



C-COM SATELLITE SYSTEMS INC.

INTERIM CONDENSED FINANCIAL STATEMENTS

**THIRD QUARTER FINANCIAL REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED AUGUST 31, 2024 AND AUGUST 31, 2023**

**PREPARED BY MANAGEMENT
(Unaudited)**

Notice to Reader

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

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.



**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED AUGUST 31, 2024 AND AUGUST 31, 2023
UNAUDITED**

Management's Responsibility for Financial Reporting

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



August 31, 2024

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Unaudited Interim Condensed Statements of Financial Position

As at August 31, 2024 and November 30, 2023
(Canadian dollars)

	Notes	Aug. 31, 2024 (unaudited)	Nov. 30, 2023 (audited)
ASSETS			
Cash		\$ 6,982,085	\$ 5,482,360
Marketable securities		9,955,182	9,958,482
Accounts receivable		450,318	2,051,679
Non-refundable investment tax credits		91,289	-
Inventory	8	7,837,520	8,843,459
Prepaid expenses		98,528	103,719
Tax recoverable		145,909	31,553
Total current assets		25,560,831	26,471,252
Capital assets		116,458	144,792
Application software		2,240	8,960
Right of use asset	9	1,556,845	-
Total non-current assets		1,675,543	153,752
TOTAL ASSETS		\$ 27,236,374	\$ 26,625,004
LIABILITIES & SHAREHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	12	\$ 929,746	\$ 893,751
Lease obligations	9	337,699	-
Total current liabilities		1,267,445	893,751
NON-CURRENT LIABILITIES			
Deferred revenue		93,603	93,603
Deferred tax liability		106,396	103,211
Lease obligations	9	1,223,909	-
Total non-current liabilities		1,423,908	196,814
TOTAL LIABILITIES		2,691,353	1,090,565
SHAREHOLDERS' EQUITY			
Share capital	10	16,578,857	16,486,919
Contributed surplus		2,331,013	2,160,352
Retained earnings		5,635,151	6,887,168
TOTAL SHAREHOLDERS' EQUITY		24,545,021	25,534,439
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		\$ 27,236,374	\$ 26,625,004

Unaudited Interim Condensed Statements of Changes in Equity
For the nine-month periods ended August 31, 2024 and August 31, 2023
(Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2023	\$ 16,486,919	\$ 2,160,352	\$ 6,887,168	\$ 25,534,439
Net income and comprehensive income	-	-	331,601	331,601
Dividends declared	-	-	(1,583,618)	(1,583,618)
Exercised options	77,875	-	-	77,875
Stock based compensation expense	-	184,724	-	184,724
Reclassification of contributed surplus on exercised options	14,063	(14,063)	-	-
Balance August 31, 2024	<u>\$ 16,578,857</u>	<u>\$ 2,331,013</u>	<u>\$ 5,635,151</u>	<u>\$ 24,545,021</u>
	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2022	\$ 15,991,711	\$ 1,918,151	\$ 7,308,581	25,218,443
Net income and comprehensive income	-	-	17,467	17,467
Dividends declared	-	-	(1,566,990)	(1,566,990)
Exercised options	371,000	-	-	371,000
Stock based compensation expense	-	218,278	-	218,278
Reclassification of contributed surplus on exercised options	62,307	(62,307)	-	-
Balance August 31, 2023	<u>\$ 16,425,018</u>	<u>\$ 2,074,122</u>	<u>\$ 5,759,058</u>	<u>\$ 24,258,198</u>



