevalent.

By deploying communication infrastructure in uncovered areas, NuRAN also makes a very significant contribution to the socio-economic conditions of the areas it serves and meets a significant number of the seventeen sustainable development goals set by the United Nations. This includes improving the local economies and enabling access to e-learning, e-health and other social services not currently available to the local population.

GENERAL OBJECTIVES

NuRAN's mission is to create a new possibility for over a billion people to communicate effectively over long distances. Our commitment combined with our ethical and ambitious values drive the company in its mission to connect the world.

Now more than ever, especially on the back of the COVID-19 pandemic and the need for remote connectivity, people need to be connected to the vast network that provides a window to the outside world and a connection with those around them. At NuRAN Wireless, we offer millions of people a universal possibility: connect to a global network and communicate over long distances efficiently and affordably in addition to contributing to the local economy. Our innovative, compact, and specialised solutions for rural regions allow users to stay connected with the world and keep in touch with family, friends, colleagues, and acquaintances.

NuRAN's specialized telecommunications solutions satisfy the growing demand for wireless network coverage in remote and rural areas across the world. The fact that NuRAN's solutions make it economically viable for MNOs to service small and isolated communities that have been previously ignored led to a truly disruptive technology. With its affordable solutions supporting 2G, 3G, 4G technologies and its innovative NaaS business model, NuRAN has the capability to build, optimize and manage rural connectivity expansion at an unprecedented rate.

OVERALL PERFORMANCE AND OUTLOOK

<u>Performance</u>

During the year ended December 31, 2023, the Company continued to execute on its strategy to become the supplier of choice to MNOs across the world to connect remote and rural areas that until now could not take advantage of the economic and social benefits of connectivity. In fact, performance of the majority of the sites that are currently in operation have shown both rapid uptake and average performance that either meets or exceeds the Company's business plan objectives on a per site basis, especially in Cameroon.

Management's decision to redirect NuRAN's efforts to the NaaS market was made with the awareness that this would require considerable initial investments in marketing, branding, sales, field tests and to prepare for increased production as well as working capital and capital investments to fund the rollout and installation of remote networks. Although not as rapid as expected, the recovery of this investment through recurring sustainable and more predictable revenues is starting to show.

Despite the longer than expected timeframe that the MNOs rigorous qualification processes required before obtaining approval of NuRAN's equipment and operating procedures and endorsing the use of our systems, the contracts executed to date, those currently being negotiated, and the growing sales pipeline confirms management's vision.

The Company's ongoing investments in research and development, engineering and manufacturing have been rewarded with the acknowledgment by leading industry organizations and participants that NuRAN's Wireless Infrastructure Solutions are "at the top of their class". During the fiscal year 2023, the Company has clearly demonstrated that technology ownership is key to its success. The improvement of its solution has produced an important gain of sustainable capacity of its network resulting in significantly increased revenue.

The performance of the sites installed to date as well as Nuran's industry awards at both the Mobile World Congress (MWC) in Barcelona, Spain in February 2022 and the Africa Tech Festival at Africacom in Cape Town, South Africa in November 2022 provide great support to NuRAN's marketing and branding efforts and contributed to the increasing market awareness of Nuran's wireless solutions.

To further support the -growth of the NaaS model, management has focused on raising capital to support its deployment plans and on continuous improvement of its operating sites.

In July 2021, the Company completed a $ 11M private placement led by strategic investor AMOS Spacecom who provided a $ 4M investment. Of this, over half of the proceeds were used to build an inventory of 240 sites in Cameroon and the Democratic Republic of the Congo (DRC). The Company then sought additional funding to complete the rollout. In early January 2022, the Company obtained a commitment for US$ 27M financing from the European Investment Bank (EIB) and DFI2 (the "DFI Loans"), which was intended to be used to finance approximately 1,100 sites, including the sites already in inventory in both Cameroon and DRC. The financing package was initially expected to close in 2022.

A primary reason for this financing delay, which impacted tower deployment, was a difference of opinion between the Company and the lead lender regarding certain licensing requirements imposed by local telecom regulators. To move forward, the Company ultimately agreed to apply for the licenses requested by the lead lender. In this respect, the Company obtained a Category 1 license in Cameroon on October 17, 2023 and has applied for an infrastructure license in the DRC, as announced on November 16, 2023.

Negotiations with lenders for financing of this nature are complex, time consuming and involve extensive due diligence and legal work. Having a North American company, operating in Africa dealing with global lenders increases the complexity but the process has had the benefit for NuRAN of establishing structures and procedures that have allowed subsequent discussions to proceed efficiently.

The delay in the DFI Loan closing led management to pursue other financing alternatives. Negotiations with interested parties initiated in 2022 and expanded in 2023, are continuing and are starting to show tangible signs of progress. Management is actively engaged in fund-raising efforts at the African holding company as well as at the Canadian public Company. Financings being considered include debt, equity and hybrid instruments and investors and lenders are at various stages of engagement. Management favours financing at the African Holding level as a non-dilutive source of capital for the parent Company but all options will be carefully analysed.

As of the year ending December 31st 2023, the Company has secured 7 contracts with MTN and Orange for 7 countries totalling 4,642 sites. NuRAN is now operating in 3 countries and has completed the incorporation of its operating subsidiaries in 2 more countries. Deploying the current backlog and the projected pipeline will require continued capital-raising efforts considering the requirements of all country operations. The progress on these efforts is highlighted further on in this document.

The Company has already undertaken significant pre-development site work and has equipment on hand to allow for accelerated site installations to deliver hundreds of sites and expects to achieve positive monthly EBITDA when between 550 and 600 sites are in operation.

Operational and Business Highlights:

Through most of 2023, NuRAN's plans for deployment focused on the drawdown of the DFI Loans, which initially were expected as early as Q2 2022. Unfortunately, due to the delays mentioned above, NuRAN could not complete any significant build during the year - although additional sites were brought into operation. Major site rollout is expected to resume immediately upon signing and drawing upon any financing. In the meantime, NuRAN's operations team has been working on important improvements of the site selection and acquisition process to insure it is able to accelerate deployment immediately after funding is available. In addition, improvements in network efficiency and capacity instituted during 2023 have brought tangible results with significant improvement in traffic and revenue on existing sites.

