2021 ANNUAL REPORT

C-COM SATELLITE SYSTEMS INC.

LEADING GLOBAL PROVIDER
OF COMMERCIAL GRADE
MOBILE AUTO-DEPLOYING
SATELLITE ANTENNA SYSTEMS

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C-COM SATELLITE SYSTEMS INC.

Audited Financial Statements

Years Ended November 30, 2021 and 2020 (as amended and restated)

(In Canadian Dollars)

November 30, 2021

Contents

INDEPENDENT AUDITOR'S REPORT

To the shareholders of

C-COM SATELLITE SYSTEMS INC.

Opinion

We have audited the financial statements of C-COM Satellite Systems Inc. (the Company), which comprise the statement of financial position as at November 30, 2021 and 2020, the statements of net earnings and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Emphasis of *Matter* - Comparatives

We draw attention to Note 25 to the financial statements, which explains that certain comparative information presented for the year ended November 30, 2020 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Bryan Haralovich.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
March 29, 2022.

Statements of Financial Position

As at November 30, 2021 and 2020 (amended and restated)
(Canadian dollars)

	Notes	2021	As Restated 2020
			Note 25
ASSETS			
Cash	*23*	$ 8,882,927	$ 6,783,758
Marketable securities	*23*	8,190,686	8,074,676
Accounts receivable	*7 & 23*	1,277,407	605,651
Non-refundable investment tax credits	*3 & 14*	126,333	315,657
Inventory	*8*	7,735,265	8,007,925
Prepaid expenses	*9*	67,912	41,468
Total current assets		26,280,530	23,829,135
Equipment	*10*	58,413	80,092
Application software	*11*	3,378	9,944
Total non-current assets		61,791	90,036
TOTAL ASSETS		$ 26,342,321	$ 23,919,171
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	*12*	$ 1,410,047	$ 825,864
Taxes payable / (receivable)	*14*	271,242	(11,557)
Deferred revenue	*13*	2,209	74,266
Total current liabilities		1,683,498	888,573
NON-CURRENT LIABILITIES			
Deferred revenue	*13*	-	1,819
Deferred tax liability	*14*	130,023	87,702
Other non-current liabilities	*12*	-	125,555
Total non-current liabilities		130,023	215,076
TOTAL LIABILITIES		1,813,521	1,103,649
SHAREHOLDERS' EQUITY			
Share capital	*15*	14,759,321	12,770,526
Contributed surplus	*15*	1,541,108	1,229,492
Retained earnings		8,228,371	8,815,504
TOTAL SHAREHOLDERS' EQUITY		24,528,800	22,815,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 26,342,321	$ 23,919,171

See accompanying notes to the financial statements

Statements of Changes in Equity

For the years ended November 30, 2021 and 2020 (amended and restated)
(Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2020 (as restated - see Note 25)	$ 12,770,526	$ 1,229,492	$ 8,815,504	$ 22,815,522
Net income/(loss) and comprehensive income/(loss)	-	-	1,422,821	1,422,821
Dividends declared	-	-	(2,009,954)	(2,009,954)
Exercised options	1,675,845	-	-	1,675,845
Stock based compensation expense	-	624,566	-	624,566
Reclassification of contributed surplus on exercised options	312,950	(312,950)	-	-
Balance November 30, 2021	$ 14,759,321	$ 1,541,108	$ 8,228,371	$ 24,528,800

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance December 1, 2019 (as restated - see Note 25)	$ 10,302,261	$ 1,640,714	$ 10,951,138	$ 22,894,113
Net income and comprehensive income	-	-	(213,392)	(213,392)
Dividends declared	-	-	(1,922,242)	(1,922,242)
Exercised options	1,804,591	-	-	1,804,591
Stock based compensation expense	-	252,452	-	252,452
Reclassification of contributed surplus on exercised options	663,674	(663,674)	-	-
Balance November 30, 2020 (as restated - see Note 25)	$ 12,770,526	$ 1,229,492	$ 8,815,504	$ 22,815,522

See accompanying notes to the financial statements

Statements of Net Earnings and Comprehensive Income

For the years ended November 30, 2021 and 2020 (amended and restated)
(Canadian dollars)

	Notes	2021	As Restated 2020
			Note 25
REVENUE	*21*	$ 9,151,986	$ 6,455,633
COST OF SALES	*8*	3,666,128	2,773,978
GROSS PROFIT		5,485,858	3,681,655
EXPENSES			
General and administrative	*19*	1,873,027	1,580,072
Research and development	*19 & 20*	746,899	1,382,885
Sales and marketing	*19*	908,582	1,034,643
		3,528,508	3,997,600
INCOME/(LOSS) BEFORE OTHER INCOME AND INCOME TAX		1,957,350	(315,945)
OTHER INCOME			
Investment income		94,883	170,957
Foreign exchange (loss) / gain		48,267	(16,733)
		143,150	154,224
INCOME / (LOSS) BEFORE INCOME TAX		2,100,500	(161,721)
INCOME TAX	*14*	677,679	51,671
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)		$ 1,422,821	$ (213,392)
Basic earnings per share		$0.04	-$0.01
Basic weighted average number of common shares outstanding	*17*	40,087,485	38,334,175
Diluted earnings per share		$0.03	-$0.01
Diluted weighted average number of common shares	*17*	42,094,918	40,623,532

See accompanying notes to the financial statements

Statements of Cash Flows

For the years ended November 30, 2021 and 2020 (amended and restated)
(Canadian dollars)

	2021	As Restated 2020
		Note 25
OPERATING ACTIVITIES		
Net income / (loss)	$ 1,422,821	$ (213,392)
Items not affecting cash:		
Investment income	(94,883)	(170,957)
Income tax expense	677,679	51,671
Scientific research and experimental development tax credit	(385,436)	(378,694)
Amortization	33,009	37,281
Unrealized foreign exchange loss	900,893	321,218
Stock-based compensation	624,566	252,452
	3,178,649	(100,421)
Changes in non-cash working capital:		
Accounts receivable	(1,150,802)	311,170
Inventory	272,660	(446,732)
Prepaid expenses	(26,444)	39,957
Accounts payable and accrued liabilities	167,762	257,809
Deferred revenue	(73,876)	(68,328)
	(810,701)	93,876
Investment income received	138,071	254,018
Income tax paid	-	(443,640)
Cash flow provided by / (used in) operating activities	2,506,019	(196,168)
INVESTING ACTIVITY		
Acquisition of marketable securities	(11,716,251)	(13,898,926)
Disposal of marketable securities	11,600,240	15,682,196
Proceeds on disposal of capital assets	-	2,478
Acquisition of capital assets	(4,762)	(35,122)
Cash flow from / (used in) investing activities	(120,773)	1,750,626
FINANCING ACTIVITY		
Dividends paid to owners of Company	(2,009,954)	(1,922,242)
Options exercised	1,675,845	1,804,592
Cash flow from / (used in) financing activities	(334,109)	(117,650)
Foreign exchange gain / (loss) on cash	48,031	24,848
INCREASE / (DECREASE) IN CASH FLOW	2,099,168	1,461,656
CASH - beginning of period	6,783,758	5,322,102
CASH - end of period	$ 8,882,927	$ 6,783,758

See accompanying notes to the financial statements

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 Company sells its satellite communications equipment to a worldwide network of authorized dealers who re-sell the systems to end-users. The address of its registered office and principal place of business is 2574 Sheffield Road, Ottawa, Ontario K1B 3V7.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are expressed in Canadian dollars, which is the Company's functional currency, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the accounting policies as described in Note 3 - Summary of significant accounting policies.

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

These financial statements for the year ended November 30, 2021, were authorized for issuance by the Board of Directors on March 29, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

Basis of presentation

The financial statements are presented at historical cost unless otherwise noted. Historical cost is based on the fair value of the consideration given in exchange for the asset or liability.

Revenue recognition

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. This is achieved through applying the following five-step model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligation in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company generates substantially all its revenue from contracts with customers, whether formal or implied from equipment sales.

Revenue from equipment sales and the related freight recovery are recognized when control of the goods is transferred to the customer which occurs at a point in time typically upon shipment to the customer. Generally, the Company requires partial customer payment in advance of shipment with the amounts reported as deferred revenue until shipment occurs and revenue is recognized.

Warranty obligations associated with the sale of equipment are assurance-type warranties and therefore do not represent a distinct performance obligation. The Company records a provision for assurance-type warranties at the time equipment sales are recognized as revenue.

Revenue from extended warranties represent distinct performance obligations and are recognized rateably over the period the warranty service is provided. Revenue from long-term airtime contracts is recognized as the airtime is consumed by the customer. Amounts received in advance of revenue recognition is reported as deferred revenue.

Professional services may be provided for training and support. Professional services are typically billed on a time and material basis and revenue is recognized over time as the services are performed or delivered.

Generally, the Company's performance obligations have an expected duration of under one year and as such the Company has elected to apply the practical expedient available under IFRS 15 to not disclose information relating to remaining performance obligations.

If the contract contains a single performance obligation, the entire transaction price is attributed to that performance obligation. On occasion the Company contracts include multiple distinct performance obligations with a combination of equipment sales and services. The Company allocates the transaction price among the performance obligations in an amount that represents the standalone selling price of each performance obligation. Judgement may be required when allocating the selling price.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The Company applies the practical expedient available under IFRS 15 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. The Company had no material contract assets or liabilities.

The Company has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. Income and expense items are translated at the exchange rates at the dates of the transactions. At each reporting period, monetary items denominated in foreign currencies are translated at the spot rates prevailing each reporting period. Exchange differences are recognized in net income in the period in which they arise.

Research and development costs

Expenditures on research are recognized as expenses when incurred. Expenditures on development are recognized as an expense when incurred unless the criteria for recognition as an intangible asset under IAS 38 "Intangible Assets" are met. To date, no such costs have been capitalized. Expenditures for research and development equipment are included in equipment and amortized over the useful life of the asset.

Government grants and investment tax credits

IAS 20 requires the "Income Approach" when recognizing government grants by including government grants in profit and loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs. Government grants are recognized when the Company has complied with the terms and conditions of the approved grant program. Government grants relating to operating expenses are credited against the expense when the conditions relating to the grant are fulfilled. This treatment also applies to payments received by the Company under the Government's COVID-19 relief programs (refer note 19). Government grants relating to research and development expenditures are recorded as a reduction of the cost when the expenditures are incurred; investment tax credits are recorded as a reduction of related operating expenses or capital asset purchases. The benefits are recognized in the period in which these tax credits are considered reasonably assured to be recoverable and the Company has complied with the applicable tax legislation.