Unaudited Interim Condensed Statements of Net Earnings and Comprehensive Income

**For the three-month and nine-month periods ended August 31, 2024 and August 31, 2023
(Canadian dollars)**

	Three Months Ended:		Nine Months Ended:	
	Aug. 31, 2024 (unaudited)	Aug. 31, 2023 (unaudited)	Aug. 31, 2024 (unaudited)	Aug. 31, 2023 (unaudited)
REVENUE	\$ 1,323,548	\$ 1,223,479	\$ 6,532,100	\$ 4,485,346
COST OF SALES	623,366	426,956	2,697,737	1,686,088
GROSS PROFIT	700,182	796,523	3,834,363	2,799,258
	52.90%	65.10%	58.70%	62.41%
EXPENSES				
General and administrative	433,520	506,693	1,458,285	1,363,312
Research and development	428,157	425,471	1,420,504	1,172,739
Sales and marketing	181,977	158,551	818,785	687,568
	1,043,654	1,090,715	3,697,574	3,223,619
INCOME / (LOSS) BEFORE OTHER INCOME AND INCOME TAX	(343,472)	(294,192)	136,789	(424,361)
OTHER INCOME / (EXPENSES)				
Investment income	188,665	147,709	584,093	475,769
Lease obligation interest expense	(9,499)	-	(9,499)	-
Foreign exchange gain / (loss)	4,044	(64,854)	9,891	(16,419)
	183,210	82,855	584,485	459,350
INCOME / (LOSS) BEFORE INCOME TAX	(160,262)	(211,337)	721,274	34,989
INCOME TAX	(39,562)	(63,202)	389,673	17,522
NET INCOME / (LOSS) AND COMPREHENSIVE INCOME / (LOSS)	\$ (120,700)	\$ (148,135)	\$ 331,601	\$ 17,467
Basic earnings per share	\$0.00	\$0.00	\$0.01	\$0.00
Basic weighted average number of common shares outstanding	42,228,073	41,883,249	42,228,073	41,883,249
Diluted earnings per share	\$0.00	\$0.00	\$0.01	\$0.00
Diluted weighted average number of common shares	42,458,452	41,935,960	42,458,452	41,935,960



Unaudited Interim Condensed Statements of Cash Flows

For the nine-month periods ended August 31, 2024 and August 31, 2023
(Canadian dollars)

	Nine Months Ended:	
	Aug. 31, 2024 (unaudited)	Aug. 31, 2023 (unaudited)
OPERATING ACTIVITIES		
Net income	\$ 331,601	\$ 17,467
<i>Items not affecting cash:</i>		
Investment income	(584,093)	(475,769)
Income tax expense	389,673	17,522
Scientific research and experimental development tax credit	(261,367)	(168,750)
Amortization	39,817	27,074
Unrealized foreign exchange loss	894,359	436,784
Stock-based compensation	184,724	218,278
	994,714	72,606
<i>Changes in non-cash working capital:</i>		
Accounts receivable	1,158,966	448,410
Inventory	1,005,939	(2,118,240)
Prepaid expenses	5,191	60,164
Accounts payable and accrued liabilities	(606,522)	320,097
Deferred revenue	-	(2,495)
	1,563,574	(1,292,064)
Investment income received	715,288	254,014
Income tax paid	(292,218)	(550,478)
Cash flow from/(used) in operating activities	2,981,358	(1,515,922)
INVESTING ACTIVITY		
Acquisition of marketable securities	(9,955,182)	(11,006,091)
Disposal of marketable securities	9,958,482	9,768,267
Disposal of capital assets	-	-
Acquisition of capital assets	-	(115,601)
Cash flow from/(used) in investing activities	3,300	(1,353,425)
FINANCING ACTIVITY		
Dividends paid to owners of Company	(1,583,618)	(1,566,990)
Options exercised	77,875	371,000
Cash flow from/(used) in financing activities	(1,505,743)	(1,195,990)
Foreign exchange gain / (loss) on cash	20,810	-
INCREASE / (DECREASE) IN CASH FLOW	1,499,725	(4,065,337)
CASH - beginning of period	5,482,360	10,130,841
CASH - end of period	\$ 6,982,085	\$ 6,065,504



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

1. DESCRIPTION OF INCORPORATION AND OPERATIONS

C-COM Satellite Systems Inc. (the “Company”) was federally incorporated under the Canadian Business Corporations Act on December 9, 1997. On July 24, 2000, the Company's stock began trading on TSX Venture Exchange. The Company is engaged in the development of high quality, cost effective, satellite - based technology that allows the delivery of high-speed internet access for fixed, transportable and mobile end-users. The address of its registered office and principal place of business is 2574 Sheffield Road, Ottawa, Ontario K1B 3V7.

These unaudited interim condensed financial statements for the three-month period ended August 31, 2024 were authorized for issuance by the Board of Directors on October 15, 2024.