As at the date of these financial statements, NuRAN has 4,642 NaaS sites under contract with Orange in Cameroon, the Democratic Republic of the Congo (DRC), and Madagascar and with MTN in South Sudan, Namibia, Sudan and Ivory Coast for a potential lifetime contract value of over US$ 800M. Following the announcement on July 21, 2022 of NuRAN's entry into a Group Framework Agreement ("GFA") with MTN Group (JSE: MTN) for up to 19,000 network sites in over 15 countries in the Middle East and Africa, the Company has been successful in engaging with a number of MTN operating companies. Management expects to bring additional contracts with MTN as well as other MNOs which will move the Company closer to meeting its objective of 10,000 sites under contract, especially as more traction is gained and cashflow generated in existing operations.

The Company plans to develop and fund its 10,000 sites network objective in several phases and while discussions are at various stages, management reports high interest from several investors and lenders, including the current DFIs, in participating in the next stages of financing. From the cash generated by its operations in Africa, the Company plans to reinvest in the project reducing the overall capital required.

There is no assurance the Company will reach the target of 10,000 sites under contract as planned and the estimates above are subject to the risk factors and assumptions set out below under "forward looking statements".

Managements' belief in the increasing adoption of the NaaS model by MNOs and NuRAN's ability to efficiently and effectively manage the rollout of NaaS contracts is supported by a number of achievements since 2022:

- On July 21, 2022, and subsequent to its earlier announcement, the Company announced the signing of the Group Framework Agreement (GFA) with MTN Group as mentioned above which offers the potential to connect up to 50 million additional people.

- On July 26, 2022, NuRAN announced its first signing following the GFA of a definitive 10-year NaaS contract with MTN Sudan Company Ltd. for the deployment of a minimum of 500 rural sites in Sudan. The agreement is estimated to generate up to approximately US$ 125M in revenues over its life and will support 2G and 3G. Due to the current situation in Sudan as of the date of these financial statements the Company has placed further development on hold.

- On October 11, 2022, the Company announced its second largest contract in terms of number of sites with an agreement for the rollout of up to 1,000 sites with MTN Ivory Coast. Over the 5-year period of the agreement, gross revenue is expected to be over US$ 75M. The contract includes an automatic renewal for an additional 5 years and similar to the previously announced MTN Sudan and MTN Namibia agreements, NuRAN expects to retain the ownership of the infrastructure after the completion of the contract. This shift in business model to the ownership of infrastructure with no handover to the MNO potentially increases the value of the agreement substantively to NuRAN and its shareholders by providing a continuous revenue stream.

- On January 17, 2023, NuRAN announced the entry into a US$ 90M NaaS agreement with Orange Madagascar for the deployment of up to 500 rural sites on the east coast of Madagascar. The 10-year agreement is the Company's third contract with Orange and 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 which increases the overall value of the agreement.

- On February 21, 2023, the Company announced a US$ 1.41M purchase order from the Marshall Islands National Telecommunication Authority (MINTA) to extend and add 4G coverage to their existing network. MINTA is the end customer under a previous contract with Intelsat which NuRAN has deployed since 2021 which validates the strength of the Company's technology solution and deployment capabilities.

- On October 17, 2023, NuRAN announced that NuRAN Wireless Cameroon SARLU had received its Category 1 License for delivering and operating shared passive infrastructure to support digital communication networks. This license allows the Company to not only deliver its NaaS business model for Orange Cameroon but to expand its business by allowing for multiple mobile network operator (MNOs) or "tenants" on sites. NuRAN now has this added flexibility and can provide services similar to other tower companies in the future and satisfies the DFI lenders' conditions precedent related to Cameroon regulatory compliance.

- On November 16, 2023, the Company also announced that its wholly owned subsidiary, NuRAN Wireless DRC SARLU, has completed its application for a network infrastructure license in the DRC. The license is similar to the Category 1 License in Cameroon in that it allows for expansion of the business model beyond NaaS as well as the addition of VSAT services. The decision follows a Ministerial Decree published on October 10, 2023 which simplifies the obligations of holders of the license, specifically related to ownership requirements. Even if not considered essential to run its business as per the confirmation received in June from the DRC telecommunications regulator, the application was intended to satisfy the DFI lenders' expectations in the DRC as well as in Cameroon.

Some of the financial achievements that support management's belief in its ability to complete the building of the networks currently under development and those being negotiated include:

- On February 21, 2023, announced that it had completed its application to list its common shares on the OTCQB® Venture Market ("OTCQB"). The OTCQB is a U.S. trading platform that is operated by the OTC Markets Group in New York and is the premier marketplace for early-stage and developing U.S. and international companies. To be eligible for quotation on the OTCQB, companies must be current in their reporting and undergo an annual verification and management certification process. Companies must also meet a minimum bid price test and other financial conditions.

- 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 possible future events of default. The terms of these debentures were subsequently amended in an agreement reached on August 28, 2023.

- On April 4, 2023, NuRAN announced that it secured a non-convertible bridge loan from a US-based institution for US$ 1,500,000 which was subsequently extended on December 4, 2023. The Loan was for an initial term of six months which was extended until October 21, 2024. In addition others and conditions were amended including: (i) the principal amount to be repaid was US$ 1,653,947.39 including a 5% original issuance discount and a 5% lending fee which was subsequently increased by 10% as an extension 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 security to lenders at the NuRAN Africa level, (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 which were subsequently increased to 5,000,000 with each warrant exercisable to acquire a share of the Company at an exercise price of $0.25 for a period of 2 years from the closing date. In addition, the Company agreed to add a conversion feature to the loan, at $0.225 per common shares of the Company. Any securities issuable upon exercise of these warrants or conversion of the loan will be subject to a statutory hold period of four months and one day.

