Nuran Wireless Inc.

Consolidated Financial Statements
As at October 31, 2020

Together with Independent Auditor's Report

MALLETTE
Société de
comptables professionnels agréés

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Nuran Wireless Inc.,

Opinion

We have audited the consolidated financial statements of **NURAN WIRELESS INC.** (Company), which comprise the consolidated statement of financial position as at October 31, 2020, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

Other Matter

The Company's consolidated financial statements for the year ended October 31, 2019, were audited by another auditor who expressed on those consolidated financial statements an unmodified opinion on February 27, 2020.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Mallette L.L.P. [1]

Mallette L.L.P.
Partnership of chartered professional accountants

Québec, Canada
March 1, 2021

[1] CPA auditor, CA, public accountancy permit No. A119429

Nuran Wireless Inc.

CONSOLIDATED STATEMENT OF NET INCOME (LOSS)
AND COMPREHENSIVE INCOME (LOSS)

For the year ended October 31,	2020	2019
GROSS REVENUE (Note 30)	$ 3,930,078	$ 2,122,167
COST OF GOODS SOLD (Note 9)	2,847,781	1,393,182
GROSS PROFIT	1,082,297	728,985
OTHER OPERATING EXPENSES (Notes 10, 11, 25 and 26)		
Selling expenses	869,894	1,105,283
Administrative expenses	1,301,134	1,634,168
Financial expenses (Note 24)	458,545	676,386
Research and development costs (net of tax credits of $97,743 in 2019)	911,876	864,776
	3,541,449	4,280,613
LOSS FROM OPERATIONS	(2 459,152)	(3,551,628)
OTHER ITEMS		
Canada Emergency Wage Subsidy	472,624	-
Gain on extinguishment of liabilities (Note 6)	1,543,436	145,178
Loss on impairment of assets (Note 13)	(72,378)	-
Gain on modifications of convertible debentures (Note 18)	-	290,561
Loss on disposal of intangible assets	(7,654)	-
Change in fair value of derivative liability (Note 18)	-	(433,104)
Other revenues	119,958	-
	2,055,986	2,635
LOSS BEFORE INCOME TAXES	(403,166)	(3,548,993)
INCOME TAXES		
Deferred	1,491,087	-
NET LOSS AND COMPREHENSIVE LOSS	$ (1,894,253)	$ (3,548,993)
Net loss and comprehensive loss per share (Note 22)		
Basic and diluted	$ (0.27)	$ (0.57)
Weighted average number of outstanding common shares	6,978,297	6,222,674

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020

	Number of shares	Share capital	Contributed surplus	Fair value of the conversion options	Deficit	Total equity
BALANCE, as at November 1, 2019	6,919,117	$ 25,064,583	$ 1,505,585	$ 1,218	$ (27,001,435)	$ (430,049)
Net loss and comprehensive loss	-	-	-	-	(1,894,253)	(1,894,253)
Amendment to the conversion option of the convertible debentures (Note 18)	-	-	-	519,895	-	519,895
Forbearance to the convertible debentures default (Note 18)	-	-	(520,988)	-	-	(520,988)
Debenture conversion in share capital (Notes 18 and 19)	204,000	298,004	-	(43,004)	-	255,000
Warrants (Note 20)	-	-	80,766	-	-	80,766
Employee share-based compensation (Note 21)	-	-	15,000	-	-	15,000
Non-employee share-based compensation (Note 21)	-	-	10,000	-	-	10,000
Debenture maturity (Note 18)	-	-	478,109	(478,109)	-	-
BALANCE, as at October 31, 2020	7,123,117	$ 25,362,587	$ 1,568,472	$ -	$ (28,895,688)	$ (1,964,629)

2019

	Number	Share capital	Contributed surplus	Fair value of the conversion options	Deficit	Total equity
BALANCE, as at November 1, 2018	5,547,762	$ 22,287,237	$ 1,267,837	$ -	$ (23,452,442)	$ 102,632
Issue of shares (Note 19)	872,269	1,552,649	98,188	-	-	1,650,837
Share issue cost	-	(31,862)	3,434	-	-	(28,428)
Net loss and comprehensive loss	-	-	-	-	(3,548,993)	(3,548,993)
Amendment to the conversion option of the convertible debentures (Note 18)	55,086	129,542	-	108,967	-	238,509
Forbearance to the convertible debentures default (Note 18)	-	-	80,507	(79,289)	-	1,218
Debenture conversion in share capital	444,000	1,127,017	-	(28,460)	-	1,098,557
Warrants (Note 20)	-	-	6,899	-	-	6,899
Employee share-based compensation (Note 21)	-	-	31,042	-	-	31,042
Non-employee share-based compensation (Note 21)	-	-	17,678	-	-	17,678
BALANCE, as at October 31, 2019	6,919,117	$ 25,064,583	$ 1,505,585	$ 1,218	$ (27,001,435)	$ (430,049)

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

Nuran Wireless Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at October 31,		2020		2019
ASSETS				
CURRENT ASSETS				
Cash	$	64,254	$	510,832
Trade and other receivables (Note 8)		306,177		242,446
Scientific research and experimental development tax credits receivable		-		730,832
Inventories (Note 9)		1,625,483		2,374,851
Prepaid expenses		2,586		125,436
Security deposits and deposits on purchase of goods		181,568		483,688
		2,180,068		4,468,085
PROPERTY, PLANT AND EQUIPMENT (Note 10)		314,414		413,302
INTANGIBLE ASSETS (Note 11)		5,445,448		3,946,881
	$	7,939,930	$	8,828,268

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

Nuran Wireless Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at October 31,	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables (Note 14)	$ 2,112,507	$ 2,162,896
Loan payable (Note 15)	-	190,000
Convertible debentures and derivative liability (Note 18)	2,835,000	3,052,992
Deferred tax liabilities (Note 23)	361,342	-
Deferred revenue	2,178,544	2,797,866
Current portion of long-term debt (Note 16)	183,444	421,652
	7,670,837	8,625,406
LONG-TERM DEBT (Note 16)	1,103,977	632,911
DEFERRED TAX LIABILITIES (Note 23)	1,129,745	-
	9,904,559	9,258,317
SHAREHOLDERS' EQUITY		
Share capital (Note 19)	25,362,587	25,064,583
Contributed surplus (Notes 18, 20 and 21)	1,568,472	1,505,585
Fair value of the conversion options	-	1,218
Deficit	(28,895,688)	(27,001,435)
	(1,964,629)	(430,049)
	$ 7,939,930	$ 8,828,268

On behalf of the Board,

/s/ "Francis Letourneau", Director

/s/ "Binyomin Posen", Director

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

Nuran Wireless Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended October 31,	2020	2019
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (1,894,253)	$ (3,548,993)
Items not affecting cash		
Amortization of property, plant and equipment	90,097	108,110
Amortization of intangible assets	52,868	113,665
Amortization of right-of-use assets	143,114	-
Interest on lease liabilities	37,111	-
Gain on extinguishment of liabilities	(1,563,251)	-
Loss on impairment of assets	72,378	-
Gain on modifications of convertible debentures (Note 18)	-	(290,561)
Loss on disposal of intangible assets	7,654	-
Deferred income tax expense	1,491,087	-
Employee share-based compensation	15,000	31,042
Non-employee share-based compensation	10,000	17,678
Accretion of convertible debentures (Note 18)	116,681	97,320
Change in fair value of derivative liability (Note 18)	-	433,104
	(1,421,514)	(3,038,635)
Net change in non-cash working capital items		
Trade and other receivables	(349,701)	724,880
Scientific research and experimental development tax credits receivable	730,832	(287,636)
Inventories	734,687	(658,106)
Prepaid expenses	75,826	(6,293)
Security deposits and deposits on purchase of goods	265,252	(464,666)
Trade and other payables	546,857	556,730
Deferred revenue	(86,733)	2,398,534
	495,506	(775,192)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(32,277)	(16,092)
Acquisition of intangible assets	(1,174,340)	(941,527)
	(1,206,617)	(957,619)
FINANCING ACTIVITIES		
Net change in loan payable to companies under common control	-	(60,542)
Long-term debt	1,108,333	822,502
Repayment of long-term debt	(665,510)	(88,245)
Repayment of lease liabilities	(178,290)	-
Issue of common shares	-	1,375,935
Share issue cost	-	(28,428)
	264,533	2,021,222
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (446,578)	$ 288,411
CASH, beginning of year	510,832	222,421
CASH, end of year	$ 64,254	$ 510,832
Additional information		
Interest paid included in operating activities	$ 201,928	$ 364,213

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

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Nuran Wireless Inc. is incorporated under the Business Corporations Act (British Columbia). Nuran Wireless Inc. and its subsidiary (together, the “Company”) operate in the research, development, manufacturing and marketing of digital electronic circuits and wireless telecommunication products.

