



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2021 AND 2020**

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102 “Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor, Crowe MacKay LLP, has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

August 30, 2021

LITE ACCESS TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2021 and September 30, 2020
(Unaudited - in Canadian dollars)

| | Notes | June 30 2021 \$ | September 30 2020 \$ |
|--|-------|-----------------------|----------------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 1,037,580 | 1,486,633 |
| Amounts receivable | | 2,466,551 | 5,708,184 |
| Holdbacks receivable | | 108,878 | 25,032 |
| Prepaid expenses and deposits | | 43,778 | 103,729 |
| Contract assets | 10 | 78,255 | 1,138,986 |
| Inventory | 5 | 587,817 | 383,191 |
| | | 4,322,859 | 8,845,755 |
| Long-Term | | | |
| Property, plant and equipment | 6 | 2,590,699 | 2,803,399 |
| Total Assets | | 6,913,558 | 11,649,154 |
| Liabilities and Shareholders' Equity (Deficiency) | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | 2,898,938 | 9,066,152 |
| Accrued provision for onerous contract | 3 | - | 3,315,147 |
| Business acquisition payable | 4 | 438,365 | - |
| Revolving credit facility | 4,9 | 437,544 | - |
| Current portion of long-term debt | 7 | 40,467 | 36,488 |
| Current portion of lease liabilities | 8 | 338,960 | 247,515 |
| | | 4,154,274 | 12,665,302 |
| Long-Term Liabilities | | | |
| Long-term debt | 7 | 112,060 | 121,940 |
| Lease liabilities | 8 | 226,354 | 260,385 |
| Business acquisition payable | 4 | 397,581 | - |
| Deferred income tax liability | 4 | 229,707 | - |
| Total Liabilities | | 5,119,976 | 13,047,627 |
| Shareholders' Equity (Deficiency) | | | |
| Share capital | 11 | 37,353,117 | 36,195,815 |
| Reserves | | 5,750,538 | 5,114,969 |
| Accumulated other comprehensive income (loss) | | - | 95,692 |
| Deficit | | (41,310,073) | (42,804,949) |
| Total Shareholders' Equity (Deficiency) | | 1,793,582 | (1,398,473) |
| Total Liabilities and Shareholders' Equity (Deficiency) | | 6,913,558 | 11,649,154 |

Going concern (Note 1)

Approved by the Board of Directors:

"Greg Smith"

Greg Smith, Director

"David Toyoda"

David Toyoda, Director

The accompanying notes form an integral part of these consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Nine Months Ended June 30, 2021 and 2020

(Unaudited - in Canadian dollars)

| | | Three Months Ended June 30, 2020 (As reclassified Note 3) | Three Months Ended June 30, 2021 | Nine Months Ended June 30, 2020 (As reclassified Note 3) | Nine Months Ended June 30, 2021 | |
|---|------|---|--|--|---------------------------------------|--------------------|
| | Note | \$ | \$ | \$ | \$ | |
| Revenue | 10 | | 1,621,794 | 699,896 | 5,647,081 | 1,605,226 |
| Cost of Sales | | | | | | |
| Purchases and subcontractor costs | | | 648,398 | 477,808 | 3,647,175 | 1,036,682 |
| Direct wages | | | 398,069 | 61,616 | 873,475 | 424,215 |
| Vehicle and travel | | | 138,333 | 56,438 | 347,134 | 193,742 |
| Amortization | 6 | | 153,065 | 103,487 | 359,694 | 297,804 |
| Freight | | | 4,987 | 2,292 | 6,466 | 674 |
| Rentals | | | 100,000 | 24,233 | 150,914 | 24,233 |
| | | | <u>1,442,852</u> | <u>725,874</u> | <u>5,384,858</u> | <u>1,977,350</u> |
| Gross Margin | | | <u>178,942</u> | <u>(25,978)</u> | <u>262,223</u> | <u>(372,124)</u> |
| Operating Expenses | | | | | | |
| Advertising and promotions | | | - | - | - | 1,966 |
| Amortization | 6 | | 61,536 | 17,526 | 123,927 | 47,878 |
| Insurance | | | 62,649 | 28,265 | 166,229 | 106,475 |
| Listing and filing fees | | | 3,710 | 4,901 | 34,963 | 39,747 |
| Office and supplies | | | 74,603 | 55,483 | 159,056 | 149,643 |
| Professional fees | | | 31,181 | 86,744 | 241,767 | 249,575 |
| Rental | | | 18,322 | 37,645 | 71,981 | 104,252 |
| Repairs and maintenance | | | 11,321 | 4,575 | 15,093 | 8,927 |
| Share-based payments | 12 | | 216,217 | 151,135 | 605,307 | 512,631 |
| Training | | | 2,593 | 220 | 5,117 | 4,565 |
| Travel and trade shows | | | 11,086 | 2,178 | 14,242 | 86,207 |
| Wages and consulting | 13 | | 573,260 | 240,381 | 1,352,332 | 1,015,072 |
| | | | <u>1,066,478</u> | <u>629,053</u> | <u>2,790,014</u> | <u>2,326,938</u> |
| (Loss) from continuing operations | | | <u>(887,536)</u> | <u>(655,031)</u> | <u>(2,527,791)</u> | <u>(2,699,062)</u> |
| Other Income (Expenses) | | | | | | |
| Interest income | | | 510 | 3,136 | 3,734 | 4,502 |
| Interest expense | | | (14,780) | (4,630) | (30,493) | (14,104) |
| Gain on disposal of fixed assets | | | - | - | - | 44,750 |
| Foreign exchange gain (loss) | | | 5,164 | (721) | (2,301) | 8,675 |
| | | | <u>(9,106)</u> | <u>(2,215)</u> | <u>(29,060)</u> | <u>43,823</u> |
| Net (loss) from continuing operations | | | <u>(896,642)</u> | <u>(657,246)</u> | <u>(2,556,851)</u> | <u>(2,655,239)</u> |
| Gain (Loss) on translation to presentation currency | | | - | - | (95,692) | 70,322 |
| Net comprehensive (loss) from continuing operations | | | <u>(896,642)</u> | <u>(657,246)</u> | <u>(2,652,543)</u> | <u>(2,584,917)</u> |
| Net income (loss) from discontinued operations | 3 | | - | (474,051) | 4,051,727 | (1,292,962) |
| Net comprehensive income (loss) | | | <u>(896,642)</u> | <u>(1,131,297)</u> | <u>1,399,184</u> | <u>(3,877,879)</u> |
| Earnings (Loss) per Common Share-Continuing operations-Basic/Diluted | | | (0.01) | (0.01) | (0.04) | (0.05) |
| Earnings (Loss) per Common Share-Discontinued operations - Basic | | | - | (0.01) | 0.07 | (0.03) |
| Earnings (Loss) per Common Share-Discontinued operations - Diluted | | | - | (0.01) | 0.06 | (0.02) |
| Weighted Average Number of Shares Outstanding - Basic | | | 64,207,098 | 51,069,332 | 61,408,178 | 47,041,723 |
| Weighted Average Number of Shares Outstanding - Diluted | | | <u>73,557,298</u> | <u>63,483,699</u> | <u>70,758,378</u> | <u>59,456,090</u> |

