NETCENTS TECHNOLOGY INC.

This is an amended and restated Consolidated Financial Statements For The Years Ended October 31, 2020 And 2019 (the "**Amended and Restated Financial Statements**") which contains the Independent Auditor's Report. The originally filed version of the audited financial statements (the "**Original Financial Statements**") inadvertently omitted the Independent Auditor's Report.

The Amended and Restated Financial Statements replaces the Original Financial Statements.

NETCENTS TECHNOLOGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

EXPRESSED IN CANADIAN DOLLARS

Independent Auditor's Report

To the Shareholders of NetCents Technology Inc.:

Opinion

We have audited the consolidated financial statements of NetCents Technology Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies ("consolidated financial statements").

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 financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 audits 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 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended October 31, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements dated June 10, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

The engagement partner on the audit resulting in this independent auditor's report is Timur Lidzhiev.

PKF Antares
Professional Corporation

Calgary, Alberta
October 28, 2022

Chartered Professional Accountants
Licensed Public Accountants

Management's Responsibility

To the Shareholders of NetCents Technology Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 2 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

The consolidated financial statements were approved by the Board of Directors on October 26, 2022 and were signed on its behalf by:

"Clayton Moore"
Clayton Moore, CEO

"Colin Sutherland"
Colin Sutherland, CFO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	Note	As at October 31, 2020	As at October 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents		**$1,910,364**	$205,088
Digital currencies	(5)	**428,422**	100,221
Restricted cash and funds due from processors		**2,362**	2,362
Trade and other receivables	(6)	**95,242**	-
Prepaid amounts and deposits		**22,627**	109,458
Due from related parties	(17)	**495,751**	100,008
		2,954,768	517,137
Non-current Assets			
Restricted cash	(8)	**3,341,041**	3,341,041
Fixed assets, net	(9)	**100,400**	219,532
Right-of-use assets, net	10)	**265,412**	-
		$6,661,621	$4,077,710
LIABILITIES			
Current Liabilities			
Accounts payable	(11)	**$830,492**	$1,141,537
Accrued liabilities	(11)	**286,518**	180,752
Client deposits	(7)	**536,473**	1,255,593
Funds due to merchants	(12)	**207,717**	292,499
Loans payable	(13)	**95,406**	31,281
Due to related parties	(17)	**-**	114,118
Lease liabilities	(10)	**109,976**	-
		2,066,582	3,015,780
Non-current Liabilities			
Provision for coin sale	(8)	**3,341,041**	3,341,041
		5,407,623	6,356,821
SHAREHOLDERS' EQUITY(DEFICIENCY)			
Share capital	(16)	**36,216,932**	20,932,448
Contributed surplus – options	(16)	**13,410,307**	5,772,866
Contributed surplus – warrants	(16)	**3,597,828**	1,458,852
Subscriptions receivable	(16)	**(2,147,879)**	(1,805,359)
Deficit	(16)	**(49,823,190)**	(28,637,918)
		1,253,998	(2,279,111)
		$6,661,621	$4,077,710

The audited consolidated financial statements were approved by the Board of Directors on October 26, 2022, and were signed on its behalf by:

Commitments (18)

" Clayton Moore"

Clayton Moore , Director

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

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Note	As at Year Ended October 31, 2020	Year Ended October 31, 2019
Income			
Processing revenue	(15)	**$271,492**	$89,082
Cost of sales		**(37,644)**	(30,309)
Gross Profit		**233,848**	58,773
Sales, General & Administrative			
Consulting fees		**5,092,158**	174,533
Sales, marketing, and investor relations		**889,905**	1,101,516
Office		**69,205**	214,992
Professional fees		**1,085,310**	397,505
Rent		**61,948**	466,878
Employee salaries and wages	(17)	**3,170,718**	593,177
Share-based payments	(16)	**9,802,418**	1,416,939
Regulatory and transfer agent fees		**141,234**	99,072
Amortization of right to use assets	(10)	**439,150**	-
Amortization of intangibles		**-**	65,131
Depreciation of fixed assets	(9)	**66,179**	97,736
Software and Technology Development		**230,206**	615,159
Travel, meals & entertainment		**593,621**	314,213
Exchange gain(loss)		**29,388**	77,801
Total Selling, General & Administrative Expenses		**21,671,440**	5,634,652
Net Operating Loss		**(21,437,592)**	(5,575,879)
Other Income (Expense)			-
Gain(loss) on settlement of debt, net		**(170,873)**	(76,105)
Other income	(13)	**10,000**	-
Write-off of software purchase		**(325,000)**	-
Write down of loans receivable	(17)	**(100,008)**	-
Interest and accretion expense, net		**(18,087)**	(47,623)
Recovery(write-down) of NCCO coins	(8)	**856,289**	(966,095)
Total Other Income (Expenses)		**252,321**	(1,089,823)
Loss Before Taxes		**$(21,185,271)**	$(6,665,702)
Income tax provision	(19)	**-**	-
Net Loss and Comprehensive Loss for Year		**$(21,185,271)**	$(6,665,702)
Basic & Diluted Loss per Common Share		**($0.30)**	($0.14)
Weighted average number of shares outstanding		**69,968,402**	48,346,800

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars)

	# Of shares	Amount	Contributed options	Surplus warrants	Subscription receivable	Deficit	Equity
Balance October 31, 2018	44,740,551	$15,550,130	$5,021,479	$1,107,506	$-	$(21,972,216)	$(293,101)
Shares issued for services	514,422	444,006	-	-	-	-	444,006
Share issued for debt settlement	1,394,118	784,064	-	-	-	-	784,064
Shares issued for exercise of options	925,000	461,296	(221,546)	-	-	-	239,750
Shares issued for exercise warrants	628,571	254,286	-	-	-	-	254,286
Units issued for cash	5,448,217	2,971,013	-	351,346	(1,805,359)	-	1,517,000
Shares issued for exercise of convertible debt	456,623	493,153	-	-	-	-	493,153
Cancellation of stock options	-	(25,500)	-	-	-	-	(25,500)
Share based payments	-	-	972,933	-	-	-	972,933
Net loss for the year	-	-	-	-	-	(6,665,702)	(6,665,702)
Balance October 31, 2019	54,107,502	$20,932,448	$5,772,866	$1,458,852	$(1,805,359)	$(28,637,918)	$(2,279,111)
Shares issued for services	7,550,000	5,429,501	-	-	-	-	5,429,501
Share issued for debt settlement	8,100,512	2,824,035	-	-	-	-	2,824,035
Shares issued for cash	4,038,497	1,903,606	-	-	-	-	1,903,606
Shares issued for subscription	-	141,600	-	-	(90,720)	-	50,880
Shares issued for exercise of options	3,740,500	3,003,305	7,613,266	-	(41,800)	-	10,574,771
Shares issued for exercise warrants	3,466,130	2,459,041	-	2,138,976	(210,000)	-	4,388,017
Shares issued for severance pay	50,000	26,000	-	-	-	-	26,000
Share based payments to employees	1,607,355	1,326,826	-	-	-	-	1,326,826
Additional paid in capital	-	(1,810,737)	-	-	-	-	(1,810,737)
Other	-	(18,692)	24,175	-	-	-	5,483
Net loss for the year	-	-	-	-	-	(21,185,271)	(21,185,271)
Balance October 31, 2020	82,660,496	$36,216,933	$13,410,307	$3,597,828	$(2,147,879)	$(49,823,190)	$1,253,998