On September 2, 2020, the Company’s wholly owned subsidiary, Nutaq Innovation, Inc. ("Nutaq”), filed for bankruptcy with the Office of the Superintendent of Bankruptcy under the Bankruptcy and Insolvency Act (Canada) (the "BIA") (Note 6).

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

The Company's registered office is at 1190B, de Courchevel, suite 400, Lévis, Québec G6W 0M6.

The Company's consolidated financial statements have been prepared in accordance with International Financial Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). They are based on the assumption that the Company is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of its operations.

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

During the year ended October 31, 2020, the Company incurred a net loss of $1,894,253 and has a deficit of $28,895,688 as at October 31, 2020. Furthermore, as a result of ongoing operating losses, on September 2, 2020, the Company’s wholly owned subsidiary, Nutaq Innovation, Inc. (“Nutaq”), filed for bankruptcy with the Office of the Superintendent of Bankruptcy under the Bankruptcy and Insolvency Act (Canada) (the “BIA”) (Note 6). Consequently, there is material uncertainty that may cast significant doubts as to whether the Company will have the ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its capacity to adequately restructure its operations, to refinance its convertible debentures that are currently in default (Notes 18 and 33) and to obtain additional financing to deliver on the contracts recently signed (Note 33). The bankruptcy resulted in part from an accumulation of losses based on relying solely on the distribution business, combined with an inability to repay the maturing convertible debentures as well as accumulated interest. As at the date of these consolidated financial statements, 67% of the principal amount of the convertible debentures along with outstanding interest as at January 2021 have been converted into common shares (Note 33). In parallel to the bankruptcy transaction, management initiated a plan to change the business model and deliver and act as a Network as a Service (NAAS) entity and appointed a new CEO to operate this plan. This change is showing results as evidenced by new contracts signed, which will be transformative for the Company (Note 33). However, there are operational risks resulting in uncertainties that this plan will be implemented successfully. If the Company is unable to continue to successfully implement the above, there is a possibility that the Company may be unable to continue to realize its assets and to discharge its liabilities in the normal course of operations.

The consolidated financial statements for the year ended October 31, 2020 (including comparatives) were approved and authorized for issue by the Board of Directors on March 1, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

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

Basis of consolidation

The Company's financial statements consolidate those of the parent company and its wholly-owned subsidiary, Nutaq, as at October 31, 2020. The subsidiary had a reporting date of October 31 but filed for bankruptcy on September 2, 2020 (Note 6).

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

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

Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

Revenue

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

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue arises from the sale of goods and the rendering of services and is measured at the consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to customer, excluding sales taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue arising from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue arising from the rendering of services is recognized when the services are provided. Consideration received prior to the services being rendered is deferred as a liability under “Deferred revenue” on the consolidated statements of financial position.

In obtaining these contracts, the Company incurs a number of incremental costs, such as commissions paid to sales staff. As the amortization period of these costs, if capitalized, would be less than one year, the Company makes use of the practical expedient in IFRS 15.94 and expenses them as they incur.

Property, plant and equipment

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

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

	Methods	Rates
Leasehold improvements	straight-line	25%
Equipment and furniture, telecommunication system, furniture and fixtures	decreasing	20%
Computer equipment	decreasing	30%

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

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

Intangible assets

<u>Recognition of intangible assets</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Recognition of intangible assets

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

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

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

Subsequent measurement

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

	Method	Rate
Software	straight-line	20%

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

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

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

Impairment of property, plant and equipment and intangible assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment and intangible assets

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

Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

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

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

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

Subsequent measurement of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Impairment of financial assets

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

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

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

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

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

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

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

Classification and measurement of financial liabilities

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible debentures

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

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

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

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

Leases

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate is used. Right-of-use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease.

Income taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

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

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

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

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

Investment tax credits and government assistance

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity, reserves and dividend payments

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

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

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

Unit placements

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

Share-based compensation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

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

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

Provisions, contingent assets and contingent liabilities

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

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

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

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

Significant management judgments in applying accounting policies and estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant management judgments in applying accounting policies and estimation uncertainty

Significant management judgments

- Going concern:

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

- Capitalization of internally developed software:

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

- Accounting for the bankruptcy of its subsidiary:

  The Company needs to exercise judgment to determine whether the series of transactions relating to the bankruptcy proceedings resulting in the reacquisition of the assets of Nutaq by the Company should be accounted for as a business combination or a financial reorganization of the corporate debts of the Company (Note 6).

- Debt modification:

  The Company needs to exercise judgment to determine the impact of any changes to the terms of the convertible debentures and then apply the guidance set out in IFRS 9 - Financial Instruments to determine whether the change is considered a debt extinguishment or a debt modification (Note 18).

Estimation uncertainty

- Inventories:

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

- Recognition of investment tax credits:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant management judgments in applying accounting policies and estimation uncertainty

Estimation uncertainty

- Expected credit loss of trade accounts receivable:

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

- Share-based compensation:

  Significant estimates and judgments are required in determining the fair value of the equity instruments granted as share-based compensation or the fair value of goods or services received. The estimated value of share-based compensation requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own shares, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (Notes 16, 18, 19, 20 and 21).

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

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

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

  Determining the incremental borrowing rate is more complex than simply determining the weighted rate that an entity pays on its current borrowings. The Company determines the incremental borrowing rate by taking into consideration the base rate, financing factors, and asset factors. The Company determines the expected lease lengths by assessing the periods for which the lease contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty (Note 17).

- Effective interest rate of convertible financial instruments:

  For accounting of convertible financial instruments, the Company needs to determine the effective interest rate required to evaluate the fair value of the liability component. The effective interest rate should be the market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Determining such a market rate requires assumptions such as comparable loans on the market and qualitative and quantitative analysis of the financial position of the Company (Note 18).

4. NEW OR REVISED STANDARDS OR INTERPRETATIONS

New standards adopted as at November 1, 2019

New standards impacting the Company that have been adopted in the annual financial statements for the year ended October 31, 2020, and which have given rise to changes in the Company's accounting policies are:

- IFRS 16 - Leases; and
- IFRIC 23 - Uncertainty over Income Tax Treatments.

Details of the impact these two standards have had are given in Note 5 below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the current accounting policies.

Future accounting changes

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning on or after January 1, 2020:

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

5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The Company adopted IFRS 16 and IFRIC 23 with a transition date of November 1, 2019. The Company has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. November 1, 2019) and recognized in the opening equity balances. Details of the impact of these two standards are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16 - Leases

IFRS 16 has replaced IAS 17 - Leases and IFRIC 4 - Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (November 1, 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after November 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

As there was no operating leases at the date of transition to IFRS 16, the adoption of the new requirements did not result in any adjustment.

5. EFFECTS OF CHANGES IN ACCOUNTING POLICIES (continued)

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 requires an entity to treat uncertain tax treatments separately or together depending on which method better predicts the resolution of the uncertainty. When measuring current and deferred income tax assets and liabilities IFRIC 23 requires an entity to assume that a taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. IFRIC 23 requires an entity to make an assessment of whether it is probable a taxation authority will accept an uncertain tax treatment. If it is probable the treatment will be accepted then taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rate should be consistent with the treatment used or planned to be used in its income tax filings. If it is not probable the position will be accepted, then an entity reflects that uncertainty either using an expected value method or a most likely approach.

The Company elected to apply IFRIC 23 retrospectively with cumulative effect recorded in retained earnings as at the date of initial application, January 1, 2019. There were no adjustments to retained earnings as a result of the adoption of IFRIC 23.

6. BANKRUPTCY OF ITS SUBSIDIARY

On September 2, 2020, the Company’s wholly owned subsidiary, Nutaq, filed for bankruptcy with the Office of the Superintendent of Bankruptcy under the BIA due to serious financial difficulties.

On September 22, 2020, the assigned trustee and Nutaq's first ranking secured creditors reached an agreement pursuant to which all of the assets of Nutaq, including all of Nutaq's inventory, equipment and R&D equipment, trademarks, patents, accounts receivable, bank account and SR&ED credits would be sold by the Trustee with the consent of the first ranking secured creditors (the “Secured Creditors”). On October 27, 2020, the parent company re-acquired, through agreements with the Secured Creditors, the Nutaq’s assets for $100,000 as a result of a series of transactions. These assets were instrumental in allowing the Company to deliver the NAAS model and therefore pursued this transaction working with the Trustee to find a suitable solution. The parent company was well-placed to understand the potential and capabilities of the Nutaq’s assets and, as evidenced by there being no impairment of the assets (Note 13), was able to position itself to generate future cashflows inherent in the NAAS model. As the series of transactions resulted in no substantive change in the ownership of the assets, no impact has been recognized in the consolidated statements of financial position.