Share-based compensation

The Company has a stock option plan for executives and other key employees. The Company measures and recognizes compensation expense based on the grant date fair-value of the stock options issued using the Black-Scholes pricing model. The offsetting credit is recorded in contributed surplus. Compensation expense is recorded over the vesting period, based on the Company's estimate of the fair value of the stock options that will ultimately vest. At each reporting period, the Company revises its estimate of the stock options expected to vest. The impact of the change in estimate, if any, is recognized over the remaining vesting period. Consideration paid by employees on the exercise of options and related amounts of contributed surplus is recorded as issued capital when the shares are issued.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. During 2021 (and 2020), the Company's only lease was a 12-month non-cancellable lease for its office and warehouse space. The current term of this premises lease expires July 31, 2022. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities since this is a short-term lease. Instead, it accounts for the lease component and any associated non-lease components as a single lease component and recognizes the lease payments on a straight-line basis over the lease term. The gross base rent payments expensed in 2021 totalled $215,727 ($215,727 in 2020 as restated).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current monetary assets and liabilities

Accounts receivable and accounts payable and accrued liabilities are measured at amortized cost with interest accretion recorded in net earnings. Due to the short-term nature of these assets and liabilities, the carrying amounts approximate fair value.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net earnings, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The tax currently payable is based on taxable income for the period using tax rates enacted or substantively enacted as at each reporting period and any adjustments to tax payable related to previous years. Taxable income differs from income as reported in the statement of net earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax basis used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from what the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Capital assets

Equipment, comprising leasehold improvements, furniture and equipment, computer equipment, production molds and vehicles are stated at cost less accumulated depreciation and impairment losses, if any. The carrying value is net of related government assistance and investment tax credits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is recognized in net earnings on a declining balance and straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the term of the lease. The estimated useful lives and depreciation methods for the current and comparative periods are as follows:

• Leasehold improvements	over the term of the lease
• Furniture and equipment	20% - declining-balance method
• Computer equipment	30% & 45% - declining-balance method
• Production mold	3 years - straight line method
• Vehicle	30% - declining-balance method

The estimated useful lives, residual values and depreciation methods are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

Application software

Application software is measured at cost less accumulated depreciation and is amortized on a straight-line basis over its estimated useful life, not exceeding ten years. The amortization method and estimate of useful life is reviewed annually.

Impairment of equipment and application software

At each reporting period, management reviews the carrying amounts of its equipment and application software to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Inventory

Inventories are valued at the lower of cost and net realizable value using the first in first out cost basis. Net realizable value is estimated based on the selling price less any costs to completion and disposal costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value though profit or loss are recognized immediately in profit or loss.

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company's financial assets are classified as follows:

Cash and marketable securities	Fair value through profit or loss (FVTPL)
Accounts receivable	Loans and receivables

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets as FVTPL are measured at fair value with changes in fair value recognized in net income.

Loans and receivables

Accounts receivable are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments or likelihood that the borrower will enter bankruptcy or financial re-organization.

Accounts receivable are assessed for impairment individually. Objective evidence of impairment could include the Company's experience of collecting payments and an increase in the number of delayed payments past the average credit period.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets - Cont'd.

Impairment losses, if any, are recognized in net earnings. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net earnings, if any. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was

recognized, the previously recognized impairment loss is reversed through net earnings to the extent that the carrying amount of the trade receivable at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Company's accounts payables and accrued liabilities are classified as other financial liabilities and are initially measured at fair value. As these liabilities are all short-term liabilities with no stated interest rate, they continue to be valued at the original invoice amounts. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset (or financial liability) and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (cash disbursements), including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period.

Fair value hierarchy

The Company's fair value hierarchy prioritizes the inputs to valuation techniques used to measure the fair value. The three levels of the fair value hierarchy are:

Level 1: values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the Company's assessment of the lowest level input that is significant to the fair value measurement.

4. CHANGES IN ACCOUNTING POLICIES

There were no changes in the Company's accounting policies during its fiscal 2021 year.

5. FUTURE CHANGES IN ACCOUNTING POLICIES

There are no required or contemplated future changes in the Company's accounting policies.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

These estimates have been applied in a manner consistent with that in the prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in these financial statements. The estimates are impacted by many factors, some of which are highly uncertain.

The following are specific areas of significant estimation uncertainty and management judgement in the Company's financial statements:

Provisions against inventories

The Company's management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when inventory cost exceeds the net realizable value.

Management's estimate of the net realizable value of such inventories is based primarily on sales prices in the forward order book and current market conditions.

Impairment of trade receivables

The Company's management determines the estimated recoverability of trade receivables based on the evaluation and ageing of trade receivables, including the current creditworthiness and the past collection history of the customers and reviews these estimates at the end of each reporting period.

Income taxes

The Company records deferred income tax assets and liabilities related to deductible or taxable temporary differences. The Company assesses the value of these assets and liabilities based on the likelihood of the realization as well as the timing of reversal given management assessments of future taxable income.

Accounting policy for capital assets

Management makes judgments in determining the most appropriate methodology for amortizing long-lived assets over their useful lives. The method chosen is intended to mirror, to the best extent possible, the consumption of the asset.

(Expressed in Canadian Dollars)

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Determination of functional currency

The Company's management has determined that the functional currency of the Company is the Canadian dollar.

Share options fair value

The valuation of the Company's share options involves the use of the Black-Scholes valuation model, which requires the company to estimate factors such as the risk-free interest rate, expected life in years, expected dividend yield, forfeitures and volatility. The valuations of these share options and the assumptions used are further outlined in note 16.

Research and development

The Company's research and development claims are subject to audit and adjustment by the Canada Revenue Agency, the Company's management has not recorded a provision for potential reversal of research and development claims based on its experience and history of claiming research and development costs.

7. ACCOUNTS RECEIVABLE

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Trade receivables	876,783	314,490
Accounts receivable – other	303,926	153,312
HST recoverable	86,335	84,170
Interest receivable	10,363	53,679
Allowance for bad debts	-	-
	1,277,407	605,651

The Company's maximum exposure to credit risk in relation to trade receivables is equal to the carrying value of trade receivables. The Company does not hold any collateral or other credit enhancements as security over these balances. Almost all of the Company's trade receivables are due from resellers with whom the Company has had a business relationship for many years. Over the last five years the Company has suffered $6,158 in bad debt losses.

The ageing of the Company's trade receivables on November 30, 2021:

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Not yet overdue	801,048	176,327
Less than one month overdue	71,975	137,575
Between one and two months overdue	626	-
Greater than two months overdue	3,134	588
	876,783	314,490

The Company has no amounts receivable whose terms have been renegotiated that would otherwise have been past due or impaired.

(Expressed in Canadian Dollars)

8. INVENTORY AND COST OF SALES

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
Component parts	3,823,574	3,037,768
Finished goods	3,911,691	4,970,157
Total Inventory	7,735,265	8,007,925

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
Value of inventory expensed in the year	3,613,233	2,714,327
Un-recovered freight and storage charges	36,550	45,037
Allocation of amortization	16,345	14,614
Total Cost of Sales	3,666,128	2,773,978

The Company supplies its manufacturers with the component parts in conjunction with its purchase orders.

9. PREPAID EXPENSES

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Prepaid licenses	3,356	22,120
Prepaid trade show deposits	49,635	7,234
Prepaid operating expenses	14,921	12,114
	67,912	41,468

(Expressed in Canadian Dollars)

10. CAPITAL ASSETS

			Nov. 30, 2021			
	Amortization Expense	Opening Cost	Additions	Disposals	Accumulated Amortization	Closing Net Cost
	$	$	$	$	$	$
Computer equipment	7,960	101,844	2,330	-	93,280	10,894
Leasehold improvements	6,091	210,550	-	-	201,362	9,188
Furniture and equipment	9,058	329,565	-	-	293,334	36,231
Production mold	-	13,255	-	-	13,255	-
Vehicle	900	30,000	-	-	27,900	2,100
	24,009	685,214	2,330	-	629,131	58,413

			Nov. 30, 2020			
	Amortization Expense	Opening Cost	Additions	Disposals	Accumulated Amortization	Closing Net Cost
	$	$	$	$	$	$
Computer equipment	7,138	86,244	15,601	-	85,320	16,525
Leasehold improvements	7,129	206,149	4,400	-	195,271	15,278
Furniture and equipment	10,866	330,327	1,716	2,478	284,276	45,289
Production molds	-	13,255	-	-	13,255	-
Vehicle	1,286	30,000	-	-	27,000	3,000
	26,419	665,975	21,717	2,478	605,122	80,092

Amortization expense of capital assets and application software has been allocated and grouped with the following expenses categories:

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
Cost of sales	16,345	14,614
General and administrative	8,350	8,324
Research and development	4,262	8,892
Sales and marketing	4,052	5,451
	33,009	37,281

(Expressed in Canadian Dollars)

11. APPLICATION SOFTWARE

	Nov. 30, 2021					
	Amortization Expense	Opening Cost	Additions	Disposals	Accumulated Amortization	Closing Cost
	$	$	$	$	$	$
Application software	9,000	203,493	2,433	-	202,548	3,378

	Nov. 30, 2020					
	Amortization Expense	Opening Cost	Additions	Disposals	Accumulated Amortization	Closing Cost
	$	$	$	$	$	$
Application software	10,862	190,088	13,404	-	193,548	9,944

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Trade payables	653,596	399,061
Accrued liabilities	718,713	422,507
Goods received not invoiced	562	105,076
Credit cards payable	37,176	24,775
	1,410,047	951,419

No liabilities noted above were classified as a long-term liability in 2021 ($125,555 in 2020 as restated).

13. DEFERRED REVENUE

Deferred revenue balances are created two ways. First, customers can purchase extended warranty plans which range anywhere from one to five years beyond the original 2-year manufacturer's warranty. Second, customers prepay airtime contracts which extend beyond the Company's year-end.

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Deferred warranty revenue	575	71,963
Prepaid airtime contract revenue	1,634	4,122
	2,209	76,085
Current	2,209	74,266
Long-term	-	1,819
	2,209	76,085

(Expressed in Canadian Dollars)

14. INCOME TAX

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to pre-tax income and the reported tax expense:

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
Statutory tax rate	26.5%	26.5%
Income / (Loss) before income tax	2,100,500	(161,722)
Tax provision at the combined basic Canadian federal and provincial income tax rates	556,633	(42,856)
Increase (decrease) resulting from:		
Stock-based compensation and other permanent differences	132,604	73,672
Effect of changes in future rates	42,321	(6,464)
Other	(53,879)	27,319
Income tax expense	677,679	51,671

The movements of deferred tax liabilities are shown below for current and previous years:

	Nov. 30, 2021		
Deferred tax liability	Tax Reserve	Capital Assets and Software Application	Total
	$	$	$
Deferred tax liability on December 1, 2020	(81,486)	(6,216)	(87,702)
(Debited) / credited to income statement	(45,187)	2,866	(42,321)
Deferred tax liability on November 30, 2021	(126,693)	(3,350)	(130,023)

	Nov. 30, 2020 As Restated - See Note 25		
Deferred tax liability	Tax Reserve	Capital Assets and Software Application	Total
	$	$	$
Deferred tax liability on December 1, 2019	(95,829)	(2,441)	(98,270)
Debited to income statement	14,343	(3,775)	10,568
Deferred tax liability on November 30, 2020	(81,486)	(6,216)	(87,702)

The Company has recognized management's best estimate of the value of available investment tax credits to be realized in future years as $126,333 (2020 - $315,657 as restated). Management expects this tax credit will be consumed in 2022. Any unutilized investment tax credits are eligible for a twenty-year carry-forward for credits earned in tax years that end after 1997. Investment tax credits recognized in the current year but earned in prior periods are recorded as a credit to income, rather than as a reduction of research and development expense.