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Year Ended October 31, 2020	Year Ended October 31, 2019
OPERATING ACTIVITIES		
Net Loss for the Year	$(21,185,271)	$(6,665,702)
Items not affecting cash		
Share based payments	9,802,418	1,416,939
Executive officers share based payments	1,326,826	-
Consulting and professional services share based payments	7,484,254	-
Loss on settlement of debt	170,873	76,105
Write-off of software purchase	325,000	
Lease liability accretion	18,087	-
Amortization o fright to use asset	439,150	-
Amortization of fixed assets	66,179	97,736
Write down of loan receivable	100,008	-
(Recovery) write down of NCCO Coins	(856,289)	856,288
Foreign exchange	29,388	659
	(2,279,377)	(4,105,219)
Change in Non-cash Working Capital Items		
Digital currencies	(328,201)	445,339
Trade and other receivables	(95,242)	-
Prepaid amounts and deposits	86,831	35,917
Accounts payable and accrued liabilities	(205,279)	838,827
Client deposits	(719,120)	-
Funds due to merchants	(84,782)	(137,657)
Due to related parties	(509,861)	92,235
	(4,135,031)	(2,861,741)
INVESTING ACTIVITIES		
Purchase of equipment	(8,338)	-
	(8,338)	-
FINANCING ACTIVITIES		
Proceeds from unit issuances, net	1,018,063	1,491,500
Proceeds from exercise of options, net	2,961,505	239,750
Proceeds from exercise of warrants, net	2,249,041	254,286
Lease liability payments	(444,088)	-
Proceeds from loans payable	64,125	-
	5,848,646	1,985,536
Change in Cash	1,705,277	(876,205)
Cash position-beginning of Year	205,088	1,081,293
Cash-End of Year	**$1,910,364**	**$205,088**
Supplementary non-cash investing and financing activities:		
Conversion of related party debt into ordinary shares	$2,390,225	$784,064
Recognized ROU assets through lease liabilities	$155,436	-
Supplementary cashflows information:		
Taxpaid	-	-
Interest paid	$1,405	$22,964

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

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of business:

NetCents Technology Inc. (the "Company" or "NC") is a public company (CSE: NC) (Frankfurt: 26n) (OTCQB: NTTCF) incorporated on November 11, 2019, under the British Columbia Business Corporations Act. The Company is engaged in software development for the payment processing industry. The head office and the registered and records office of the Company are located at MNP Tower, 1021 W. Hastings, 9th Fl. Vancouver, British Columbia V6B 5C61000.

2. Basis of presentation:

Statement of compliance and basis of presentation

The Company's consolidated financial statements (the "financial statements") for the years ended October 31, 2020, and October 31, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issue by the Board on October 26, 2022, and have been prepared under the historical cost basis, except for certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars ("CAD") the Company's functional and presentation currency.

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Historically, the Company has not earned income to finance day to day activities through operations.

The Company's continuation as a going concern is dependent upon the successful development and marketing of its payment platform software, its ability to attain profitable operations and generate funds there from or raise equity capital or borrowings sufficient to meet current and future obligations. As noted below the Company has accumulated significant losses to date and has a substantial working capital deficiency.

	October 31, 2020	October 31, 2019
Working capital surplus (deficiency)	$ 933,963	$ (517,137)
Accumulated deficit	$ (49,823,190)	$ (28,637,918)

These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management intends to finance operating costs over the next twelve months with equity financing including private placements of common shares and the exercise of options and warrants, as well as debt financing including loans from directors and companies controlled by directors; however, there can be no assurance that this support will continue. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

Expressed in Canadian dollars

3. Significant accounting policies:

These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of consolidation:

These financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name	**Ownership**	**Incorporation**	**Date of Incorporation**
NetCents Systems Ltd.	100% wholly owned	Alberta, Canada	January 11 2006
NC International Ltd	100% wholly owned	England and Wales, United Kingdom	March 22 2017

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances, income, and expenses have been eliminated, in full upon consolidation. The Company dissolved NC International Ltd in 2020.

(b) Use of estimates and judgements:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The Company's significant assumptions and estimates are as follows:

i) Leases:

For the year ended October 31, 2020, the Company adopted IFRS 16, accounting for leases which replaced IFRS 17. The impact of IFRS is not significant for the Company. Applying IFRS 16 requires the Company to make judgements affecting the valuation of the lease liability and right-of-use assets. The judgements required include estimating the term of the contract and whether to include extensions and terminations included in lease contracts, as well as the discount rate applied to each lease. The Company assesses each lease separately to understand the specific facts and circumstances prior to applying judgement.

ii) Income taxes:

Tax regulations and legislation are subject to change and there are differing interpretations requiring management judgment. Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in future periods, which requires management judgment. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires management judgment. Income tax filings are subject to audits and re-assessments and changes in facts, circumstances, and interpretations of the standards may result in a material increase or decrease in the Company's provision for income taxes.

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of relevant factors. The Company reviews the adequacy of the provisions at the end of each reporting period.

Deferred tax assets and liabilities contain estimates regarding the nature and timing of future permanent and temporary differences, as well as changes to the timing of reversals that have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and basis estimates on the best available information at each reporting date.

iii) Accounting for digital assets:

Since there are no IFRS requirements that specifically address the recognition and measurement of digital assets, the Company has applied a principles-based approach based upon the existing IFRS standards. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders margin, such assets are accounted for as inventory, measured at fair value less costs of disposal with changes in fair value (less costs of disposal) recognized in profit or loss.

iv) Digital currency valuation

Digital currency denominated assets (Note 5) are included in current assets. Digital currencies are carried at their fair value, which is determined using the Company's liquidity provider.