2. BASIS OF PRESENTATION

These unaudited interim condensed financial statements are expressed in Canadian dollars, which is the Company's functional currency, and have been prepared in accordance with International Accounting Standard (“IAS”) IAS34 – Interim financial reporting, as issued by the International Accounting Standard Board (“IASB”). These unaudited interim condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with the accounting policies the Company adopted in its annual financial statements for the year ended November 30, 2023 and should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report for the year ended November 30, 2023. These unaudited interim condensed financial statements do not include all the information required in annual financial statements.

These unaudited interim condensed financial statements have been prepared on a going concern basis using historical cost conventions.

3. CHANGES IN ACCOUNTING POLICIES

There were no changes in the Company's accounting policies during its fiscal 2023 year.

Other than a change to the presentation of a new 5-year lease for its Head Office space, there are no required or contemplated future changes in the Company's accounting policies for this year.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

During Q3 2024 the Company entered into a five-year lease for its head office premises. This led to a change in accounting and reporting of its future lease obligation for this space - whereby the company now recognizes a right of use asset and a lease liability starting in Q3 2024. This compares to the Company's prior use of the practical expedient in accounting for its previous lease and not recognizing a right of use asset and lease liability since that lease had a lease term of 12 months. Please refer to Note 9 for additional information.

Since the Company's R&D facility in Waterloo Ontario is subject to a short-term lease obligation, the Company has elected to apply the practical expedient and not recognize right-of-use asset and lease liability for this space. Instead, it accounts for this lease component and any associated non-lease component as single lease, and it is expensed accordingly as a period cost.

There were no other significant changes in estimates or approaches to determining estimates in the periods presented when compared to the estimates or approaches used in the annual financial statements for the year ended November 30, 2023.

5. GOVERNMENT GRANTS

In 2020 the Company commenced a contribution agreement with the National Research Council Canada (NRC) – Industrial Research Assistance Program (IRAP) to reduce the cost of a specific research and development project undertaken during the year. The Contribution agreement started July 1, 2020 and was completed December 31, 2023. NRC-IRAP agreed to contribute up to a maximum of \$423,597 over the period of the agreement with specific maximum contribution amounts allocated to each fiscal year. In Q3 2024 the Company accrued \$Nil (2023 – \$11,838) for this funding which was credited to research and development expense. NRC – IRAP reserves the right to claim back all or part of the grant plus interest from the Company under certain circumstances. No repayment has been requested for and no contingent liability has been accrued at year end.

The Company also commenced a non-repayable contribution agreement with the Canadian Space Agency (CSA) in 2020 to help fund the cost of a specific research and development project undertaken. The Contribution agreement started July 10, 2020 and is to be completed by March 31, 2024. The CSA agreed to contribute up to a maximum of \$1,000,000 over the period of the agreement with specific maximum contribution amounts allocated to each fiscal year. The Company reversed \$2,500 in CSA funding during Q3 2024 (2023 – a charge of \$33,333). CSA reserves the right to claim back all or part of its payments from the Company under certain circumstances. No repayment has been requested for and no contingent liability has been accrued at year end.

In late 2023, the Company commenced an additional contribution agreement with the National Research Council Canada (NRC) – Industrial Research Assistance Program (IRAP) to reduce the cost of a specific research and development project. The Contribution agreement started Nov. 1, 2023 and is to be completed by Oct. 31, 2025. The NRC agreed to contribute up to a maximum of \$815,845 over the period of the agreement with specific maximum contribution amounts allocated to each fiscal year. During Q3, the Company accrued \$85,182 (2023 – \$Nil) for this



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

5. GOVERNMENT GRANTS (CONTINUED)

project’s IRAP funding. NRC reserves the right to claim back all or part of its payments from the Company under certain circumstances. No repayment has been requested for and no contingent liability has been accrued at year end.

6. SEASONALITY

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company’s revenues and earnings have historically been subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays.

7. OPERATING SEGMENT INFORMATION

IFRS 8 “Operating Segments” defines an operating segment as (a) a component of an entity that engages in business activities from it which may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity’s chief decision maker to make decisions about resources to be allocated to the segment and to assess its performance and (c) for which discrete financial information is available. For managements purposes the Company’s activities are attributable to a single operating segment, engaged in the design and manufacture of auto-deploying mobile satellite antennas. Consequently, the group does not present any operating segment information.