The accompanying notes form an integral part of these consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Three and Nine Months Ended June 30, 2021 and 2020

(Unaudited - in Canadian dollars)

| | Number of shares | Share capital \$ | Option reserve \$ | Warrant reserve \$ | Accumulated other comprehensive income or (loss) \$ | Deficit \$ | Total \$ |
|---|---------------------|---------------------|-------------------------|--------------------------|---|---------------|-------------|
| Balance at September 30, 2020 | 59,176,431 | 36,195,815 | 3,863,531 | 1,251,438 | 95,692 | (42,804,949) | (1,398,473) |
| Shares issued per private placement | 5,040,000 | 1,260,000 | - | - | - | - | 1,260,000 |
| Share issue costs paid | - | (77,136) | - | - | - | - | (77,136) |
| Fair value for broker warrants issued | - | (34,713) | - | 34,713 | - | - | - |
| Exercise of stock options | 15,667 | 4,700 | - | - | - | - | 4,700 |
| Fair value for options exercised | - | 4,451 | (4,451) | - | - | - | - |
| Share-based payments | - | - | 605,307 | - | - | - | 605,307 |
| Income (loss) from continuing operations | - | - | - | - | - | (2,556,851) | (2,556,851) |
| Income (loss) from discontinued operations (Note 3) | - | - | - | - | - | 4,051,727 | 4,051,727 |
| Gain (loss) on translation to presentation currency | - | - | - | - | (95,692) | - | (95,692) |
| Balance at June 30, 2021 | 64,232,098 | 37,353,117 | 4,464,387 | 1,286,151 | - | (41,310,073) | 1,793,582 |
| Balance at September 30, 2019 | 43,569,832 | 27,570,246 | 3,540,113 | 1,232,604 | (70,322) | (25,366,809) | 6,905,832 |
| Shares issued per private placement | 7,010,000 | 3,505,000 | - | - | - | - | 3,505,000 |
| Share issue costs paid | - | (178,150) | - | - | - | - | (178,150) |
| Fair value for broker warrants issued | - | (1,763,464) | - | 1,763,464 | - | - | - |
| Exercise of stock options | 1,133,333 | 284,400 | - | - | - | - | 284,400 |
| Share-based payments | - | - | 512,631 | - | - | - | 512,631 |
| Income (loss) from continuing operations | - | - | - | - | - | (2,655,239) | (2,655,239) |
| Income (loss) from discontinued operations (Note 3) | - | - | - | - | - | (1,292,962) | (1,292,962) |
| Gain (loss) on translation to presentation currency | - | - | - | - | 70,322 | - | 70,322 |
| Balance at June 30, 2020 | 51,713,165 | 29,418,032 | 4,052,744 | 2,996,068 | - | (29,315,010) | 7,151,834 |

Accumulated other comprehensive income (loss) arises from the translation of Lite Access Technologies (UK) Limited's operations from its functional to presentation currency.