- On August 28, 2023 the Company entered into a factoring agreement with a factoring company (the "Factor") (the "Factoring Agreement") for the sale of up to $ 15M of receivables owed to the Company by its operating subsidiaries in Africa (the "Receivables"). Pursuant to the factoring facility the Company sold Receivables valued at $ 8.65M (the "Sold Receivables") for gross proceeds of $5,438,340 consisting of: (i) a cash payment of $4,638,340 used to settle outstanding loans advanced by short term lenders; and (ii) a cash payment of $800,000 on or before September 30, 2023. The Factor will have recourse against NuRAN for any Sold Receivables whereby, if the Factor delivers a recourse notice for a specific Sold Receivable, the Company will have the option of satisfying any repurchase request in cash at 107% the price originally paid by the factoring company or by issuing units of the Company (each a "Unit") at $0.35 per Unit. Each Unit will be comprised of (i) one share in the capital of the Company; and (ii) three quarters (3/4) of one warrant exercisable into one additional share of the Company at $0.40 for a period of 3 years from entering into of the Factoring Agreement. The Sold Receivables will bear interest at a rate of 15% per annum. If the Company does complete a subsequent sale of Receivables, the pricing on the Units will be set in compliance with applicable policies of the Canadian Securities Exchange. In connection with the Factoring Agreement, the Company agreed to pay an arrangement fee to the Factor consisting of 3,800,000 common shares (the “Fee Shares”) (having a deemed value of $0.23 based on closing price of the common shares of NuRAN on the closing) representing approximately 5% of the total factoring facility. 2,500,000 of these Fee Shares were issued at the initial closing and the remainder will be issued on January 2, 2024. The Fee Shares will be subject to a statutory hold period in Canada of four months and a day.

On October 17, 2023 and again on December 4, 2023, the Company announced that it amended the terms of the Factoring Agreement. The Company sold Receivables valued at $ 1.425M for proceeds of $865,000 consisting of: (i) a cash payment of $215,000 that have been received by the Company; and (ii) a cash payment $650,000 on or before December 31, 2023 for the purpose of funding working capital requirements leading up to the finalisation of other loans. Included in the Amendment, the factoring company agreed to extend various deadlines until January 31, 2024. Furthermore, pursuant to the Amendment, if the Company chooses to satisfy the Recourse Account by issuing Units, which is entirely at the discretion of the Company, the deemed price per Unit will be $0.225 per Unit and the warrant exercise price will be $0.25. The Company also adjusted the timing and quantum of the Fee Shares so that the remaining balance of 1,300,000 Fee Shares has increased to 1,900,000, 1,000,000 issued on or before January 31, 2024, and the remainder issued on or before March 15. The Company continues to work closely with the Factor in providing adequate funding for the business in this period leading up to securing additional funding. On April 4, 2024, the Company announced a further amendment to the factoring agreement disclosed in the Notes accompanying the financial statements.

- Also on August 28, 2023 and again on December 4, 2023, the Company restructured its convertible secured debentures issued in February 2023. The debenture holders agreed to extend the maturity for a further 12 months to August 2024 and waive certain rights pursuant to the debentures, including relating to events of default. As consideration to these debenture holders, the Company agreed to a 5% extension fee pursuant to which the prior secured debentures and related security agreements from February 2023 were cancelled and the Company issued secured convertible debentures (the "New Debentures") in the new aggregate principal amount of $2,792,810 (inclusive of accrued interest and fees) with a new conversion price of $0.35, subsequently reduced to $0.225 per unit. Each unit comprised of one common share and three quarters (3/4) of one warrant, with each whole warrant exercisable to acquire an additional common share at a price of $0.40, subsequently reduced to $0.25 until August 28, 2026. The New Debentures will bear interest at a rate of 15% per annum. As additional consideration to the debenture holders, the Company has agreed to issue 120,000 common shares, which are subject to a statutory hold period in Canada of four months and a day.

- On November 16, 2023, NuRAN announced that it had received term sheets from three separate groups. The first one was a $ 40M share subscription facility in the Company equity that, after careful review, the Company decided not to pursue. The second was a structured debt instrument to support growth at the NuRAN Wireless (Africa) Holding level in Mauritius. The US$ 10M facility includes funding for countries other than Cameroon and the DRC and was a mix of senior debt and a subordinated mezzanine facility. This proposed financing was converted to the US$ 5M bridge facility described further below. As of the date of these financial statements, the facility is now signed. The Company also received a term sheet for a US$ 800K credit facility from a local Cameroon commercial bank to support accelerated rollout in that country which is progressing to signature as at the date of these financial statements.

The Company also announced the following developments after year end as part of its financing initiatives:

- On January 3, the Company announced that it had signed a non-binding mandate letter for a US$ 5M Senior Secured Bridge Facility (the "Facility") for (re)financing of renewable energy assets for NuRAN Wireless (Africa) Holding. The Facility will have a 2-year tenor and bullet principal repayment at maturity. It is to be refinanced by long-term senior debt at maturity and the term can be extended by the lender or converted into other long-term debt. On February 29, 2024, the Company subsequently announced that it had received Investment Committee approval for the Facility and initiated the process of negotiating definitive loan documentation. On April 25, 2024, NuRAN announced the signing of the Loan Facility agreement with the Facility for Energy Inclusion ("FEI"), a fund managed by Cygnum Capital. The Loan Facility is for the purpose of financing the construction of renewable energy assets for mobile network infrastructure in respect of existing and new Network as a Service ("NaaS") agreements with the intention of accelerating the build of NaaS sites primarily in Cameroon and DRC. This senior secured Loan Facility is intended to allow NuRAN to deploy more than 500 new sites. Combined with cash generated from operating sites, the Company intends to use the proceeds to cover all material and construction costs of new sites. The loan drawdowns are subject to customary drawdown conditions for a loan of this nature including evidence of new sites being funded and operational from the proceeds of drawdowns and the amounts are secured against the assets of the Company's subsidiaries.

- Also on January 3, 2024, the Company announced that it extended the maturity date of the Convertible Debentures entered into in July 2022 to July 12, 2024. In addition the original issuance discount of 10% was increased to 16% leading to a maturity value of $ 2,645,502 and the principal amount is convertible into common shares of the Company at a fixed price of $0.40 at the option of the debenture holder during the term of the Convertible Debenture. The investor remains committed to the NuRAN business as the exclusive transmission equipment provider for a term of the earlier of seven years or until such time as the Company completes the purchase of a committed volume of equipment for its African operations.

