

Wi2Wi Corporation

Condensed Consolidated Interim Financial Statements **((Unaudited, expressed in US Dollars))**

Three Month Period March 31, 2021 and March 31, 2020

Notice to Reader

These condensed consolidated interim financial statements of Wi2Wi Corporation for the three months ended March 31, 2021 have been prepared by Management and were authorized for issue in accordance with a resolution of the Board of directors on May 13, 2021. Wi2Wi Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements, in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entities auditors.

Toronto, Canada
May 14, 2021

Wi2Wi Corporation

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Wi2Wi Corporation
Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of U.S. dollars)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash	\$ 1,763	\$ 1,239
Restricted cash (Note 22)	500	500
Trade accounts receivable (Note 7)	1,125	1,050
Inventories (Note 8)	3,159	3,308
Investment in Legend Oil and Gas Ltd.	9	9
Prepaid expenses and other current assets	169	180
Total current assets	6,725	6,286
Property and equipment (Note 9)	1,196	1,254
Right of use assets (Note 10)	3,359	3,493
Total Assets	\$ 11,280	\$ 11,033
Liabilities		
Current Liabilities		
Accounts payable	\$ 277	\$ 257
Accrued liabilities (Note 12)	285	292
Payroll Protection Program Loan (Note 14)	550	-
Current portion of lease obligations (Note 13)	452	452
Current portion of note payable (Note 15)	54	54
Total current liabilities	1,618	1,055
Lease obligations (Note 13)	2,999	3,110
Other liabilities	51	51
Economic Injury Disaster Loan (Note 14)	150	-
Note payable (Note 15)	99	112
Warrant liability (Note 18)	7	7
Total Liabilities	4,924	4,335
Shareholders' Equity		
Common shares – no par value (Note 17)	29,057	29,057
Contributed surplus (Note 18)	3,859	3,849
Accumulated other comprehensive loss	(2)	(2)
Accumulated deficit	(26,558)	(26,206)
Total shareholders' equity	6,356	6,698
Total Liabilities and Shareholders' Equity	\$ 11,280	\$ 11,033

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

/s/ Zachariah Mathews, CEO and Director

/s/ Dawn Leeder, CFO

Wi2Wi Corporation
Unaudited Consolidated Interim Statements of Income
(In thousands of U.S. dollars, except net income per share)

Three months ended March 31,	2021	2020
Revenues	\$ 1,513	\$ 2,191
Cost of revenues (Note 8)	1,336	1,648
Gross profit	177	543
Operating expenses (Note 19)		
Research and development	96	138
Selling, general and administrative	383	389
Change in fair value of investment in Legend Oil and Gas Ltd.	-	-
Total operating expenses	479	527
Income (loss) from operations	(302)	16
Other income (expense) (Note 14)	(4)	(3)
Interest income (expense)	(46)	(11)
Income (loss) before income taxes	(352)	2
Provision for (benefit from) income tax (Note 23)	-	-
Net income (loss)	\$ (352)	\$ 2
Net income (loss) per share, basic and diluted (Note 17)	\$ (.0021)	\$.0001

See accompanying notes to consolidated financial statements.

Wi2Wi Corporation
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of U.S. dollars, except per share data)

	Common Shares		Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount				
Balances, January 1, 2019	147,100,755	\$ 28,653	\$ 3,871	\$ (2)	\$ (26,174)	\$ 6,348
Share-based compensation expense	977,652	113	(5)	-	-	108
Issuance of common shares in settlement of garnishment (Note 16)	4,000,000	227	-	-	-	227
Net comprehensive income	-	-	-	1	556	557
Balances, December 31, 2019	152,078,407	\$ 28,993	\$ 3,866	\$ (1)	\$ (25,618)	\$ 7,240
Share-based compensation expense	-	-	10	-	-	10
Net comprehensive loss	-	-	-	(1)	2	1
Balances, March 31, 2020	152,078,407	\$ 28,993	\$ 3,876	\$ (2)	\$ (25,616)	\$ 7,251
Share-based compensation expense	609,612	64	(27)	-	-	37
Net comprehensive loss	-	-	-	-	(590)	(590)
Balances, December 31, 2020	152,688,019	\$ 29,057	\$ 3,849	\$ (2)	\$ (26,206)	\$ 6,698
Share-based compensation expense	-	-	10	-	-	10
Net comprehensive loss	-	-	-	-	(352)	(352)
Balances, March 31, 2021	152,688,019	\$ 29,057	\$ 3,859	\$ (2)	\$ (26,558)	\$ 6,356

