



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021



SHIM & Associates LLP
Chartered Professional Accountants
Suite 900 – 777 Hornby Street
Vancouver, B.C. V6Z 1S4
T: 604 559 3511 | F: 604 559 3501

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lite Access Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Lite Access Technologies Inc. (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended September 30, 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2022 and its consolidated financial performance and cash flows for the year ended September 30, 2022 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Company as at September 30, 2021, and for year ended September 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on January 28, 2022.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

SHIM & Associates LLP
Chartered Professional Accountants

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 Dong H. Shim.

“SHIM & Associates LLP”

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

January 27, 2023

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Financial Position
As at September 30, 2022 and 2021
(in Canadian dollars)

	Notes	September 30 2022 \$	September 30 2021 \$
Assets			
Current			
Cash and cash equivalents		239,105	627,778
Amounts receivable		2,372,163	1,539,323
Liquidation receivable	6	-	982,860
Prepaid expenses and deposits		6,000	43,850
Contract assets	12	35,550	285,800
Inventory	7	96,356	372,570
		2,749,174	3,852,181
Long-Term			
Property, plant and equipment	8	860,637	2,695,520
Total Assets		3,609,811	6,547,701
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		782,477	2,049,180
Due to related parties	16	1,720,989	-
Business acquisition payable	6	-	322,438
Revolving credit facility	10	310,059	418,604
Current portion of long-term debt	9	4,734	50,032
Current portion of lease liabilities	11	52,099	566,556
Contract liabilities	12	-	5,910
		2,870,358	3,412,720
Long-Term Liabilities			
Long-term debt	9	80,000	89,455
Lease liabilities	11	61,303	380,740
Contingent consideration payable	6	-	193,245
Total Liabilities		3,011,661	4,076,160
Shareholders' Equity			
Share capital	14	38,276,786	37,361,550
Reserves	15	5,744,810	5,671,974
Deficit		(43,423,446)	(40,561,983)
Total Shareholders' Equity		598,150	2,471,541
Total Liabilities and Shareholders' Equity		3,609,811	6,547,701

Going concern (Note 1)

Approved by the Board of Directors:

"David Toyoda"
David Toyoda, Director

"Mike Plotnikoff"
Mike Plotnikoff, Director

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

LITE ACCESS TECHNOLOGIES INC.

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the Years Ended September 30, 2022 and 2021

(in Canadian dollars)

		2022	2021
	Note	\$	(As reclassified Note 6) \$
Revenue	12	5,776,549	5,354,597
Cost of Revenue			
Purchases and subcontractor costs		4,841,168	3,914,124
Direct wages		468,441	625,282
Vehicle and travel		352,529	360,563
Amortization	8	172,635	328,118
Freight		60,162	40,160
Rentals		44,413	68,895
		<u>5,939,348</u>	<u>5,337,142</u>
Gross Margin		<u>(162,799)</u>	<u>17,455</u>
Operating Expenses			
Advertising and promotions		4,783	5,458
Amortization	8	18,943	116,112
Insurance		84,091	185,480
Listing and filing fees		41,417	38,150
Office and supplies		104,693	133,629
Professional fees		339,794	344,931
Rental		96,674	74,469
Repairs and maintenance		10,462	20,200
Share-based payments	15	37,474	535,175
Amounts receivable impairment (recovery), net		85,899	(32,009)
Training		4,045	3,842
Travel and trade shows		77,832	16,624
Wages and consulting	16	1,163,810	1,344,805
Cooperation fees	16	375,282	-
		<u>2,445,199</u>	<u>2,786,866</u>
(Loss) from continuing operations		<u>(2,607,998)</u>	<u>(2,769,411)</u>
Other Income (Expenses)			
Interest income		1,681	4,007
Interest expense		(18,795)	(26,598)
Gain on settlement of debt		45,309	-
Gain (loss) on disposal of fixed assets		(15,999)	28,297
Foreign exchange gain (loss)		2,778	(4,675)
		<u>14,974</u>	<u>1,031</u>
Loss from operation before taxes and discontinued operations		<u>(2,593,024)</u>	<u>(2,768,380)</u>
Net income (loss) from discontinued operations	6	<u>(268,439)</u>	<u>4,915,654</u>
Net comprehensive income (loss)		<u>(2,861,463)</u>	<u>2,147,274</u>
Loss per Common Share-Continuing operations - Basic/Diluted		(0.04)	(0.04)
Earnings (Loss) per Common Share-Discontinued operations - Basic		(0.00)	0.08
Earnings (Loss) per Common Share-Discontinued operations - Diluted		<u>(0.00)</u>	<u>0.07</u>
Weighted Average Number of Shares Outstanding - Basic		68,831,480	61,970,349
Weighted Average Number of Shares Outstanding - Diluted		<u>68,831,480</u>	<u>71,320,549</u>