- On February 6, 2024, the Company announced that it had received a non-binding Letter of Intent for up to US$ 15M of debt financing and on March 11, 2024, the Company announced that it received three additional expressions of interest from lenders to support the Company's network infrastructure roll-out at the NuRAN Africa level. It is anticipated that the funding can be drawn individually or as co-lenders in a syndicated debt facility. The combined value of these four potential facilities as well the possible rollover of the US$ 5M bridge facility mentioned above can possibly fund at least 2,500 of the sites under contract. Moreover, the terms proposed by those potential lenders are actually more attractive to the Company than anything received previously and also provides much more flexibility allowing drawdown on a per country basis if necessary. This is a result of the positive progress made to date with current operations and contracts.

Equity Investments Supporting Lender's facility

Management continues to entertain discussions with Investment Funds and potential strategic partners targeting infrastructure investments in emerging markets. To date the concerns expressed by those investors were mainly related to site performance, operational capacity, asset ownership, risk diversification across markets and the availability of debt finance. In parallel with these discussions, and as part of its ongoing work to strengthen NuRAN's operating and financial position, management has been addressing all of these areas of concern.

Results in Cameroon have been very encouraging with growth in traffic and revenue supported by enhancements of NuRAN's solution increasing network capacity and demonstrates that technology ownership is a key criteria to success in rural emerging markets. In addition, better site allocation and selection has ensured the success of new sites from installation. We are adopting the same measures in the DRC and have started to see signs of performance improvement.

Combined with the accumulated experience of its internal team, management has put together a comprehensive ecosystem of partners to support growth. This ecosystem works across service delivery from site selection to monitoring to share findings in both existing and new countries. The Company has also increased and diversified its supplier base to meet demand.

Regarding asset ownership, in its new contracts NuRAN retains ownership of the sites. In addition, management is negotiating with MNOs where contracts had a transfer provision to restructure them so that the Company retains ownership of the asset beyond the initial term of the contracts on financial terms that are attractive to both parties.

With over 4,600 sites currently under contract, NuRAN's DRC exposure is now less than 50% reducing the concentration risk. The recently signed US$ 5M bridge facility along with other announcements in February and March clearly demonstrates the ongoing interest in NuRAN's NaaS model and is expected to benefit management's efforts to raise equity.

All of the above are measures that not only will improve the Company's financial performance but also increase its attractiveness to equity investors.

The team has been working to initiate operations in newly contracted countries and investment will therefore be utilised across the business to build diversified and growing coverage in Africa. Continued interest in the investment case and strong fundamentals of existing operations reinforce management's belief in the success of the Company's strategy and its belief that NuRAN is positioned to become the market leader in this very important and growing space.

Outlook

NuRAN's wireless infrastructure solutions have long been deployed by MNOs as an integral part of their network operations and now under the NaaS model in extending rural coverage. NuRAN solutions are being either tested or operated by MNOs in more than 20 countries across Southeast Asia, Africa, South America and Latin America. NuRAN has also established alliances with other key industry participants such as tower, satellite and power companies to further increase its market reach. Management continues to believe that the successful acceptance and adoption of NuRAN's system by MNOs and partnerships with key industry players place NuRAN in a position to generate significant sustainable business.

NuRAN previously announced its LiteRAN xG, a mobile wireless infrastructure solution that will provide operators with 2G, 3G, & 4G capability from a single piece of equipment allowing them to run multiple technologies simultaneously and evolve their services over time. The addition of LiteRAN xG to the Company's portfolio significantly widens the Company's addressable market.

The strength of NuRAN's NaaS offering is demonstrated by the 4,642 sites under contract with the two largest MNOs in Africa and continues to build its pipeline towards its 10 000 sites objective Announced in January 2023, the 500 sites contract with Orange Madagascar completes the 4,642 including Orange SA in Cameroon and DRC as well as MTN Group in South Sudan, Sudan and Namibia. The signed NaaS agreement with MTN in Sudan is on hold due to the volatile situation in the country currently.

The additional contracts with MNOs and the signature of the Group Framework Agreement (GFA) with MTN Group is recognition of the quality of NuRAN's carrier-grade mobile network infrastructure solutions, its extensive expertise in the installation and management of cost-effective cellular networks as well as the economic benefits of being able to reach a large base of customers not reachable to date that NuRAN's systems provide.

The following discussion of the Company's financial performance is based on the consolidated financial statements for the twelve-month period then ended December 31, 2023 and 2022.

Factors Concerning the Company's Financial Performance and Results of Operations

To evaluate the results of the strategic shift, management closely monitors four key measures of the Company's performance: Revenue, Gross Profit Margins (GPM), Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Income.

Revenue growth measures the success of the NuRAN's products and services, led by the NaaS solution, combined with our marketing and sales efforts. Growth is demonstrated by the Company's ability to enter into contracts, build NaaS infrastructure, penetrate new markets and gain new customers for existing and new products and services. The investments in marketing and sales and the shift in direction to more of a services model have increased our sales pipeline, started to generate sales with first sites live and should produce increasing revenues as rural subscribers in previously covered and uncovered areas take advantage of more choice, availability and variety of mobile services to improve their economic position. The take-up of NaaS solutions and the resultant recurring revenue stream brought on by each live site is starting to already generate transformative growth in revenue for the Company.

GPM measures how efficiently and effectively NuRAN delivers its systems and services to its clients, both in terms of production of its product line, and increasingly, delivery of the NaaS solution in rural areas and direct costs incurred in local subsidiaries.

Some of our NaaS agreements currently feature a guaranteed minimum monthly fee or revenue (GMR) to minimize our risk by ensuring a reasonable return on each site. The GMR level is set to cover direct operating expenses, capital repayment and interest on financing and remains in place until a negotiated transfer date part way through the term of the NaaS agreement. Where there is no provision for the transfer of sites in the NaaS agreement, the GMR is replaced by a threshold up to which NuRAN retains all revenue after deducting direct charges of the MNO which they retain. In both cases, revenue is shared above this level and provides additional revenue-generating potential. Now that management witnesses the high performance of its network generating above expectated results, the Company can move to a threshold model instead of the GMR and keep the assets generating more value for its shareholders.