See accompanying notes to consolidated financial statements

Wi2Wi Corporation
Unaudited Consolidated Interim Statements of Cash Flows
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Three months ended March 31,	2021	2020
Cash Flows from Operating Activities		
Net income (loss)	\$ (352)	\$ 2
Adjustments for non-cash items:		
Depreciation and amortization	202	230
Share-based compensation	10	10
Change in fair value of investment in Legend Oil and Gas	-	-
Changes in non-cash working capital:		
Trade accounts receivable	(75)	157
Inventories	149	30
Prepaid expenses and other current assets	11	(36)
Accounts payable	20	(153)
Accrued liabilities	(7)	(159)
Net Cash Provided by (Used in) Operating Activities	(42)	81
Cash Flows from Investing Activity		
Additions to property and equipment	(10)	(27)
Net Cash Used in Investing Activity	(10)	(27)
Cash Flows from Financing Activities		
Proceeds of Economic Injury Disaster Loan	150	-
Proceeds of Paycheck Protection Loan	550	-
Lease payments	(124)	(185)
Net Cash Provided by (Used in) Financing Activities	576	(185)
Effects of exchange rate changes on cash and cash equivalents	-	(1)
Net increase (decrease) in Cash	524	(132)
Cash, beginning of year	1,739	2,180
Cash, at end of year	\$ 2,263	\$ 2,048

See accompanying notes to consolidated financial statements.

Wi2Wi Corporation

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

1. Nature and Description of the Company

Sargeant Bay Capital, Inc., a Canadian entity, was incorporated pursuant to the Canada Business Corporations Act on July 9, 2004. On December 12, 2005, Sargeant Bay Capital, Inc. changed its name to Wi2Wi Corporation (the “Company”) and became the legal parent of its wholly owned operating subsidiary, Wi2Wi Inc., a Delaware company, through a reverse takeover transaction. Wi2Wi Inc., headquartered in San Jose, California, was incorporated on April 29, 2005 and was mainly inactive until it acquired the original equipment manufacturing (OEM) products division of Actiontec Electronics on October 1, 2005.

Wi2Wi is a vertically integrated manufacturer providing wireless connectivity solutions, precision timing devices, frequency control products and microwave filters to the global market addressing various applications in the market segments; Internet of Things (IoT), Industrial Internet of Things (IoT/M2M/Industry 4.0), Avionics, Space, Military and Industrial. The Company shares trade on the TSX Venture Exchange under the symbol “YTY”.

On February 4, 2016, Wi2Wi LLC was organized in the State of Wisconsin, a wholly owned subsidiary of Wi2Wi Inc. to conduct all or a portion of the Company’s business in the State of Wisconsin.

On June 3, 2016, WI2WI (India) PRIVATE LIMITED was incorporated in India, as a wholly owned subsidiary of Wi2Wi, Inc. This is an engineering office for the wireless connectivity products, which works on developing new products.

In the first several months of 2020, the virus COVID-19 spread worldwide. On March 23, 2020, the United States Department of Homeland Security has designated the Company as part of the Critical Infrastructure Sector. The Company continues to operate with a reduced manufacturing work force in essential product lines and continues to monitor and insure employee welfare. As of the filing date, the extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

2. Basis of Preparation

The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated. The consolidated financial statements have been prepared on an accrual basis except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value.

Statement of Compliance and Authorization

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under IAS 34, Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). These unaudited condensed consolidated interim financial statements do not include all the information and notes required by IFRS for annual financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements and notes for the Company’s year ended December 31, 2020, which are available on SEDAR at www.sedar.com.

The unaudited condensed consolidated interim financial statements include the financial statements of Wi2Wi Corporation and its wholly owned subsidiaries, Wi2Wi Inc., Wi2Wi LLC and Wi2Wi (India) PRIVATE LIMITED. All intercompany balances and transactions have been eliminated on consolidation.

The Company operates as one segment. Substantially all assets of the Company are located in the United States.

Wi2Wi Corporation

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements of Wi2Wi Corporation for the three months ended March 31, 2021 have been prepared by Management and were authorized for issue in accordance with a resolution of the Board of Directors on May 13, 2021. Wi2Wi Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements, in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entities auditors.