The accompanying notes form an integral part of these consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash Flows
For the Three and Nine Months Ended June 30, 2021 and 2020
(Unaudited - in Canadian dollars)

| | Note | Three Months Ended June 30, 2021 \$ | Three Months Ended June 30, 2020 (As reclassified Note 3) \$ | Nine Months Ended June 30, 2021 \$ | Nine Months Ended June 30, 2020 (As reclassified Note 3) \$ |
|--|------|---|---|--|--|
| Cash Flows Used by Operating Activities | | | | | |
| Net loss for the period from continuing operations | | (896,642) | (657,246) | (2,556,851) | (2,655,239) |
| Items not effecting cash | | | | | |
| Foreign exchange (gain) | | (5,164) | 1,276 | (93,391) | (8,378) |
| Share-based payments | | 216,217 | 151,135 | 605,307 | 512,631 |
| Amortization | | 214,601 | 121,015 | 483,621 | 345,684 |
| Gain on disposal of property, plant and equipment | | - | - | - | 44,750 |
| Changes in non-cash working capital balances | | | | | |
| Amounts receivable | | 745,359 | (215,178) | 396,112 | 802,282 |
| Holdbacks receivable | | (96,294) | 68,858 | (83,846) | 53,893 |
| Prepaid expenses and deposits | | (35,620) | (6,515) | 168,001 | (54,365) |
| Contract assets | | 275,697 | (161,675) | 1,060,731 | (360,383) |
| Inventory | | - | 23,449 | 144,033 | (8,112) |
| Accounts payable and accrued liabilities | | (267,008) | 228,172 | (727,035) | 327,186 |
| Acquisition payable and contingent consideration | | - | - | - | - |
| Revolving credit facility | | (22,284) | - | 175,192 | - |
| Total Cash Flows Used by Operating Activities | | 128,865 | (446,707) | (428,127) | (1,000,051) |
| Cash Flows Used by Investing Activities | | | | | |
| Proceeds from disposal of property, plant and equipment | | - | (39,218) | - | 2,059 |
| Purchase of property, plant and equipment | | (3,035) | - | (99,864) | (38,851) |
| Total Cash Flows Used by Investing Activities | | (3,035) | (39,218) | (99,864) | (36,792) |
| Cash Flows Provided by Financing Activities | | | | | |
| Long-term debt repayments | | (10,374) | (8,873) | (25,771) | (62,543) |
| Lease repayments | | (101,823) | 60,601 | (206,084) | (100,571) |
| Proceeds from private placement | | - | - | 1,260,000 | 3,505,000 |
| Share issuance costs | | - | - | (77,136) | (178,150) |
| Exercise of stock options | | - | 162,025 | 4,700 | 284,400 |
| Total Cash Flows Provided by Financing Activities | | (112,197) | 213,753 | 955,709 | 3,448,136 |
| Foreign Exchange on Cash and Cash Equivalents | | 5,160 | (71,310) | (2,301) | 8,375 |
| Net (decrease) in cash from discontinued operations | 3 | - | (12,687) | (874,471) | (1,072,550) |
| Change in Cash and Cash Equivalents | | 18,795 | (356,170) | (449,053) | 1,347,117 |
| Cash and Cash Equivalents, Beginning of Period | | 1,018,785 | 2,920,022 | 1,486,633 | 1,216,735 |
| Cash and Cash Equivalents, End of Period | | 1,037,580 | 2,563,852 | 1,037,580 | 2,563,852 |

The accompanying notes form an integral part of these consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2021 and 2020

(Unaudited - in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lite Access Technologies Inc. ("Lite Access" or the "Company") is an international manufacturer, distributor, and installer of fibre optic technology, specializing in microducts and air-blown fibre. Lite Access is a public company listed as a Tier 1 Industrial Issuer on the TSX Venture Exchange ("TSX-V") under the stock symbol "LTE".

Lite Access was incorporated on October 20, 2003, under the Business Corporations Act (British Columbia). The head office is located at 20108 Logan Avenue, Langley, British Columbia, Canada, V3A 4L6, and its registered and records office is located at 704 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

In November 2020, the Company's 100% subsidiary, Lite Access Technologies (UK) Limited ("LAT UK"), suspended operations on its contracts with CityFibre. After continued discussions which the Company entered into in good faith with its customer regarding contractual challenges and operational inefficiencies, all in the context of a very challenging COVID environment, the Company received a notice from its customer that the Company had allegedly committed a repudiatory breach of its contracts for FTTP installation in Cambridge, Lowestoft and Bury St Edmunds (the "contracts") by its suspension of works. Based on the alleged repudiatory breaches, the customer has purported to terminate its engagement with LAT UK under all of the contracts. As a result, the Company took immediate steps to mitigate any unnecessary cash burn for its UK operations and elected to file a notice of intent to appoint an administrator (the "NOI") to create a moratorium over the Company in order to protect the assets of LAT UK. On January 26, 2021, the UK business officially appointed FRP Advisory Trading Limited as administrators. As a result, the Company no longer has control over the UK business and the LAT UK financial results have been classified as a discontinued operation as at March 31, 2021 (Note 3). LAT UK financial results were prepared using the liquidation basis of accounting, thereby measuring its assets based on their net realize value and its liabilities based on settlement amounts. While the Company believes it has fulfilled all of its obligations under the contracts to the date of its termination, it is possible claims may be levied against the Company, which the Company intends to vigorously defend, as well as potential remedies. As such, the onerous contract provision did not include any amounts for possible claims.