Since as at the date of these financial statements, the company is still operating under that GMR regime, due to the interpretation under IFRS of the terms of the NaaS agreements with the negotiated transfer date, we are required to record the sale of each site at the time the site becomes operational, rather than at the time the ownership of the site is transferred to the MNO (5 to 6 years from the date a site becomes operational). This is the case for our NaaS contracts in in Cameroon and the DRC. As a result, the reported revenue includes a portion of the GMR to be received over the 5/6-year period which covers the site cost, imputed interest to the site transfer date and a small profit margin. Simultaneously a receivable is created for the remaining revenue to be collected. At the same time the cost of constructing the site is recorded as a cost of goods sold. Thereafter a large proportion of the GMR collected every month is treated as a collection of the receivable. As the profit margin on the sale is much lower than the operational margin, our GPM is negatively impacted by this accounting.

After the rollout is completed the amount of services revenue, consisting of the remaining GMR plus revenue share, will increase to generate a stable, predictable, and recurring revenue stream for the Company. This IFRS 15 treatment is only required where there is a contractual transfer of site ownership. Therefore, new contracts that do not have this feature will have a revenue stream that more closely reflects actual invoicing to the MNO and the economic results for NuRAN. To properly monitor the Company's operating performance in these cases, management monitors three GPM indicators for NaaS: one on the sale of the site, another on the income from revenue share and services and a third on the site's monthly operational fees. Since management is now seeking to amend two agreements from the GMR to threshold mechanism, this treatment under IFRS 15 will no longer be applicable.

EBITDA measures the entire operations by including selling and administrative costs. It should increase as sales grow due to the fixed nature of much of the support infrastructure including administrative, sales & marketing, research & development and other costs and the economies of scale that can be achieved in monitoring network operations and maximizing site performance.

Net income is a measure of how efficiently and effectively the business is running, however management recognises that, given the stage of NaaS rollout and implementation, the Company is likely to be loss-making for some time. To achieve an acceptable net income, the company needs to significantly increase its revenues, while maintaining or slightly increasing its selling and general administration costs and efficiently utilising the capital assets that it deploys, achievable through the NaaS model.

Tower Outlook Disclosure

Regarding the outlook for site deployment, management wishes to report on the status of its expected deployment of NaaS sites in light of previous delays in securing the necessary financing to support the targets previously announced.

The NaaS business model is highly dependent on financing, both in the form of debt and equity. The average capital cost of a site, including site survey, site acquisition, materials, duty, taxation, shipping, in-country transportation, construction, commissioning, testing and acceptance, is approximately US$ 25,000 and this all paid prior to the site going live. Further, given that NuRAN's business model is to deliver mobile network infrastructure in emerging markets, management hopes that capital will primarily be raised through Development Financial Institutions (DFIs) and Impact Funds given their focus on development and inclusion in these markets. These groups mainly provide debt and, in some cases, also provide equity, however with the Company's current contractual commitments, this means looking to more than one party to fulfill its requirements.

As outlined in the Overall Performance and Outlook section, the described $ 11M private placement led management to build inventory in Cameroon and the DRC for 240 sites. Since the end of 2021 the Company has been seeking additional financing for site rollout which did not materialise impacting its ability to deliver its tower forecast.

Management will report in Monthly Progress Reports and the Management Discussion and Analysis on the progression of its deployment plans. The previously announced targets of 1500 cumulative sites in 2024 and 2500 sites in 2025, announced on July 25, 2023, were based on NuRAN's ability to raise up to US$ 65M during 2024 and 2025 with the bulk of that disbursed by the beginning of 2025. Combined with the cash generated from its operation in Africa, the US$ 5M facility is now expected to contribute to deliver 600 sites of the 2500 contemplated by the end of 2025.

As part of the Company's ongoing financing efforts, management continued to increase its pipeline of financing options from other groups for over US$ 60M. With the Company's contributed equity in NuRAN Wireless (Africa) Holding supporting long-term debt, the additional financing options available, and cash generated in its subsidiaries, NuRAN is committed to showing regular progress in building the planned quantities of sites.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the annual consolidated financial statements of the Company as at December 31, 2023 and December 31, 2022 and for the periods then ended:

	Year ended December 31, 2023	Year ended December 31, 2022	Fourteen-months ended December 31, 2021
Total revenues	$ 3,199,125	$ 4,871,890	$ 2,137,616
Total loss	$ (12,322,245)	$ (9,892,114)	$ (12,718,098)
Net loss per share – basic	$ (0.32)	$ (0.30)	$ (0.58)
Net loss per share – diluted	$ (0.32)	$ (0.30)	$ (0.58)

	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Total assets	$ 20,210,608	$ 18,737,500	$ 15,035,632
Total non-current financial liabilities	$ 293,768	$ 405,522	$ 559,112

RESULTS OF OPERATIONS

Revenue

Revenue for the year ended December 31, 2023 of $3,199,125 was a decrease of $1,672,765 compared to the year ended December 31, 2022 ($2,734,274 increase for the year ended December 31, 2022 compared to the fourteen-month period then ended December 31, 2021). As required by IFRS 15, the sale of a site is recognized once the site goes live. As the number of sites going live was lower in 2023 than in 2022 the related revenue was also lower in 2023. The higher number of operating sites throughout 2023 generated higher NaaS service revenue which only partially offset the sales revenue decline.

Of total revenue in 2023, $1,295,438 was NaaS service revenue from site operations and $712,485 was an adjustment to comply with IFRS 15, which as mentioned earlier requires that we recognize a sale of the site when it becomes operational. The IFRS adjustments were about 1/3 of those in 2022 whereas NaaS service revenue was almost 3X higher than the same period in 2022. It should be noted that this included a portion of 2022 service revenue in the DRC due to late invoicing to Orange. The remaining $1,191,202 was revenue related to traditional product and service sales, in large part represented by the MINTA project in the Marshall Islands but also contributed to by other sales of equipment to other customers.

Gross Profit
Gross profit for the year ended December 31, 2023 decreased by $1,492,787 compared to the year ended December 31, 2022 (increased by $1,656,124 for the year ended December 31, 2022 compared to the fourteen-month period ended December 31, 2021).