(Expressed in Canadian Dollars)

15. ISSUED CAPITAL

Issued capital

Authorized: Unlimited number of common shares, no par value

Issued:

	Nov. 30, 2021		Nov. 30, 2020	
	Common Shares	Amount	Common Shares	Amount
		$		$
Balance, beginning of year	39,332,750	12,770,525	37,966,900	10,302,261
Shares issued under stock option plan	1,408,650	1,675,846	1,365,850	1,804,591
Reclassification of stock-based compensation on exercised options	-	312,950	-	663,674
Issued Capital	40,741,400	14,759,321	39,332,750	12,770,526

Dividends

The Company declared dividends at four different times during the year as outlined below:

Date of Declaration	**Date of Record**	**Date of Payment**	**Dividend per Share**	**Dividend**
Jan. 21, 2021	Feb. 5, 2021	Feb. 19, 2021	$0.0125	$ 493,597
Apr. 19, 2021	May 4, 2021	May 18, 2021	$0.0125	503,475
July 19, 2021	Aug. 3, 2021	Aug. 17, 2021	$0.0125	504,927
Oct. 18, 2021	Nov. 2, 2021	Nov. 16, 2021	$0.0125	507,955
				$ 2,009,954

Dividends declared in 2020 (as restated – See Note 25) were as follows:

Date of Declaration	**Date of Record**	**Date of Payment**	**Dividend per Share**	**Dividend**
Jan. 23, 2020	Feb. 7,2020	Feb. 21, 2020	$0.0125	$ 474,586
Apr. 20, 2020	May 5,2020	May 19, 2020	$0.0125	477,045
July 20, 2020	Aug. 4, 2020	Aug. 18, 2020	$0.0125	480,576
Oct. 19, 2020	Nov. 3, 2020	Nov. 17, 2020	$0.0125	490,035
				$ 1,922,242

Subsequent to the date of the statement of financial position, on January 21, 2022, the Company declared a dividend of $0.0125 per common share payable on February 23, 2022.

Contributed surplus

Contributed surplus comprises the value of share-based compensation expense related to options granted that have not been exercised or have expired unexercised. The reclassification of contributed surplus on exercised and cancelled options resulted in a decrease in contributed surplus this year of $312,950 (2020 - decrease of $663,674). During the year there were 96,000 options forfeited and 5,000 options that expired (2020 Restated - 4,000 and 205,000 respectively). During the year there were 1,408,650 options exercised (2020 Restated - 1,365,850).

(Expressed in Canadian Dollars)

16. SHARE-BASED COMPENSATION

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 1, 2020, 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 May 20, 2020. A total of 7,618,320 common shares are authorized for issuance under the plan, of which 287,870 are available to be granted at 2021 year-end (1,481,870 at 2020 year-end). On November 30, 2021, there are 4,680,650 options
outstanding of which 3,407,650 are exercisable (vested). No consideration is payable on the grant of an option with options generally vesting after one year from the date of grant.

The following share-based payment arrangements were in existence at the end of the current fiscal year:

Option Series	Number	Grant Date	Expiry Date	Range of Exercise Prices
Options issued under revised plan dated April 27, 2016				
Issued May 29, 2016 to July 21, 2016	80,000	May 29, 2016 to July 21, 2016	May 29, 2022 to July 21, 2022	$1.09 to $1.18
Issued October 14, 2016 to April 17, 2018	825,000	Oct. 14, 2016 to Apr. 17, 2018	Oct. 14, 2022 to Apr. 17, 2023	$0.76 to $1.00
Issued August 29, 2016 to November 16, 2018	1,205,000	Aug. 29, 2016 to Nov. 16, 2018	Aug. 29, 2022 to Nov. 16, 2024	$1.01 to $1.25
Issued April 25, 2019	65,000	Apr. 25, 2019	Apr. 25, 2025	$1.60
Options issued under revised plan dated May 1, 2019				
Issued July 25, 2019 to November 27, 2019	102,000	July 25, 2019 to Nov. 27, 2019	July 25, 2025 to Nov. 27, 2025	$1.51 to $1.75
Issued April 23, 2020	11,150	Apr. 23, 2020	Apr. 23, 2025	$1.96
Options issued under revised plan dated May 20, 2020				
Issued May, 22, 2020 to November 25, 2020	1,119,500	May 22, 2020 to Nov. 25, 2020	May 22, 2026 to Nov. 25, 2026	$1.95 to $2.80
Issued April 22, 2021 to November 25, 2021	1,273,000	Apr. 22, 2021 to Nov. 25, 2021	Apr. 22, 2027 to Nov. 25, 2027	$2.51 to $3.65

(Expressed in Canadian Dollars)

16. SHARE-BASED COMPENSATION (CONTINUED)

The weighted average fair value of options granted during the year ended November 30, 2021 was $0.69 (2020 - $0.41 as restated) based on the Black-Scholes option pricing model. Where relevant, the expected life of the options was based on historical data and the estimated effects of non-transferability. The expected price volatility was based on historical share price volatility over the past 5 years. The following specific assumptions were used to determine the fair value of the options granted during the year:

	Nov. 30, 2021	**Nov. 30, 2020**
Grant date share prices	$ 2.51 to $ 3.66	$ 1.95 to $ 2.80
Exercise prices	$ 2.51 to $ 3.66	$ 1.95 to $ 2.80
Expected price volatility	28.45% to 29.38%	24.28% to 25.82%
Expected option life	5 years	5 years
Expected dividend yield	1.39% to 2.00%	1.58% to 2.65%
Risk free interest rate	0.84% to 1.40%	0.29% to 0.43%
Forfeiture rate	0%	0%

Stock Options:

	Nov. 30, 2021		Nov. 30, 2020	
	Number of Options	Weighted Avg. Exercise Price	Number of Options	Weighted Avg. Exercise Price
Outstanding, beginning of year	4,895,300	$ 1.41	5,255,650	$ 1.18
Exercised	(1,408,650)	$ 1.19	(1,365,850)	$ 1.32
Expired	(5,000)	$ 1.12	(205,000)	$ 1.50
Forfeited	(96,000)	$ 2.40	(4,000)	$ 1.36
Granted	1,295,000	$ 3.08	1,214,500	$ 2.31
Outstanding, end of year	4,680,650	$ 1.92	4,895,300	$ 1.41

On November 30, 2021 there were 4,680,650 options outstanding with a weighted average remaining contractual life of 3.5 years or 42 months, of which 3,407,650 were exercisable at a weighted average price of $1.49 (2020 - $1.11, as restated).

(Expressed in Canadian Dollars)

17. EARNINGS PER SHARE

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

	Nov. 30, 2021	Nov. 30, 2020
Weighted average number of common shares - basic	40,087,485	38,334,175
Additions to reflect the dilutive effect of employee stock options	2,007,433	2,289,357
Weighted average number of common shares - diluted	42,094,918	40,623,532

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 2021, 556,000 options (2020 - Nil, as restated) were excluded from the above computation of diluted weighted average number of common shares because they were anti-dilutive.

18. COMMITMENTS AND CONTINGENCIES

The Company has a twelve-month non-cancellable lease for its office space and warehouse with a term that expires July 31, 2022. The aggregate minimum future rental payments under this arrangement are as follows:

2022	$ 230,109

The Company accounts for this lease as a short-term lease. The lease agreement does not contain any variable lease payments, concessions or unusual termination or extension options.

The Company does not have any other significant off-balance sheet arrangements outside of indemnification clauses in customer contracts in the normal course of business. The Company has never recorded any liability associated with such indemnification and does not believe that any payment thereunder will be required.

From time to time, the Company is involved in legal claims in the normal course of business. Management assesses such claims, and where considered probable to result in a material exposure, and where the amount of the claim is quantifiable, provisions for loss are made based on management’s assessment of the probable outcome. The Company does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of the losses cannot be reasonably estimated. Any settlements or awards under such claims are provided for when determinable.

(Expressed in Canadian Dollars)

19. GOVERNMENT ASSISTANCE

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 is to be completed June 30, 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. The Company invoiced NRC $168,310 (2020 - $8,181) during fiscal 2021 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 December 31, 2022. 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 invoiced and accrued $405,067 (2020 - $Nil) in CSA funding during fiscal 2021 which was credited to research and development expense. 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 addition, the Company applied for the following financial support from the Canadian Government related to COVID-19 relief:

i) The Emergency Wage Subsidy ("CEWS") program: During its fiscal 2021, the Company applied for and accrued a total of $534,093 in CEWS funding (2020 - $499,787 as restated). This amount includes $Nil accrued and receivable at year-end (2020 - $109,348). These CEWS payments have been applied to the Company's General & Administrative and R&D expense categories.

More specifically, the CEWS assistance was recorded in the November 30, 2021 Statements of Net Earnings / (Loss) and Comprehensive Income as a reduction to the following accounts:

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
General & Administrative Expenses	274,118	296,085
Research & Development Expenses	259,975	203,702
	534,093	499,787

ii) The Emergency Rent Subsidy ("CERS") program: The Company does not qualify for payments under the CERS program.

(Expressed in Canadian Dollars)

20. RESEARCH AND DEVELOPEMENT

	Nov. 30, 2021	Nov. 30, 2020 As Restated - See Note 25
	$	$
Research and development expenses	1,785,178	1,890,833
Less: Investment tax credits claimed	(209,188)	(304,957)
Less: NRC IRAP & CSA Funding and Wage Subsidies (CEWS)	(833,353)	(211,883)
Allocation of amortization	4,262	8,892
	746,899	1,382,885

The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency.

21. OPERATING SEGMENT INFORMATION

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.

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Canada	117,507	375,852
Japan	3,642,840	496,507
Europe	1,325,372	1,637,474
United States	1,478,155	891,527
Asia	1,277,968	1,318,529
Rest of world	1,310,144	1,735,744
	9,151,986	6,455,633

Property and equipment

The location of property and equipment determines the geographic areas. All property and equipment are in Canada.