The fair value of the NC client wallets is determined using a reliable external source which is the daily closing per CoinMarketCap website, one of the world's most referenced price tracking website for crypto-assets.

The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company's earnings and financial position.

v) Share-based payments:

The fair value of stock options granted is measured using the Black-Scholes Option Pricing Model ("Black-Scholes"), which was created for use in estimating the fair value of freely tradable, fully transferable options. The use of the Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options, including the forecast of future volatility, risk-free interest rate, dividend yield and the expected life of the stock options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. Any changes in the assumptions could have a material impact on the share-based compensation calculation, however, the most significant estimate is volatility.

vi) Going concern evaluation:

As discussed on note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as of October 31, 2020, or as of the 12 months subsequent to October 31, 2020.

vii) Proceeds received on sales of "NCCO":

The Company originally determined that it has a constructive obligation to the purchasers of NCCO coins to set-up and advance all funds received to an independent not-for-profit foundation (the "NCCO Foundation"). During fiscal 2018, the funds were transferred to a trust account pending the outcome of an investigation by the British Columbia Securities Commission. The provision remained pending the outcome of the investigation. See Note 8

viii) Presentation of client deposits:

Funds held include fiat (legal tender whose valued is backed by the government that issued it) and cryptocurrency funds. The Company has determined that these are assets of the Company with a corresponding liability due to its customers on the basis that:

- The Company has responsibility for stewardship of the client's deposits related to loss or theft of cryptocurrency assets, external cryptocurrency exchanges filing for bankruptcy or banks where fiat funds are held filing for bankruptcy.
- The funds are co-mingled with the Company's operating fiat and cryptocurrency holdings; and
- The funds are not "ring-fenced" and may be required to fund general claims in respect to an insolvency or bankruptcy of the Company.

(c) Financial instruments:

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

<u>Financial assets</u>

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and terms of the related cash flow. Management determines the classification of its financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. The Company's cash is classified as FVTPL.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The amounts due from related parties are financial assets classified at amortized cost.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Amortized cost – The Company's accounts payables and accrued liabilities, certain client deposits and funds due to merchants and loans payable are recognized at amortized cost. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Loans payables are initially recognised at fair value, net of transaction costs incurred. Loans payables are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the loans payable using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Loans payables are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(d) Earning (loss) per share:

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings (loss) attributable to common shareholders equals the reported earnings (loss) attributable to owners of the Company.

Diluted earnings (loss) per share is calculated by the treasury stock method. The weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share is calculated based the number of additional shares, by assuming the outstanding share options and warrants were exercised and the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

For the years presented, because the Company incurred losses, the effect of any dilutive instruments would be anti-dilutive.

(e) Income taxes:

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are expected to be applied to temporary differences when the related asset is realized or liability settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Fixed assets:

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost included expenditures that are directly attributable to bringing the asset to productive use and intended location. Additions are depreciated commencing in the month they are available for use.

Depreciation is provided using the following methods and annual rates:

Asset	**Basis**	**Rate**
Furniture and fixtures	Straight-line	5 years
Computers	Straight-line	3 years

Upon sale or disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

The depreciation method, useful life and residual values are assessed annually and adjusted prospectively if appropriate.

Subsequent costs

The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment of non-financial assets:

The Company performs impairment tests on long-lived assets, including equipment, when new events or circumstances occur, when information becomes available relating to their recoverability or at least at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. A cash-generating unit (“CGU”) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than the carrying value, the asset or CGU's assets are written down to the recoverable amount with the impairment charged to profit or loss. A significant reversal of the circumstances that caused the original impairment will be charged as a reversal of impairment in profit to loss in the subsequent period. The impairment will be reversed up to the amount of the depreciated carrying value that would have otherwise occurred if the impairment was not recognized.

(g) Cash and cash equivalents:

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Any bank overdrafts are presented as current liabilities.

(h) Reserves:

Equity reserves presented as contributed surplus include amounts related to share-based payments.

(i) Unit placements:

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated between to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

(j) Digital currencies:

Digital currencies consist of cryptocurrency denominated assets and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through the consolidated statement of loss and comprehensive loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the US dollar. The Company values its cryptocurrencies based on quoted market prices.

The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. Assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price of broker-traders' margin. These assets are accounted for as inventory measured at fair value less costs of disposal, and changes in fair value are recognized in profit or loss.

The fair value of the NC client wallets is determined using a reliable external source which is the daily closing price per CoinMarketCap website, one of the world's most referenced price tracking website for crypto-assets.

(k) Share-based payment:

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of options is determined using a Black-Scholes pricing model, which includes all market conditions and is expensed in profit or loss on a straight-line basis over the vesting period. The corresponding amount is recorded in the stock option reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The impact of the revision to original estimates, if any, is recognized in profit or loss, with a corresponding adjustment to equity.

When stock options are exercised, the cash proceeds along with the amount previously recorded as stock option reserves are recorded as share capital. When the right to receive options is forfeited before options have vested, any expense previously recorded, is reversed.

(l) Revenue recognition:

Revenue is recognized in accordance with the five-step model under IFRS 15 – *Revenue from Contracts with Customers* when the goods or services promised are transferred to the customer. The model separates the following steps:

- identification of a contract with customers,
- identification of individual performance obligations,
- determination of transaction price,
- allocation of the transaction price to the individual performance obligations and
- determination in timing of revenue recognition.

The Company recognizes revenue at the point when the performance obligation is satisfied and there are no unfilled obligations. Revenue is recognized at the fair value of the consideration received or receivable less refunds. Payment of the transaction price is due at the time of payment processing.

Where fees are charged for payment processing, but the Company has not finalized the payment to the merchant, fees received are included in deferred revenue.

(m) Provisions:

Provisions for legal claims or other items are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

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. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(n) Foreign currency translation:

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in CAD, which is the functional currency of the Company and its wholly owned subsidiary, NetCents Systems Ltd. Transactions in currencies other than the functional currency are translated into CAD on the following basis:

- Monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date.
- Non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and,
- Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

(o) Fair value measurement:

When measuring the fair value of an asset or a liability, the Company uses observable market data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.

Level 2 The fair value of financial instruments that are not traded in an active market and determined using valuation techniques using observable market data and rely little on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no significant differences between the carrying value of financial instruments and their estimated fair values as of October 31, 2020, and 2019.