As a result of the insolvency proceedings, the Company eliminated/extinguished the obligation to repay certain creditors and recorded a gain on extinguishment of debt in the amount of $1,543,436 on the consolidated statements of comprehensive loss. As well, the Company assumed $4,232,959 in obligations of Nutaq. Subsequent to the year ended October 31, 2020, the only operations of the Company is through the parent company and the Company intends to continue the business of its subsidiary going forward (Note 2).

7. OPERATING SEGMENTS

During the year ended October 31, 2020, the Company operated as a manufacturer of digital electronic circuits and wireless telecommunication products, which was considered one reportable segment under the requirements of IFRS 8.

In parallel to the bankruptcy transaction, the Company initiated a plan to change its business model to act as a Network as a Service entity in various geographical areas (Note 2). Management considers that this change in its business model does not impact the historical reportable segment conclusion and the redesigned operations will result in one reportable segment.

Although the operations will be segregated in different geographical areas, the operations are dependent on the underlying technology owned by the Company, being the primary asset of the operations. As a result, the Company concludes there is one reportable segment as no discrete financial information per geographical area is available.

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

8. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade accounts receivable, gross	$ 136,811	$ 2,185,417
Allowance for credit losses	-	(1,993,020)
	136,811	192,397
Other - Shimcity	165,005	-
Indirect taxes receivable	4,361	50,049
	$ 306,177	$ 242,446

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

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

8. TRADE AND OTHER RECEIVABLES (continued)

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

	2020	2019
Opening balance	$ 1,993,020	$ 1,953,656
Write-off	(1,993,020)	(744)
Exchange difference on allowance for credit losses	-	3,016
Impairment loss	-	37,092
Closing balance	$ -	$ 1,993,020

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

2020

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-%	-%	-%	-%	-%
Gross carrying amount	$ 136,811	$ -	$ -	$ -	$ 136,811
Loss provision	$ -	$ -	$ -	$ -	$ -

2019

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	62.13%	-%	-%	93.13%	92.99%
Gross carrying amount	$ 58,431	$ 1,589	$ -	$ 2,083,150	$ 2,143,170
Loss provision	$ 36,306	$ -	$ -	$ 1,956,714	$ 1,993,020

9. INVENTORIES

	2020	2019
Raw materials	$ 986,941	$ 1,249,982
Finished goods	638,542	1,124,869
	$ 1,625,483	$ 2,374,851

For the year ended October 31, 2020, a total of $2,167,515 ($691,544 in 2019) of inventories was included in profit or loss as an expense, $14,681 ($0 in 2019) as a loss on impairment and $97,716 ($66,453 in 2019) as a write-down.

10. PROPERTY, PLANT AND EQUIPMENT

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

				2020
	Leasehold improvements	Equipment and furniture, telecommunication system, furniture and fixtures	Computer equipment	Total
Gross carrying amount				
Balance, as at November 1, 2019	$ 11,414	$ 801,825	$ 350,438	$ 1,163,677
Additions	-	24,680	7,597	32,277
Impairment	(11,414)	(38,697)	(2,371)	(52,482)
Balance, as at October 31, 2020	-	787,808	355,664	1,143,472
Depreciation and impairment				
Balance, as at November 1, 2019	11,093	463,732	275,550	750,375
Amortization	321	70,086	19,690	90,097
Impairment	(11,414)	-	-	(11,414)
Balance, as at October 31, 2020	-	533,818	295,240	829,058
Carrying amount as at October 31, 2020	$ -	$ 253,990	$ 60,424	$ 314,414

				2019
	Leasehold improvements	Equipment and furniture, telecommunication system, furniture and fixtures	Computer equipment	Total
Gross carrying amount				
Balance, as at November 1, 2018	$ 11,414	$ 788,453	$ 347,718	$ 1,147,585
Additions	-	13,372	2,720	16,092
Balance, as at October 31, 2019	11,414	801,825	350,438	1,163,677
Depreciation and impairment				
Balance, as at November 1, 2018	10,724	380,880	250,661	642,265
Amortization	369	82,852	24,889	108,110
Balance, as at October 31, 2019	11,093	463,732	275,550	750,375
Carrying amount as at October 31, 2019	$ 321	$ 338,093	$ 74,888	$ 413,302

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2020	2019
Selling expenses	$ 11,804	$ 11,989
Administrative expenses	24,385	29,056
Research and development costs	53,908	67,065
	$ 90,097	$ 108,110

11. INTANGIBLE ASSETS

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

			2020
	Software	Trademarks	Total
Gross carrying amount			
Balance, as at November 1, 2019	$ 4,363,651	$ 76,766	$ 4,440,417
Additions			
Under development	1,574,118	-	1,574,118
Acquired	1,284	315	1,599
Impairment	-	(16,629)	(16,629)
Write-off	(13,968)	-	(13,968)
Balance, as at October 31, 2020	5,925,085	60,452	5,985,537
Depreciation and impairment			
Balance, as at November 1, 2019	493,536	-	493,536
Amortization	52,868	-	52,868
Write-off	(6,315)	-	(6,315)
Balance, as at October 31, 2020	540,089	-	540,089
Carrying amount as at October 31, 2020	$ 5,384,996	$ 60,452	$ 5,445,448

11. INTANGIBLE ASSETS (continued)

						2019
		Software		Trademarks		Total
Gross carrying amount						
Balance, as at November 1, 2018	$	3,812,133	$	74,293	$	3,886,426
Additions						
Under development		539,566		-		539,566
Acquired		11,952		2,473		14,425
Balance, as at October 31, 2019		4,363,651		76,766		4,440,417
Depreciation and impairment						
Balance, as at November 1, 2018		379,871		-		379,871
Amortization		113,665		-		113,665
Balance, as at October 31, 2019		493,536		-		493,536
Carrying amount as at October 31, 2019	$	3,870,115	$	76,766	$	3,946,881

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

		2020		2019
Cost of sales	$	33,164	$	90,782
Research and development costs		9,688		12,110
Administrative expenses		10,016		10,773
	$	52,868	$	113,665

As at October 31, 2020, software includes software under development at a cost of $2,232,340 ($658,221 as at October 31, 2019).

Income tax credits amounting to $0 were accounted for as a reduction of the acquired software during the year ($192,893 as at October 31, 2019).

12. RIGHT-OF-USE ASSETS

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

	2020	2019
Gross carrying amount		
Balance, beginning of year	$ -	$ -
Additions	429,341	-
Write-off (Note 6)	(429,341)	-
Balance, end of year	-	-
Depreciation and impairment		
Balance, beginning of year	-	-
Amortization	143,114	-
Write-off (Note 6)	(143,114)	-
Balance, end of year	-	-
Carrying amount, end of year	$ -	$ -

Right-of-use assets are initially measured at the amount of the lease liability. Subsequent to initial measurements, right-of-use assets are amortized on a straight-line basis over the remaining term of the lease.

13. IMPAIRMENT OF THE ASSETS

Management considered the purchase price of $100,000 for reacquiring the assets of its subsidiary and the recurring losses incurred from operations as indicators of impairment. As a result, the Company performed an impairment test on its long-lived assets under the requirements of IAS 36. Management assessed two different cash-generating units, one being the group of assets that will be used in future operations of the Company (the "Continuing CGU") and the group of assets planned to be disposed of (the "Disposal CGU").

With regards to the Continuing CGU, management determined the recoverable amount using the future discounted cash flows method, using the following significant assumptions:

- The increase in future sales possible through generating business from the NAAS model, incorporating key metrics from an existing signed contract and those of an expected contract already under memorandum of understanding (Note 33);
- The margin on the future sales estimated from detailed analysis of cost elements and discussions with prospective vendors and partners. The Company also leveraged its experience in rolling out similar projects (GSMA Ghana and Marshall Islands);
- The discount rate derived from borrowing rates proposed by banks on existing contracts, the Company's equity beta derived from its public trading information, and the planned mix of debt and equity in its capital structure.

13. IMPAIRMENT OF THE ASSETS (continued)

Based on the recoverable amount determined by management to be significantly higher than the carrying value of assets, no impairment loss was recognized for the year ended October 31, 2020.