Major Customers

For the year ended November 30, 2021, the Company had one customer that generated more than 10% of the Company's total revenues (during fiscal 2020 no customers accounted for more than 10% of revenue).

(Expressed in Canadian Dollars)

22. 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, 718133 Ontario Inc., Rampart International Corp., Branim Consulting Corp. and Art Slaughter CPA Professional Corporation.

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

		Nov. 30, 2021	Nov. 30, 2020
		$	$
Board of Directors:			
Board of Director fees	(i)	96,000	96,000
Transactions with Rampart International Corp.:			
Miscellaneous payments related to shared office space.	(ii)	5,193	Nil
Transactions with 718133 Ontario Inc.:			
Rental of office and warehouse space	(iii)	374,907	376,999
Transactions with Art Slaughter CPA Pro. Corp.:			
Purchase of consulting services	(iv)	60,750	61,654
Transactions with Branim Consulting Corp.:			
Purchase of consulting services	(iv)	Nil	19,035
Transactions with LaBarge Weinstein LLP:			
Legal fees and expenses	(v)	30,553	32,455

Balances with related parties

	As At Nov. 30, 2021	As At Nov. 30, 2020
	$	$
Amounts due from Rampart International Corp.	1,219	895
Amounts due to 718133 Ontario Inc.	3,432	Nil
Amounts due to Art Slaughter CPA Pro. Corp.	Nil	Nil
Amounts due to LaBarge Weinstein LLP	1,600	1,600

(Expressed in Canadian Dollars)

22. 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 $24,000 per annum per board member commencing December 2, 2012 and is paid quarterly.
ii. 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, 2022, 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 and Branim Consulting Corp. The Company's Chief Financial Officer(s) is a director of this company(s).
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.

Compensation of key management personnel

The compensation of the directors and Chief Executive Officer is determined by the Compensation Committee of the Board of Directors having regards to the performance of the Company. The compensation of other key executives is determined by the Chief Executive Officer. The key management personnel currently are the Chief Executive Officer, the Chief Financial Officer, and the Chief Technology Officer. The compensation for directors and these key members of management during the year was as follows:

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Short-term employee benefits	827,447	859,041
Share-based payments	294,811	292,000
	1,122,258	1,151,041

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Company's objective is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business and provide the ability to continue as a going concern. The Company does not have any debt and, therefore, net earnings generated from operations are available for reinvestment in the Company or distribution to the Company's shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth. The Board of Directors also reviews on a quarterly basis the level of dividends paid to the Company's shareholders. The Company does not have a defined share repurchase plan, buy and sell decisions are made on a specific transaction basis and depend on market prices and regulatory restrictions. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income.

Foreign currency risk related to contracts

The Company is exposed to foreign currency fluctuations on its cash balance, accounts receivable, accounts payable and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company does not use foreign currency forward contracts to minimize the short-term impact of currency fluctuations on foreign currency receivables and payables.

A 10% strengthening (weakening) of the Canadian dollar against the US dollar on November 30, 2021 would have decreased (increased) net earnings by approximately $529,787 (2020 - $221,000 as restated).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Company's accounts receivable.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers, which receive credit terms, are made up of both public companies and large private companies which we have established long-term relationships with. A significant portion of the Company's accounts receivable is from long-time customers. Over the last five years the Company has not suffered any significant credit related losses.

The Company limits its exposure to credit risks for cash and marketable securities by dealing only with major Canadian financial institutions. Management does not expect any of the institutions to fail to meet their obligations.

The Carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Cash	8,882,927	6,783,758
Marketable securities	8,190,686	8,074,676
Accounts receivable	1,277,407	605,651
	18,351,020	15,464,085

(Expressed in Canadian Dollars)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Breakdown of marketable securities

	Nov. 30, 2021	Nov. 30, 2020
	$	$
Guaranteed investment certificate - redeemable	8,190,686	1,520,514
Guaranteed investment certificate - non-redeemable	Nil	6,554,162
	8,190,686	8,074,676

Based on historic default rates and assessment of current balances, the Company believes that there is no requirement for an allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible in advance, that it will always have sufficient liquidity to meet liabilities when due. On November 30, 2021, the Company has a cash balance of $8,882,927 and has a secured credit facility, subject to annual review. The credit facility permits the Company to borrow funds up to an aggregate of $750,000 in either Canadian or US currency. The credit facility is secured by a general security agreement providing a first charge over all Company assets including accounts receivable, inventory and equipment. As of November 30, 2021, the Company had not borrowed on the credit facility. All of the Company's financial liabilities have contractual maturities of less than 30 days in 2021.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value:

	Nov. 30, 2021			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and marketable securities	8,882,927	8,190,686	-	17,073,613

	Nov. 30, 2020			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and marketable securities	6,783,758	8,074,676	-	14,858,434

24. IMPACT OF THE COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

Since the outbreak, C-COM implemented several actions intended to mitigate the impact of the COVID-19 pandemic on the Company's operations.

Management may take further actions that alter business operations as may be required by various levels of government, or that it determines are in the best interest of the Company's employees, customers, partners, suppliers, and shareholders. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of COVID-19 and the Company's financial condition and results of operations could be affected. The degree to which COVID-19 will affect results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain COVID-19, the impact of the pandemic and related restrictions on economic activity and the extent of the impact of these and other factors on the Company employees, partners, suppliers and customers.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Company's operations and financial position is not known at this time. Therefore, an estimate of the financial effect of the pandemic on the Company is not practicable at this time.

25. RESTATEMENT OF PRIOR PERIOD FINANCIAL RESULTS

The Company's management has determined that its methodology of identifying component parts to be designated as inventory was incorrect. Historically, it was only the parts designated as being a component of an active system bill of materials that were considered to be inventory. This left out other parts that were still saleable items. These other parts would eventually be destined for a complete system or key component or could be sold as an individual part for customer repairs.

These other parts that were not captured as inventory were originally expensed through the Company's Cost of Sales during the year that such parts were purchased. The Company's Cost of Sales can be found in the Company's Statement of Net Earnings and Comprehensive Income.

The Company's management identified this error in late 2021, primarily because of a high level of parts purchases it had undertaken due to supply chain issues driven by the COVID pandemic. As a result, management conducted a special investigation to assess the impact of this error.

Accordingly, management has determined that a correction to the Company's prior period financial statements was required.

This correction has resulted in the restatement of the Company's 2020 financial statements.

25. RESTATEMENT OF PRIOR PERIOD FINANCIAL RESULTS (CONTINUED)

The amount this correction is:

1. Fiscal 2020's opening Inventory balance increased by $797,895.
2. The opening Retained Earnings balance for 2020 increased by $586,454 as a result of the prior period increase in Net Income (resulting from a Cost of Goods Sold decrease through the Inventory re-classification noted above).
3. The 2020 Income Tax Payable opening balance increased by $211,463.
4. The 2020 closing Inventory balance decreased by $23,460.
5. 2020 Cost of Goods Sold increased by $119,001 in 2020. This resulted in a corresponding decrease in the Company's 2020 pre-tax income.
6. Company's Income Tax Expense increased by $223 in 2020.

This correction has resulted in the restatement of the Company's 2020 financial statements. The specific changes are highlighted in the amended financial excerpts showing the specific variances as presented below:

Restated Statement of Financial Position

As at November 30, 2020
(Canadian dollars)

	Restated 2020	As Previously Reported 2020	Restatement Amount 2020
ASSETS			
Non-refundable investment tax credits	315,657	316,698	(1,041)
Inventory	8,007,925	7,328,642	679,283
Income tax recoverable	11,557	222,201	(210,644)
Total current assets	23,840,692	23,373,094	467,598
TOTAL ASSETS	$ 23,930,728	$ 23,463,130	$ 467,598
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Deferred tax liability	87,702	87,722	(20)
TOTAL LIABILITIES	1,115,207	1,115,227	(20)
SHAREHOLDERS' EQUITY			
Retained earnings	8,815,504	8,347,885	467,618
TOTAL SHAREHOLDERS' EQUITY	22,815,522	22,347,903	467,618
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 23,930,728	$ 23,463,130	$ 467,598

25. RESTATEMENT OF PRIOR PERIOD FINANCIAL RESULTS (CONTINUED)

Restated Statement of Net Earnings and Comprehensive Income

For the year ended November 30, 2020
(Canadian dollars)

	Restated 2020	As Previously Reported 2020	Restatement Amount 2020
COST OF SALES	2,773,978	2,654,977	119,001
GROSS PROFIT	3,681,655	3,800,656	(119,001)
EXPENSES			
General and administrative	1,580,072	1,580,215	(143)
Research and development	1,382,885	1,383,038	(152)
Sales and marketing	1,034,643	1,034,736	(93)
	3,997,600	3,997,989	(388)
INCOME/(LOSS) BEFORE OTHER INCOME AND INCOME TAX	(315,945)	(197,333)	(118,613)
INCOME / (LOSS) BEFORE INCOME TAX	(161,722)	(43,109)	(118,613)
INCOME TAX	51,671	51,448	223
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)	$ (213,392)	$ (94,557)	$ (118,836)
Basic earnings per share	-$0.01	$0.00	$0.00
Basic weighted average number of common shares	38,334,175	38,334,175	-
Diluted earnings per share	-$0.01	$0.00	$0.00
Diluted weighted average number of common shares	40,623,532	40,623,532	-

25. RESTATEMENT OF PRIOR PERIOD FINANCIAL RESULTS (CONTINUED)

Restated Statements of Changes in Equity

For the year ended November 30, 2020
(Canadian dollars)

	Restated Total Equity	Previously Reported Total Equity	Restatement Amount Total Equity
Balance December 1, 2019	$ 22,894,113	$ 22,307,659	$ 586,454
Net income/(loss) and comprehensive income/(loss)	(213,392)	(94,557)	(118,836)
Balance November 30, 2020	$ 22,815,522	$ 22,347,903	$ 467,619

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended November 30, 2021

Date of Report – March 29, 2022

The following Management Discussion and Analysis of C-COM Satellite Systems Inc. ("C-COM" or the "Company") for the year ended November 30, 2021 should be read in conjunction with the financial statements and notes included in this annual report. All figures are presented in Canadian dollars in accordance with IFRS.

The following discussion of the financial condition, changes in financial condition and results of operations of C-COM is for the year ended November 30, 2021 and 2020 (as amended and restated). Historical results of operations, percentage relationships and any trends that may be inferred there from are not necessarily indicative of the operating results of future periods. Unless otherwise stated all amounts are in Canadian dollars following the requirements of the International Financial Reporting Standards ("IFRS"). The information contained herein is dated as of March 29, 2022, and is current to that date, unless otherwise stated. Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the annual filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company and have reviewed this MD&A and the accompanying financial statements.