Revenue by Geographic area

The location of the customer determines the geographic areas for revenue.

	3 months ended	3 months ended
	Aug. 31, 2024	Aug. 31, 2023
	\$	\$
Canada	2,723	68,646
Oman	289,409	36,699
Kazakhstan	286,044	159,073
Taiwan	226,762	186,938
United States	199,251	508,002
Europe	131,803	73,994
Rest of the World	187,556	190,127
	1,323,548	1,223,479

Capital assets

The location of capital assets determines the geographic areas. All capital assets are located in Canada.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

7. OPERATING SEGMENT INFORMATION (CONTINUED)

Major Customers

For the quarter ended August 31, 2024, the Company had four customers who accounted for more than 10% of revenues comprising a total of \$763,666 or 58% of total revenues (for the quarter ending August 31, 2023 – the Company had three customers who generated more than 10% of revenues for a total of \$713,837, or 58% of total revenues).

8. INVENTORY AND COST OF SALES

	August 31, 2024	Nov. 30, 2023	Change
	\$	\$	\$
Component parts	6,041,581	6,580,836	539,255
Finished goods	1,795,939	2,262,623	466,684
Total	7,837,520	8,843,459	1,005,939

	August 31, 2024	August 31, 2023	Change
	\$	\$	\$
Value of inventory expensed in the period	597,877	407,387	190,491
Un-recovered freight and storage charges	11,249	12,421	1,172
Obsolete inventory increase/(decrease)	-	4,569	4,569
Allocation of amortization	14,240	2,580	11,660
Total Cost of Sales	623,366	426,957	196,409

A provision for obsolescence for slow moving inventory items is estimated by management each quarter based on historical and expected future sales of inventory items. This may lead to increases in cost of sales for the write-down of new slow moving and obsolete inventory. In Q3, 2024 the obsolete goods reserve decreased by \$21,858 because the parts were physically disposed of (vs. Q3, 2023 when obsolete goods grew by \$4,569). The F2024 year-to-date total decrease in obsolete goods is \$43,385:

	August 31, 2024	Nov. 30, 2023	Change
	\$	\$	\$
Inventory	8,299,551	9,348,875	1,049,324
Less: Obsolete inventory	(462,031)	(505,416)	43,385
Total Inventory	7,837,520	8,843,459	1,005,939



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

9. RIGHT OF USE ASSET AND LEASE OBLIGATION

During Q3 2024 the Company entered into a five-year lease for its office and warehouse space at its Head Office in Ottawa. This led to a change in accounting and reporting of its future lease obligation for this space whereby the company now recognizes a right of use asset and a lease liability starting in Q3 2024.

The following table presents the Company's right-of-use asset for this lease:

	As of Aug. 31, 2024	As of Aug. 31, 2023
	\$	\$
Balance, December 1	-	-
Additions	1,583,232	-
Disposals and other adjustments	-	-
Depreciation	(26,387)	-
	1,556,845	-

The Company has not included the renewal option in the measurement of its lease obligation for this space. Accordingly, the right of use lease asset is being amortized on a straight-line basis over a 60-month period.

The following table presents this lease obligation for the company (note: this obligation does not include the Company's short-term lease costs for its Waterloo R&D facility).

	As of Aug. 31, 2024	As of Aug. 31, 2023
	\$	\$
Balance, December 1	-	-
Additions	1,583,232	-
Disposals and other adjustments	-	-
Less: Principal payments	(21,624)	-
Total lease obligation	1,561,608	-
Current portion	337,699	
Non-current	1,223,909	

The following table presents the Company's total contractual lease obligations as of August 31, 2024 on an undiscounted cash-flow basis:

Less than one year	\$381,813
One to five years	1,486,890
More than five years	Nil
Total undiscounted lease costs	1,868,703



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

10. ISSUED CAPITAL

Stock options

The Company has an established stock option plan, which provides that the Board of Directors may grant stock options to eligible directors, officers and employees. Under the plan, eligible directors, officers and employees are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted but in no circumstances below fair market value of the shares at the date of grant.