On March 5, 2021, the Company completed the acquisition of all of the issued and outstanding shares of AMEC Cutting & Coring Limited ("AMEC"), a British Columbia based company that carries on the business of concrete cutting, coring and fibre installation, pursuant to the terms of a share purchase agreement. Accordingly, AMEC has become a wholly-owned subsidiary of the Company as of March 5, 2021 (Note 4).

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has not yet achieved consistently profitable operations, having incurred a net loss of \$2,556,851 from continuing operations during the nine months ended June 30, 2021 and has accumulated a deficit of \$41,310,073 as at June 30, 2021. The Company's continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations. Management plans to continue to deliver contracts and obtain new contracts and ensure the Company can generate sustainable, long-term profitability. The Company may need to raise additional funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast

LITE ACCESS TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2021 and 2020**

(Unaudited - in Canadian dollars)

significant doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern may require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis. These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**Statement of Compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. In preparation of these unaudited condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2020.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 30, 2021.

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for those items measured at fair value or liquidation value for LAT UK. The UK business has been classified as a discontinued operation and certain prior year comparatives have been reclassified to conform with the current year presentation. In addition, these unaudited interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The notes presented in these unaudited condensed interim consolidated financial statements include in general only significant changes and transactions occurring since September 30, 2020. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020.

3. DISCONTINUED OPERATIONS

As described in Note 1, on January 26, 2021, the UK business officially appointed FRP Advisory Trading Limited as administrators. Accordingly, the Company no longer has control over the UK business as of the date of the appointment of the administrators. As a result, LAT UK financial results have been classified as a discontinued operation as at June 30, 2021. Certain prior year comparative figures have been reclassified to compare with the current year presentation.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2021 and 2020**

(Unaudited - in Canadian dollars)

The gain (loss) from discontinued operations is as follows:

| | Nine Months Ended June 30, 2021 | Nine Months Ended June 30, 2020 |
|-------------------------------------|--|--|
| Revenue | \$ 4,201,481 | \$ 7,969,324 |
| Cost of Sales | (5,518,648) | (6,440,551) |
| Operating expenses | (2,188,131) | (2,821,735) |
| Onerous contract provision reversal | 3,315,147 | - |
| Debt extinguishment | 4,241,878 | - |
| Net income (loss) | \$ 4,051,727 | \$ (1,292,962) |

Net cash flow from the discontinued operations are as follows:

| | Nine Months Ended June 30, 2021 | Nine Months Ended June 30, 2020 |
|--|--|--|
| Net cash provided (used) by operating activities | \$ (874,342) | \$ (906,578) |
| Net cash provided (used) by investing activities | - | (9,347) |
| Net cash provided (used) by financing activities | (129) | (156,625) |
| | \$ (874,471) | \$ (1,072,550) |

The carrying value comprising the debt extinguishment is as follows:

| | January 26, 2021 |
|---|-------------------------|
| Assets | |
| Cash and cash equivalent | \$ 746,973 |
| Accounts receivable and holdback | 3,328,520 |
| Inventory | 68,236 |
| Property, plant and equipment | 1,476,921 |
| | 5,620,650 |
| Liabilities | |
| Account payable and accrued liabilities | 9,447,235 |
| Lease liabilities | 352,641 |
| Accumulative comprehensive income | 62,653 |
| | 9,862,528 |
| Net gain on debt extinguishment | \$ 4,241,878 |

During the year ended September 30, 2020, the Company recognized a \$3,315,147 onerous contract provision related to its contract between LAT UK and CityFibre. The agreement is currently subject of further administrative and potentially legal proceedings. The costs and purchase obligation under the contract exceed the economic benefit expected to be received prior to the termination of the contract. The onerous contract provision is calculated by taking the expected future cost that will be incurred under the contract and deducting any estimated revenues up to the date of the termination of the contract. The actual results can vary significantly from these estimates with

LITE ACCESS TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2021 and 2020

(Unaudited - in Canadian dollars)

consequent variability in the amounts of the provision recorded. While the Company believes it has fulfilled all of its obligations under the contracts to the date of its termination, it is possible claims may be levied against the Company, which the Company intends to vigorously defend, as well as potential remedies. As such, the onerous contract provision does not include any amounts for possible claims. During the nine months ended June 30, 2021, the Company reversed \$3,315,147 of the onerous contract provision related to the losses associated with the period as they have been previously accrued.

4. ACQUISITION OF AMEC

On March 5, 2021, the Company, through its wholly owned subsidiary Lite Access Technologies (Canada) Inc. ("LTE Canada") completed the acquisition of all of the outstanding shares of AMEC. Pursuant to the purchase agreement, LTE Canada will pay cash consideration \$500,000 on the first anniversary of the closing of the transaction and earn-out payments as follows:

- (i) 10% of the annual EBITDA of LTE Canada and AMEC for 31 months after the closing date; and
- (ii) 5% of the annual EBITDA of LTE Canada and AMEC for an additional 36 months.

For a period of three years following the closing, the Company at its sole option, will have the right to make a one-time payment of \$500,000 to satisfy all earn-out payments.

Concurrent with closing, Mr. Curkovic (previous owner of AMEC) was retained as General Manager of LTE Canada, reporting to the CEO and granted 500,000 options with an exercise price of \$0.29 per share for a period of five years from the date of grant, subject to certain vesting requirements.