3. Capital Management

The Company considers the items included in the consolidated statements of changes in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's definition of capital or capital management objectives during the three months ended March 31, 2021 and 2020.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

4. Significant Accounting Policies

Restricted Cash

As part of the collateral for a credit facility discussed in Note 22, the Company was required to deposit \$500 in a restricted account with the bank to repay any borrowings under the Facility. The cash collateral will be returned to the Company once certain financial covenants are met for the \$2 million revolving facility, or when the facility terminates in May 2021. The cash in the restricted account is interest bearing.

Trade Accounts Receivable

Management estimates a provision for impairment for collectability related to its trade accounts receivable balances. This provision is based on the customer relationships, the aging and turnover of trade accounts receivable, credit worthiness of customers, credit concentrations and payment history. Management's estimates include providing for 100% of specific customer balances when it is deemed probable that the balance is uncollectable. Credit terms to customers vary between net 30 days and net 120 days. Although management monitors collections and credit worthiness, the inability of a particular customer to pay its debts could impact collectability of receivables and could have an impact on future revenues if the customer is unable to arrange other financing. Management does not believe these conditions are reasonably likely to have a material impact on the collectability of its receivables or future revenues. Recoveries of accounts receivables previously written off are recorded when received. Accounts receivable are stated net of the provision for impairment.

Inventories

Inventories are recorded at the lower of cost (first in first out method) or net realizable value. Cost is determined on a first in first out basis and includes all costs of purchase, costs of conversion (direct costs and an allocation of fixed and variable production overheads) and other costs incurred in bringing the inventory to their present location and condition. Net realizable value is the estimated selling price less estimated costs to complete. As a supplier of system in package and modular products, inventory cost consists of amounts paid to the Company's contract manufacturers for product that is drop shipped to customers or shipped to the Company. Charges for

Wi2Wi Corporation

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

excess and obsolete inventory are recorded based on inventory age, shipment history and forecasted demand. The markets that the Company serves can be volatile and actual results may vary from the Company's forecast or other assumptions, potentially impacting the Company's inventory valuation and resulting in material effects on its gross margin. The Company sells product directly to end customers as well as through distributors.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, amortization and impairment losses. Depreciation and amortization are computed using the straight line method over estimated useful lives of:

- Three years for computer equipment and software;
- Five years for furniture and fixtures;
- Five to ten years for machinery and equipment;
- Over the term of lease or estimated useful life of leaseholds, whichever is shorter.

Useful lives and amortization methods are reviewed annually.

Impairment of Non-Financial Assets

Non-financial assets to be held and used by the Company are reviewed for possible impairment annually, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, the Company must estimate the difference between the carrying amount of the asset and the recoverable amount. If the carrying amount exceeds the recoverable amount, the difference is recognized as an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment charges can be subsequently reversed if they no longer exist but cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in the prior years. No impairment charges have been recorded for any of the periods presented.

Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost, using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period.. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as measured at amortized cost unless they are designated as measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

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Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to the Company's own credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information. For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade accounts receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The Company's financial instruments are accounted for as follows under IFRS 9:

	Classification	Measurement
Cash and restricted cash	Amortized cost	Amortized cost
Trade accounts receivable	Amortized cost	Amortized cost
Investment in Legend Oil and Gas Ltd,	FVTPL	Fair value
Accounts payable	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost
Warrant liability	FVTPL	Fair value
Note Payable	Amortized cost	Amortized cost

Wi2Wi Corporation
Notes to Unaudited Condensed Consolidated Interim Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Income Taxes

The Company applies the asset and liability approach to recording current and deferred taxes. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enacted or substantively enacted date.

Management periodically reviews the Company's provision for income taxes and deferred tax assets and liabilities to determine whether the overall tax estimates are reasonable. When management performs its assessments, it may be determined that an adjustment is required. These adjustments, if required, may have a material impact on the Company's consolidated financial position and profit or loss.

Foreign Currency

The Company's presentation currency is the US dollar. The functional currency of the Company's self-sustaining foreign subsidiaries, Wi2Wi Inc. and Wi2Wi LLC, are their local currency of US dollars. The functional currency of WI2WI (India) PRIVATE LIMITED foreign subsidiary is its local currency of Rupees. The functional currency of Wi2Wi Corporation is its local currency of Canadian dollars.

Foreign currency translation, transactions in other than the functional currency

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into the functional currency, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in profit or loss. There were no significant gains or losses arising from transactions denominated in currencies other than the functional currency for the three months ended March 31, 2021 and 2020.