The Chief Executive Officer and Chief Financial Officer, in accordance with National Instrument 52-109 ("NI52-109"), have both certified that they have reviewed the annual financial statements and this MD&A ("the annual Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the annual Filings do not contain any untrue statement of a 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 was made with respect to the period covered by the annual Filings; and (b) the annual financial statements together with the other financial information included in the annual Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the dates and for the periods presented in the annual Filings.

Investors should be aware that the inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Statements

The Company cautions that the forward-looking statements in the following Management Discussion and Analysis are based on certain assumptions made by the Company that may prove inaccurate. Forward-looking statements include those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent that they relate to the Company or its management. Statements made in this Management Discussion and Analysis relating to: the Company's intention to continue quarterly dividends; management's beliefs about the sufficiency of cash resources; short and long term sources of funding for operations and innovation and development; the Company's intention to continue developing and innovating for various markets and technologies; anticipated new products and technology including the types of products and technology , the expected features and performance of such products and technology and the timing of their release; the ability of new projects to provide the Company with patentable technology; methods of selling of new products; the impact COVID-19 may have on the Company; expected sales of new products including the new Manpack series; the ability for the Company to generate incremental revenue from the new vertical market for tracking LEO's, Smallsats and CubeSats; the Company's ability to maintain its perceived market advantages and future positioning of the Company in the markets in which it operates. These forward-looking statements are not historical facts but reflect the Company's current expectations and assumptions regarding future results or events. Assumptions made include results of research and development efforts, customer demand for the Company's products or services, the Company's ability to maintain and enhance customer relationships, as well as the Company's ability to bring to market its products or services. Furthermore, the Company cautions that the forward-looking statements in the following Management Discussion and Analysis are based on current expectations as of March 29, 2022 and are subject to change and to risks and uncertainties. Actual results may differ due to facts such as customer demand, customer relationships, new service offerings, delivery schedules, revenue mix, competition, pricing pressure, foreign currency fluctuations, and uncertainty in the markets in which the company conducts business. Additional information identifying risks and uncertainties is contained in the Company's filings with the various provincial securities regulators. Readers should not place undue reliance on the Company's forward-looking statements.

Overview

C-COM Satellite Systems Inc. is a leader in the development and deployment of commercial grade mobile auto-deploying satellite-based technology for the delivery of two-way high-speed Internet, VoIP and Video services into vehicles. C-COM has developed a unique proprietary Mobile auto-deploying (iNetVu) antenna that allows the delivery of high-speed satellite-based Internet services into vehicles while stationary virtually anywhere where one can drive. The iNetVu Mobile antenna has also been adapted to be deployable from transportable platforms. The Company's satellite-based products and services deliver high-quality, cost-effective solutions for both fixed and mobile applications throughout the world. More information is available at: www.c-comsat.com.

Restatement of Prior Period Financial Results

The Company's management has determined that its methodology of identifying component parts to be designated as inventory was incorrect. Historically, it was only the parts designated as being a component of an active system bill of materials that were considered to be inventory. This left out other parts that were still saleable items. These other parts would eventually be destined for a complete system or key component or could be sold as an individual part for customer repairs.

These other parts that were not captured as inventory were originally expensed through the Company's Cost of Sales during the year that such parts were purchased. The Company's Cost of Sales can be found in the Company's Statement of Net Earnings and Comprehensive Income.

The Company's management identified this error in late 2021, primarily because of a high level of parts purchases it had undertaken due to supply chain issues driven by the COVID pandemic. As a result, management conducted a special investigation to assess the impact of this error.

Accordingly, management has determined that a correction to the Company's prior period financial statements was required.

This correction has resulted in the restatement of the Company's 2020 financial statements.

Unless otherwise stated, these corrections have been incorporated in the 2020 comparative information within this MD&A where applicable.

Furthermore, the Company's 2021 unaudited quarterly financial statements also contained the impact of this error. The Company's management presents below its estimate of corrections to 2021's previously published interim financial statements:

	Quarter Ended February 28, 2021	Quarter Ended May 31, 2021	Quarter Ended August 31, 2021
Inventory Understatement	$ 785,971	$ 785,971	$ 948,502
Cost of Sales Overstatement	$ 27,847	$ Nil	$ 162,531
Income Tax Expense Understatement	$ 7,379	$ Nil	$ 43,071
Net Income Understatement	$ 20,467	$ Nil	$ 119,460

The Company's management presents below its estimate of corrections to 2020's previously published interim financial statements:

	Quarter Ended February 28, 2020	Quarter Ended May 31, 2020	Quarter Ended August 31, 2020
Inventory Understatement	$ 524,059	$ 562,897	$ 616,105
Cost of Sales Overstatement	$ 257,525	$ 38,838	$ 53,208
Income Tax Expense Understatement	$ 68,244	$ 10,292	$ 14,100
Net Income Understatement	$ 189,281	$ 28,546	$ 39,108

Please refer to Note 25 to the 2021 Audited Financial Statements for additional details.

Selected Annual Information

	Year Ended November 30, 2021	Year Ended November 30, 2020 as Restated	Year Ended November 30, 2019 as Restated
Revenue	$ 9,151,986	$ 6,455,633	$ 13,977,909
Net Income/(Loss)	$ 1,422,821	$ (213,392)	$ 3,429,546
Basic Earnings per Share	$0.04	$(0.01)	$0.09
Diluted Earnings per Share	$0.03	$(0.01)	$0.09
Total assets	$26,342,321	$23,930,728	$24,051,904
Total Non-Current Liabilities	$130,023	$215,076	$170,384

Results of Operations

The income/(loss) before other income and income tax was $1,422,821, compared with a loss of $213,392 in 2020. The Company completed the year with $17,073,613 of cash and marketable securities compared to $14,858,434 at the end of 2020.

Revenues

	Year Ended November 30, 2021	Year Ended November 30, 2020	Change $	Change %
Revenue – Hardware and Airtime	$ 9,151,986	$ 6,455,633	2,696,353	41.8%

The increase in sales was driven by a significant order from Japan for iNetVu® Manpack antennas. Nevertheless, the Company still continues to be affected by the COVID-19 pandemic. The markets that are still in decline include Canada and Europe.

Cost of Sales and Gross Profit

	Year Ended November 30, 2021	Year Ended November 30, 2020 as Restated	Change $	Change %
Gross Profit	$ 5,502,203	$ 3,696,269	$1,805,934	48.9%
As a percentage of revenue	60.1%	57.3%		
Allocation of amortization expense	$ (16,345)	$ (14,614)	$2,833	19.4%
Combined Gross Profit	$ 5,485,858	$ 3,681,655	$1,804,203	49.0%
As a percentage of revenue	59.9%	57.0%		

The 49% increase in gross profit was the direct result of the 42% increase in sales and a $365,482 adjustment to cost of sales flowing from the inclusion of other parts in inventory (vs. cost of sales).

Expenses:

	Year Ended November 30, 2021	Year Ended November 30, 2020 as Restated	Change $	Change %
General and Administrative	$ 1,873,027	$ 1,580,072	292,955	18.5%
As a percentage of revenues	20.5%	24.5%		
Research and Development	$ 746,899	$ 1,382,885	635,986	46.0%
As a percentage of revenues	8.2%	21.4%		
Sales and Marketing	$ 908,582	$ 1,034,643	126,061	12.2%
As a percentage of revenues	9.9%	16.0%		

General and Administrative

General and administrative expenses increased $292,955 or 18.5% for the year ended November 30, 2021 compared to the same period last year primarily due to an increase in employee stock option costs.

Research and Development

Research and development expense decreased $635,986 or 46.0% compared to the same period last year. This was due to an increase in government funding from the IRAP, Canadian Space Agency and CEWS programs. Gross R&D expenses were relatively unchanged year-over-year.

Sales and Marketing

Sales and marketing expenses decreased $126,061 or 12.2% over the same period last year. This was due mostly to decreases in trade show and travel costs.

Investment Income

Investment income for the year of $94,883 ($170,957 in 2020) is comprised of interest earned on the Company's cash balances and guaranteed investment certificates. The 44.5% decrease in investment income is due to lower interest rates. The principal amount of marketable securities (GIC's) rose 1.4% from 2020 to 2021.

Income Tax Expense

The Company reports its results on a fully taxed basis. The provision for income tax for fiscal 2021 was $677,679 compared to $51,671 in 2020 (as restated). The total effective tax rate for 2021, prior to considering the impact of non-taxable transactions, was 26.5% (2020 – 26.5%). The increase in the tax expense was due to the growth in pre-tax profit in 2021.

Summary of Quarterly Financial Data *Note: the period data below has been restated to incorporate the estimated impact as reported on page 2.*

Quarter Ended:	**Q4/21**	**Q3/21**	**Q2/21**	**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
Revenue	$2,584,918	$1,011,055	$836,734	$4,719,279	$2,379,420	$1,773,918	1,061,665	$1,240,630
Operating Income (Loss)	$(32,748)	$(96,047)	$(98,250)	$2,184,395	$(50,035)	$443,341	($687,318)	($21,933)
Net Income (Loss)	$193,228	$(38,251)	$(219,203)	$1,487,046	$(27,680)	$249,964	($438,384)	$2,708
Dividends Paid	$507,955	$504,927	$503,476	$493,597	$490,035	$480,576	$477,045	$474,586
Dividend Rate /Share	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125
Basic EPS	$0.00	$0.00	($0.01)	$0.04	$0.00	$0.01	($0.01)	($0.00)
Diluted EPS	$0.00	$0.00	($0.01)	$0.04	$0.00	$0.01	($0.01)	($0.00)

Fourth Quarter Highlights:

The Company's operations are subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays. Typically, the Company's first and third quarters will be negatively impacted as a result of Christmas season and summer vacation period.

Liquidity and Capital Resources

	Year Ended November 30, 2021	Year Ended November 30, 2020 as Restated	Change $	Change %
Cash	$ 8,882,927	$ 6,783,758	$ 2,099,169	30.9%
Marketable securities	$ 8,190,686	$ 8,074,676	$ 116,010	1.4%
Working capital surplus	$ 24,597,032	$ 22,940,561	$ 1,656,470	7.2%
Net cash provided by (used in):				
Operating activities	$ 2,506,019	$ (196,168)	$ 2,702,187	1,377.5%
Investing activities	$ (120,773)	$ 1,750,626	$ 1,871,399	106.9%
Financing activities	$ (334,109)	$ (117,650)	$ 216,458	184.0%
Increase/(decrease) in cash	$ 2,099,168	$ 1,461,656	$637,512	43.6%

Working Capital Surplus

The increase in working capital surplus is due mainly to a $2.9 million total increase in cash, investments and accounts receivable on November 30, 2021. Current assets on November 30, 2021 were $26,280,530 (2020 - $23,829,135 as restated) and current liabilities for the same periods were $1,683,498 (2020 - $888,573 as restated).