(p) Right-of-use assets and lease liabilities:

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured as the present value of the following lease payments using either the rate implicit in the lease or the incremental borrowing rate:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the Company under residual value guarantees.
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

If the rate implicit in the lease cannot be determined an incremental borrowing rate is determined as the rate that the individual lessee would pay to borrow a similar asset with similar terms and conditions.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement, any direct costs and restoration costs. They are subsequently measured at cost less depreciation and any impairment losses and adjusted for any remeasurement of the lease liability. Right- of-use assets are depreciated over the shorter period of the lease terms and useful life of the underlying assets.

4. Future Accounting Pronouncements:

The IASB has issued a number of new accounting standards, amendments to accounting standards, and interpretations that are effective for annual periods beginning on or after November 1, 2020. The Company plans to adopt the following pronouncements as applicable; however, each is not expected to have a material impact.

IBOR Reform and its Effects on Financial Reporting - Phase 2

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 which amended requirements in IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, and IFRS 16 *Leases*, relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities, and lease liabilities. This will be effective January 1, 2021.

Amendments to IAS 16 *Property, Plant and Equipment*

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to IAS 16 *Property, Plant and Equipment*. Effective January 1, 2022, the amendments prohibit a company from deducting from the cost of PP&E amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets

In May 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets. Effective January 1, 2022, the amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. This will be effective on January 1, 2023.

5. Digital currencies

Digital currencies are recorded at their fair value less costs of disposal on the date they are received and are revalued to their current market value at each reporting date.

Expressed in Canadian dollars

	October 31, 2020	October 31, 2019
Bitcoin	$ 218,782	$ 48,988
Bitcoin Cash	7,637	9,362
Ethereum	128,145	14,691
Litecoin	61,843	23,278
Ripple	6,022	-
Verge	5,993	3,902
	$ 428,422	$ 100,221

6. Trade and other receivables

The Company is required to estimate the recoverability of the trade and other receivables based on assessments of the counterparty credit ratings, payment history and other related items. There was no receivable write offs during the year ended October 31, 2020.

	October 31, 2020	October 31, 2019
Trade receivables	$ 95,242	$ -
	$ 95,242	$ -

The trade receivables include third party funds that are held in trust at financial institutions before being transferred to the Company. The funds are accessible at any time by the Company.

7. Client deposits

Users transfer fiat and cryptocurrency funds into their NC client wallets enabling them to purchase and sell cryptocurrencies. As of October 31, 2020, the Company held cash and digital assets totalling $536,473 (October 31, 2019 - $1,255,593).

Client deposits are comprised of the following:

	October 31, 2020	October 31, 2019
Cash	$ 198,627	$ 231,425
NCCO coin	-	856,289
Digital currencies	337,846	167,879
Client deposits	$ 536,473	$ 1,255,593

All assets held for clients and the corresponding liability are carried at amounts that approximate their fair value except for the NCCO coin.

The fair value of the NCCO coin is considered a Level 3 fair value measurement on the basis that to date the volume of trades of NCCO coin on the NetCents Exchange has been minimal. The fair value of the provision relating to the NCCO coin was determined based on the most recent market-based trade prior to the reporting period end date. Future prices of the NCCO coin may significantly vary.

Expressed in Canadian dollars

8. Restricted cash and constructive obligation

As of October 31, 2020, the Company has $3,341,041 (October 31, 2019 - $3,341,041) held in trust in connection with the sale of NCCO treasury coin ("NCCO coin").

The Company originally recorded the proceeds from the sale of the coin as a liability being the amount required to fulfil a constructive obligation to the coin holders to set up the NCCO Foundation and transfer all proceeds from the sale of the treasury coins to the NCCO Foundation whereby the NCCO foundation will use the funds to back the value of the NCCO coin for the benefit of the coin holders.

As of October 31, 2020, the funds are being held in trust subject to an investigation by the British Columbia Securities Commission ("BCSC"). The outcome of this investigation is unknown, and the funds are to remain in trust until the investigation by the BCSC is complete.

9. Fixed assets

Fixed assets consist of computer equipment, office furniture and leasehold improvements.

As of October 31, 2020		Cost		Accumulated Depreciation		Net
Category						
Computer equipment	$	**99,324**	$	**(77,266)**	$	**22,058**
Furniture and fixtures		**179,251**		**(100,909)**		**78,342**
Balance – End of year	$	**278,575**	$	**(178,175)**	$	**100,400**

As of October 31, 2019		Cost		Accumulated Depreciation		Net
Category						
Computer equipment	$	90,987	$	(46,937)	$	44,050
Furniture and fixtures		179,251		(65,059)		114,192
Leasehold improvements		105,995		(44,705)		61,290
Balance – End of year	$	376,233	$	(156,701)	$	219,532

Depreciation expense was $66,179 and $97,736 for the years ended October 31, 2020, and 2019, respectively.

10. Right-of-use assets and lease liabilities

Expenses related to short-term leases for the year ended October 31, 2020, were $0 (2019: $0). Expenses related to leases of low-value assets that are not shown above as short-term leases for the year ended October 31, 2020, were $0 (2019: $0). There were no variable lease payments not included in the measurement of lease liabilities for the year ended October 31, 2020 (2019: $0).

Right-of-Use Assets

Expressed in Canadian dollars

		Office Leases
Cost:		
November 1, 2019	$	**704,562**
Additions		-
October 31, 2020		**704,562**
Accumulated depreciation:		
November 1, 2019	**$**	-
Additions		**439,150**
October 31, 2020		**439,150**
Net book value October 31, 2020	**$**	**265,412**

Amortization of right-of-use assets is calculated using the straight-line method over the shorter of the lease term and useful life of the asset.

Lease Liabilities

Lease liabilities		
November 1, 2019	$	**572,151**
Lease payments		**(444,088)**
Interest expense		**18,087**
October 31, 2020		**109,976**
Less Current Portion		**(109,976)**
Lease liabilities	**$**	**-**

Refer to Note 18 Commitments for the remaining minimum future lease payments, excluding estimated operating costs. The Company's incremental borrowing rate of 5.7% was applied to the lease liabilities recognized in the consolidated statement of financial position.

11. Accounts payable and accrued liabilities

		October 31, 2020		October 31, 2019
Accounts payable	**$**	**830,492**	$	1,141,537
Accrued liabilities		**286,518**		180,752
	$	**1,117,010**	$	1,322,289

Accounts payables are unsecured and are usually paid within 30 days of recognition. Accrued liabilities include accruals for operating expenses and general and administrative expenses.

The carrying amounts of accounts payable and accrued liabilities approximate their fair values, due to their short-term nature.