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

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

	Number of shares	Share capital \$	Option reserve \$	Warrant reserve \$	Accumulated other comprehensive income or (loss) \$	Deficit \$	Total \$
Balance at September 30, 2021	64,232,098	37,361,550	4,394,255	1,277,719	-	(40,561,983)	2,471,541
Shares issued per private placement	8,355,000	835,500	-	-	-	-	835,500
Shares issued per share for debt transaction	2,265,440	181,236	-	-	-	-	181,236
Share issue costs	-	(101,500)	-	35,362	-	-	(66,138)
Share-based payments	-	-	37,474	-	-	-	37,474
Loss from continuing operations	-	-	-	-	-	(2,593,024)	(2,593,024)
Loss from discontinued operations (Note 6)	-	-	-	-	-	(268,439)	(268,439)
Balance at September 30, 2022	74,852,538	38,276,786	4,431,729	1,313,081	-	(43,423,446)	598,150
Balance at September 30, 2020	59,176,431	36,195,815	3,863,531	1,251,438	95,692	(42,804,949)	(1,398,473)
Shares issued per private placement	5,040,000	1,260,000	-	-	-	-	1,260,000
Share issue costs	-	(103,416)	-	26,281	-	-	(77,135)
Exercise of stock options	15,667	4,700	-	-	-	-	4,700
Fair value for options exercised	-	4,451	(4,451)	-	-	-	-
Share-based payments	-	-	535,175	-	-	-	535,175
Loss from continuing operations	-	-	-	-	-	(2,768,380)	(2,768,380)
Income (loss) from discontinued operations (Note 6)	-	-	-	-	(95,692)	5,011,346	4,915,654
Balance at September 30, 2021	64,232,098	37,361,550	4,394,255	1,277,719	-	(40,561,983)	2,471,541

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

	Note	2022	2021
		\$	(As reclassified Note 6) \$
Cash Flows Used by Operating Activities			
Net loss for the year from continuing operations		(2,593,024)	(2,768,380)
Items not effecting cash			
Foreign exchange (gain)		(2,778)	4,675
Share-based payments		37,474	535,175
Amortization		191,578	444,230
Amounts receivable impairment (recovery), net		85,899	(32,009)
(Gain) on settlement of debt		(45,309)	-
Loss (gain) on disposal of property, plant and equipment		15,999	(28,297)
Changes in non-cash working capital balances			
Amounts receivable		(1,722,746)	(90,067)
Holdbacks receivable		-	4,738
Prepaid expenses and deposits		(2,800)	20,463
Contract assets		250,250	(93,223)
Inventory		127,520	(46,057)
Accounts payable and accrued liabilities		(217,690)	363,359
Due to related parties		1,720,989	-
Total Cash Flows Used by Operating Activities		(2,154,638)	(1,685,393)
Cash Flows Provided (Used) by Investing Activities			
Proceeds from disposal of property, plant and equipment		26,812	108,010
Purchase of property, plant and equipment		(66,791)	-
Total Cash Flows Provided (Used) by Investing Activities		(39,979)	108,010
Cash Flows Provided by Financing Activities			
Long-term debt repayments		(38,448)	(36,488)
Revolving credit facility		310,059	-
Lease repayments		(103,372)	(131,792)
Proceeds from private placement		835,500	1,260,000
Share issuance costs		(66,138)	(77,135)
Exercise of stock options		-	4,700
Total Cash Flows Provided by Financing Activities		937,601	1,019,285
Foreign Exchange on Cash and Cash Equivalents		2,778	(4,675)
Net decrease in cash from continuing operations		(1,254,238)	(562,773)
Net increase (decrease) in cash from discontinued operations	6	865,565	(296,082)
Change in Cash and Cash Equivalents		(388,673)	(858,855)
Cash and Cash Equivalents, Beginning of year		627,778	1,486,633
Cash and Cash Equivalents, End of year		239,105	627,778