Gross margin % for the year ended December 31, 2023 decreased to 17% from 42% for the year then ended December 31, 2022 (increased to 42% for the year ended December 31, 2022 from 18% for the fourteen-month period ended December 31, 2021).

The overall gross margin declined as a result of top line revenue being lower against a similar level of direct costs. These direct costs include the mainly fixed costs of salaries and overheads of equipment production in Canada as well as the costs of NaaS service delivery which increased due to a greater number of sites in operation. There were also some additional non-recurring costs associated with ESG compliance that were not incurred in 2022.

The direct costs of NaaS include site leases, insurance, repair & maintenance and VSAT costs. VSAT costs in particular are high because of minimum charges for provision of bandwidth capacity. As the number of sites live increases, the impact of VSAT on NaaS gross profit will be reduced dramatically. In addition, production costs are for the most part fixed and as the scale of NuRAN's business increases a positive impact in gross margin will be realized due to this operating leverage.

Expenses
During the year ended December 31, 2023, total expenses increased by $907,911 from the year ended December 31, 2022 (for the year ended December 31, 2022 total expenses decreased by $2,545,616 from the fourteen-month period ended December 31, 2021) which is less than 10% of 2022 expenses. While Selling, Administrative and Employee share-based compensation went down by 18.1%, Financial and R&D costs increased by $ 2.74M but 88% of this is Financial Expenses, of which approximately 90% are non-cash charges including interest costs of short-term borrowings, accretion expense of convertible debentures and foreign exchange losses.

Net Loss Before Other Elements and Income Taxes
As a result of all the factors mentioned above the Net Loss Before Other Elements and Income Taxes for the year ended December 31, 2023 increased to $11,832,924 from the year ended December 31, 2022 loss of $9,432,226 (for the year ended December 31 2022 total Net Loss Before Other Elements and Income Taxes decreased to $9,432,226 from the fourteen-month period ended December 31, 2021 loss of $13,633,966). The reduction was a result of the increase in Financial Expenses and the decrease in revenue.

Other Elements
Other Elements for the year ended December 31, 2023 generated a net loss of $473,558 compared with a net loss of $459,400 in the year ended December 31, 2022 (a net loss of $459,400 for the year ended December 31, 2022 compared to a net loss of $493,949 for the fourteen-month period ended December 31, 2021).

Net Loss
As a result of all the factors mentioned above the Net Loss for the year ended December 31, 2023 increased to $12,322,242 from the year ended December 31, 2022 loss of $9,892,114 (for the year ended December 31, 2022 decreased to $9,892,114 from the fourteen-month period ended December 31, 2021 loss of $12,718,098).

Total Comprehensive Loss
The year ended December 31, 2023 generated a net gain of $191,355 compared with a net loss of $168,788 for the year ended December 31, 2022. This results from the difference on translation of foreign operations. Total

Comprehensive Loss for the year ended December 31, 2023 increased to $12,130,890 from $10,060,902 for the year ended December 31, 2022 (a Total Comprehensive Loss of $10,060,902 for the year ended December 31, 2022 compared to a Total Comprehensive Loss of $12,718,098 for the fourteen-month period ended December 31, 2021).

Expenses

Below is a discussion of the expenses for the year ended December 31, 2023, and the year ended December 31 2022.

	2023	2022	% change from 2022
Selling expenses	910,662	1,364,192	-33.25%
Administrative expenses	7,380,941	7,588,704	-2.74%
Employee share-based compensation	6,264	1,177,464	-99.47%
Financial expenses	3,599,987	1,036,083	+247.46%
Research and development costs	478,889	302,390	+58.37%
	12,376,744	11,468,833	+7.92%

Selling expenses

Selling expenses consist of salaries to sales and marketing staff, commissions on sales, travel expenses, trade shows, presentations and costs associated with the IR online marketing campaign. The decrease was significant and reflects the shift in activity to focus on the deployment of existing contracts rather than adding to the NaaS sites already under contract.

Administrative expenses

Administrative expenses consist of remuneration, legal fees, audit and accounting fees, insurance, rent, consulting fees and general office expenses. Although the costs decreased from the previous year, they still reflect the advisory costs associated with ongoing financing negotiations.

Financial expenses

Financial expenses consist of bank charges, convertible debenture and lease interest, charges associated with short term financing and gain/loss on foreign exchange. The increase in financial expenses for the year ended December 31, 2023, compared to the year ended December 31, 2022, is mainly a result of much higher interest expenses as well as costs associated with the debt restructuring and foreign exchange losses resulting from the Company's exposure to the US dollar. One of management's focus in 2024 will be on putting the conditions in place to repay these facilities and to reduce overall the emphasis on these types of financing.

Research and development

Research and development costs for the year ended December 31, 2023 have increased from the year ended December 31, 2022 due mainly to an increase in resources to bring the XG product to market and partly to a decrease in the amount claimed as Scientific Research and Experimental Development (SR&ED) tax credits in Canada.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Total revenues ($)	Total profit (loss) ($)	Basic and Diluted Loss Per Share ($)
31-Dec-23	1,128,235	(2,861,581)	(0.07)
30-Sep-23	797,067	(3,302,317)	(0.08)
30-Jun-23	602,255	(2,823,600)	(0.07)
31-Mar-23	671,961	(3,365,516)	(0.09)
31-Dec-22	1,193,772	(1,313,868)	(0.04)
30-Sept-22	1,625,652	(2,556,832)	(0.08)
30-Jun-22	231,128	(2,319,909)	(0.07)
31-Mar-22	1,881,960	(3,249,229)	(0.10)
31-Dec-21 (Two months)	730,297	97,984	(0.00)

Fourth quarter

During the three months ended December 31, 2023, the Company earned revenues of $1,128,235 compared to $1,193,722 during the three months ended December 31, 2022, a decrease of $64,487. This was mostly a result of lower equipment or capex sales and not NaaS as the Company did not bring many sites live in 2022.