Expressed in Canadian dollars

12. Funds due to merchants

		October 31, 2020	October 31, 2019
Funds due to merchants	$	**207,717** $	292,499

Funds due to merchants include outstanding fiat currency amounts that have not yet been settled with Merchants at year-end.

13. Loans payable

		October 31, 2020	October 31, 2019
Balance – Beginning of year	$	**31,281** $	98,181
Proceeds from loans		**64,125**	3,950
Settlement of loans payable		**-**	(70,850)
Balance – End of year	$	**95,406** $	31,281

Details of loans outstanding during the years ended October 31, 2020, and October 31, 2019 are as follows:

On April 23, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of $40,000. The CEBA is a government guaranteed loan of up to $40,000 that is interest-free until December 31, 2023. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount ($10,000) is eligible for forgiveness as long as the business pays back $30,000 on or before December 31, 2023. If the business cannot pay back the loan by December 31, 2023, it can be converted into a 2-year term loan at an interest rate of 5%.

Pursuant to an agreement entered on November 4, 2019, the Company was loaned $33,120. The loan is non-interest bearing and is repayable within 90-day written notice on demand.

Pursuant to an agreement entered on December 4, 2019, the Company was loaned $141,000. The loan is non-interest bearing for the first 12 months and will accrue at an interest rate of 1.5% thereafter. $110,000 of the loan was repaid by issuing 586,667 common shares of the Company with a fair value of $140,800. The remaining $31,000 of loans payable was repaid on April 17, 2020, by issuing 110,714 common shares of the Company with a fair value of $63,107, with the difference in fair value recorded in the statement of loss and comprehensive loss.

Other loans totalling $34,230 (2019: $3,500) are unsecured, non-interest bearing with no fixed terms of repayment.

14. Convertible loans

		October 31, 2020	October 31, 2019
Balance – Beginning of year	$	- $	449,479
Interest and accretion		-	63,347
Conversion of convertible loans		-	(512,826)
Balance – End of year	$	- $	-

Expressed in Canadian dollars

On September 4, 2018, the Company entered in six convertible loan agreements for net proceeds of $418,980. The face value of the convertible loans including interest was $520,796. The loans were interest bearing of 10% per annum, calculated daily and compounded monthly. As per the agreement at any time prior to March 4, 2019, the holder may elect to convert all but not less than all, of principal amount into common shares of the Company at a conversion price of $1.08 unit. Each unit will consist of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase a further common share of the Company at $1.08 for a period expiring on August 27, 2020. The Company determined that the proceeds received approximated the fair value of the liability component and therefore no value was allocated to the equity component.

On April 11, 2019, the holders of the convertible loan exercised their option to convert the principal amount of the convertible loan outstanding into 456,623 units of the Company valued at $493,153.

15. Revenue

The Company has two types of revenue:

- Processing revenue, which is earned from the processing of payments for merchants from their customers. The Company remits to merchants the transaction amount net of transaction costs (processing revenue) charged by the Company. The Company recognizes processing revenue at a point in time when the performance obligation is satisfied, which is when the transaction amount has been remitted to the merchants.
- Foreign exchange revenue, which is earned when the conversion rate between fiat currency and cryptocurrency is higher from the rate quoted to a merchant’s customer. The Company recognizes foreign exchange revenue at a point in time when the performance obligation is satisfied, which is when the cryptocurrency is received from a merchant’s customer and instantly sold.

		October 31, 2020		**October 31, 2019**
Processing revenue	**$**	**124,921**	$	27,532
Foreign exchange revenue		**146,571**		61,550
Total	**$**	**271,492**	$	89,082

16. Share capital

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

During the year ended October 31, 2020, $9,802,418 (October 31, 2019: $1,416,936) of total expense was recognized from share-based payment transactions in which the goods, services or compensation did not qualify for recognition as assets and hence were recognized immediately as expenses. The Company has measured the transactions at the fair value of the value of the equity instrument issued. The Company reported additional share-based payments in the consulting and professional fees line items on the statement of loss.

As of October 31, 2020, there were 82,660,496 (October 31, 2019: 54,107,502) common shares issued and outstanding.

During the year ended October 31, 2020, the Company issued 3,740,500 common shares for options exercised for total proceeds of $3,003,305.

During the year ended October 31, 2020, the Company issued 3,466,130 common shares for warrants exercised for total proceeds of $2,459,041.

On December 31, 2019, the Company issued 1,800,000 common shares with fair value $432,000 for services.

On December 31, 2019 the Company issued 6,198,113 common shares with a fair value of $1,487,547 for settlement of debt of which 280,000 common shares with a fair value of $67,200 was issued to the Chief Financial Officer ("CFO") and director of the Company, 270,443 common shares with a fair value of $64,906 was issued to the former President and director of the Company and 3,696,205 common shares with a fair value of $887,089 was issued to the Chief Executive Officer ("CEO") and director of the Company.

On February 28, 2020, the Company completed a non-brokered private placement issuing 1,884,197 units of the Company for gross proceeds of $979,782. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of two years from the date of issuance. On February 28, 2020, the Company issued 750,000 common shares with a fair value of $390,000 for the settlement of debt. On February 10, 2020, the Company completed a non-brokered private placement issuing 357,143 units of the Company for gross proceeds of $207,143. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of two years from the date of issuance.

On March 12, 2020, the Company issued 522,032 common shares with a fair value of $208,813 for settlement of debt.

On March 12, 2020, the Company completed a non-brokered private placement issuing 871,800 units of the Company for gross proceeds of $348,720. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of two years from the date of issuance.

On March 19, 2020, the Company issued 3,000,000 common shares with fair value $1,230,000 for services.

On April 8, 2020, the Company completed a non-brokered private placement issuing 405,357 units of the Company for gross proceeds of $239,161. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of two years from the date of issuance.

On April 17, 2020, the Company issued 437,722 common shares of the Company with a fair value of $249,502 for settlement of debt.

On April 27, 2020, the Company issued 500,000 common shares of the Company with a fair value of $325,000 for the settlement of debt.

On April 27, 2020, the Company issued 1,000,000 common shares of the Company with a fair value of $1,520,00 for services.

On May 8, 2020, the Company issued 620,000 shares for gross proceeds of $322,400 of which 100,000 common shares with a fair value of $52,000 was for settlement of debt. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of two years from the date of issuance.

On May 15, 2020, the Company issued 50,000 common shares of the Company with a fair value of $26,000 for severance payment to a former employee of the Company.

On June 26, 2020, the Company issued 250,000 common shares with a fair value of $462,500 for services.