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

Lite Access was incorporated on October 20, 2003, under the Business Corporations Act (British Columbia). The head office is located at 110 – 6039 196 Street, Surrey, British Columbia, Canada, V3S 7X4, and its registered and records office is located at 704 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. As at September 30, 2022, the Company had a working capital deficit of \$121,184 and an accumulated deficit of \$43,423,446. Subsequent to the year ended, the Company completed a private placement for gross proceeds of \$1,052,000. The proceeds were used to fund the working capital needs and growth initiatives. The Company’s continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations. Management plans to continue to deliver into contracts and obtain new contracts to ensure the Company can generate sustainable, long-term profitability. The Company may need to raise additional funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. Failure to continue as a going concern may require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were authorized for issue by the Board of Directors on January 27, 2023.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for those items measured at fair value or liquidation value for Lite Access Technologies (UK) Limited (“LAT UK”) as disclosed in Note 6. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed below. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. All intercompany transactions and balances have been eliminated.

Name	Location of incorporation	Functional currency	% Equity interest	
			2022	2021
Lite Access Technologies (Canada) Inc.	Canada	Canadian Dollar	100%	100%
Lite Access Technologies (USA) Inc.	United States	U.S. Dollar	100%	100%
10483737 Limited	United Kingdom	UK Pound Sterling	-	100%
Amec Cutting and Coring Ltd.	Canada	Canadian Dollar	-	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements reflect the following significant accounting policies:

Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent company, Lite Access Technologies (Canada) Inc. and Amec Cutting and Coring Ltd. is the Canadian dollar. The functional currency of the foreign operation, Lite Access Technologies (UK) Limited, is the U.K Pound Sterling. The consolidated financial statements are presented in Canadian dollars.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of comprehensive income (loss) are translated at the average exchange rate for the period; and
- (iii) All resulting exchange differences are recognized in other comprehensive income (loss) as cumulative translation adjustments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in a separate component of equity through other comprehensive income (loss).

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in this separate component of equity is recognized in profit or loss.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in to the functional currency using the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from changes in the translation rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income (loss) within the consolidated statements of operations and comprehensive income (loss).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes purchase price, transport, handling and other costs directly attributable to the acquisition of inventory. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost is determined on a first-in, first-out basis.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Automotive equipment	5 years
Equipment	10 years
Furniture and fixtures	5 years
Computer equipment	2 years
Right-of-use assets	Over the term of the lease

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The method of amortization is designed to reduce the original cost of the property, plant and equipment to their estimated residual value over their useful life. The Company regularly reviews its property, plant and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial Instruments

(a) Financial Assets

Under IFRS 9 Financial Instruments (“IFRS 9”), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVTOCI”), and fair value through profit and loss (“FVTPL”).