Foreign currency translation, non-USD functional currency entities

For the preparation of these consolidated financial statements, all assets and liabilities are translated into the presentation currency of U.S. dollars ("USD") using the foreign exchange rate in effect as at the reporting date with revenue and expenses translated using the average exchange rate for the reporting or applicable period. Translation adjustments arising from changes in exchange rates are reported as a component of other comprehensive income and form part of the cumulative translation account in shareholders' equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation account related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Wi2Wi Corporation

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services. The Company's performance obligations are satisfied at a point in time.

The Company generally has one performance obligation in its arrangements involving the sale of frequency control and connectivity products. When the terms of a contract include the transfer of multiple products, each distinct product is identified as a separate performance obligation. Generally, satisfaction occurs when control of the promised goods is transferred to the customer in exchange for consideration in an amount for which the Company expects to be entitled. Generally, control is transferred when legal title of the asset moves from the Company to the customer. We sell our products to a customer based on a purchase order, and the shipping terms per each individual order are primarily used to satisfy the single performance obligation. However, in order to determine control has transferred to the customer, the Company also considers:

- when the Company has a present right to payment for the goods;
- when the Company has transferred physical possession of the goods to the customer;
- when the customer has the significant risks and rewards of ownership of the goods;
- when the customer has accepted the goods.

Significant Judgments

Certain of the Company's shipments include a limited return for which the Company recognizes revenue net of expected returns. A few distributors have stock rotation rights and have 60 days after a 12 month period to return inventory, at the Company's approval, from the first order placed for any new product. Returned product has historically been insignificant.

Disaggregated Revenue

We disaggregate our revenue from contracts with customers by product family and geographical areas as we believe it best depicts how the nature, timing and uncertainty of our revenue and cash flows are affected by economic factors. See details in the table below.

For the three months ended March 31,	2021	2020
Product Family		
Frequency Control	\$ 1,507	\$ 2,171
Connectivity	6	20
	\$ 1,513	\$ 2,191
For the three months ended March 31,	2021	2020
Geographical Area		
United States	\$ 1,334	\$ 1,763
Foreign Countries	179	428
	\$ 1,513	\$ 2,191

Wi2Wi Corporation
Notes to Unaudited Condensed Consolidated Interim Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Research and Development

Research costs are expensed and development costs are capitalized as an asset if certain criteria are satisfied. The development costs incurred in the three months ended March, 31, 2021 and 2020, respectively, did not satisfy the criteria and therefore were expensed.

Share-Based Payments

The Company has a stock option plan and issues stock options to directors, employees and other service providers. The fair value of options granted to employees, including directors, is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of stock options expected to vest. Estimates are subsequently revised, if there is any indication that the number of stock options expected to vest differs from previous estimates. All share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to contributed surplus. Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs and the amount originally credited to contributed surplus are allocated to share capital. Where equity instruments are granted to persons other than employees, profit or loss is charged with the fair value of goods and services received. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

Effective May 2017 the Company has a Restricted Share Unit Plan which was established as a method by which equity-based incentives may be awarded to the directors, officers and employees of, and consultants to, the Company to recognize and reward their significant contributions to the long-term success of the Company and to align their interests more closely with the shareholders of the Company.

The fair value of the Restricted Share Units ("RSUs") are measured at fair value at the date of grant and are expensed as compensation costs over the vesting period with a corresponding increase in contributed surplus. Fair value is determined as the average of the highest and lowest selling price of the Company's common stock on the day the RSUs are issued. Upon vesting of the RSUs the amount originally credited to contributed surplus is allocated to share capital.

Product Warranty

The Company offers a standard one-year product replacement warranty on its connectivity solutions. The Company assesses the level and materiality of return authorizations and determines the estimated returns for defective products at the time revenue is recognized. On occasion, management may determine to accept product returns beyond the standard one-year warranty period. In those instances, the Company accrues for the estimated cost at the time the decision to accept the return is made. As a consequence of the Company's standardized manufacturing processes and product testing procedures, returns of defective product are infrequent and the quantities have not been significant. Accordingly, historical warranty costs have not been material. Actual claim costs may differ from management's estimates. There was no accrual for warranty costs at March 31, 2021 or 2020.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares, except where the effect of including that dilutive instruments would be anti-dilutive.