Contractual Obligations

The Company has a non-cancellable lease agreement for office space with a twelve-month term extending into fiscal 2022. The aggregate minimum rental payments under this arrangement are as follows:

Contractual Obligations:	Payments Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Premises Lease	$230,109	$230,109	Nil	Nil	Nil

Operating Activities

Cash flows (used)/from operating activities for the year ended November 30, 2021 were $2,506,019 compared to $(196,168) in 2020. This year's increase is due to the increase in net income.

Investing Activities

The marketable securities consist of the following investments, which are all held at major Canadian financial and insurance institutions:

	Year Ended November 30, 2021	Year Ended November 30, 2020 as Restated
Guaranteed investment certificates	$ 8,190,686	$ 8,074,676

Financing Activities

Dividend

As a result of continued earnings and a strong cash position, the Company continued to pay dividends throughout fiscal 2021. The Company paid quarterly dividends totaling $2,009,954 or $0.05 annually per share compared to 2020 when the Company paid $1,922,242 in dividends or $0.05 annually per share. The Company intends to continue with its quarterly dividend policy for the foreseeable future.

Capital Resources

As of November 30, 2021 the Company had an overdraft protection facility of $750,000 with a Canadian chartered bank that bears interest at prime plus 0.5%. It is secured by a general security agreement providing a first charge over all company assets including accounts receivable, inventory and equipment. During fiscal 2021 the Company had no borrowings under the credit facility. Management believes that C-COM has sufficient cash resources to continue to finance its working capital requirements.

The Company operates internationally with approximately 99% of its business derived from non-Canadian sources as compared to 94% for the same period last year. All of the Company's international business is denominated in United States dollars and therefore the Company's results from operations are affected by exchange rate fluctuations of the United States dollar relative to the Canadian dollar. The Company did not use foreign currency forward contracts or derivatives in its management of foreign currency exposure.

In the short term, the Company will continue to fund operations through cash generated from the continued profitability of the sales of its core products and services. In the longer term, additional financing may be required to fund further innovation and development of the next generation of products and services. At this time, the Company does not have plans to pursue additional sources of financing and there can be no assurance that any additional financing that may be required will be available to the Company when needed, on commercially reasonable terms, or at all. In addition, any equity financing may involve substantial dilution to the Company's existing shareholders.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements on November 30, 2021.

Critical Accounting Estimates

The preparation of financial statements of the Company requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Among other things, estimates are used in the accounting for allowances for bad debts, stock-based compensation, inventory obsolescence, product warranty, useful lives of assets and impairment of property and equipment. The reported amounts and note disclosures are determined using management's best estimates based on the assumptions that reflect the most probable set of economic conditions and planned course of action. Actual results could differ from the estimates used in these financial statements and such differences could be material.

Related Party Transactions

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, 718133 Ontario Inc., Rampart International Corp., Branim Consulting Corp. and Art Slaughter CPA Professional Corporation.

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

		Nov. 30, 2021	Nov. 30, 2020
		$	$
Board of Directors:			
Board of Director fees	(i)	96,000	96,000
Transactions with Rampart International Corp.:			
Miscellaneous payments related to shared office space.	(ii)	5,193	Nil
Transactions with 718133 Ontario Inc.:			
Rental of office and warehouse space	(iii)	374,907	376,999
Transactions with Art Slaughter CPA Pro. Corp.:			
Purchase of consulting services	(iv)	60,750	61,654
Transactions with Branim Consulting Corp.:			
Purchase of consulting services	(iv)	Nil	19,035
Transactions with LaBarge Weinstein LLP:			
Legal fees and expenses	(v)	30,553	32,455

Balances with related parties

	As At Nov. 30, 2021	As At Nov. 30, 2020
	$	$
Amounts due from Rampart International Corp.	1,219	895
Amounts due to 718133 Ontario Inc.	3,432	Nil
Amounts due to Art Slaughter CPA Pro. Corp.	Nil	Nil
Amounts due to LaBarge Weinstein LLP	1,600	1,600

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 $24,000 per annum per board member commencing December 2, 2012 and is paid quarterly.

ii. 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, 2022, 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 and Branim Consulting Corp. The Company's Chief Financial Officer(s) is a director of this company(s).
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.

Risk Factors

The company is subject to a number of risks and uncertainties that could significantly affect the Company's financial condition and future results of operations. Risk management is an integral part of how the Company plans and monitors the business strategies and results and we have embedded risk management activities in the operational responsibilities of management, and made them an integral part of overall governance, organizational and accountability structure. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly.

The Company is exposed to risks and uncertainties in its business, including the risk factors set forth below:

- Continued impact of the COVID-19 pandemic.
- The recent delays in the global supply chain and scarcity of materials may impact the Company's ability to secure the materials and components required to meet customers' needs and contractual obligations.
- Inflationary prices may also cause a decrease in end-user spending which would negatively impact future sales.
- The Company's success depends on the engagement and contributions of senior management personnel, including the Company's CEO. Any changes to the management team, including the hiring or departing of executives, could be disruptive to the business.
- Competitive conditions in the Company's industry, including new products, product announcements and incentive pricing offered by its competitors.
- The Company's business is often dependent on performance by third parties and subcontractors in connection with manufacturing of the Company's products.
- The Company's ability to hire, train and retain sufficient technical, sales, and professional services staff.

- The Company's ability to maintain existing relationships with its dealers and to create new relationships with potential dealers and manufacturing partners.
- Varying size, timing and contractual terms of orders for the Company's products.
- The nature of the end-user purchase and budget cycles and changes in their budgets for, and timing of, equipment and related purchases.
- The length and variability of the sales cycles for the Company's products.
- Order cancellations.
- Market acceptance of new and enhanced versions of the Company's products.
- Strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy.
- General weakening of the economy resulting in a decrease in the overall demand for the Company's products.
- The geographical mix of the Company's sales, together with fluctuations in foreign currency exchange rates.
- Changes in the Company's pricing policies and the pricing policies of its competitors.
- The timing of product development and new product initiatives.

Many of these risk factors can affect the Company's financial performance and are also outside of the Company's control. The nature of many these risks is expanded upon in the commentary below.

Impact of the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From March 11, 2020 to the date of approval of these financial statements, C-COM implemented the following actions in relation to the COVID-19 pandemic:

- Cancellation of various trade shows, investor presentations, sales conferences and business travel. In early 2022 the Company resumed attendance at in-person trade shows.
- Adopted a 4-day workweek throughout 2020 and early 2021. Note: the Company's workforce has since returned to a regular work week.
- Applied for and received financial assistance under the Canadian Government's Emergency Wage Subsidy ("CEWS") program. This support program has since closed.

Management may take further actions that alter business operations as may be required by various levels of government, or that it determines are in the best interest of the Company's employees, customers, partners, suppliers, and shareholders. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of COVID-19 and the Company's financial condition and results of operations could be affected. The degree to which COVID-19 will affect results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain COVID-19, the impact of the pandemic and related restrictions on economic activity and the extent of the impact of these and other factors on the Company employees, partners, suppliers and customers.

Impact of COVID-19 on financial risks:

The COVID-19 pandemic has impacted the financial risks of the Company as follows:

i. Demand: The weakening of the economy resulting in a decrease in the overall demand for the Company's products.
ii. Credit risk: The Company's customers will likely experience increased financial stress as a result of COVID-19. Therefore, credit risk will increase. However, the Company's conservative internal sales and credit granting processes should adequately mitigate this increased risk.
iii. Market risk: Market risk has increased due to significant volatility in financial markets as discussed below:

- Currency risk: The Company is exposed to foreign currency fluctuations on its cash balance, accounts receivable, accounts payable and future cash flows related to sales and expenses denominated in a foreign currency. The Company does not use foreign currency forward contracts to minimize the short-term impact of currency fluctuations on foreign currency receivables and payables. Since early March there has been heightened risk due to significant fluctuations in currency markets and the uncertainty in market valuations for currencies due to the pandemic. However, there has been no change in the Company's traditional currency mix and weightings: most sales transactions are in US dollars and most Company disbursements are denominated in Canadian dollars.
- Interest rate risk: In general, interest rates have dropped since the pandemic was announced. Interest income from the Company's market investments are impacted by current and future volatility in interest rates.

COVID-19 has caused heightened uncertainty and volatility in the global economy, including supply chain stress and inflationary pressure. If economic growth slows further or if a recession develops, customers may not have the financial means to purchase the Company's products, thereby potentially having a negative impact on the Company's financial performance. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 outbreak and the related impact on the global economy may not be fully reflected in the Company's financial statements until future periods. Further, volatility in the capital markets may continue, which may cause declines in the price of the Company's shares and may also affect its ability to raise working capital through equity or debt transactions. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Company's operations and financial position is not known at this time. An estimate of the financial effect of the pandemic on the Company is not practicable at this time.

Reliance on resellers

The Company currently relies on resellers for a significant portion of its revenues. An adverse change in the Company's relationship with any resellers could reduce the Company's sales and harm its business and prospects. If the Company is unable to retain and expand its business with key resellers on favourable terms, or develop new relationships with resellers, then the business, financial condition and results of operations of the Company could be adversely affected.

Furthermore, because the Company's quarterly revenue could be dependent upon a relatively small number of large customer deployments, even minor variations in the rate and timing of conversion of its sales prospects into revenue could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

The Company's business may be harmed if it does not continue to penetrate markets and continue to grow

If the Company fails to further penetrate its core markets and existing geographic markets, or to successfully expand its business into new markets or through the right sales channels, the growth in sales of the Company's products, along with its operating results, could be negatively impacted. Some of the Company's competitors are larger and better capitalized and as a result, they may be better able to expand more quickly and through more sales channels. Some of the Company's competitors provide end-to-end solutions. If the various core markets in which the Company's products are offered fail to grow, or grow more slowly than the Company currently anticipates, or if the Company is unable to establish new markets for its products, the Company's business, operating results and financial condition could be materially adversely affected.

The Company's success depends on its ability to develop new products and enhance its existing products

The markets for the Company's products are competitive and are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To keep pace with the technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, the Company must enhance and improve existing products and it must continue to introduce new products. Currently, the Company's products embody complex technology and are designed to be compatible with current and evolving industry standards. If the Company is unable to successfully develop new products or enhance and improve its existing products or if it fails to position and/or price its products to meet market demand, the Company's business and operating results will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect its operating results. Further, any new products the Company develops could require an investment of significant resources, long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. The Company may determine that certain new products do not have sufficient potential to warrant the continued allocation of resources and may elect to terminate one or more new product candidates. If a new product is terminated in which the Company has invested significant resources, the Company's prospects may suffer since resources were expended on a project that did not yield a return on the Company's investment and it missed the chance to allocate such resources to potentially more productive uses and this may negatively impact the Company's business, financial condition and operating results. In addition, as the Company develops new products, they may render some of its older products redundant or obsolete. As the Company discontinues the sale of these older products, it must manage the reseller commitments and customer expectations. If the Company is unable to properly manage the possible discontinuation of these older products, it could have a material adverse effect on its business, financial condition and results of operations.