On July 21, 2020, the Company issued 200,000 common shares of the Company as bonus to an employee of the Company with a fair value of $238,000.

On July 21, 2020, the Company issued 1,500,000 common shares with a fair value of $1,785,000 for services.

On August 21, 2020, the Company issued 92,645 common shares with a fair value of $111,174 for settlement of debt.

On August 21, 2020, the Company issued 100,000 common shares to the CFO and director of the Company with a fair value of $120,000 and 807,355 common shares to the Chief Revenue Officer("CRO") and director of the Company with a fair value of $968,826.

c) Warrants

On February 10, 2020, the Company granted 357,143 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of February 10, 2022. The grant date fair value was estimated to be $143,312 on a Black-Scholes calculation using a volatility of 152.16%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

On February 28, 2020, the Company granted 2,634,197 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of February 28, 2022. The grant date fair value was estimated to be $927,364 on a Black-Scholes calculation using a volatility of 152.56%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

On March 12, 2020, the Company granted 1,246,800 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of March 12, 2022. The grant date fair value was estimated to be $319,681 on a Black-Scholes calculation using a volatility of 153.68%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

On April 8, 2020, the Company granted 405,357 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of April 8, 2022. The grant date fair value was estimated to be $167,460 on a Black-Scholes calculation using a volatility of 153.87%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

On May 8, 2020, the Company granted 620,000 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of April 8, 2022. The grant date fair value was estimated to be $207,232 on a Black-Scholes calculation using a volatility of 143.40%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

On July 3, 2020, the Company granted 333,334 warrants to consultants of the Company vesting immediately at an exercise price of $0.70 per share with an expiry date of July 4, 2022. The grant date fair value was estimated to be $373,941 on a Black-Scholes calculation using volatility of 152.59%, an expected life of 2 years, a risk-free rate of 0.33% and dividend yield of 0%.

Warrant activity during the period is summarized as follows:

Expressed in Canadian dollars

WARRANT ACTIVITY	October 31, 2020	Weighted Average Exercise Price	October 31, 2019	Weighted Average Exercise Price
Balance – Beginning of year	**9,100,911**	**$ 0.97**	4,252,960	$ 1.11
Issued	**5,596,831**	**0.70**	5,904,840	0.77
Exercised	**(3,466,130)**	**0.79**	(628,571)	0.40
Expired	**-**	-	(428,318)	0.72
Balance – End of year	**11,231,612**	**$ 0.83**	9,100,911	$ 0.97

Expiry Date	Exercise Price	Warrants October 31, 2020	Warrants October 31, 2019
April 3, 2021	0.80	**535,118**	535,118
February 28, 2022	0.70	**2,334,197**	0
March 12, 2022	0.70	**728,200**	0
April 8, 2022	0.70	**405,357**	0
April 30, 2022	0.80	**369,000**	369,000
May 8, 2022	0.70	**320,000**	0
July 4, 2022	0.70	**4,163,099**	4,163,099
October 12, 2022	0.80	**456,623**	456,623
October 27, 2022	0.70	**279,018**	666,071
September 4, 2022	0.90	**250,000**	250,000
September 25, 2022	0.80	**0**	500,000
September 24, 2024	0.55	**1,391,000**	2,161,000
		11,231,612	9,100,911
Weighted average remaining contractual life of warrants outstanding at end of period		**2.7 years**	1.6 years

d) Stock Options

On April 27, 2020, the Company granted stock options to directors, employees and consultants of the Company to purchase 2,500,000 common shares of the Company vesting immediately at an exercise price of $0.62 per share with an expiry date of April 26, 2021. The grant date fair value was estimated to be $875,668 on a Black-Scholes calculation using a volatility of 143.4%, an expected life of 1 years, a risk-free rate of 0.46% and dividend yield of 0%.

On June 24, 2020, the Company granted stock options to directors and consultants of the Company to purchase 2,000,000 common shares of the Company vesting immediately at an exercise price of $1.10 per share with an expiry date of June 23, 2021. The grant date fair value was estimated to be $2,501,000 on a Black-Scholes calculation using a volatility of 157.3%, an expected life of 1 years, a risk-free rate of 0.38% and dividend yield of 0%.

On July 2, 2020, the Company granted stock options to consultants of the Company to purchase 3,000,000 common shares of the Company vesting immediately at an exercise price of $1.25 per share with an expiry date of July 1, 2021.

Expressed in Canadian dollars

The grant date fair value was estimated to be $2,846,789 on a Black-Scholes calculation using a volatility of 162.5%, an expected life of 1 years, a risk-free rate of 0.38% and dividend yield of 0%.

On July 2, 2020, the Company granted stock options to consultants of the Company to purchase 250,000 common shares of the Company vesting immediately at an exercise price of $1.25 per share with an expiry date of July 1, 2025. The grant date fair value was estimated to be $357,452 on a Black-Scholes calculation using a volatility of 164.35%, an expected life of 5 years, a risk-free rate of return 0.38% and dividend yield of 0%.

On August 10, 2020, the Company granted stock options to consultants of the Company to purchase 500,000 common shares of the Company vesting immediately at an exercise price of $1.27 per share with an expiry date of August 10, 2025. The grant date fair value was estimated to be $677,310 on a Black-Scholes calculation using a volatility of 165.86%, an expected life of 5 years, a risk-free rate of 0.33% and dividend yield of 0%.

On August 21, 2020, the Company granted stock options to consultants of the Company to purchase 385,000 common shares of the Company vesting over time at an exercise price of $1.16 per share with an expiry date of August 20, 2025. The grant date fair value was estimated to be $277,408 on a Black-Scholes calculation using a volatility of 165.78%, an expected life of 5 years, a risk-free rate of 0.36% and dividend yield of 0%.

On October 22, 2020, the Company granted stock options to employees of the Company to purchase 500,000 common shares of the Company vesting immediately at an exercise price of $0.98 per share with an expiry date of October 21, 2021. The grant date fair value was estimated to be $282,664 on a Black-Scholes calculation using a volatility of 159.91%, an expected life of 1 year, a risk-free rate of 0.39% and dividend yield of 0%.