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Notes to Unaudited Condensed Consolidated Interim Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term using the straight line method.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments and/or lease term arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company used the following practical expedients permitted by the standard:

- the use of the modified retrospective approach with no restatement of prior periods. For contracts previously classified as operating leases, the Company has elected for the right-of-use asset to equal the lease liability, adjusted for any prepaid amount; and
- the election not to recognize leases for which the underlying asset is of low value.

5. New Accounting Policies

New standards and interpretations adopted January 1, 2020:

No new standards were effective for annual periods beginning on or after January 1, 2020, that had a material impact on the Company's consolidated financial statements.

Wi2Wi Corporation
Notes to Unaudited Condensed Consolidated Interim Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

New standards and interpretations:

There are no new standards not yet adopted that are expected to have a material impact on the Company's consolidated financial statements.

6. Critical Accounting Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventories

Inventories are recorded at the lower of average cost (first in first out method) or net realizable value. Charges for excess and obsolete inventory are recorded based on inventory age, shipment history and forecasted demand. The Company's business is subject to technology changes which may cause selling prices to change rapidly. Moreover, the markets that the Company serves can be volatile and actual results may vary from the Company's forecast or other assumptions, potentially impacting the Company's inventory valuation and resulting in material effects on its profit or loss.

Useful Lives of Depreciable Assets

Management reviews the useful lives of property and equipment at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence. Details of the property and equipment useful lives are provided in Note 4.

Income Taxes

The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

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7. Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest.

	March 31, 2021	December 31, 2020
	\$ 1,140	\$ 1,065
Less provision for impairment of trade receivables	(15)	(15)
Trade receivables - net	\$ 1,125	\$ 1,050

8. Inventories

Inventories consist of:

	March 31, 2021	December 31, 2020
Raw materials	\$ 1,820	\$ 1,846
WIP Inventory	208	249
Finished goods	1,131	1,213
Total	\$ 3,159	\$ 3,308

For the three months ended March 31, 2021, inventories recognized as an expense in cost of revenues amounted to \$497 (2020- \$644). During the period, inventories were reviewed for obsolescence as part of ongoing operations. As at March 31, 2021, the obsolescence provision against inventories totaled \$1,164 (2020 - \$1,085).

9. Property and Equipment

	Machinery and Equipment	Computer Equipment and Software	Furniture and Fixtures	Leaseholds	Total
Cost					
At December 31, 2019	\$ 2,521	\$ 209	\$ 89	\$ 180	\$ 2,999
Additions	116	26	-	23	165
At December 31, 2020	2,637	235	89	203	3,164
Additions	-	10	-	-	10
At March 31, 2021	\$ 2,637	\$ 245	\$ 89	\$ 203	\$ 3,174
Accumulated Depreciation					
Balance, December 31, 2019	\$ 1,273	\$ 197	\$ 87	\$ 83	\$ 1,640
Additions	226	8	1	35	270
Balance, December 31, 2020	1,499	205	88	118	1,910
Additions	57	2	-	8	68
At March 31, 2021	\$ 1,556	\$ 207	\$ 88	\$ 126	\$ 1,978
Net Carrying Amount					
At December 31, 2020	\$ 1,138	\$ 30	\$ 1	\$ 85	\$ 1,254
At March 31, 2021	\$ 1,081	\$ 38	\$ 1	\$ 77	\$ 1,196

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10. Right Of Use Assets

	Premises	Equipment	Total
Cost			
Recognized January 1, 2020	\$ 4,340	\$ 379	\$ 4,719
Additions	-	-	-
Deletions	(679)	(133)	(813)
At December 31, 2020	3,661	246	3,906
Additions	-	-	-
Deletions	-	-	-
At March 31, 2021	\$ 3,661	\$ 246	\$ 3,906
Accumulated Depreciation			
Recognized January 1, 2020	\$ 517	\$ 99	\$ 616
Additions	491	119	610
Deletions	(679)	(133)	(813)
At December 31, 2020	329	85	413
Additions	118	17	135
Deletions	-	-	-
At March 31, 2021	\$ 447	\$ 102	\$ 548
Net Carrying Amount			
At December 31, 2020	\$ 3,332	\$ 161	\$ 3,493
At March 31, 2021	\$ 3,214	\$ 144	\$ 3,358

11. Related Parties

There are not any related party financing activities in the current or prior fiscal year.