<u>Failure to manage the Company's growth successfully may adversely impact its operating results</u>

The growth of the Company's operations places a strain on managerial, financial and human resources. The Company's ability to manage future growth depends upon a number of factors, including its ability to rapidly:

- Build and train sales and marketing staff and resellers to create an expanding presence in the evolving marketplace for the Company's products, and to keep staff and resellers informed regarding the technical features, issues and key selling points of its products.
- Attract and retain qualified technical personnel in order to continue to develop reliable and saleable products and services that respond to evolving customer needs.
- Expand its distribution channels to ensure that resellers across multiple industry and geographic segments will perceive the Company as a credible market participant and reliable supplier that will enable the profitable growth of their business.
- Develop customer support capacity as sales increase, so that the Company can deliver cost-effective scalable support services to support its sales efforts in a manner that does not divert resources from product development efforts.
- Expand the Company's internal management, financial and IT controls significantly, so that it can maintain control over its operations and provide support to other functional areas within the Company's business as the number of personnel and size of its business increases.

Any failure to manage the Company's growth or achieve profitability could have a material adverse effect on its business, financial condition or results of operations.

<u>The Company may lose sales, or sales may be delayed, due to the long sales and implementation cycle for its products</u>

The Company's customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to purchase the Company's products. Generally, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take many months after the Company's first contact with a customer before a sale can actually be completed. The Company may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of the Company's products varies among its customers and may last several months, depending on its customers' needs, the resources they apply to a project and the products deployed. During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example:

- Purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty.
- The Company or its competitors may announce or introduce new products.
- The customer's own budget and purchasing priorities may change.

If these events were to occur, sales of the Company's products may be cancelled or delayed, which would reduce its revenue.

<u>If the Company is required to change its pricing models to compete successfully, its margins and operating results may be adversely affected</u>

The highly competitive market in which the Company conducts its business may require the Company to reduce its prices. If the Company's competitors offer discounts on certain products in an effort to recapture or gain market share of other products, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such change would likely reduce its margins and could adversely affect its operating results. Some of the Company's competitors may bundle other products that compete with the Company for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that the Company can charge for its products. If the Company cannot offset price reductions with a corresponding increase in the number of sales or with lower spending, then the reduced revenue resulting from lower prices would adversely affect its margins and operating costs.

The financial condition of third parties may adversely affect the Company

The Company relies on third party suppliers to provide it with components and services necessary for the completion and delivery of its products. The Company also relies on third party resellers for significant portion of its sales and revenues. In addition, the Company periodically outsources limited aspects of the development and testing of its products to third parties and a significant increase in the price of the services provided by these third parties, or delays in their deliveries, could have a material adverse effect on the Company's business, financial condition and results of operations. In the event that any of the third parties with whom the Company has significant relationships, including its channel partners and third party suppliers, files a petition in or is assigned into bankruptcy or becomes insolvent, or makes an assignment for the benefit of creditors or makes any arrangements or otherwise becomes subject to any proceedings under bankruptcy or insolvency laws with a trustee, or a receiver is appointed in respect of a substantial portion of its property, or such third party liquidates or winds up its daily operations for any reason whatsoever, then the Company's business, financial position and results of operations may be materially and adversely affected.
The Corporation and its suppliers, partners and customers are exposed to potential interruption and damage, and partial or full loss, resulting from environmental disasters and other catastrophic events. There can be no assurance that in the event of an earthquake, hurricane, tornado, fire, flood, ice storm, tsunami, typhoon, terrorist attack, cyber-attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the operations of the Corporation or its suppliers, partners or customers will not be disrupted. The occurrence of a significant event which disrupts the ability of the Corporation or its suppliers or partners to sell the Corporation's products for an extended period, including events which reduce customer demand for the Corporation's products, could have a material negative impact on the Corporation's business.

Climate change is predicted to lead to increased frequency and intensity of weather events and related impacts such as storms, wildfires, flooding and storm surge. Extreme weather events create a risk of physical damage to the operations of the Corporation or its suppliers, partners and customers which may not be recoverable through insurance, legal, regulatory cost recovery or other processes and could materially affect the Corporation's business, results of operations and cash flows, including its reputation with customers, regulators, governments and financial markets.

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact the Corporation by causing operating, supply chain and project development delays and disruptions, labour shortages, reduced product demand, travel disruption and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Corporation.

The Company's success depends in part on its ability to protect its rights in its intellectual property

The Company relies on various intellectual property protections, including contractual provisions, patents, copyright, trade secrets, trademarks and know-how to preserve its intellectual property rights. Although it currently has patents and patent applications, some of the Company's core technology is primarily protected by trade secrets and copyright. The Company typically enters into agreements with its employees, consultants, customers, channel partners and vendors in an effort to control ownership of its intellectual property and access to and distribution of its software, documentation and other proprietary information. Although the Company believes that the steps it has taken are reasonable, the steps the Company takes may not prevent misappropriation of its intellectual property, and the agreements it enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada or the United States. Additionally, the absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company's proprietary rights. To protect its intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of its business or adversely affect its revenue, financial condition and results of operations.

Intellectual property claims brought against the Company could be time consuming, costly to defend and disruptive to its business

The Company cannot determine with certainty whether any existing third-party patents or the issuance of any third-party patent would require the Company to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their property rights due to the growth of software products in the Company's target markets, the overlap in functionality of these products and the prevalence of software products. The Company may become subject to these claims either directly or through indemnities against these claims that it routinely provides to its customers. Litigation may be necessary to determine the scope, enforceability and validity of such third-party proprietary rights or to establish the Company's proprietary rights. Some of the Company's competitors have substantially greater resources than it does, and those competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such disputes could:

- Be time consuming.
- Be expensive to defend.
- Divert management's attention and focus away from the Company's business.
- Subject the Company to significant liabilities.
- Require the Company to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology.

Further, if the Company is found to have infringed any patents, trademarks or other intellectual property rights, a court could award significant damages and enjoin the Company from distributing its products that infringe the patents, trademarks or other intellectual property in jurisdictions in which such rights are affected. This could result in a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be liable to its customers or third parties and may lose customers if it is unable to collect data or it otherwise loses data.

Because of the large amount of data that the Company collects and manages, it is possible that errors in the Company's systems or in third party systems used by the Company to deliver its service could cause the information that it collects to be incomplete or contain inaccuracies that the Company's customers or third parties regard as significant. Furthermore, the Company's ability to collect and report data may be interrupted by a number of factors, including its inability to access the Internet, the failure of its network or software systems or third-party network or software systems relied upon by the Company, security breaches or computer viruses. The Company may be liable to its customers or third parties for damages they may incur resulting from such events. In addition, if the Company supplies inaccurate or incomplete information or experiences interruptions in its ability to capture, store and supply information in real time or at all, the Company's reputation could be harmed, and it could lose customers.

Cyber Risks

The Company faces cyber risks that include, but are not limited to data breaches, unauthorized access and denial of service attacks as well as associated financial, reputational and business interruption risks. In its business, the Company collects and stores personal information and despite necessary precautions taken by the Company there is a risk of unauthorized access or security breaches resulting from third-party action, employee error, malfeasance or otherwise, which can lead to the loss of information, litigation, indemnity obligations and other significant liabilities. The Company could also be exposed to regulatory penalties for the unauthorized release of confidential information. Furthermore, the Company could face reputational harm relating to a negative perception of the Company's products which could result in the loss of customers. The Company monitors for these such risks and is committed to cyber security with a goal of maintaining and protecting its overall data security. However, despite such efforts by the Company, it may not be able to fully mitigate such cyber security risks given the evolving methods used to comprise data security, which are generally not identified until they are launched against a target.

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income.

Supply Chain Risk

Significant supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases can increase the Company's operating costs and adversely impact the competitive positions of the Company's products. The Company's reliance on third-party suppliers, contract manufacturers and service providers to secure parts, components and sub-systems used in the Company's products exposes it to volatility in the prices and availability of these materials, parts, components, systems and services. As the Company's supply chains extend into many different countries and regions around the world, it is also subject to global economic and geopolitical dynamics and risks associated with exporting components manufactured in particular countries. In connection with effects related to the COVID-19 pandemic, C-COM is operating in a supply-constrained environment and are facing, and may continue to face, supply-chain shortages, inflationary pressures, logistics challenges and manufacturing disruptions that impact the Company's revenues, profitability and timeliness in fulfilling customer orders. In addition, some of the Company's suppliers or their sub-suppliers are limited (or sole source suppliers). Disruptions in deliveries, capacity constraints, production disruptions up-stream, price increases, or decreased availability of parts and supplies, including as a result of war, natural disasters, actual or threatened public health emergencies or other business continuity events, adversely affect the Company's operations and, depending on the length and severity of the disruption, can limit the Company's ability to meet its commitments to customers or significantly impact the Company's operating profit or cash flows.

Inflationary Risk

C-COM's products are sold and used all around the world. The Company's operations and the execution of its business plans and strategies are subject to the effects of global economic trends, geopolitical risks and demand or supply shocks from events that could include war, a major terrorist attack, natural disasters or actual or threatened public health emergencies (such as COVID-19). They are also affected by international, local and regional economic environments and policies, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices, currency volatility, currency controls or other limitations on the ability to expatriate cash, sovereign debt levels and actual or anticipated defaults on sovereign debt. For example, changes in local economic conditions or outlooks, such as lower rates of investment or economic growth in key markets, affect the demand for or profitability of its products.

Foreign Currency Risk Related to Contracts

The Company is exposed to foreign currency fluctuations on its cash balance, accounts receivable, accounts payable and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company does not use foreign currency forward contracts to minimize the short-term impact of currency fluctuations on foreign currency receivables and payables.

A 10% strengthening (weakening) of the Canadian dollar against the US dollar on November 30, 2021 would have decreased (increased) net earnings by approximately $529,787 (2020 – $221,000 as restated).

Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arise principally from the Company's accounts receivable. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers, which receive credit terms, are made up both public Companies, and large private companies which we have established long term relationships with. A significant portion of the Company's accounts receivable is from its long-time customers. Over the past five years the company has not suffered any significant credit related losses.

The Company limits its exposure to credit risks for cash and marketable securities by dealing only with major Canadian financial institutions. Management does not expect any of the institutions to fail to meet their obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible in advance, that it will always have sufficient liquidity to meet liabilities when due. On November 30, 2021, the Company had a cash balance of $8,882,927 and has a secured credit facility, subject to annual review. The credit facility permits the Company to borrow funds up to an aggregate of $750,000 in either Canadian or US currency. The credit facility is secured by a general security agreement providing a first charge over all Company assets including accounts receivable, inventory and equipment. As of November 30, 2021, the Company had not borrowed on the credit facility during fiscal 2021. All of the Company's financial liabilities have contractual maturities of less than 30 days.