Stock option activity during the period is summarized as follows:

STOCK OPTION ACTIVITY	October 31, 2020	Weighted Average Exercise Price	October 31, 2019	Weighted Average Exercise Price
Balance – Beginning of year	**4,078,560 $**	**0.80**	4,750,060 $	1.13
Granted	**9,135,000**	**1.04**	1,433,500	0.74
Exercised	**(3,740,500)**	**0.87**	(925,000)	0.26
Expired	**(125,000)**	**0.28**	(40,000)	0.61
Cancelled	**(55,060)**	**0.82**	(1,140,000)	3.00
Balance – End of year	**9,293,000 $**	**1.11**	4,078,560 $	0.80

As of October 31, 2020, and October 31, 2019 the Company had the following stock options outstanding:

Expressed in Canadian dollars

Expiration date		Exercise price	October 31, 2020 Outstanding	October 31, 2020 Exercisable	October 31, 2019 Outstanding
April 27, 2021	$	**0.62**	**525,000**	**525,000**	-
June 24, 2021	$	**1.10**	**600,000**	**600,000**	-
July 1, 2025	$	**1.25**	**3,250,000**	**3,250,000**	-
August 9, 2025	$	**1.27**	**500,000**	**500,000**	-
August 21, 2021	$	**1.16**	**385,000**	**96,250**	-
October 22, 2021	$	**0.98**	**500,000**	**500,000**	-
June 23, 2020	$	**0.35**	**-**	**-**	340,000
July 13, 2020	$	**0.25**	**-**	**-**	240,060
November 21, 2021	$	**0.82**	**1,090,000**	**1,090,000**	1,090,000
December 19, 2021	$	**0.76**	**178,500**	**178,500**	178,500
January 9, 2022	$	**0.58**	**200,000**	**200,000**	200,000
April 10, 2022	$	**1.90**	**365,000**	**365,000**	365,000
May 28, 2022		**0.61**	**34,500**	**34,500**	-
June 24, 2022	$	**0.56**	**100,000**	**100,000**	100,000
March 19, 2023	$	**1.28**	**100,000**	**100,000**	100,000
April 11, 2023	$	**2.22**	**250,000**	**250,000**	250,000
December 19, 2023	$	**0.76**	**500,000**	**500,000**	500,000
April 7, 2026	$	**0.35**	**715,000**	**715,000**	715,000
			9,293,000	**9,004,250**	4,078,560
Weighted average remaining contractual life of options outstanding at end of period				**1.8 years**	3.0 years

17. Related party balances and key management compensation

An amount of $100,008 in due from related parties as of October 31, 2019, from a company controlled by former President of the Company was written off in the year as it was deemed uncollectible.

Included in due from related parties as of October 31, 2020, is $426,690 due from the CEO to the Company (versus October 31, 2019 which was due to the CEO of $114,118). These amounts are non-interest bearing with no fixed terms of repayment. On July 29, 2020, the Board of Directors approved a loan to the CEO of the Company in the amount of $361,384. The loan is non-interest bearing and matures one year from the issuance date. During the year ended October 31, 2021, the CEO repaid all amounts owed. During the year, the CEO advanced $83,500 to the Company through an entity he is sole owner.

During the year ending October 31, 2020, the company entered into a settlement agreement with the CEO of the Company. Under the settlement agreement the CEO received 3,696,205 of the Company's common shares value at $0.19 per share totalling $693,039.

Included in due from related parties as of October 31, 2020, is $69,061 due from the Chief Revenue Officer of the Company (October 31, 2019 which was due to the Chief Revenue Officer of $1,236). These amounts are non-interest bearing with no fixed terms of repayment.

Key management compensation consisted of:

Expressed in Canadian dollars

Name and Position	Fiscal Period	Dollar based payments	Share based payments
Clayton Moore, CEO and director – salary	**2020**	**$ 269,000**	**$ 414,029**
	2019	$ 202,000	$ 79,712
Gord Jessop, former President and director – salary	**2020**	**$ -**	**$ 16,500**
	2019	$ 148,500	$ 79,712
Jennifer Lowther, CRO and director – consulting fees	**2020**	**$ 170,329**	**$ 968,826**
	2019	$ 113,400	$ 251,284
Christopher Cherry, CFO and director – consulting fees	**2020**	**$ 127,373**	**$ 120,000**
	2019	$ 70,875	$ -
Mehdi Mehrtash, CTO – salary	**2020**	**$ 220,000**	**$ -**
	2019	90,000	78,747

Key management and related parties options, warrants and debt settlement transaction for the year end October 31, 2020 consisted of;

- Christopher Cherry, etal.("CFO") was granted 100,000 warrants at $0.70 and 450,000 options with an exercise price ranging from $0.62 to $1.10. The Company settle a debt obligation with the CFO for $80,850 through the exchange of 380,000 shares with a fair value of $119,200.
- Jennifer Lowther, granted 500,000 options with an exercise price ranging from $0.62 to $1.10.
- Clayton Moore, CEO, options expired 125,000. The Company settle a debt obligation with the CEO of $693,038 through the exchange of 3,696,205 shares with a fair value of $887,089.
- The Company settle a debt obligation with an entity owned by the CEO for $91,562 through the exchange of 327,008 shares with a fair value of $186,395.
- The Company settle a debt oblication with Gord Jessop of $55,458 through the exchange of 270,443 shares with a fair value of $64,906.

18. Commitments

a) Commitments with related parties

Pursuant to the employment agreement, effective August 13, 2020, the Company will remunerate the Chief Executive Officer (the "CEO") of the Company $25,000 per month (2019: $18,500). In addition, the CEO shall receive a quarterly bonus equal to 250,000 Class A voting shares of the Company with the value of such shares being determined by the share price of the Company on the last day of the fiscal quarter, less any permissible deduction to the current market price. In the event that the CEO is terminated without cause, the Company must continue paying the salary for a period of 18 months.

Pursuant to the employment agreement, effective August 13, 2020, the Company will remunerate the Chief Revenue Officer (the "CRO") of the Company $18,000 per month. In addition, the CRO shall receive a quarterly bonus equal to 250,000 Class A voting shares of the Company with the value of such shares being determined by the share price of the Company on the last day of the fiscal quarter, less any permissible deduction to the current market price. In the event that the CRO is terminated without cause, the Company must continue paying the base salary for a period of 18 months.

b) Other commitments

On March 1, 2018, the Company entered into a premises lease agreement for a period of seven years, expiring on February 28, 2025. Through an assignment of lease agreement date December 18, 2020, the Company assigned all rights and obligations of this lease to an independent third party. The assignment was made effective as of March 1, 2021.