During the three months ended December 31, 2023, the Company incurred a net loss of $2,861,581 compared to net loss of $1,313,868 for the three months ended December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash decreased to $172,880 as at December 31, 2023, from $183,397 as at December 31, 2022. Current assets increased to $12,448,920 as at December 31, 2023, from $11,322,859 as at December 31, 2022 due to increases in accrued revenues, work in progress and security deposits offset by a reduction in Trade and other receivables, SR&ED credits and inventory.

The cash position as at December 31, 2023 reflected the continued spending on operating expenditures to support NaaS infrastructure, production and research and development during the period, enhancements of the performance of sites already in operation and the work on pursuing financing alternatives for future site construction. Given the ongoing deployment of network infrastructure for NaaS sites, the Company expects to be consuming cash and in a loss position for the foreseeable future. The factoring agreement allows the Company to utilise the amounts due from subsidiaries to assure the availability of cash for the parent company. With the Cameroon entity now generating positive cash contribution based on its NaaS income, management sees the benefit of increasing scale in country operations to provide funding to the Parent company. This will come via product sales and services provided to the subsidiaries and external customers (e.g. MINTA) reducing the need for external funding. Focusing on site construction in Cameroon and other countries in the short term will allow the Company to improve its cash situation in as short a period as possible.

The US$ 5M Senior Secured Bridge Facility, recently signed, allows the Company to refinance its expenditures on energy assets both on existing sites and in inventory, estimated at over US$ 1.5M. These funds will bring additional liquidity to the Company allowing for faster implementation of current plans.

Future Financing

Management closely monitors the current cash position and the short and long-term cash requirements. The Company has broadened its search for capital to support its growth objectives for its NaaS business. That included reaching out to DFI and Impact Funds as well as other sources such as equity and hybrid structures. Management also recognizes the opportunity for improved cash flow from converting inventory to operating NaaS sites given the strong results it has seen from existing operations. In addition to spending on site rollout, the Company will continue to look for additional financing to fund operations and maintain its growth strategy (including continuous development of next generation wireless solutions such as the multi-Standard 2G, 3G, 4G platform, as well as the deployment of mobile infrastructure and extended services under the NaaS model).

Current inflows are not sufficient to cover its selling, administrative and R&D costs and finance the capital investment necessary to implement its NaaS contracts. The Company will continue to depend on its ability to convert its signed contracts into recurring revenue (for example the agreements with Orange SA for Cameroon, the DRC and Madagascar and with MTN for South Sudan, Namibia, Sudan and Ivory Coast), raise debt to finance NaaS projects and future equity issuances or other means to finance its operations, including funding into NuRAN Wireless (Africa) Holding in Mauritius. Due to the current situation in Sudan as of the date of these financials the Company has placed any effort to pursue the development of this network on hold.

The ability of the Company to continue operating will therefore be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors, in addition to the results of the Company's operations. Boosted by the recent announcement of the US$ 5M Loan facility, management believes that the company will be able to raise the necessary financing, and that its financial position is expected to improve significantly. However, there can be no guarantee that these efforts will be successful.

RISKS AND UNCERTAINTIES

Additional Financing Requirements and Access to Capital

NuRAN's ability to realize its assets and discharge its liabilities depends on the continued financial support of its shareholders, the growth and profitability of the future sales of its products and services and from obtaining additional financing.

Sales Risks

NuRAN's sales efforts target large corporations that require sophisticated data capture and production execution systems to collect and analyze data relating to various operational activities. NuRAN spends significant time and resources educating prospective customers about the features and benefits of its solutions. NuRAN's sales cycle usually ranges from 3 to 18 months and sales delays could cause its operating results to vary. NuRAN balances this risk by continuously assessing the condition of its sales pipeline and making the appropriate adjustments as far in advance as possible. NuRAN's strategy also includes a comprehensive program to build and improve relationships with long-standing customers to better understand needs and proactively manage incoming business levels effectively.

Foreign Exchange Risk

NuRAN's sales are mainly outside Canada and are generally conducted in currencies other than the Canadian dollar, while a majority of our product research and development expenses, integration services, customer support costs and administrative expenses are in Canadian dollars. Fluctuations in the value of foreign currencies relative to the Canadian dollar and Cameroon CFA can negatively, or positively, impact NuRAN's financial results. The company monitors this risk and will enter/consider entering into forward/ derivatives contracts to minimize the exposure.

Outsourcing Risk

NuRAN outsources the manufacture of its products to third parties. If they do not properly manufacture the products or cannot meet the needs in a timely manner, NuRAN may be unable to fulfill its product delivery obligations and its costs may increase, and its revenue and margins could be negatively impacted. The Company's reliance on third-party manufacturers subjects it to a number of risks, including the absence of guaranteed manufacturing capacity and the inability to control the amount of time and resources devoted to the manufacture of products. To mitigate this dependency, the Company has relationships with two separate manufacturing service providers and maintain contact with additional alternative suppliers in case the primary manufacturing sources should be disrupted.

Competition

NuRAN must contend with strong international competition. Therefore, there are no guarantees that NuRAN can maintain its competitive position. However, its unique mix of products combined with NaaS service delivery, and skilled human resources give it a competitive edge in several markets.

Availability and Cost of Qualified Professionals

The high-technology industry's strong growth as well as the Company's move into the NaaS model increased the demand for qualified staff. So far, NuRAN has successfully met its needs for personnel. NuRAN benefits from its location in Quebec City, which gives it access to a large pool of engineering resources but has also pursued hiring internationally. Aware that the satisfaction of its customers is directly tied to the quality of its employees, NuRAN continues to take measures to attract and retain well-qualified professionals from a global talent pool.

Ability to Develop and Expand Mix of Products and Services to Keep Pace with Demand and Technological Trends

NuRAN uses several means to remain on the cutting edge and to meet its customers' changing needs—steady investments in product development and improvements, business alliances with major industry suppliers and partners, ongoing training of its personnel and occasional business acquisitions that provide it with specific know-how.

Protection of Intellectual Property

To protect its intellectual property, NuRAN relies on a series of patent and trademark laws, provisions respecting trade secrets, confidentiality protection measures, and various contracts. Regardless of all the efforts made to retain and protect its exclusive rights, third parties could attempt to copy aspects of its products or obtain information regarded as exclusive without authorization. There can be no assurance that the measures taken by NuRAN to protect its exclusive rights will be sufficient.