12. Accrued Liabilities

Accrued liabilities consist of:

	March 31, 2021	December 31, 2020
Accrued compensation	\$ 229	\$ 165
Other accrued expenses	56	127
	\$ 285	\$ 292

13. Lease obligations

Lease obligations

Lease liability recognized at January 1, 2020	\$ 4,105
Leases entered into during the year	-
Payment of lease liability	(636)
Interest expense on lease obligations	93
Lease obligations, December 31, 2020	3,562
Leases entered into during the year	-
Payment of lease liability	(124)
Interest expense on lease obligations	43
Lease obligations at March 31, 2021	\$ 3,531

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Maturity analysis of the contractual undiscounted cash flows for lease obligations

Less than one year (current portion)	\$ 622
One to five years	2,838
Over five years	781
Total undiscounted lease obligations	\$ 4,241
Lease obligations	\$ 3,110
Current portion of lease obligations	421
Lease obligations at March 31, 2021	\$ 3,531

14. Paycheck Protection Program Loan and Economic Injury Disaster Loan

In January 2021, the Company obtained a second Paycheck Protection Program Loan with the U.S. Small Business Administration in the amount of \$550. The Paycheck Protection Program (PPP) is a \$669-billion business loan program established by the 2020 US Federal government Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to help certain businesses, self-employed workers, sole proprietors, certain nonprofit organizations, and tribal businesses continue paying their workers.

The PPP allows entities to apply for low-interest private loans to pay for their payroll and certain other costs. The amount of a PPP loan is approximately equal to 2.5 times the applicant's average monthly payroll costs. The loan proceeds may be used to cover payroll costs, rent, interest, and utilities. The loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. The PPP is implemented by the U.S. Small Business Administration.

In January 2021 the company also received an Economic Injury Disaster Loan (EIDL) in the amount of \$150. EIDL provides the necessary working capital to help small businesses impacted by a disaster survive until normal operations resume. This is provided by the U. S. Small Business Administration.

15. Note Payable

During 2019, the Company obtained a note payable with a bank with an original principal amount of \$223. The note is payable in monthly installments of \$5 at an interest rate of 4.99% per annum. The note is secured by a piece of equipment financed through the note.

Balance December 31, 2019	\$ 223
Payments made	(57)
Balance December 31, 2020	166
Payments made	(13)
Balance March 31, 2021	\$ 153

Future minimum payments on the note payable for the years then ended are as follows:

March 31,	
2021	\$ 41
2022	56
2023	56
	\$ 153

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16. Legal Proceedings

Accrual for Legal Proceedings and Settlement

From time to time, third parties have asserted, and may in the future assert claims against the Company related to disputes in the normal course of business. At this time, there are no such claims against the Company which are expected to be material to the Company's profit or loss, or financial condition.

17. Share Capital

Common Shares The authorized capital stock of the Company consists of an unlimited number of common shares. Holders of common shares are entitled to one vote for each share held on all matters submitted to a vote of shareholders.

Per Share Calculation

The basic and diluted loss per share has been calculated based on 152,688,019 and 164,962,693 weighted average shares outstanding, respectively, for the year ended March 31, 2021. The basic and diluted income per share has been calculated based on 152,078,407 and 164,353,081 weighted average shares outstanding for the year ended March 31, 2020.

18. Share-Based Payments and Warrants

Stock Option Plan

At March 31, 2021, the Company had only one stock option plan, the Wi2Wi Corporation Stock Option Plan (the Plan). Options are granted at an exercise price not less than the fair value of the Company's shares at the date of grant. Options granted to employees, directors, officers and certain consultants have an expiration date that is up to 10 years from the grant date, generally vest over periods of up to 48 months as determined by the Board of Directors.

The following table summarizes the stock options:

	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2019	3,876,979	\$ 0.12
Options forfeited or expired ¹	(600,000)	0.14
Options forfeited or expired ²	(80,000)	0.15
Options granted ²	1,300,000	0.15
Options outstanding at December 31, 2020	4,496,979	0.09
Options forfeited or expired	-	-
Options granted	-	-
Options outstanding at March 31, 2021	4,496,979	\$ 0.09

1. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the June 30, 2020 exchange rate of 1.36110.

2. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the December 31, 2020 exchange rate of 1.27523.

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The following table summarizes stock options outstanding and exercisable as of March 31, 2021:

Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Options Exercisable
0.13 ¹	2,191,500	.88	2,191,500
0.04 ²	1,300,000	6.65	650,000
0.06 ³	1,000,000	5.25	1,000,000
0.46	5,479	0.48	5,479
	4,496,979	3.52	3,846,979

1. These stock options have an exercise price of CAD \$0.17 and have been converted to US\$ at the March 31, 2021 exchange rate of 1.25753 for disclosure purposes here.