For the Disposal CGU, management determined, based on the subsequent sale of those assets, an impairment loss in the amount of $72,378 has to be recorded in the consolidated financial statements.

14. TRADE AND OTHER PAYABLES

	2020	2019
Accounts payable and accrued liabilities		
Companies under common control	$ -	$ 71,462
Directors	-	106
Shareholders	182,912	151,741
Non-related parties	1,889,139	1,595,544
Salaries and payroll deductions payable	40,456	344,043
	$ 2,112,507	$ 2,162,896

As at October 31, 2020, accounts payable include $513,237 relating to intangible asset purchases ($111,860 as at October 31, 2019) and $825,821 ($404,540 as at October 31, 2019) relating to unpaid interest on convertible debentures (Note 18).

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

During the year, the Company has written off $787,365 of accounts payable and accrued payables (Note 6).

15. LOAN PAYABLE

	2020	2019
Loan payable to shareholders	$ -	$ 190,000

During the year, the Company has written off $190,000 of loan payable to shareholders (Note 6).

16. LONG-TERM DEBT

	2020	2019
Term loan from Canada Economic Development (a)	$ -	$ 233,325
Term loan from Shimcity (from Investissement Québec in 2019) (b)	1,287,421	496,488
Term loan from Investissement Québec (c)	-	312,650
Obligations under a financial lease (d)	-	12,100
	1,287,421	1,054,563
Current portion	183,444	421,652
	$ 1,103,977	$ 632,911

(a) During the year, the Company has written off this loan. The term loan from Canada Economic Development did not bear interest, was payable in monthly instalments of $6,667 and would have matured in May 2022 (Note 6).

(b) The term loan is secured by the universality of present and future property, plant and equipment and intangible assets of $3,600,000, bears interest at prime rate plus 0.25% (2.70%), is payable in monthly instalments of $15,287 beginning in November 2020 and matures in October 2027. The loan is issued in instalments according to the progress of a development project and can reach a maximum amount of $3,000,000.

As part of the series of transactions related to the bankruptcy of Nutaq (Note 6), the loan from Investissement Québec has been sold to Shimcity. As a result of the transaction, the Company kept the same obligations inherent to the term loan agreement but with a different creditor.

(c) During the year, the Company has discharged this loan. The term loan from Investissement Québec was secured by the universality of present and future trade accounts receivable and by a shareholder guarantee up to the principal and interest on the amount due, was bearing interest at prime rate plus 3.50% (7.45%) and was payable in one instalment no later than April 2020.

(d) During the year, the Company has written off this loan (Note 6). The obligation under a financial lease with DLL Financial Solution was bearing interest at a rate of 9.14%, was payable in blended monthly instalments of $278 and would have matured in March 2024.

Using a discount rate of 20%, based on the Company's estimated incremental borrowing rate for secured loans at the reporting date, respectively, and therefore reflecting the Company's credit position, the fair value of the long-term debt is estimated by discounting the estimated future cash outflows and totals $810,515.

17. LEASE LIABILITIES

IFRS 16 was adopted November 1, 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at November 1, 2019, see Note 5. The following policies apply subsequent to the date of initial application.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Lease liabilities

	2020	2019
Gross carrying amount		
Balance, as at November 1, 2019	$ -	$ -
Additions	429,341	-
Lease payments	(178,290)	-
Lease interest	37,111	-
Write-off	(288,162)	-
Balance, as at October 31, 2020	$ -	$ -

18. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at October 31, 2020, the convertible debentures and derivative liability consist of the following:

	Convertible debentures	Derivative liability	Total
Balance, as at October 31, 2018	$ 4,161,742	$ 46,570	$ 4,208,312
Change in fair value of derivative liability	-	433,104	433,104
Amendment of the down round feature of convertible debentures	(2,026)	(479,674)	(481,700)
Postponement of interest payments	(3,805)	-	(3,805)
Forbearance of the debenture default	(51,682)	-	(51,682)
Debenture annulment	(50,000)	-	(50,000)
Conversion of convertible debentures	(1,098,557)	-	(1,098,557)
Accretion of convertible debentures	97,320	-	97,320
Balance, as at October 31, 2019	3,052,992	-	3,052,992
Forbearance of the debenture default	(79,673)	-	(79,673)
Conversion of convertible debentures	(255,000)	-	(255,000)
Accretion of convertible debentures	116,681	-	116,681
Balance, as at October 31, 2020	$ 2,835,000	$ -	$ 2,835,000

On February 23, 2017, the Company issued senior secured convertible debentures for cash proceeds of $3,500,000. On the same date, the Company also issued senior secured convertible debentures with a fair value of $750,000 to settle long-term debts, accounts payable and loans payable. Each debenture matures on August 23, 2018 and was bearing interest at 12% per annum.

The principal amount is convertible, at the option of the debenture holder, into common shares of the Company at any time before the maturity date at a price of $6.25 per common share. The conversion price is subject to adjustment in the event the Company issues common shares at a price below $6.25 per share while the debentures are outstanding (the “down round adjustment provision”). The Company is entitled to prepay the full amount of the debentures without penalty.

The debenture holders also received 340,000 share purchase warrants “A” (“A warrants”) and 340,000 share purchase warrants “B” (“B warrants”). Each A warrant entitles the holder to acquire one common share at a price of $7.50 per share until February 23, 2019 and each B warrant entitles the holder to acquire one common share at a price of $11.25 per share until February 23, 2020. For the B warrants, in the event the closing price of a common share of the Company on the Canadian Securities Exchange is $15.00 or greater during any 20 consecutive trading days period at any time until February 23, 2019, the B warrants will expire at the sole discretion of the Company.

In July 2018, following a non-brokered private placement of units at a price of $3.00 per unit, the conversion price of the debentures was reduced from $6.25 to $3.00 in accordance with the terms of the convertible debentures. This change was recorded as change in fair value of derivative liability in net loss.

18. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

On August 23, 2018, the Company amended the terms of its previously issued 12% senior secured convertible debentures (the “debentures”) to extend the maturity date of the debentures from August 23, 2018 to August 23, 2019 (the “debenture amendment”). In consideration of the extension of the maturity date, the Company agreed to extend the expiry date of the A warrants issued with the original debenture offering from February 23, 2019 to February 23, 2020 and the expiry date of the B warrants from February 23, 2020 to February 23, 2021. Except as outlined above, all other terms of the debentures and A and B warrants are unaltered and continue to be in force and effect.

In connection with the debenture amendment, certain debenture holders holding an aggregate of $300,000 of debentures agreed to assign their debentures to new debenture holders pursuant to an assignment agreement. As consideration for the assignment and extension of the debentures, the Company issued to the new debenture holders an aggregate of 24,000 A special warrants and 24,000 B special warrants. Each of the A and B special warrants is subject to the same terms and conditions as those of the amended A and B warrants.

The debenture amendment was accounted for as a debt extinguishment of the initial debentures and the recognition of the amended debentures components at their respective fair value resulting in a $59,168 loss was recorded in net loss for the year ended October 31, 2018.

On October 12, 2018, the Company issued senior secured convertible debentures for cash proceeds of $50,000. Each debenture matures on August 23, 2019 and bears interest at 3% per annum. The principal amount is convertible, at the option of the debenture holder, into common shares of the Company at any time before the maturity date at a price of $3.00 per common share.

On January 10, 2019, the Company made an offer to holders of its convertible debentures to fix the conversion price at $2.50 per common share (from $3.00 per common share) and remove any adjustment provisions relating to future financings completed at a price lower than the conversion price.

In consideration of this amendment, the Company agreed to issue to debenture holders that accepted the debenture amendment offer (other than insiders) such number of common shares of the Company as is equal to 5% of the principal amount owing to the respective debenture holder under the debenture at a deemed price of $1.75 per common share (Note 19).

Pursuant to the Agency and Interlender Agreement dated February 23, 2017, once a majority of debenture holders accepted the modification, all the debentures were modified on January 18, 2019 and the Company issued 55,086 common shares at a price of $2.375 ($129,542 total) per share to holders who accepted the modification as consideration for their acceptance.

In accordance with IFRS, the debenture amendment was accounted for as a debt extinguishment of the initial debentures and the recognition of the amended debentures components at their respective fair value. Moreover, following the modification of the debentures the conversion option now meets the definition of an equity instrument which must be recognized separately from the debentures in the equity.

18. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

The fair value of the conversion option on January 18, 2019 prior to the amendment was estimated at $479,674, which was derived using a Monte-Carlo pricing model with the following assumptions:

Share price	$2.375
Exercise price	$3.00
Time to maturity	0.6 year
Risk-free rate	1.81%
Expected volatility	60%
Probability of share issuance	90%

The fair value of the conversion option on January 18, 2019 following the amendment was estimated at $108,967, which was derived using a Black-Scholes option pricing model with the following assumptions:

Share price	$2.375
Exercise price	$2.50
Time to maturity	0,6 year
Risk-free rate	1.75%
Expected volatility	65%
Dividend yield	Nil
Dilution factor	39.8%

The extinguishment and recognition of the debentures, accounting for the common shares issued as consideration, resulted in a $243,192 gain recorded in net loss for the year ended October 31, 2019.

On May 28, 2019, the Company obtained authorization from the majority of the holders to postpone the payment of interest due for the period of February 23 to May 23, 2019 to August 23, 2019. In accordance with the Agency and Interlender Agreement dated February 23, 2017, once a majority of debenture holders accepted the postponement, interest payments on all debentures were postponed.

In accordance with IFRS, the postponement of the interest resulted in an adjustment of the book value of the convertible debentures with a $3,805 gain recorded in net loss for the year ended October 31, 2019.

On August 23, 2019, the Company entered into a forbearance agreement with a majority of the debenture holders pursuant to which the majority holders agreed to waive any default in the payment of principal and interest due on August 23, 2019. The majority lenders also agreed to continue to forbear from declaring or acting upon, or exercising related rights or remedies under such creditor's financing agreement until February 23, 2020. In accordance with the Agency and Interlender Agreement dated February 23, 2017, once a majority of debenture holders agreed to forbear any default, all debenture holders also waived the default.

In return for accepting this forbearance, the debenture holders received one warrant per $25 par value of convertible debentures (123,600 warrants in total), granting them the right to acquire a share in the Company for $2.50. The warrants are valid for a period of two years. The fair value of $6,899 assigned to the warrants issued was established using a Black-Scholes pricing model.

In accordance with IFRS, the debenture postponement was accounted for as an extinguishment of the initial debentures and the recognition of new convertible debentures with components at their respective fair value.

18. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

Following the January 18, 2019 modification, the conversion option met the definition of an equity instrument, to be recognized separately from the debentures in the equity. On August 23, 2019, prior to the agreement, the book value of the conversion option stood at $80,507, and that amount was reclassified as contributed surplus as at October 31, 2019.

The fair value of the conversion option on August 23, 2019, following the forbearance of the default was estimated at $1,218, which was derived using a Black-Scholes option pricing model.

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

Share price	$0.75
Exercise price	$2.50
Time to maturity	0 year
Risk-free rate	1.62%
Expected volatility	65%
Dividend yield	Nil
Dilution factor	39.63%

The extinguishment and recognition of the debentures, including the fair value of the warrants issued as consideration and the fair value of the conversion option resulted in a $43,565 gain recorded in net loss for the year ended October 31, 2019.

The fair value of the conversion option is a level 3 fair value measurement (Note 28). The key level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the dilution factor.

Given its short-term maturity, the carrying amount of the convertible debentures is considered a reasonable approximation of its fair value.

In 2019, the debenture holders requested the conversion of debentures totalling a par value of $1,110,000 in common shares of the Company. The book value of the converted debentures was $1,098,557 (Note 19).

On February 26, 2020, the Company entered into a forbearance agreement in connection with its previously issued 12% senior secured convertible debentures pursuant to which the majority lenders agreed to waive any default in payment of principal and interest payments due and payable as of this date, and continue to forbear from declaring or acting upon, or exercising related rights or remedies under such creditor's financing agreement until August 23, 2020.

In consideration, the Company offered to grant holders a decrease of the debenture conversion price from $2.50 to $1.25, as well as a share purchase warrant entitling the holder to purchase one common share of the Company at an exercise price of $1.25 for a term of three years for each $12.50 of principal amount owing to the holder under the debenture for an aggregate total of 247,200 warrants. In addition to the above, the Company offered to pay cash compensation equal to 3% of debenture principal owed, to be paid along with principal and accrued interests.

18. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

The amendment was accounted for as a debt extinguishment in accordance with IFRS 9. The fair value of the conversion option on February 26, 2020, following the forbearance of the default was estimated at $521,113, which was derived using a Black-Scholes option pricing model.

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

Share price	$1.125
Exercise price	$1.25
Time to maturity	0.5 year
Risk-free rate	1.37%
Expected volatility	81%
Divident yield	Nil

The extinguishment and recognition of the debentures, including the fair value of the warrants issued as consideration (Note 20) and the fair value of the conversion option, resulted in an equity adjustment of $520,988 that has been recognized in the consolidated statement of changes in equity. This transaction had no impact on the consolidated statement of comprehensive income.

In July 2020, the debenture holders requested the conversion of debentures totalling a par value of $255,000 in common shares of the Company. The book value of the converted debentures was $255,000 (Note 19).

As at year-end, the Company is in material default of its senior secured convertible debentures, including $825,821 in unpaid interest classified in trade and other payables, and is actively engaged in ongoing discussions with the collateral agent for the debentures and the debenture holders regarding a further forbearance and extension of the debentures. As a result, the convertible debentures are recorded as a current liability and the fair value of the conversion options of an amount of $478,109 has been reclassified in contributed surplus. The Company continued to accrue interest on the convertible debentures at a rate of 12% from the date when these were in material default until year-end. This was on the basis of discussions with the Secured Creditors which were advancing and expected to reach a Forbearance Agreement (Note 33). Other concessions were granted to the debenture holders as part of the forbearance, including an adjustment of the conversion price, the payment of unpaid interest in common shares, and others as detailed in Note 33 and management therefore felt that it was reasonable to maintain this rate.

The fair value of the conversion option is a level 3 fair value measurement (Note 28). The key level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company’s shares.

19. SHARE CAPITAL

Share consolidation

On October 21, 2020, the Company consolidated all of the Company's issued and outstanding common shares on the basis of twenty-five (25) to one (1). The consolidation was approved by the resolution of the Board of Directors of the Company in accordance with the articles of the Company.

The share consolidation affected all shareholders, optionholders, warrantholders and convertible debenture holders uniformly and thus did not materially affect any securityholder's percentage of ownership interest.

The exercise price and number of common shares issuable upon the exercise of outstanding options, warrants and convertible debentures of the Company were proportionately adjusted as a result of the share consolidation.

All references to the number of common shares herein, as well as warrants, options and convertible debentures data have been revised to reflect the share consolidation as if it occurred at the beginning of the earliest period presented.

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

Common shares, voting and participating

Preferred shares

	2020	2019
Common shares (a)	$ 25,362,587	$ 25,064,583

(a) The number of issued common shares totals 7,123,117 as at October 31, 2020 (6,919,117 as at October 31, 2019).

On January 18, 2019, the Company made an offer to holders of its previously issued 12% senior secured convertible debentures to fix the conversion price of the debentures at $2,50 per common share (from $3.00 per common share) and remove any adjustment provisions relating to future financings completed at a price lower than the conversion price (Note 18). In consideration of the debenture amendment, the Company issued to debenture holders that accepted the amendment offer (other than insiders) 55,086 shares for a total value of $129,542.

On February 26, 2019, the Company completed a non-brokered private placement of units of the Company at a price of $2.50 per unit for total gross proceeds of $1,033,435. Each unit consisted of one common share and one-half of one share purchase warrant (Note 20). In connection with the offering, the Company also completed a debt settlement agreement of $73,565 of debt owed to various insiders of the Company and to a company under common control in consideration of an aggregate of 29,426 units (Notes 14, 16 and 18). The Company issued an aggregate of 442,800 units pursuant to the offering and debt settlement. In connection with the offering, the Company paid finder's fees totalling $28,228 in cash.

19. SHARE CAPITAL (continued)

On August 22, 2019, the Company completed a non-brokered private placement of units of the Company at a price of $1.25 per unit for total gross proceeds of $342,500. Each unit consisted of one common share and one share purchase warrant (Note 20). In connection with the offering, the Company also completed a debt settlement agreement of $189,337 of debt owed to various insiders, employees and consultants of the Company in consideration of an aggregate of 151,469 units (Notes 14, 16 and 20). The Company issued an aggregate of 425,469 units pursuant to the offering and debt settlement. In connection with the offering, the Company paid finder's fees totalling $200 in cash.

Private placement expenses relating to the above-mentioned offerings $31,682, of which a $3,434 amount was paid by the issue of warrants (Note 20).