Dependence on Customers

NuRAN is currently dependent on a limited number of customers for the sale of its products and services. If one or several of these customers should cease doing business with NuRAN for any reason or should reduce or defer their current or planned product purchases, NuRAN's operating results and financial position could be adversely affected.

International Operations Risk

Our international operations are subject to various economic, political and other uncertainties that could adversely affect our business. Since 2014, approximately 40% of our sales were derived from sales outside North America, and economic conditions in the countries and regions in which we operate significantly affect our profitability and growth prospects. The following risks, associated with doing business internationally, could adversely affect our business, financial condition and results of operations:

- regional or country specific economic downturns;
- the capacity of the Company to deliver in a technical capacity and to import inventory at a reasonable cost;
- fluctuations in currency exchange rates;
- complications in complying with a variety of foreign laws and regulations, including with respect to environmental matters, which may adversely affect our operations and ability to compete effectively in certain jurisdictions or regions;
- international political and trade issues and tensions;
- unexpected changes in regulatory requirements, up to and including the risk of nationalization or expropriation by foreign governments;
- higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and double taxation;
- greater difficulties protecting our intellectual property;
- increased risk of litigation and other disputes with customers;
- fluctuations in our operating performance based on our geographic mix of sales;
- longer payment cycles and difficulty in collecting accounts receivable;
- costs and difficulties in integrating, staffing and managing international operations, especially in rapidly growing economies;
- transportation delays and interruptions;
- natural disasters and the greater difficulty in recovering from them in some of the foreign countries in which we operate;
- uncertainties arising from local business practices and cultural considerations;
- customs matter and changes in trade policy, tariff regulations or other trade restrictions; and
- national and international conflicts, including terrorist acts.

The percentage of our sales occurring outside of North America will increase over time largely due to increased activity in Africa, Central and South America and other emerging markets. The foregoing risks may be particularly acute in emerging markets, where our operations are subject to greater uncertainty due to increased volatility associated with the developing nature of the economic, legal and governmental systems of these countries. If we are unable to successfully manage the risks associated with expanding our global business or to adequately manage operational fluctuations, it could adversely affect our business, financial condition or results of operations.

Gross Margin May Not Be Sustainable
Our level of product gross margins may be adversely affected by numerous factors, including:

- Changes in customer, geographic, or product mix, including mix of configurations within each product group;
- Introduction of new products, including products with price-performance advantages;
- Our ability to reduce production costs;
- Entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures, through acquisitions or internal development;
- Increases in material, labor or other manufacturing-related costs, which could be significant especially during periods of supply constraints;
- Excess inventory and inventory holding charges;
- Obsolescence charges;
- Changes in shipment volume;
- The timing of revenue recognition and revenue deferrals;
- Increased cost, loss of cost savings or dilution of savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand or if the financial health of either contract manufacturers or suppliers deteriorate.
- Lower than expected benefits from value engineering;
- Increased price competition, including competitors from Asia, especially from China;
- Changes in distribution channels;
- Increased warranty costs;
- How well we execute on our strategy and operating plans implementing our new NaaS model.

Changes in service gross margin may result from various factors such as changes in the mix between technical support services and advanced services, as well as the timing of technical support service contract initiations and renewals and the addition of personnel and other resources to support higher levels of service business in future periods.

Competition Risks
The markets in which we compete are characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages. These market factors represent a competitive threat to us. We compete with numerous vendors in each product category. The overall number of our competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as we increase our activity in newer product categories such as data center and collaboration and in our priorities. As we continue to expand globally, we may see new competition in different geographic regions. In particular, we have experienced price-focused competition from competitors in Africa and the U.S., and we anticipate this will continue.

Some of our competitors compete across many of our product lines, while others are primarily focused in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with our products are regularly formed. In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets. Companies with whom we have strategic alliances in some areas may be competitors in other areas, and in our view this trend may increase. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us.

The principal competitive factors in the markets in which we presently compete and may compete in the future include:

- The ability to provide a broad range of networking and communications products and services;
- Product performance;
- The ability to introduce new products, including products with price-performance advantages;
- The ability to reduce production costs;
- The ability to provide value-added features such as security, reliability, and investment protection;
- Conformance to standards;
- Market presence;
- The ability to obtain financing on reasonable terms;
- Disruptive technology shifts and new business models.

We also face competition from customers to which we license or supply technology and suppliers from which we transfer technology. The inherent nature of networking requires interoperability. As such, we must cooperate and at the same time compete with many companies. Any inability to effectively manage these complicated relationships with customers, suppliers, and strategic alliance partners could have a material adverse effect on our business, operating results, and financial condition and accordingly affect our chances of success. the loss of one or more significant suppliers or a reduction in significant volume from such suppliers

Intellectual Property Risks
We generally rely on patents, copyrights, trademarks, and trade secret laws to establish and maintain proprietary rights in our technology and products. Although we have been issued patents, there can be no assurance that any of these patents or other proprietary rights will not be challenged, invalidated, or circumvented or that our rights will, in fact, provide competitive advantages to us. Furthermore, many key aspects of networking technology are governed by industrywide standards, which are usable by all market entrants. In addition, there can be no assurance that patents will be issued from pending applications or that claims allowed on any patents will be sufficiently broad to protect our technology. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. The outcome of any actions taken in these foreign countries may be different than if such actions were determined under the laws of the United States. Although we are not dependent on any individual patents or group of patents for particular segments of the business for which we compete, if we are unable to protect our proprietary rights to the totality of the features (including aspects of products protected other than by patent rights) in a market, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled us to be successful.

Third parties, including customers, have in the past and may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. The asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected. Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Further, in the past, third parties have made infringement and similar claims after we have acquired technology that had not been asserted prior to our acquisition.

Many of our products are designed to include software or other intellectual property licensed from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of these products. There can be no assurance that the necessary licenses would be available on acceptable terms, if at all. The inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could have a material adverse effect on our business, operating results, and financial condition. Moreover, the inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights in our products.