On May 10, 2022, the Company reset the option pool to 20% of the issued and outstanding common shares on that date. Formal approval for the reset was received from the TSXV on June 17, 2022. A total of 8,176,280 common shares then became authorized for issuance under the plan.

There were 2,073,130 options available to be granted as of August 31, 2024. No consideration is payable on the grant of an option with options generally vesting after one year from the date of grant.

As of August 31, 2024 there were 4,728,050 options outstanding, of which 3,846,050 were exercisable.

Outstanding share capital

On August 31, 2024 there were 42,256,500 common shares of the Company outstanding (August 31, 2023 – 42,136,400).

11. NET EARNINGS PER SHARE

The diluted weighted average number of shares has been calculated as follows:

	3 months ended Aug. 31, 2024	3 months ended Aug. 31, 2023
Weighted average number of shares – basic	42,228,073	41,883,249
Addition to reflect the dilutive effect of employee stock options	230,379	52,711
Weighted average number of shares – diluted	42,458,452	41,935,960

Options that are anti-dilutive because the exercise price was greater than the average market price of the common shares are not included in the computation of diluted earnings per share. For the period ending August 31, 2024, 3,265,150 options were excluded from the above calculation (August 31, 2023 – there were 3,680,150 anti-dilutive options excluded from the above calculation).

Net income represents the measure of profit and loss used to calculated earnings per share.



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company regards the members of the Board of Directors, the partners of LaBarge Weinstein LLP, and the senior managers and their immediate families of the following entities as related parties: C-COM Satellite Systems Inc., Triton Inc., 718133 Ontario Inc., Rampart International Corp. and Art Slaughter, CPA Professional Corporation.

The Company had the following transactions and balances with related parties during the period:

		3 months ended Aug. 31, 2024	3 months ended Aug. 31, 2023
		\$	\$
<i>Board of Directors:</i>			
Board of Director fees	(i)	36,000	36,000
<i>Transactions with Rampart International Corp.:</i>			
Reimbursement of office and other expenses	(ii)	2,471	Nil
<i>Transactions with 718133 Ontario Inc.:</i>			
Rental of office and warehouse space	(iii)	93,007	89,589
<i>Transactions with Art Slaughter CPA Pro. Corp.:</i>			
Purchase of consulting services	(iv)	6,937	8,188
<i>Transactions with LaBarge Weinstein LLP:</i>			
Legal fees and expenses	(v)	6,065	4,800
		As At Aug. 31, 2024	As At Aug. 31, 2023
		\$	\$
<i>Balances with related parties</i>			
Amounts due from Rampart International Corp.		2,471	Nil
Amounts due to 718133 Ontario Inc.		2,661	3,102
Amounts due to Art Slaughter CPA Pro. Corp.		706	Nil
Amounts due to LaBarge Weinstein LLP		Nil	1,808



NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month periods ended August 31, 2024 and 2023
(expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances with related parties are due upon demand and included with accounts payable and accrued liabilities.

- i. The Board of Directors instituted a Board of Directors fee of \$36,000 per annum per board member commencing November 3, 2022, and is paid quarterly.
- ii. The Company occupies the same building as Rampart International Corp. From time to time, they invoice each other for incidental costs. The sole shareholder of Rampart International Corp. is related to the Chief Executive Officer of C-COM Satellite Systems Inc.
- iii. The Company has a 1-year lease commitment with 718133 Ontario Ltd. which ends July 31st, 2029 for office and warehouse space. The Company and 718133 Ontario Ltd. have common ownership.
- iv. The Company purchases financial consulting services from Art Slaughter CPA Professional Corporation. The Company's Chief Financial Officer is a director of this company.
- v. The Company retains a business law firm in Ottawa, Canada to provide legal services and advice. The Company's secretary is a partner of this firm.

13. IMPACT OF THE RUSSIA/UKRAINE CONFLICT

Russia's attack on Ukraine on February 24, 2022 has created much uncertainty and its economic impact has been wide-ranging. The Company has experienced the effects of supply chain disruptions, shipping delays, inflationary price pressures and the inability to sell to its Russian based re-sellers as a result of this conflict. These and other risks may have an impact on the Company in the future. The extent that the conflict will continue to affect the Company's cannot be predicted at this time.