The acquisition of AMEC was accounted for as a business combination in accordance with IFRS 3 Business Combination using the acquisition method. The Company was identified as the acquirer. AMEC's assets and liabilities were remeasured at their individual fair value as at March 5, 2021 and AMEC's financial results have been consolidated commencing from March 5, 2021. For the period from March 5, 2021 to June 30, 2021, gross revenue \$1,124,898 and net loss \$118,682 have been included in the condensed interim consolidated statement of operations and comprehensive loss.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2021 and 2020**

(Unaudited - in Canadian dollars)

The following summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

| | March 5, 2021 | |
|--|----------------------|----------------|
| Preliminary purchase price | | |
| Cash | \$ | 500,000 |
| Working capital adjustments | | (61,635) |
| Contingent consideration | | 397,581 |
| | \$ | 835,946 |
| Fair value of net assets acquired | | |
| Accounts receivable | \$ | 514,599 |
| Prepaid and deposits | | 76,450 |
| Inventory | | 416,896 |
| Property, plant and equipment | | 1,511,585 |
| Accounts payable and accrued liabilities | | (691,909) |
| Lease liabilities | | (499,616) |
| Revolving credit facilities | | (262,352) |
| Deferred tax liability | | (229,707) |
| | \$ | 835,946 |

The fair value of the contingent consideration is based on the estimated earn-out payments using discounted cash flows and a discount rate of 10%. Estimated earn-out payments can be materially different from actual amounts paid.

5. INVENTORY

| | June 30, 2021 | September 30, 2020 |
|---|----------------------|---------------------------|
| | \$ | \$ |
| Opening inventory | 383,191 | 224,349 |
| Purchases | 936,929 | 5,374,554 |
| Additions from acquisition of AMEC (Note 4) | 416,896 | - |
| Cost of goods sold | (1,080,963) | (3,982,741) |
| Disposal | (68,236) | (1,232,971) |
| Closing inventory | 587,817 | 383,191 |

LITE ACCESS TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2021 and 2020**

(Unaudited - in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

| | Furniture and fixtures \$ | Computer equipment \$ | Equipment \$ | Automotive equipment \$ | Leasehold improvement \$ | Right-of-Use Assets \$ | Total \$ |
|---|---------------------------------|-----------------------------|------------------|-------------------------------|--------------------------------|------------------------------|------------------|
| Cost | | | | | | | |
| At September 30, 2020 | 22,748 | 148,289 | 5,314,964 | 1,813,854 | 12,722 | 557,325 | 7,869,902 |
| Additions from acquisition of AMEC (Note 4) | 19,560 | 44,802 | 1,210,741 | 602,212 | - | 305,354 | 2,182,669 |
| Additions | - | 45,101 | 84,035 | 6,079 | - | 136,392 | 271,607 |
| Disposals from discontinued operations (Note 3) | - | (172,347) | (3,691,857) | (763,852) | - | (407,746) | (5,035,802) |
| At June 30, 2021 | 42,308 | 65,845 | 2,917,883 | 1,658,293 | 12,722 | 591,325 | 5,288,376 |
| Accumulated amortization | | | | | | | |
| At September 30, 2020 | 22,748 | 139,602 | 3,056,658 | 1,370,932 | 12,722 | 463,841 | 5,066,503 |
| Additions from acquisition of AMEC (Note 4) | 8,083 | 30,653 | 500,583 | 120,331 | - | 11,434 | 671,085 |
| Amortization | 2,341 | 4,787 | 207,181 | 199,302 | - | 105,360 | 518,971 |
| Disposals from discontinued operations (Note 3) | - | (118,559) | (2,450,716) | (581,860) | - | (407,746) | (3,558,881) |
| At June 30, 2021 | 33,172 | 56,483 | 1,313,706 | 1,108,705 | 12,722 | 172,889 | 2,697,677 |
| Net book value June 30, 2021 | 9,136 | 9,362 | 1,604,177 | 549,588 | - | 418,436 | 2,590,699 |
| Net book value September 30, 2020 | - | 8,686 | 2,258,306 | 442,922 | - | 93,484 | 2,803,399 |

Additions included newly recognized right-of-use assets resulting from the adoption of IFRS 16 (Note 4).

7. LONG-TERM DEBT

| | June 30, 2021 \$ | September 30, 2020 \$ |
|----------------------|---------------------|--------------------------|
| Long-term debt | 152,527 | 158,428 |
| Less current portion | (40,467) | (36,488) |
| Long-term portion | 112,060 | 121,940 |

8. LEASE LIABILITIES

| | June 30, 2021 \$ | September 30, 2020 \$ |
|----------------------|---------------------|--------------------------|
| Lease liabilities | 565,314 | 507,900 |
| Less current portion | (338,960) | (247,515) |
| Long-term portion | 226,354 | 260,385 |

On October 1, 2019, the Company adopted IFRS 16 Leases to recognize the right-of-use assets and corresponding lease liabilities. During the nine months ended June 30, 2021, the Company entered into an office lease in Canada and recorded a right-of-use asset of \$136,392 within property, plant and equipment and a corresponding lease liability. As a result of the acquisition of AMEC, the Company recorded an additional right-of-use asset increase of \$305,354 for the office and warehouse facilities from AMEC.