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company measures its cash and cash equivalents, accounts receivables, holdback receivables and contract assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

(b) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Under IFRS 9, the Company also recognizes a loss allowance for expected credit losses (“ECL”) on financial assets which are subject to impairment. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As the Company’s amounts receivable do not contain a significant financing component in accordance with IFRS 15 Revenue from Contracts with Customers (“IFRS 15”), the Company elected the practical expedient in calculating the expected losses from amounts receivable using a provision matrix. The provision matrix is based on an entity’s historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

(d) Financial Liabilities

Financial liabilities at amortized cost including accounts payable and accrued liabilities, due to related parties, revolving credit facility, acquisition payable and long-term debt are subsequently measured at amortized cost, using the effective interest method. Financial liabilities at FVTPL including contingent consideration payable is carried at fair value at each reporting date with the change in fair value recorded in income.

Impairment on Non-Financial Assets

The Company assesses at each reporting date the carrying amounts of non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the greater 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 for the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are used, if available. If no such transactions can be identified, an appropriate valuation model is used. 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized in the period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the potential benefit of income tax losses and other deductions carried forward to future years.

Deferred income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. The value of deferred income tax assets is reviewed annually and adjusted, if necessary, to reflect the estimated realizable amount.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle on a net basis.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or a financial asset. The Company's common shares and warrants are classified as equity instruments. The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements are determined by the closing trading price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per share is computed by dividing the net income or loss applicable to common shares by the weighted average number of common shares issued and all additional common shares that would have been outstanding, utilizing the treasury stock method, arising from the exercise of in-the-money stock options and warrants.

Revenue Recognition

Under IFRS 15, the Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

Product sales are recognized at a point in time when the products are delivered to the customer and the control is transferred to the buyer. The Company retains neither the continuing managerial involvement nor effective control over the goods sold, the amount of revenue can be measured reliably.

Installation revenues are recognized over the duration of the contract, using the input method, as the performance obligations are fulfilled in line with the contract term. The Company derives installation revenue mainly from two types of contracts: cost-plus and fixed price. Revenues from cost-plus contracts are recognized when cost incurred and are calculated based on the billing rates for the services performed. Revenues from fixed-price contracts are recognized based on a percentage-of-completion method by comparing the costs incurred to the total costs anticipated.

Revenues from contract modifications, commonly referred as change orders, are recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. The modifications may result in an increase or decrease in estimated revenues or remaining costs to complete and are reflected in profit or loss in the period in which the circumstances that gave rise to the revision became known to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis. All contract assets and liabilities are classified as current in the consolidated financial statements as they are expected to be settled within the Company's normal operating cycle.

Share-Based Payments

Share-based payments arise when the Company issues equity instruments as consideration for services received from employees and non-employees. Its amount is calculated based on the fair value of shares or stock options awarded to employees, measured on their grant date. The fair value of shares or stock options awarded to non-employees is measured on the date that the goods or services are received. The fair value of the shares and stock options is recognized as an expense over their vesting period with a corresponding increase in equity.

The fair value is determined by using option pricing models. At each statement of financial position date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired an management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the income statement with a corresponding entry within equity. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification, over the remainder of the new vesting period.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Any compensation paid up to the fair value of the awards at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they are a modification of the original award, as described in the previous paragraph.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company's right-of-use assets are depreciated over the lease term. Right-of-use assets are long-lived assets subject to consideration of indicators of impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if applicable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as occupancy expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Government Grant and Assistance

Government grants are recognized when there is reasonable assurance that the grant will be received and the Company will comply with all conditions related to the grant. The grant without specified future performance conditions is recognized in income when the grant proceeds are receivable. A grant that imposes specified future performance conditions is recognized in income when those conditions are met. Government grants resulting from government assistance related to current expenses are reflected as reduction to the cost of assets or expenses to which they relate at the time the assistance becomes receivable. Government grants in the form of forgivable loans are treated as a government grant when there is reasonable assurance that the Company will meet the terms of the forgiveness of the loan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business acquisition

Acquisition of a business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, and liabilities incurred by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are generally expensed in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Discontinued Operations:

A disposal group qualifies as discontinued operations if it is a component of an entity that has either been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of operations and comprehensive income (loss) and comparative periods have been restated.

4. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING STANDARDS

Changes in Accounting Policies Effective in the Current Fiscal Year

There were no accounting standards adopted for the year ended September 30, 2022.

Accounting Standard Issued but not Effective

IAS 16 Property, Plant and Equipment

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that assets to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity recognizes the proceeds from selling such items and the cost of producing those items in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 provide guidance regarding the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the cost of fulfilling a contract comprises the cost that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022.

IAS 8 Definition of Accounting Estimates

The amendments to IAS 8 introduced a new definition of accounting estimates. The accounting estimates are items in the financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The amendments to IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023.

The Company doesn't expect major impact to its consolidated financial statements on the adoption of these amendments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the current financial period are discussed below:

Estimates and Judgments

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future within one year from the date the consolidated financial statements are issued.

Inventory Valuation

Under IFRS, inventories must be recognized at the lower of cost or their net realizable value ("NRV"), which is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. IFRS requires that the estimated NRV be based on the most reliable evidence available at the time the estimates are made of the amounts that inventories are expected to realize.

The measurement of an inventory write-down to NRV is based on the best estimate of the NRV and the expected future sale or consumption of our inventories.

Amounts Receivable and Holdbacks Receivable

Amounts receivable are recorded at the invoiced amount and generally do not bear interest. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include growth and composition of amounts receivable, the relationship of the allowance for doubtful accounts to amounts receivable and current economic conditions. The determination of the collectability of amounts due from customer accounts requires the Company to make judgments regarding future events and trends. Allowances for doubtful accounts are determined based on assessing the Company's portfolio on an individual customer and on an overall basis, including the lifetime expected credit losses. This process consists of a review of historical collection experience, current aging status of the customer accounts, and the financial condition of the Company's customers. Based on a review of these factors, the Company establishes or adjusts the allowance for specific customers and the accounts receivable portfolio as a whole.

Holdback receivables represent amounts retained by the customer on projects as per the contracts and are released upon completion of the project in its entirety.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Revenues Recognized Based on Percentage of Completion

Installation revenues are based on the percentage of completion for individual contracts. This requires management to make estimates of the individual contracts, estimated total costs, estimated total contract profit, and the percentage of the work that is completed based on costs incurred to the reporting date. Based on these estimates, the Company determines the amount to be recorded as contract assets and contract liabilities.

Property, Plant and Equipment Impairment and Amortization

At the end of each reporting period, the Company's property, plant and equipment ("PPE") is reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Amortization is a systematic allocation of the depreciable amount of an asset over its useful life. The Company estimates the useful life of PPE based upon the period over which the asset is expected to be available for use by the Company.

Onerous Contract Provision

The unavoidable cost of meeting the obligations under the CityFibre contracts exceeds the associated benefits to the date of termination of the contract. Consequently, the onerous contract provision has been recognized. It is calculated by taking the expected future costs that will be incurred under the contract and deducting any estimated revenues up to the date of the termination of the contract. The actual results can vary significantly from these estimates with consequent variability in the amounts of the provision recorded.

Business combinations

The consideration transferred for an acquired business is assigned to the identifiable tangible and intangible assets purchased, along with liabilities assumed on the basis of their acquisition date fair values. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages external business valuers to assist in the valuation of tangible and intangible assets acquired. When a business combination involves contingent consideration, an amount equal to the fair value of the contingent consideration is recorded as a liability at the time of acquisition. The key assumptions utilized in determining fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