2. These stock options have an exercise price of CAD \$0.045 and have been converted to US\$ at the March 31, 2021 exchange rate of 1.25753 for disclosure purposes here.

3. These stock options have an exercise price of CAD \$0.075 and have been converted to US\$ at the March 31, 2021 exchange rate of 1.25753 for disclosure purposes here.

The fair value of each employee option is estimated on the date of grant using the Black-Scholes option pricing model and expensed using the graded vesting method over the related service period. The Company estimates its expected stock price volatility using an average historical volatility of a group of similar publicly traded companies over a period equal to the expected term of options granted. The Company estimates the expected term of options granted as being the time from grant to vest plus the midpoint of the time from vest to option expiration. The risk-free interest rate for periods within the contractual life of the option is based on U.S. Treasury zero-coupon rates for the expected term of the option.

Restricted Share Units (RSU's)

At March 31, 2021, the Company had the Wi2Wi Corporation Restricted Share Unit Plan.

The following table summarizes the RSU's issued by the Company:

	RSU's	Weighted Average Grant Date Fair Value
RSU's outstanding at December 31, 2019	1,181,576	\$ 0.11
RSU's vested	(609,612)	0.11
RSU's outstanding at December 31, 2020	571,964	0.11
RSU's vested	-	0.11
RSU's outstanding at March 31, 2021	571,964	\$ 0.11

RSUs are measured at fair value at the date of grant and are expensed over the vesting period with a corresponding increase in contributed surplus. Fair value of an RSU is determined as the average of the highest and lowest selling price of the Company's stock on the RSU grant date.

Share-based compensation expense related to stock options and RSU's is charged to selling, general and administrative, as follows:

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March 31,	2021	2020
Selling, general and administrative	\$ 10	\$ 10
	\$ 10	\$ 10

Warrants

The following table summarizes the warrants issued by the Company as of March 31, 2021:

	Warrants	Weighted Average Exercise Price
Warrants outstanding at December 31, 2019	12,274,674	\$ 0.09
Warrants outstanding at December 31, 2020	12,274,674	0.09
Warrants outstanding at March 31, 2021	12,274,674	\$ 0.09

In April 2017, the Company issued 12,499,674 warrants, with an exercise price of CAD \$0.11 (\$0.09), in connection with a private placement. The warrants are fully vested. The warrants include a feature in which the exercise price would be adjusted in the event of a down round financing and the warrants are therefore accounted for as liabilities. The Company determined the warrants had a fair value of CAD \$451 (\$337), which is a fair value of CAD \$0.04 (USD\$0.03) per warrant, at the issuance date and has revalued the warrant liability to fair value at each reporting period thereafter. The warrant liability fair value is CAD \$9 (\$7) at March 31, 2021 and CAD \$9 (\$7) at December 31, 2020.

The Company used the Black-Scholes option pricing model, to determine the fair value of the warrants. At December 31, 2019 the Company used assumptions related to the stock price (CAD\$0.065), time to expiration (2.26 years), volatility (48.5%), and risk free interest rate (1.7%), as well as considerations regarding any future events that may trigger the warrant exercise price adjustment. At December 31, 2020 the Company used assumptions related to the stock price (CAD \$0.045), time to expiration (1.25 years), volatility (53.6%), and risk free interest rate (0.2%), as well as considerations regarding any future events that may trigger the warrant exercise price adjustment.

The change in warrant liability fair value between December 31, 2019 and December 31, 2020 of CAD \$96 (\$ 76) is recorded as warrant liability revaluation in profit or loss. The warrant liability is included as a non-current liability in the consolidated statement of financial position, based on the expiry date of the warrants.

Summarized information about warrants as of March 31, 2021 is as follows:

Exercise Prices	Warrants Outstanding	Weighted Average Remaining Contractual Life	Warrants Exercisable
\$0.09	12,274,674	1.01	12,274,674

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19. Expenses by Nature

For the three months ended March 31,	2021	2020
Research and Development		
Compensation	\$ 80	\$ 117
Other costs	16	21
Total research and development	\$ 96	\$ 138
Selling, General and Administrative Expenses		
Compensation	\$ 193	\$ 215
Depreciation	38	40
Facility related expenses	16	15
Professional and consulting services	36	27
Other costs	100	92
Total selling, general and administrative	\$ 383	\$ 389

20. Business Risks and Concentrations

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations when they fall due. The Company does not believe it has significant liquidity risk. As of March 31, 2021, the Company did not have any debt outstanding and reported cash outflows from operations.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises on cash and restricted cash, and trade accounts receivable. The Company believes it has no significant credit risk with respect to cash and restricted cash balances which are maintained with national banks. The maximum exposure is equal to the carrying amount of these financial assets.