The Company's share price will fluctuate

The trading price of the Company's common shares is subject to change and could in the future fluctuate significantly. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; announcements of technological innovations or new products by the Company, its customers or competitors; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the common shares. In addition, stock markets have occasionally experienced extreme price and volume fluctuations. The market prices for high-technology companies have been particularly affected by these market fluctuations and such effects have often been unrelated to the opening performance of such companies. These broad market fluctuations may cause a decline in the market price of the common shares.

The Company's significant shareholders will have the ability to control certain corporate actions

The Company's significant shareholders may be in a position to exercise significant influence over all matters requiring shareholder approval, including the election of directors, determination of significant corporate actions, amendments to the Company's articles and by-laws and the approval of any business combinations.

Dividends

The Company currently pays a quarterly dividend on its common shares. The Company's dividend policy will be reviewed from time to time by the board of directors of the Company in the context of its earnings, financial condition and other relevant factors. Depending on the results of that review, the Company may decide to cease paying dividends in the future or may lower the dividend rate. If the Company does cease paying a dividend or lowers the dividend, its shareholders will not be able to receive a return on the Company's common shares in the form of dividends at the historical rate or at all.

Key Management Personnel

If the Company fails to attract and retain key employees, the development and commercialization of its products may be adversely affected. The Company is highly dependent on the key members of its management staff. If the Company loses any of these people, its business and ability to develop products could suffer. The Company's future success will also depend in large part on its ability to attract and retain other highly qualified scientific, sales and management personnel. Failure to retain and attract personnel with the appropriate skills could have a negative impact on the Company's ability to conduct business and on its financial results.

Facilities

The Company leases a 25,380 square foot office and warehouse facility located at 2574 Sheffield Rd. in Ottawa, Ontario. The Company has a lease for these premises with a related party, 718133 Ontario Inc. The lease term is for one year and matures on July 31, 2022. Lease payments are made monthly.

Summary of Outstanding Share Data

As of November 30, 2021, the Company had 40,741,400 Common shares issued and outstanding (2020 – 39,332,750).

As of March 29, 2022, the Company had 40,741,400 common shares issued and outstanding.

During fiscal 2021 the Company granted 1,295,000 options to purchase common shares (2020 – 1,214,500) to employees and directors and recorded an expense and contributed surplus of $624,566 (2020 - $252,455).

During fiscal 2021, 1,408,650 options were exercised and 1,408,650 shares were issued (2020 – 1,365,850 options were exercised, and 1,365,850 shares were issued, as restated).

Climate Change

The Company does not perceive any risks; Physical, Regulatory, Reputational or Litigation, as a result of global climate changes. On the contrary, following the Katrina disaster and the devastating earthquake and tsunami in Japan, the Company experienced a surge in sales to accommodate the demand for communications in the stricken areas. The Company made the decision to increase inventory levels to enable it to be ready for the increased demand caused by climate changes. In addition to this, the Company is developing new products that will utilize solar energy to power the iNetVu Flyaway and Transportable antenna systems.

Directors and Officers Compensation

During the year ended November 30, 2021, C-COM's officers and directors received the following compensation:

		Salary & Bonus	Board of Director Fees	Contractor Fees	Stock Options Granted (#)
Leslie Klein	President, C.E.O. and Director	$ 534,265	$ 24,000	Nil	800,000
Art Slaughter	Chief Financial Officer	Nil	Nil	$ 68,648	Nil
Bilal Awada	Chief Technology Officer	$ 208,432	Nil	Nil	150,000
Shane McLean	Corporate Secretary	Nil	Nil	Nil	Nil
Eli Fathi	Director	Nil	$ 24,000	Nil	Nil
Ronald Leslie	Director	Nil	$ 24,000	Nil	Nil
Arunas Slekys	Director	Nil	$ 24,000	Nil	Nil

For further information about our management compensation practices and policies please refer to the management information circular for our most recent annual meeting of shareholders which is available at *www.sedar.com.*

Outlook

Though our recovery is not yet at the pre-COVID heights posted in fiscal 2019, we were pleased to see revenues increase 42% to $9.2 million in fiscal 2021. Accordingly, C-COM's income before taxes swung from a small loss in 2020 to a $2.1 million profit in 2021.

A highlight of our 2021 performance was the $3.8 million (USD) Manpack antenna sales order (iNetVu® MP-100-MOT) completed in Q1.

Nevertheless, with worldwide markets struggling to perform at a normal pace, C-COM has also felt the impact of the effects of the pandemic. In addition to the impact of the Covid on businesses around the world, the negative effects of the supply chain crisis compounded the impact of weaker than normal demand in 2021. The company was fortunate to enter 2021 with a very strong inventory position having had the foresight to build a large quantity of fast selling products which made it possible to expedite sales that required rapid delivery. Many of the C-COM products use common parts and we were able to capitalize on this by swapping parts from less in demand products to build products with high demand.

Despite these challenges, we were able to weather these unforeseen conditions and close the year with significant sales and profits over the previous fiscal year. We believe that our healthy balance sheet and extensive inventory will help it face the evolving challenges.

We remain cautiously optimistic about future demand given these existing market conditions:

- The increasing need for emergency communications and cellular backhaul.
- An improved commodities sector (especially oil and gas exploration).
- Demand for access to new bandwidths and 5G performance.
- The roll-out of COVID vaccination programs worldwide.

When these drivers combine with pent-up demand, we are hoping to increase revenues once again in fiscal 2022.

Throughout 2021 senior management continued to recognize the importance of the Company's research and development efforts:

i) During the latter part of fiscal 2020, On September 15th the Company announced that it had joined an international consortium to develop next generation phased array antennas for both 5G cellular and satellite communications networks. Formed under the Intergovernmental Canadian/European EUREKA/PENTA program, the goal is to develop flexible and scalable antenna modules and technologies for operation in the upper 5G bands and in the high frequency satellite V-band.

ii) In May 2021 we announced that we had successfully tested our electronically steerable phased array antenna over the Telesat Anik F3 satellite. The 1024-element prototype antenna performed better than expected during this test. C-COM was able to stream video, surf the net, perform speed tests and conduct an uninterrupted video conference over Webex. The new phased array Ka-band antenna is expected to open new mobile (on the move) vertical markets (land based, marine, aero) for the Company. The prototyping of a 4000-element antenna using the same building blocks used to build the 1000 element antenna is in progress and so is the planning of the commercialization phase of this new antenna. The phased array antenna market is expected to generate $42.8 billion over the next 4 years and we hope to become a dominant player in this new and exciting marketplace.

    If the Company can develop a strong COTM product based on the Phased Array antenna technology, C-COM will be the only mobile antenna company in the world having success in both of these markets.

iii) In August 2021 we announced another step towards the development of our Phased Array Mobile Antenna. C-COM conducted another successful Telesat Anik satellite test of this antenna:

    "Our 1024-element electronically steerable Ka-band, prototype Phased Array Mobile Antenna, performed as expected during scanned angle testing," said Bilal Awada, CTO of C-COM Satellite Systems Inc. "We were able to perform speed tests over satellite for scanned angles down to 50 degrees from vertical (antenna boresight). The modular, intelligent technology platform will provide a cost-effective solution for a wide range of applications—from fixed to mobility satellite broadband services, and for the rapidly emerging millimeter-wave 5G cellular services", added Awada.

iv) In October we announced approval for our iNetVu® Ka-74G antenna system from France-based Eutelsat S.A., one of the world's largest satellite operators. The Ka-74G vehicle mounted mobile antenna system is now officially approved to operate on Eutelsat's KONNECT High Throughput Satellite service. This innovative satellite broadband service provides coverage in Europe and Sub-Saharan Africa.

This new design and its rapid approval by Eutelast is just one example of our ability to be nimble and align our design capability with our ability to integrate new modems with new satellite services as they become available. Many of the new upcoming satellite services are going to be based on LEO (Low Earth Orbit) satellites. These new satellites are inexpensive and can deliver very large amounts of data. C-COM deployed several of its antenna systems with these new entrants a few years ago and has demonstrated successful tracking of these fast-moving satellites, as well as transmitting and receiving data to and from them at very high data rates. We expect this new market to also generate incremental revenue for the company in 2022 and beyond.

The Company has designed over 20 different antenna systems to support GEO and LEO satellites operating in Ka, Ku, C and X-band services, with several further variations in various stages of design and production. C-COM is seeing strong demand for lightweight, transportable Ka/Ku and X-band Flyaway antennas for a variety of vertical markets such as satellite news gathering, cellular backhaul, military and disaster management.

The Company's R&D effort with the University of Waterloo for the next generation antenna technologies has been underway for some time now. Several patents from this research project have already been filed and new patents are in process. Our ultimate goal is to produce a revolutionary, patentable Ka-band antenna technology to be used with the growing number of HTS (LEO, MEO and GEO) constellations being launched in the next several years. This intelligent, scalable and conformal antenna technology is designed to be mass producible at a reasonable price and be compatible with 5G and other developing millimeter wave technologies.

C-COM is going to encounter significant competition on its development path. Ease of use, worldwide distribution, effective customer support, attractive pricing and mass production capabilities coupled with high reliability are mandatory product goals to be the market leader. To date, C-COM maintains a strong technological and historical advantage over its COTP competition, as well as a price and design advantage over other established players in this marketplace. The Company has carved out a significant worldwide market presence for its niche products.

If C-COM can maintain price, availability and technology leadership, the Company is confident that it holds a distinct advantage over others presently in this market segment or considering entering it. This is due to the many years of software development, refined hardware design, advanced product development and an impressive global base of loyal customers with over 8,500 antenna systems deployed in over 100 countries and supported by a worldwide reseller network of 600+ dedicated resellers and systems integrators.

In addition, C-COM has a compelling reputation for delivering highly reliable, cost effective and well supported products to the mobile VSAT customer base in time frames that are unmatched in the industry. If the Company can develop a strong COTM product line, based on its new phased array antenna technology, which will complement its existing COTP family of products, C-COM will be the only mobile satellite antenna company in the world having achieved such success in both of these markets.

The foregoing outlook constitutes forward looking information. Please refer to the information under the heading "Forward Looking Information" on this first page of this MD&A.

Board of Directors:

Arunas Slekys*

Eli Fathi*

Dr. Leslie Klein, CEO

Ronald Leslie*

** Members of Compensation Committee and Audit Committee*

Executives and Officers

Dr. Leslie Klein
Chief Executive Officer

Bilal Awada
Chief Technology Officer

Art Slaughter
Chief Financial Officer

Stock Exchange Listings

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OTC QB: CYSNF

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