6. DISCONTINUED OPERATION

Discontinued UK Operation

In November 2020, the Company’s 100% subsidiary, LAT UK, suspended operations on its contracts with CityFibre. After continued discussions which the Company entered into in good faith with its customer regarding contractual challenges and operational inefficiencies, all in the context of a very challenging COVID environment, the Company received a notice from its customer that the Company had allegedly committed a repudiatory breach of its contracts for FTTP installation in Cambridge, Lowestoft and Bury St Edmunds (the “contracts”) by its suspension of work. Based on the alleged repudiatory breaches, the customer has purported to terminate its engagement with LAT UK under all of the contracts. As a result, the Company took immediate steps to mitigate any unnecessary cash burn for its UK operations and elected to file a notice of intent to appoint an administrator (the “NOI”) to create a moratorium over the Company in order to protect the assets of LAT UK. On January 26, 2021, the UK business officially appointed FRP Advisory Trading Limited as administrators to liquidate assets and make distribution of the outstanding liabilities. As a result, the Company lost control over the UK business and the LAT UK financial results were classified as a discontinued operation as at January 26, 2021. LAT UK financial results were prepared using the liquidation basis of accounting, thereby measuring its assets based on their net realize value and its liabilities based on settlement amounts. In fiscal 2021, the Company received construction equipment valued at \$85,615 (£50,000) as initial distribution and the administrator estimated a total distribution of £624,000 to be distributed to Lite Access Canada excluding future recoveries. As at September 31, 2021, the Company had received construction equipments valued at \$85,615 (£50,000) as initial distribution and the balance of \$982,860 (£574,000) was recorded as liquidation receivable. During the year ended September 30, 2022, all the liquidation process was completed and the company received the total distribution of \$865,565 (£516,000). The final distribution received was \$117,295 (£58,000) lower than the original estimation due to the additional legal expenses incurred to complete the process.

The gain (loss) from discontinued operations for the years September 30, 2022 and 2021 is as follows:

	2022	2021
Revenue	\$ -	\$ 4,201,481
Cost of Sales	-	(5,518,648)
Operating expenses	-	(2,188,131)
Onerous contract provision reversal	-	3,315,147
Debt extinguishment	-	4,241,878
Liquidation distribution	-	1,068,476
Revaluation of currency translation	-	(95,692)
Liquidation receivable reversal	(117,295)	-
Net income (loss)	\$ (117,295)	\$ 5,024,511

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

6. DISCONTINUED OPERATION (CONTINUED)

The carrying value comprising the debt extinguishment is as follows:

	<u>January 26, 2021</u>
Assets	
Cash and cash equivalent	\$ 746,973
Accounts receivable and holdback	3,328,520
Inventory	68,236
Property, plant and equipment	1,476,921
	<u>5,620,650</u>
Liabilities	
Account payable and accrued liabilities	9,447,235
Lease liabilities	352,641
Accumulative comprehensive income	62,652
	<u>9,862,528</u>
Net gain on debt extinguishment	\$ 4,241,878

Net cash flow from the discontinued operations are as follows:

	<u>2022</u>	<u>2021</u>
Net cash used by operating activities	\$ -	\$ (381,475)
Net cash provided by financing activities	-	85,393
Liquidation distribution received	865,565	-
	<u>\$ 865,565</u>	<u>\$ (296,082)</u>

Acquisition and Sale of AMEC

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

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

For a period of three years following the closing, the Company at its sole option, will have the right to make a one-time payment of \$500,000 to satisfy all earn-out payments. The acquisition of AMEC was accounted for as a business combination in accordance with IFRS 3 Business Combination using the acquisition method. The Company was identified as the acquirer. AMEC's assets and liabilities were remeasured at their individual fair value as at March 5, 2021. The following summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

6. DISCONTINUED OPERATION (CONTINUED)

	March 5, 2021	
Preliminary purchase price		
Cash	\$	500,000
Working capital adjustments		(177,562)
Contingent consideration		193,245
	\$	515,683
Fair value of net assets acquired		
Accounts receivable	\$	501,989
Prepaid and deposits		22,848
Inventory		137,558
Property, plant and equipment		1,938,903
Accounts payable and accrued liabilities		(741,624)
Bank loan		(19,870)
Lease liabilities		(1,061,769)
Revolving credit facilities		(262,352)
	\$	515,683