Expressed in Canadian dollars

19. Income tax

The following table reconciles the expected income taxes (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended October 31, 2020, and 2019:

	2020	2019
Net Income (Loss) before recovery of income taxes	$ (21,249,471)	$ (6,665,702)
	27%	27.0%
Expected income tax (expense)/recovery	(5,737,358)	(1,800,000)
Permanent difference	5,926,009	845,000
Change in deferred tax asset not recognized	(188,652)	955,000
Income tax (recovery)	-	-

The Company had unrecognized deferred tax assets as of October 31, 2020, and 2019:

	2020	2019
Non-capital losses carried forward	3,657,953	3,926,000
Capital losses carried forward	136,018	71,000
Equipment	141,488	128,000
Intangible assets	48,960	52,000
Bonus payable	22,000	22,000
Share issue costs	41,000	41,000
Lease liabilities net	3,930	-
	$ 4,051,349	$ 4,240,000

The Company has non-capital loss carry forward of approximately $13,483,773 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the years between 2026 and 2040.

20. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of ordinary shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the number of shares used in the calculation of basic earnings (loss) per share, adjusted for the number of potential ordinary shares which could have had a dilutive effect on net income (loss) during the year. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

Expressed in Canadian dollars

The Company has 20,524,612 potential ordinary shares that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Numerator		
Net loss for the year – basic and diluted	$ (21,185,271.00)	$ (6,665,702.00)
Denominator	2020	2019
Weighted average number of ordinary shares – basic and diluted	69,968,402	48,346,800

21. Financial risk and capital management

a) Fair value hierarchy:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value	
	Level 1	Level 2	Level 3
As of October 31, 2020,	$	$	$
Financial assets measured at fair value			
Digital currencies	-	428,422	-
NCCO coin	-	-	-

There have been no changes in fair value hierarchy classification levels during the year.

			Fair value	
	Carrying Value	Level 1	Level 2	Level 3
As of October 31, 2019,	$	$	$	$
Financial assets measured at fair value				
Digital currencies	100,221	-	100,221	-
NCCO coin	856,289	-	-	856,289

(b) Market risk:

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

(c) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into (default), causing the other party to incur a financial loss. The Company's cash, receivables, digital currencies, due from related parties and proceeds of coin sale are exposed to credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The Company limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto exchanges engage in the practice of commingling their clients' assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions, or the existence of period end balances represented by exchanges. As of October 31, 2020, the Company held approximately $1,910,364 (2019: $205,088) in cash and $428,422 (2019: $100,221) in digital assets at exchanges that do not have a system or organization control reporting available. As of each reporting period, the Company assesses if there may be expected credit losses requiring recognition of a loss allowance. As of October 31, 2020, the Company recorded an allowance of $0 (2019: $0). While the Company intends to only transact with counterparties or exchanges that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Company will not sustain a material loss on a transaction as a result. For receivables, The Company's write-off policy is to write off any amount that show indicators that there is no reasonable expectation of recovery including counterparty's default or bankruptcy.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's liabilities are either non-interest bearing or pay interest at fixed rates. Therefore, interest rate risk is not considered significant.

(e) Foreign currency risk:

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has exposure to United States Dollars, Euros, Great British Pound currencies. As of October 31, 2020, the Company held financial liabilities of accounts payable, accrued liabilities, client deposits and funds due to merchants denominated in foreign currencies totalling $489,381 (2019: $631,946), as well as financial assets of cash, digital currencies and receivables denominated in foreign currencies totalling $443,388 (2019: $146,471). Accordingly, the Company is moderately exposed to foreign currency risk.

(f) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. The Company manages liquidity risk by restricting cash reserves to offset client deposits and funds due to merchants. As of October 31, 2020, the Company had an unrestricted cash balance of $1,910,364 to settle current liabilities, other than provision for coin sale for which cash reserves have been restricted, totalling $1,594,309 which are due within one year. Accordingly, the Company is not significantly exposed to liquidity risk.

The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as of October 31, 2020:

Expressed in Canadian dollars

Contractual maturities of financial liabilities	**Less than 1 year**	**Total contractual cash flows**
Accounts payable	830,492	830,492
Accrued liabilities	350,718	350,718
Funds due to merchants	207,717	207,717
Loan payable	95,406	95,406
Lease liabilities	109,976	109,976
Total	**$ 1,594,309**	**$ 1,594,309**

(g) Digital asset risk:

Digital assets are measured at fair value less costs of disposal. Digital currency or cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts.

The Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Prices of cryptocurrencies are volatile and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency.

This process is vulnerable to hacking and malware and could lead to theft of the Company’s digital wallets and the loss of the Company’s cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company uses are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets.

Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or digital assets being held on the exchange. Further, the Company may be unable to recover digital assets awaiting transmission into or out of the Company, all of which could adversely affect an investment of the Company.

(h) Loss of access risk:

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

(i) Irrevocable transaction risk:

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

(j) Hard fork and air drop risk:

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.
Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free.
The Company may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or airdrops. Therefore, the Company may not receive any new cryptocurrencies created as a result of a hard fork or airdrop, thus losing any potential value from such cryptocurrencies.

(k) Regulatory risk:

Regulatory changes or actions may restrict the use of cryptocurrencies or the operation of cryptocurrency networks or exchanges in a manner that adversely affects investments held by the Company.

(l) Capital management:

The Company's capital structure consists of all components of shareholders' equity (deficiency). The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

22. Subsequent events

The Company has been subject to a management cease trade order since March 4, 2021, when it failed to file its annual financial statements and MD&A for the year ended October 31, 2020 (the "2020 Annual Report") by the regulatory filing deadline. The filing delay was due to complexities related to the audit of cryptocurrency transactions and obtaining insufficient confirmatory balance requests by cryptocurrency account holders. The combination of technical challenges and insufficient accounting staff led to increased delays. On May 7, 2021, trading of the Company's shares on the CSE was halted due to the filing delays. There has been no material change that has not been generally disclosed and the Company has complied with and satisfied the provisions of the alternative information guidelines set out in National Policy 12-203.

On July 5, 2022, the Company announced it had established a joint venture with Sheikh Mohammed Maktoum Huma Al Maktoum Investment LLC (MBM). MBM has assisted the Company with local sponsorship and licensing in the United Arab Emirates (UAE). Along with the joint venture, the Company announced that it has received a Dubai Economic Department Payment Service Provider (PSP) with the blessing and a review of the Central Bank of the UAE to conduct business. The joint venture included the establishment of NetCents Payment Service Provider LLC (NPSP), a Dubai limited liability company. The Company currently owns 49% of NPSP. The remaining 51% is owned by MBM.

On August 10, 2022, the Company established Netcents Technology UK Ltd, a UK private limited company. The Company plans to use this wholly owned subsidiary to expand growth in the region.