During the year ended October 31, 2019, the Company issued 4,000 units of the Company at a price of $3.00 per unit for total gross proceeds of $12,000. Each unit consisted of one common share and one share purchase warrant. These units are related to the non-brokered private placement on June 4, 2018, since they had been subscribed but had not been issued.

As stated in Note 18, the debenture holders requested the conversion of debentures totalling a par value of $1,110,000 in common shares of the Company. Taking into account the book value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was $1,098,557.

During the year ended October 31, 2020, as stated in Note 18, the debenture holders requested the conversion of debentures totalling a par value of $255,000 in common shares of the Company. Taking into account the book value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was $298,004.

20. WARRANTS

The following is a summary of the activity of warrants:

	2020		
	Number of warrants		Weighted average exercise price
Opening balance	2,825,926	$	5.25
Granted during the year	247,200		1.25
Expired during the year	(1,732,017)		5.75
Closing balance, as at October 31, 2020	1,341,109	$	4.22

20. WARRANTS (continued)

	2019		
	Number of warrants		Weighted average exercise price
Opening balance	2,101,506	$	6.50
Granted during the year	792,709		2.50
Expired during the year	(68,289)		6.25
Closing balance, as at October 31, 2019	2,825,926	$	5.25

The following is a summary of warrants outstanding, all of which are exercisable, as at October 31, 2020:

Exercise price	Number	Weighted average contractual life
$1.25	247,200	2.32 years
$1.50	12,000	0.80 year
$1.75	425,469	1.80 year
$2.50	129,840	0,79 year
$3.75	221,400	0.37 year
$11.25	305,200	0.32 year
	1,341,109	1.21 year

As stated in Note 19, the Company closed on February 26, 2019 a non-brokered private placement of units of the Company at a price of $2.50 per unit. 442,800 units were issued, each of them consisting of one common share and one-half of one share purchase warrant. Therefore, the Company issued an aggregate of 221,400 warrants. Each warrant issued entitles the holder to acquire one additional share at a price of $3.75 per share for a period of 24 months from closing. In connection with the offering the Company issued an aggregate of 6,240 finder's warrants exercisable at a price of $2.50 per share for a period of 24 months from closing. All securities issued are subject to a hold period expiring four months and one day from closing in accordance with applicable securities laws.

The warrants were assigned a value of $38,281 using the fair value method. A value of $39,652 was obtained using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.75%; expected volatility of 65%; expected dividend yield of 0%; expected life of two years and exercise price of $3.75. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $2.50.

The finder's warrants were assigned a value of $1,975 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1,75%; expected volatility of 65%; expected dividend yield of 0%; expected life of two years and exercise price of $2.50. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $2.50.

20. WARRANTS (continued)

As stated in Note 19, the Company closed on August 20, 2019 a non-brokered private placement of units of the Company at a price of $1.25 per unit. 425,469 units were issued, each of them consisting of one common share and one share purchase warrant. Each warrant issued entitles the holder to acquire one additional share at a price of $1.75 per share for a period of 36 months from closing. In connection with the offering the Company issued an aggregate of 12,000 finder's warrants exercisable at a price of $1.50 per share for a period of 24 months from closing. All securities issued are subject to a hold period expiring four months and one day from closing in accordance with applicable securities laws.

The warrants were assigned a value of $59,498 using the fair value method. A value of $66,992 was obtained using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1,29%; expected volatility of 65%; expected dividend yield of 0%; expected life of three years and exercise price of $1.75. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $1.25.

The finder's warrants were assigned a value of $1,459 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1,34%; expected volatility of 65%; expected dividend yield of 0%; expected life of two years and exercise price of $1.75. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $1.25.

As stated in Note 18, the Company asked the debenture holders to forbear from exercising enforcement rights in relation to event of non-repayment of maturity proceeds for a period of six months. In consideration of the confirmation from a majority of holders, the Company granted a share purchase warrant entitling the holder to purchase one common share of the Company at an exercise price of $2.50 for a term of 24 months from the maturity date for each $25.00 of principal amount owing to the holder under the debenture.

As at August 23, 2019, there remained $3,090,000 in principal amount owed to the holders under the debenture. Therefore, the Company issued an aggregate of 123,600 share purchase warrants.

The warrants were assigned a value of $6,899 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1,37%; expected volatility of 65%; expected dividend yield of 0%; expected life of two years and exercise price of $2.50. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $1.25.

As stated in Note 19, the Company issued 4,000 units related to the non-brokered private placement on June 4, 2018 since they had been subscribed but had not been issued at that time. Each unit consisted of one common share and one share purchase warrant.

The warrants were assigned a value of $409 using the fair value method. A value of $423 was obtained using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1,62%; expected volatility of 65%; expected dividend yield of 0%; expected life of two years and exercise price of $3.00. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $1.50.

20. WARRANTS (continued)

As stated in Note 18, on February 26, 2020, the Company asked the debenture holders to forbear from exercising enforcement rights in relation to event of non-repayment of maturity proceeds for a period of six months. In consideration of the confirmation from a majority of holders, the Company granted a share purchase warrant entitling the holder to purchase one common share of the Company at an exercise price of $1.25 for a term of 36 months from the maturity date for each $12.50 of principal amount owing to the holder under the debenture.

As at February 26, 2020, there remained $3,090,000 in principal amount owed to the holders under the debenture. Therefore, the Company issued an aggregate of 247,200 share purchase warrants.

The warrants were assigned a value of $80,766 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of; expected volatility of 64%; expected dividend yield of 0%; expected life of three years and exercise price of $1.25. Expected volatility was based on the historical volatility of other comparable listed companies. The share price upon issuance was $1.125.

21. OPTIONS

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

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

	2020	
	Number of options	Weighted average exercise price
Opening balance	307,200	$ 4.00
Granted during the year	100,000	1.50
Forfeited during the year	(87,000)	5.25
Closing balance, as at October 31, 2020	320,200	$ 2.96
Closing balance of exercisable options, as at October 31, 2020	320,200	$ 2.96

21. OPTIONS (continued)

	2019		
	Number of options		Weighted average exercise price
Opening balance	212,400	$	5.50
Granted during the year	122,000		2.50
Forfeited during the year	(27,200)		7.25
Closing balance, as at October 31, 2019	307,200	$	4.00
Closing balance of exercisable options, as at October 31, 2019	291,200	$	4.00

The following is a summary of stock options outstanding and exercisable as at:

	Options outstanding		Option exercisable	
	Number	Weighted average contractual life	Number	Weighted average contractual life
October 31, 2020				
Exercise price				
$1.50	100,000	3.13 years	100,000	3.13 years
$2.50	122,000	1.53 year	122,000	1.53 year
$5.00	97,200	0.70 year	97,200	0.70 year
$7.50	1,000	1.45 year	1,000	1.45 year
	320,200		320,200	
October 31, 2019				
Exercise price				
$2.50	122,000	2.53 years	106,000	2.42 years
$5.00	177,200	1.70 year	177,200	1.70 year
$7.50	8,000	2.45 years	8,000	2.45 years
	307,200		291,200	

On January 25, 2019, the Company agreed to authorize and grant an aggregate of 102,000 options at an exercise price of $2.50 per option shares. Of this total, 70,000 options have a lifespan of three years, while 32,000 options have a lifespan of four years.

21. OPTIONS (continued)

The options with a three-year lifespan were assigned a value of $28,804, while those with a four-year lifespan were assigned a value of $16,507, using the Black-Scholes option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal weighted assumptions were used in the valuations.

Three-year lifespan:

Share price at grant date	$2.375
Volatility	65%
Options life	3 years
Dividend yield	0%
Risk-free investment rate	1.87%
Fair value at grant date	$0.425
Exercise price at grant date	$2.50

Four-year lifespan:

Share price at grant date	$2.375
Volatility	65%
Options life	4 years
Dividend yield	0%
Risk-free investment rate	1.89%
Fair value at grant date	$0.525
Exercise price at grant date	$2.50

On March 28, 2019, the Company agreed to authorize and grant a further 20,000 options at an exercise price of $2.50 per option shares.

The options were assigned a value of $5,334, using the Black-Scholes option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal weighted assumptions were used in the valuations.

Share price at grant date	$1.875
Volatility	65%
Options life	3 years
Dividend yield	0%
Risk-free investment rate	1.48%
Fair value at grant date	$0.275
Exercise price at grant date	$2.50

On December 19, 2019, the Company agreed to authorize and grant an aggregate of 100,000 options at an exercise price of $1.50 per option shares. The options have a lifespan of four years.

21. OPTIONS (continued)

The options were assigned a value of $25,000, using the Black-Scholes option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal weighted assumptions were used in the valuations.