On June 10, 2022, the Company sold all of the shares of AMEC to its former owner Tony Curkovic (“purchaser”). Under the share purchase agreement, the Company provided \$80,000 additional working capital to AMEC and forgave intercompany indebtedness of \$180,000. In consideration of the forgoing, the purchaser forgave all amounts owed by the Company to the purchaser under the Company’s original acquisition of AMEC on March 5, 2021, including business acquisition payable \$322,438 and contingent consideration payable \$193,245. As the Company no longer controls AMEC, its assets and liabilities were deconsolidated from the consolidated statement of financial position and financial results were reclassified as discontinued operation as at June 10, 2022. The net loss from discontinued operations for the years ended September 30, 2022 and 2021 is as follows:

	2022		2021	
Revenue	\$	1,578,975	\$	1,857,741
Cost of sales		(1,441,956)		(1,290,464)
Operating expenses		(632,729)		(676,133)
Operating loss from discontinued operation		(495,710)		(108,856)
Gain on the sale of subsidiary		344,567		-
Net (loss) from discontinued operation	\$	(151,143)	\$	(108,856)

Net cash flow from the discontinued operations are as follows:

	2022		2021	
Net cash provided by operating activities	\$	259,964	\$	139,839
Net cash provided (used) by investing activities		129,140		(7,395)
Net cash used by financing activities		(389,104)		(132,444)
	\$	-	\$	-

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

6. DISCONTINUED OPERATION (CONTINUED)

Details of the sale of subsidiary is as follows:

	June 10, 2022
Forgive all acquisition payable owed to the purchaser on March 5, 2021	\$ 515,683
Carrying amount of net liabilities sold	88,884
Forgiven intercompany indebtedness	(180,000)
Additional working capital provided	(80,000)
Gain on the sale of subsidiary	\$ 344,567

The carrying amounts of assets and liabilities as at the date of sale were as follows:

	June 10, 2022
Assets	
Accounts receivable and holdback	\$ 619,014
Prepaid expenses and deposits	43,207
Inventory	94,896
Property, plant and equipment	1,121,732
	1,878,849
Liabilities	
Account payable and accrued liabilities	(1,145,289)
Revolving credit facility	(330,387)
Bank loan	(12,594)
Lease liabilities	(479,463)
	(1,967,733)
Net liabilities	\$ (88,884)

The following are the assets and liabilities that has been included in the consolidated statement of financial position of the Company as of September 30, 2021:

	September 30, 2021
Accounts receivable and holdback	\$ 661,736
Prepaid expenses and deposits	40,650
Inventory	148,688
Property, plant and equipment	1,595,677
Account payable and accrued liabilities	(828,377)
Revolving credit facility	(418,604)
Bank loan	(16,305)
Lease liabilities	(776,638)
	\$ 406,827

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

7. INVENTORY

	September 30, 2022		September 30, 2021	
	\$		\$	
Opening inventory	\$	372,570	\$	383,191
Purchases		795,398		1,810,254
Additions from acquisition of AMEC		-		137,558
Cost of goods sold		(976,716)		(1,890,197)
Disposals from discontinued operations		(94,896)		(68,236)
Closing inventory	\$	96,356	\$	372,570

Inventory is comprised of goods held for sale and work in process.

8. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture and Equipment	Computer Equipment	Construction Equipment	Automotive equipment	Right-of-Use Assets	Total
	\$	\$	\$	\$	\$	\$
Cost						
At September 30, 2021	7,048	-	2,270,139	1,343,523	1,229,778	4,850,488
Additions	-	5,698	-	28,360	131,149	165,207
Disposals	-	-	(185,129)	(122,512)	(232,383)	(540,024)
Disposals from discontinued operations (Note 6)	(7,048)	-	(558,749)	(239,302)	(997,394)	(1,802,493)
At September 30, 2022	-	5,698	1,526,261	1,010,069	131,150	2,673,178
Accumulated amortization						
At September 30, 2021	823	-	785,513	1,013,525	355,107	2,154,968
Additions	940	1,003	166,761	76,897	324,262	569,863
Disposals	-	-	(75,140)	(49,560)	(106,829)	(231,529)
Disposals from discontinued operations (Note 6)	(1,763)	-	(69,842)	(65,770)	(543,386)	(680,761)
At September 30, 2022	-	1,003	807,292	975,092	29,154	1,812,541
Net book value September 30, 2022	-	4,695	718,969	34,977	101,996	860,637