The Company had significant exposure to several customers as of March 31, 2021 and December 31, 2020 as follows:

Customer	March 31, 2021		December 31, 2020	
	Revenue %	Trade Accounts Receivable %	Revenue %	Trade Accounts Receivable %
A	22%	46%	15%	37%
B	15%	15%	10%	7%
C	8%	3%	6%	2%

The Company has \$237 and \$142 in outstanding receivables over 90 days at March 31, 2021 and December 31, 2020, respectively.

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Market risk

Market risk is the risk that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company believes it has no significant market risk.

Interest rate risk

Interest rate risk is the risk from the Company's exposure to increases and decreases in financial instrument values caused by fluctuations in interest rates. The Company has cash and restricted cash balances. The interest earned approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates as it does not have any fluctuating interest bearing debt.

Foreign currency risk

The Company is exposed to minimal foreign currency risk due to the infrequency of transactions in currencies other than the US dollar. The Company does not use derivatives to hedge against this risk. At March 31, 2020 the Company had accounts payable and accrued liabilities denominated in foreign currencies of CDN \$13 (2020-CDN \$8).

Price risk

The Company is not exposed to material price risk with respect to commodity or equity prices, other than the warrant liability (note 18).

21. Fair Value of Financial Assets and Liabilities

The Company's financial instruments at March 31, 2021 include cash, restricted cash, trade accounts receivable, Investment in Legend Oil and Gas Ltd., accounts payable, accrued liabilities, note payable and warrant liability. The carrying amounts of cash, restricted cash, trade accounts receivable and accounts payable approximate their fair value amounts due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. The fair value of the note payable approximates carrying value as it bears a market rate of interest. The investment in Legend Oil and Gas Ltd., and the warrant liability are reported at their fair values.

When applicable, the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The investment in Legend Oil and Gas Ltd. is a level 1 valuation, the fair value of the warrant liability has been determined using a level 3 technique, since recognition. There were no transfers into or out of level 3.

22. Credit Facility

On March 18, 2016 the Company entered into a \$ 2 million revolving credit facility ("Facility") with Wells Fargo Bank, National Association ("Wells Fargo"). Under the agreement, the Company is required to deposit \$500 with Wells Fargo to serve as collateral for the Facility, and that \$500 is presented as restricted cash on the consolidated statement of financial position. Borrowings up to \$500 are available until the Company meets two financial covenants (defined below), fully collateralized by the deposit. Once the financial covenants are met and the Company chooses to use the revolving credit facility, the collateral of \$500 will be returned to the Company.

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From that point, borrowings are limited based on a percentage of trade accounts receivable and inventories. The financial covenants have not been met at March 31, 2021, but the Company has chosen not to use the \$2 million revolving credit facility at this time.

The restricted cash of \$500 is shown as a separate line item on the consolidated statement of financial position.

The interest on the Facility is LIBOR (floor of 1%) plus 2.75%, with an annual “unused” fee of 25bps on the \$500, charged quarterly. The Company has granted a security interest to Wells Fargo on all the property of the Company. Interest only payments are due monthly with the principal due at maturity, which will be May 31, 2021.

There have been no borrowings as of March 31, 2021 and 2020.

Financial covenants:

- (a) Statement of financial position leverage of less than or equal to 3, defined as total liabilities divided by tangible net worth tested on a quarterly basis.
- (b) Minimum net income greater than one dollar, tested on a quarterly basis on a rolling twelve month basis.

23. Key Management Personnel Compensation

The remuneration of key management personnel of the Corporation, includes both members of the Board of Directors and leadership team, which includes the CEO and CFO, is set out below in aggregate:

For years ended March 31,	2021	2020
Officer compensation	\$ 60	\$ 76
Share-based compensation	-	-
Benefits and other personnel costs	12	10
Share-based compensation current directors	7	4
Travel expenses current directors	-	2
	\$ 79	\$ 92

24. Subsequent events

The Company evaluates events that occur through the filing date and discloses any material events or transactions.