Share price at grant date	$1.125
Volatility	65%
Options life	4 years
Dividend yield	0%
Risk-free investment rate	1.71%
Fair value at grant date	$0.25
Exercise price at grant date	$1.50

The underlying expected volatility was determined by reference to historical volatility of the Company and other comparable listed companies for a period that is generally commensurate with the expected option term. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, a $25,000 ($48,720 in 2019) amount of employee remuneration expense and consultation fees (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to contributed surplus.

22. LOSS PER SHARE

Basic and diluted loss per share have been calculated based on the net loss available for common shareholders by the weighted average number of common shares outstanding during the period. There were no adjustments to the numerator and denominator of basic earnings used in calculating diluted earnings.

23. INCOME TAXES

Current tax expense

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

	2020	2019
Income tax recovery calculated on the basis of the statutory rate in Canada of 26.50% (26.50% in 2019)	$ (106,839)	$ (940,483)
Increase (decrease) of the following items:		
Non-deductible expenses and non-taxable income	(460,470)	68,099
Change in unrecognized deferred tax assets	1,970,619	878,634
Unrecognized future income tax assets on share capital transaction costs	-	(7,533)
Other	87,777	1,283
Income tax expense in the statements of comprehensive income	$ 1,491,087	$ -

The major component of tax reconciliation of the expected tax expense based on the domestic tax rate for the Company (26.50% in 2020; 26.50% in 2019) and the reported tax expense in profit or loss (nil for 2019) is the increase of unused tax losses and deductible temporary differences for which no deferred tax assets are recognized and prior year adjustment.

Deferred income taxes

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

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

	Balance, as at October 31, 2019	Recognized in profit or loss	Balance, as at October 31, 2020
Property, plant and equipment and intangible assets	$ (601,408)	$ (905,710)	$ (1,507,118)
Convertible debentures and derivative liability	(9,807)	9,807	-
Undeducted accounting reserves	-	155,045	155,045
Accounts receivable	-	(9,716)	(9,716)
Inventory	-	(458,829)	(458,829)
Financing fees	-	99,584	99,584
Tax losses	611,215	(323,875)	287,340
Other	-	(57,393)	(57,393)
	$ -	$ (1,491,087)	$ (1,491,087)

23. INCOME TAXES (continued)

Deferred income taxes

	Balance, as at October 31, 2018	Recognized in profit or loss	Balance, as at October 31, 2019
Property, plant and equipment and intangible assets	$ (470,932)	$ (130,476)	$ (601,408)
Convertible debentures and derivative liability	(11,047)	1,240	(9,807)
Unused tax losses	481,979	129,236	611,215
	$ -	$ -	$ -

Unrecognized deductible temporary differences and unused tax losses belonged to the subsidiary and consisted of the following as at October 31, 2019:

	2019
Research and development expenses (a)	$ 12,298,843
Undeducted accounting reserve	404,540
Unused tax losses	29,886,230
Financing expenses	900,533
Charitable donations carried forward	52,668
Unrecognized deferred tax assets	$ 43,542,814

(a) Temporary differences from unused research and development expenses shown in this table are those at the federal level. For the provincial level, the differences totalled $12,423,814 as at October 31, 2019.

The Company has unused tax losses from its operations totalling $1,084,302 for the federal and for the provincial levels that may be carried forward and for which an asset amounting to $287,240 was recognized. Furthermore, they can be applied against taxable income over the following years:

	Federal	Provincial
2034 -	$ 14,945	$ 14,945
2036 -	$ 2,646	$ 2,646
2037 -	$ 1,445	$ 1,445
2038 -	$ 115,100	$ 115,100
2039 -	$ 151,054	$ 151,054
2040 -	$ 799,112	$ 799,112
	$ 1,084,302	$ 1,084,302

24. FINANCIAL EXPENSES

Financial expenses consist of the following:

	2020	2019
Foreign exchange gain (loss)	$ (214,437)	$ 8,441
Factoring fees	-	16,161
Bank charges	5,538	8,878
Penalties	1,736	57,421
Financing cost	-	7,876
Accretion expense on convertible debentures	116,681	-
Interest expenses for financial liabilities at amortized cost		
Current liabilities	-	33,644
Non-current liabilities and convertible debentures	511,916	542,683
	421,434	675,104
Interest expense on financial lease agreements	37,111	1,282
	$ 458,545	$ 676,386

25. EMPLOYEE REMUNERATION

Expenses recognized for employee benefits such as wages, salaries and social security costs total $1,621,155 for the year ended October 31, 2020 ($2,077,053 in 2019).

26. OPERATING LEASES

The Company leases an office and furniture under operating leases not in scope of IFRS 16. The future lease payment for the year ending October 31, 2021 until expiration of the lease agreement is $70,000.

The lease expense during the year amounts to the following, representing the minimum lease payments:

	2020	2019
	$ 178,290	$ 179,399

Also, under a software licence agreement, the Company committed to pay annual subscription fees for an amount of $60,000 and royalties of US$20 or US$30 for each unit of licence products sold.

27. RELATED PARTY TRANSACTIONS

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Transactions with key management personnel

The Company's key management consists of the directors and executives. The key management personnel remuneration totals $449,414 for the year ended October 31, 2020 ($552,691 in 2019).

The number of shares held personally or through a company by key management personnel is 136,860 post-consolidation shares as at October 31, 2020 (173,720 as at October 31, 2019).

Other related party transactions

During the year, the Company entered into the following transactions with related parties:

	2020	2019
Shareholders		
Interest expenses	$ 58,336	$ 66,807
Companies under common control		
Revenues		
Rent	$ -	$ 7,200
Expenses		
Administrative expenses	$ -	$ 137,029
Financial expenses	$ -	$ 78,736

Convertible debentures (including derivative liability) owed to a company under common control and to shareholders total $0 and $375,000 respectively as at October 31, 2020 ($429,790 and $370,509 respectively as at October 31, 2019).

28. FINANCIAL INSTRUMENTS RISK

Risk management objectives and policies

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

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

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

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

	2020	2019
Financial assets classified at amortized cost		
Cash	$ 64,254	$ 510,832
Trade accounts receivable	136,801	192,397
Security deposits and deposits on purchase of goods	181,568	483,688
	$ 382,623	$ 1,186,917

	2020	2019
Financial liabilities classified at amortized cost		
Trade accounts payable	$ 2,072,052	$ 1,818,853
Loan payable	-	190,000
Convertible debentures	2,835,000	3,052,992
Long-term debt	1,287,421	1,042,463
	$ 6,194,473	$ 6,104,308

28. FINANCIAL INSTRUMENTS RISK (continued)

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

Market risk analysis

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

- Interest rate risk and interest rate sensitivity:

  The Company is exposed to changes in market interest rates through its long-term debt at a variable interest rate.

  The term-loan from Shimcity bears interest at a variable rate and the Company is, therefore, exposed to the risk of cash flows resulting from interest rate fluctuations.

  A change in interest rates of 1% is considered to be reasonably possible based on the observation of current market conditions. Such a change in interest rates would not have a significant impact on the Company's loss or deficit for each reporting period.

- Foreign currency risk and foreign currency sensitivity:

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

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

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

	2020	2019
Cash	$ 32,392	$ 366,741
Trade accounts receivable and deposits	$ 130,906	$ 662,375
Trade and other payables	$ 776,507	$ 752,978

  A change in exchange rates of 5% is considered to be reasonably possible based on the observation of current market conditions and the market risk volatility in exchange rates in the previous 12 months. All other things being equal, such a change in exchange rates would have increased or decreased the net loss and deficit by $30,660 for the year ended October 31, 2020 ($13,800 in 2019) based on the Company's foreign currency financial instruments held at each reporting date.

28. FINANCIAL INSTRUMENTS RISK (continued)

Credit risk analysis

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

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

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

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

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

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

	2020	2019
No more than three months	$ 301,816	$ 59,316
More than three months but no more than six months	-	435
More than six months but no more than one year	-	40,754
More than one year	-	91,892
	$ 301,816	$ 192,397

The Company is exposed to a credit risk concentration because 93% of its trade accounts receivable are due from three customers (96% from two customers as at October 31, 2019).