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(Unaudited - in Canadian dollars)

9. REVOLVING CREDIT FACILITIES

The Company has a \$500,000 revolving demand credit facility at Royal Bank of Canada ("RBC") prime + 2.60%. The line was undrawn at June 30, 2021. In January 2020, RBC approved an additional \$1,650,000 revolving credit facility at RBC's prime plus 0.66%, with the first and second credit facilities not to exceed \$1,900,000. As a condition to RBC granting the credit facility, the Company entered into a corporate guarantee and a general security agreement granting a first priority general security interest in all personal property of the Company, and a cash collateral agreement in the amount of \$200,000. In January 2021, the additional credit facility was cancelled after UK operation was suspended and the \$200,000 collateral was released to the Company.

As part of the acquisition of AMEC, the Company assumed a revolving demand credit facility of \$500,000 with RBC. The interest rate is prime plus 1.94% per annum. As at June 30, 2021, a total of \$437,544 was drawn from the facility.

10. REVENUE**Disaggregation of revenue**

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following is a summary of total revenue by contract type for the nine months ended June 30, 2021 and 2020:

| | Nine months ended June 30 2021 \$ | Nine months ended June 30 2020 \$ |
|------------------------------------|---|---|
| Product sales | 1,242,600 | 44,299 |
| Installation service - fixed price | 3,234,579 | 1,414,470 |
| Installation service - cost plus | 1,169,902 | 146,457 |
| | 5,647,081 | 1,605,226 |

LITE ACCESS TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2021 and 2020**

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Contract assets and liabilities

The following is a summary of changes in contract assets and liabilities:

| | June 30, 2021 | | September 30, 2020 | |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | Contract Assets \$ | Contract Liabilities \$ | Contract Assets \$ | Contract Liabilities \$ |
| Balance, beginning of the period | 1,138,986 | - | 217,250 | - |
| Transfer from contract assets at the beginning of the year to accounts receivable | (1,138,986) | - | (217,250) | - |
| Net additions to contract assets/liabilities during the year | 78,255 | - | 1,606,309 | - |
| Valuation impairment | - | - | (467,323) | - |
| Balance, end of the period | 78,255 | - | 1,138,986 | - |

The Company's contract assets and liabilities are expected to be settled within one year.

11. SHARE CAPITAL

The Company is authorized to issue unlimited common shares without par value and unlimited preferred shares without par value.

In March 2021, the Company closed a fully subscribed non-brokered private placement (the "Financing"). The Financing consists of 5,040,000 units (each a "Unit") at \$0.25 per Unit for gross proceeds of \$1,260,000. Each Unit consists of one common share of the Company and one share purchase warrant (each a "Warrant"), with each Warrant entitling the holder to purchase one additional common share for a period of one year from the date of the issue at an exercise price of \$0.35 per share. Under the Financing, the Company paid and issued the following finders fees: \$62,550 and 250,200 Warrants of the Company. Proceeds from the Financing were used to fund growth initiatives and for working capital purposes. All securities issued under the Financing, including securities issuable on the exercise thereof, are subject to a hold period expiring four months and one day from the date of issuance.

During the three and nine months ended June 30, 2021, 15,667 stock options were exercised. As at June 30, 2021, the Company had 64,232,098 common shares (September 30, 2020: 59,761,431) issued and outstanding.

Warrants

As described above, the Company issued total warrants of 5,290,200 as part of the private placement closed in March 2021. Each Warrant entitles the holder to purchase one additional common share for a period of one year from the date of the issue at an exercise price of \$0.35 per share.

LITE ACCESS TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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12. SHARE-BASED PAYMENTS

During the three and nine months ended June 30, 2021, the Company recognized a share-based compensation expense of \$216,217 and \$605,307 respectively (three and nine months ended June, 2020: \$151,135 and \$512,631). The Company used the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2021 | 2020 |
|--|-------------|-------------|
| Share price on date of grant | \$ 0.26 | \$ 0.64 |
| Exercise price | \$ 0.28 | \$ 0.65 |
| Expected life in years | 5 | 5 |
| Annualized volatility - Based on historical share price of similar companies | 100% | 100% |
| Expected dividends | 0% | 0% |
| Risk-free interest rate | 0.97% | 0.74% |
| Grant date fair value | \$ 0.19 | \$ 0.47 |

The following is a summary of changes in options from October 1, 2020 to June 30, 2021:

| Grant date | Expiry date | Exercise price (\$) | Opening balance | Granted | Exercised | Cancelled or Forfeited | Closing balance | Vested and exercisable | Unvested |
|---------------------------------|-------------|---------------------|-----------------|-----------|-----------|------------------------|-----------------|------------------------|-----------|
| 2017-03-31 | 2022-03-31 | 3.72 | 160,000 | - | - | - | 160,000 | 160,000 | - |
| 2018-01-23 | 2021-01-23 | 0.30 | 30,000 | - | - | (30,000) | - | - | - |
| 2018-07-05 | 2023-07-05 | 0.30 | 15,000 | - | - | (15,000) | - | - | - |
| 2018-10-17 | 2023-10-17 | 1.15 | 30,000 | - | - | (30,000) | - | - | - |
| 2018-10-17 | 2023-10-17 | 0.30 | 15,667 | - | (15,667) | - | - | - | - |
| 2019-07-29 | 2024-07-29 | 0.30 | 315,000 | - | - | - | 315,000 | 215,000 | 100,000 |
| 2019-11-19 | 2024-11-19 | 0.30 | 1,100,000 | - | - | (100,000) | 1,000,000 | 1,000,000 | - |
| 2020-06-02 | 2025-06-02 | 0.82 | 1,895,000 | - | - | (470,000) | 1,425,000 | 475,000 | 950,000 |
| 2020-07-06 | 2025-07-06 | 0.82 | 250,000 | - | - | (250,000) | - | - | - |
| 2020-09-21 | 2025-09-21 | 0.82 | 345,000 | - | - | (345,000) | - | - | - |
| 2021-03-05 | 2026-03-05 | 0.29 | | 500,000 | | | 500,000 | - | 500,000 |
| 2021-04-01 | 2026-04-01 | 0.30 | | 30,000 | | | 30,000 | 30,000 | - |
| 2021-04-01 | 2026-04-01 | 0.29 | | 430,000 | | | 430,000 | - | 430,000 |
| 2021-06-24 | 2026-06-24 | 0.22 | | 200,000 | | | 200,000 | - | 200,000 |
| | | | 4,155,667 | 1,160,000 | (15,667) | (1,240,000) | 4,060,000 | 1,880,000 | 2,180,000 |
| Weighted average exercise price | | | \$0.75 | | \$0.30 | \$0.77 | \$0.61 | \$0.72 | \$0.52 |

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The following is a summary of changes in options from October 1, 2019 to June 30, 2020:

| Grant date | Expiry date | Exercise price (\$) | Opening balance | Granted | Exercised | Cancelled or Forfeited | Price Modified | Closing balance | Vested and exercisable | Unvested |
|---------------------------------|-------------|---------------------|------------------|------------------|--------------------|------------------------|----------------|------------------|------------------------|------------------|
| 2015-06-01 | 2020-06-01 | 0.25 | 1,175,000 | - | (1,100,000) | (75,000) | - | - | - | - |
| 2015-06-23 | 2017-06-23 | 1.28 | - | - | - | - | - | - | - | - |
| 2015-08-17 | 2020-08-17 | 1.25 | 30,000 | - | - | - | (30,000) | - | - | - |
| 2015-08-17 | 2020-08-17 | 0.30 | - | - | - | - | 30,000 | 30,000 | 30,000 | - |
| 2016-02-05 | 2019-02-05 | 1.17 | - | - | - | - | - | - | - | - |
| 2016-02-05 | 2021-02-05 | 1.17 | - | - | - | - | - | - | - | - |
| 2016-03-29 | 2021-03-29 | 1.42 | - | - | - | - | - | - | - | - |
| 2016-06-29 | 2021-06-29 | 1.61 | - | - | - | - | - | - | - | - |
| 2016-08-17 | 2021-08-17 | 1.17 | 25,000 | - | - | (25,000) | - | - | - | - |
| 2017-02-24 | 2020-02-24 | 2.00 | 20,000 | - | - | (20,000) | - | - | - | - |
| 2017-02-24 | 2020-02-24 | 1.15 | 20,000 | - | - | (20,000) | - | - | - | - |
| 2017-03-31 | 2020-03-31 | 3.72 | 5,000 | - | - | (5,000) | - | - | - | - |
| 2017-03-31 | 2020-03-31 | 1.15 | 58,000 | - | - | (48,000) | (10,000) | - | - | - |
| 2017-03-31 | 2021-03-31 | 3.72 | - | - | - | - | - | - | - | - |
| 2017-03-31 | 2020-03-31 | 0.30 | - | - | - | (10,000) | 10,000 | - | - | - |
| 2017-03-31 | 2020-03-31 | 1.15 | 70,000 | - | - | (27,000) | (43,000) | - | - | - |
| 2017-03-31 | 2020-03-31 | 0.30 | - | - | - | (43,000) | 43,000 | - | - | - |
| 2017-03-31 | 2022-03-31 | 3.72 | 160,000 | - | - | - | - | 160,000 | 160,000 | - |
| 2017-03-31 | 2022-03-31 | 1.15 | - | - | - | - | - | - | - | - |
| 2017-06-17 | 2022-06-17 | 2.50 | 450,000 | - | - | - | - | 450,000 | 450,000 | - |
| 2017-09-01 | 2020-09-01 | 1.83 | - | - | - | - | - | - | - | - |
| 2017-09-07 | 2020-09-07 | 1.82 | - | - | - | - | - | - | - | - |
| 2018-01-23 | 2021-01-23 | 1.06 | 30,000 | - | - | - | (30,000) | - | - | - |
| 2018-01-23 | 2021-01-23 | 0.30 | - | - | - | - | 30,000 | 30,000 | 30,000 | - |
| 2018-03-01 | 2021-03-01 | 1.15 | 500,000 | - | - | - | - | 500,000 | 500,000 | - |
| 2018-03-13 | 2021-03-13 | 1.15 | 175,000 | - | - | (175,000) | - | - | - | - |
| 2018-07-05 | 2023-07-05 | 1.15 | 15,000 | - | - | - | (15,000) | - | - | - |
| 2018-07-05 | 2023-07-05 | 0.30 | - | - | - | - | 15,000 | 15,000 | 7,500 | 7,500 |
| 2018-10-17 | 2023-10-17 | 1.15 | 77,000 | - | - | - | (47,000) | 30,000 | 20,000 | 10,000 |
| 2018-10-17 | 2023-10-17 | 0.30 | - | - | (33,333) | - | 47,000 | 13,667 | 9,111 | 4,556 |
| 2019-04-26 | 2024-04-26 | 1.15 | 10,000 | - | - | - | (10,000) | - | - | - |
| 2019-04-26 | 2024-04-26 | 0.30 | - | - | - | - | 10,000 | 10,000 | 3,333 | 6,667 |
| 2019-07-29 | 2024-07-29 | 0.30 | 315,000 | - | - | - | - | 315,000 | 215,000 | 100,000 |
| 2019-11-19 | 2024-11-19 | 0.30 | - | 1,350,000 | - | - | - | 1,350,000 | 1,350,000 | - |
| 2020-06-02 | 2025-06-02 | 0.82 | - | 2,125,000 | - | - | - | 2,125,000 | - | 2,125,000 |
| | | | <u>3,135,000</u> | <u>3,475,000</u> | <u>(1,133,333)</u> | <u>(448,000)</u> | <u>-</u> | <u>5,028,667</u> | <u>2,774,945</u> | <u>2,253,722</u> |
| Weighted average exercise price | | | <u>\$1.06</u> | <u>\$0.62</u> | <u>\$0.00</u> | <u>\$0.97</u> | | <u>\$0.92</u> | <u>\$1.01</u> | <u>\$0.79</u> |

A total of 15,667 stock options were exercised during the nine months ended June 30, 2021 (nine months ended June 30, 2020: 1,133,333) . The weighted average life remaining of stock options as at June 30, 2021 is 3.84 years (September 30, 2020: 4.32).

13. RELATED PARTY TRANSACTIONS

During the three and nine months ended June 30, 2021 and 2020, the Company entered into related party transactions or held balances with the following individuals and corporations:

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| | |
|--|--|
| Carlo Shimoon | Former CEO and Director |
| Jacob Gabriel Design and Consulting Inc. | Company controlled by Carlo Shimoon, Former CEO and Director |
| Chui Wong | Former CFO |
| Linda Han | Interim CFO |
| David Toyoda | Director |
| Greg Smith | Interim CEO and director |
| Daniel Nanson | Director |
| Kevin Smith | Director |
| Steven King | Director |
| SACA Future Limited | Company controlled by Steven King, Director |

The following is a summary of the Company's related party transactions during the period that are not disclosed elsewhere in these consolidated financial statements. All related party transactions are recorded at the exchange amounts.

Key Management Compensation

| | Nine Months Ended June 30, 2021 \$ | Nine Months Ended June 30, 2020 \$ |
|--|--|--|
| Short-term employee benefits and director fees (in wages and consulting) | 487,877 | 551,280 |
| Share-based payments | 135,345 | 329,269 |
| Total | 623,222 | 880,549 |

14. SEGMENTED INFORMATION

The Company's principal business locations and operations are in British Columbia, Canada, and the United Kingdom. The Company has three reporting segments: sale of product and fibre optic installations, based on the type of products sold and services provided, as well as services for concrete/ asphalt cutting and coring. The Company reports activities not directly attributable to an operating segment under Corporate.

| As at June 30, 2021 | Product | Fibre optic installation | Concrete Cutting | Corporate | Total |
|---|-----------|--------------------------|------------------|-------------|-------------|
| Total assets | 1,278,044 | 2,627,873 | 2,501,465 | 506,176 | 6,913,558 |
| Total liabilities | 1,170,154 | 2,131,610 | 1,738,212 | 80,000 | 5,119,976 |
| As at September 30, 2020 | Product | Fibre optic installation | Concrete Cutting | Corporate | Total |
| Total assets | 20,265 | 10,330,890 | - | 1,297,999 | 11,649,154 |
| Total liabilities | - | 13,000,801 | - | 46,826 | 13,047,627 |
| For the Nine Months Ended June 30, 2021 | Product | Fibre optic installation | Concrete Cutting | Corporate | Total |
| Revenue | 1,242,600 | 3,279,583 | 1,124,898 | - | 5,647,081 |
| Net income (loss) | 108,414 | (910,452) | (118,682) | (1,636,131) | (2,556,851) |
| For the Nine Months Ended June 30, 2020 | Product | Fibre optic installation | Concrete Cutting | Corporate | Total |
| Revenue | 44,299 | 1,560,927 | - | - | 1,605,226 |
| Net income (loss) | 12,186 | (630,054) | - | (2,037,371) | (2,655,239) |

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15. FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has implemented a budgeting process which is reviewed regularly to help determine the cash requirements to sustain operations. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future. As at June 30, 2021, the Company had working capital of \$168,585 (September 30, 2020: working capital deficiency of \$3,819,547). To mitigate liquidity risk, the Company will look to maintain a positive working capital, generate positive cash flow from forecasted sales and services, raise capital through equity financing, warrant exercises and maintain an accessible line of credit. See note 1 – Nature of operations and going concern.