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

28. FINANCIAL INSTRUMENTS RISK (continued)

Liquidity risk analysis

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

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

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

2020	Current		Non-current		
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years	Total
Trade and other payables	$ 2,112,507	$ -	$ -	$ -	$ 2,112,507
Long-term debt	91,722	91,722	1,103,977	-	1,287,421
Convertible debentures	2,835,000	-	-	-	2,835,000
	$ 5,039,229	$ 91,722	$ 1,103,977	$ -	$ 6,234,928

2019	Current		Non-current		
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years	Total
Trade and other payables	$ 2,162,896	$ -	$ -	$ -	$ 2,162,896
Loan payable	190,000	-	-	-	190,000
Long-term debt	380,990	40,662	632,911	-	1,054,563
Convertible debentures	3,052,992	-	-	-	3,052,992
	$ 5,786,878	$ 40,662	$ 632,911	$ -	$ 6,460,451

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

28. FINANCIAL INSTRUMENTS RISK (continued)

Fair value measurement

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

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

All of the Company's financial liabilities are included into level 2, except the fair value of the conversion option and the long-debt is included in level 3. The fair value of the conversion option was derived using a Black-Scholes option pricing model (Note 18).

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

30. SEGMENT INFORMATION

The Company has examined its activities and has determined that, based on information reviewed on a regular basis by the main decision-makers, it has a single reportable segment.

The following information provides the required entity-wide disclosures:

	2020	2019
Rendering of services	$ 431,392	$ 685,670
Sale of goods	3,498,686	1,436,497
	$ 3,930,078	$ 2,122,167

30. SEGMENT INFORMATION (continued)

The Company's revenue from external customers is divided into the following geographical areas:

	2020	2019
Canada	$ 332,817	$ 54,954
United States	1,016,512	1,177,300
Europe	2,171,538	630,063
Africa	-	166,152
Other areas	409,211	93,698
	$ 3,930,078	$ 2,122,167

The Company is exposed to a credit risk concentration because 48% of its revenues are from one customer for the year ended October 31, 2020 (17% from one customer in 2019).

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

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loan payable	Convertible debentures and derivative liability	Long-term debt	Total
November 1, 2019	$ 190,000	$ 3,052,992	$ 1,054,563	$ 4,297,555
Cash flows				
Repayment	-	-	(665,510)	(665,510)
Proceeds	-	-	1,108,333	1,108,333
Write-off	(190,000)	-	(209,965)	(399,965)
Non-cash				
Accretion of convertible debentures	-	116,681	-	116,681
Forbearance to the convertible debentures default	-	(79,673)	-	(79,673)
Conversion of convertible debentures	-	(255,000)	-	(255,000)
October 31, 2020	$ -	$ 2,835,000	$ 1,287,421	$ 4,122,421

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Loan payable	Convertible debentures and derivative liabiliy	Long-term debt	Total
November 1, 2018	$ 250,542	$ 4,208,312	$ 320,306	$ 4,779,160
Cash flows				
Repayment	-	-	(88,245)	(88,245)
Proceeds	-	-	822,502	822,502
Net change from factoring	(60,542)	-	-	(60,542)
Non-cash				
Accretion of convertible debentures	-	97,320	-	97,320
Change in fair value of derivative liability	-	433,104	-	433,104
Forbearance to the convertible debentures default	-	(51,682)	-	(51,682)
Debenture annulment	-	(50,000)	-	(50,000)
Amendment of the down round feature of the convertible debentures	-	(481,700)	-	(481,700)
Postponent of interest payments	-	(3,805)	-	(3,805)
Conversion of convertible debentures	-	(1,098,557)	-	(1,098,557)
October 31, 2019	$ 190,000	$ 3,052,992	$ 1,054,563	$ 4,297,555

32. UNCERTAINTIES RELATED TO COVID-19

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

Travel bans

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

Supply chain disruptions

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

32. UNCERTAINTIES RELATED TO COVID-19 (continued)

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

33. POST-REPORTING DATE EVENTS

Extension to senior secured convertible debentures

As at November 16, 2020, a Company's debt holder has agreed to convert $100,000 of debt into a secured convertible debenture (the “Debenture”) of the Company. The principal amount of the Debenture is $115,000 (the “Purchase Price”), representing the original $100,000 of debt (the “Debt”), inclusive of an original issue discount equal to 15% of the Purchase Price. The Debt is currently in default, and the issuance of the Debenture will result in an extension of the maturity of the Debt until May 31, 2021. The Debenture was to bear interest at a rate of 10% per annum. However, it was converted into common shares of the Company at a conversion price of $0.71 on the same date.

As at November 20, 2020, a Company’s debt holder has agreed to convert an additional $250,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is $287,500 for the original $250,000 of debt (representing an original issue discount equal to 15% of the purchase price). The Debenture bears interest at a rate of 10% per annum. The Debenture was to bear interest at a rate of 10% per annum. However, it was converted into common shares of the Company at a conversion price of $0.60 on the same date.

As at November 30, 2020, a Company's debt holder has agreed to convert an additional $300,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is $352,900 for the original $300,000 of debt (representing an original issue discount equal to 15% of the purchase price). The Debenture was to bear interest at a rate of 10% per annum. However, it was converted into common shares of the Company at a conversion price of $0.49 on the same date.

As at December 3, 2020, a majority of the holders of the senior secured convertible debentures of the Company issued on February 23, 2017 have executed the Forbearance Agreement effective December 3, 2020 to forbear from enforcing their rights under the security agreements relating to the Debentures until December 31, 2021. Prior to the forbearance the Company was in material default under the terms of the Debentures. In consideration of the foregoing forbearance, the Company has agreed to adjust the conversion price of the Debentures to $0.33 per common share.

As at December 15, 2020, the Company received $400,000 from a subscriber via its non-brokered private placement. The Offering consisted of the issuance of 1,000,000 units at a price of $0.40 per unit. The proceeds from the Offering are expected to be used by the Company for general working capital purposes.

As at January 12, 2021, all of the holders of the 12% senior secured convertible debentures of the Company issued on February 23, 2017 have executed the Forbearance Agreement dated as of November 30, 2020 to forbear from enforcing their rights under the security agreements relating to the Debentures until December 31, 2021.

33. POST-REPORTING DATE EVENTS (continued)

Following the execution of the Forbearance Agreement by all Secured Creditors on January 12, 2021, effective as of such date the Debentures have been amended as follows:

(i) The maturity date of the Debentures is amended to December 31, 2021;

(ii) Subject to compliance with applicable securities laws, all accrued but unpaid interest and penalties on the Debentures in common shares of the Company up to and as at January 12, 2021 will be settled at a deemed price per common share equal to $0.28 (being last closing market price of the common shares on the CSE), discounted by the maximum discount permitted by Section 2.1 of Policy 6 of the CSE. As at January 12, 2021, the total amount of interest and penalties owed under the Debentures totaled approximately $875,000;

(iii) Interest on the Debentures following January 12, 2021 will be payable on June 30, 2021 and December 31, 2021, payable at the option of the Company in cash or common shares, at a deemed price per common share equal to the volume weighted average trading price of the common shares on the CSE for the 10 day period prior to the interest payment date; and

(iv) In the event that the Company elects to pay accrued interest in common shares, the effective interest rate is increased to 15% (from 12%).

All Interest Settlement Shares to be issued will be subject to a statutory hold period expiring on the date that is four months and one day from the date of issuance.

$1,898,000 of the debenture has been converted at a conversion price of $0.33 and $887,493 of accrued interest has been converted at a conversion price of $0.28.

In addition, a Company's debt holder has agreed to convert an additional $200,000 of debt into a secured convertible debenture of the Company. The principal amount of the Debenture is $235,294 representing an original issue discount equal to 15% of the purchase price of the original $200,000 owed to the debt holder. The convertible debenture bears interest at a rate of 10% per annum. The Debenture plus accrued interest was converted into common shares of the Company at a conversion price of $0.37 on January 12, 2021.

As at February 5, 2021, the Company has entered into a Network as a Service ("NAAS") contract with Orange DRC SA ("Orange DRC"), a subsidiary of Orange S.A (NYSE:ORAN) in the Democratic Republic Of the Congo ("DRC"), for its NAAS model which is estimated to generate gross revenue for the Company of up to CAD$400 Million during the term of the agreement commencing February 5, 2021.

As at February 8, 2021, the Company has granted stock options pursuant to the Company's incentive stock option plan to certain employees, consultants, directors and officers of the Company, to purchase an aggregate of 1,225,000 common shares of the Company at an exercise price of $0.395 per share.

As at February 10, 2021, the Company has granted an aggregate of 1,225,000 stock options and has obtained the approval of the Canadian Securities Exchange to increase the exercise price of the stock options from $0.395 to $2.35 per common share. The options were granted pursuant to the Company's incentive stock option plan to certain employees, consultants, directors and officers of the Company.