	Furniture and fixtures	Computer equipment	Equipment	Automotive equipment	Leasehold improvement	Right-of-Use Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At September 30, 2020	22,748	148,289	5,314,964	1,813,854	12,722	557,325	7,869,902
Additions from acquisition of AMEC (Note 7)	7,047	-	582,644	287,442	-	1,061,770	1,938,903
Additions	-	-	187,613	-	-	168,886	356,499
Disposals	(22,747)	(21,043)	(118,835)	-	(12,722)	(153,702)	(329,049)
Disposals from discontinued operations (Note 6)	-	(127,246)	(3,696,247)	(757,773)	-	(404,501)	(4,985,767)
At September 30, 2021	7,048	-	2,270,139	1,343,523	-	1,229,778	4,850,488
Accumulated amortization							
At September 30, 2020	22,748	139,602	3,056,658	1,370,932	12,722	463,841	5,066,503
Additions	822	-	176,661	219,948	-	389,112	786,543
Disposals	(22,747)	(21,043)	(39,375)	-	(12,722)	(93,345)	(189,232)
Disposals from discontinued operations (Note 6)	-	(118,559)	(2,408,431)	(577,355)	-	(404,501)	(3,508,846)
At September 30, 2021	823	-	785,513	1,013,525	-	355,107	2,154,968
Net book value September 30, 2021	6,225	-	1,484,626	329,998	-	874,671	2,695,520

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

9. LONG-TERM DEBT

	September 30, 2022	September 30, 2021
	\$	\$
Long-term debt	84,734	139,487
Less current portion	(4,734)	(50,032)
Long-term portion	80,000	89,455

Long-term debt includes the vehicle loan \$4,734 and Canada Emergency Business Account (“CEBA”) loan of \$80,000. The total net book value of the equipment and automotive equipment secured by the above debt as at September 30, 2022 is \$Nil (2021: \$103,007). The average interest rate at September 30, 2022 is 5.74% (2021: 5.54%). The Company received the CEBA loan of \$80,000 during the year ended September 30, 2020. The CEBA loan is interest-free up to December 31, 2023. Starting January 1, 2024, interest at 5% per annum will accrue and there will be interest payment requirements until the loan is fully repaid by December 31, 2025.

10. CREDIT FACILITIES

The Company has a \$500,000 revolving demand credit facility at Royal Bank of Canada (“RBC”) prime + 2.60%. The amount of \$310,059 was drawn at September 30, 2022 (2021: \$Nil).

AMEC has a \$600,000 revolving demand credit facility at Royal Bank of Canada (“RBC”) prime + 1.94%. The credit facility was secured by a personal guarantee from Mr. Curkovic and a general security agreement granting a first priority general security interest in all personal property of AMEC. The amount of \$330,387 was drawn down as at the date the AMEC was sold (2021: \$418,604) (Note 6).

11. LEASE LIABILITIES

	September 30, 2022	September 30, 2021
	\$	\$
Lease liabilities opening balance	947,296	507,900
Addition	131,698	1,230,655
Disposal	(39,979)	(17,774)
Disposal from discontinued operations	(479,461)	(355,574)
Payments	(475,639)	(453,100)
Interest	29,487	35,189
Lease liabilities ending balance	113,402	947,296
Less current portion	(52,099)	(566,556)
Long-term portion	61,303	380,740

During the year ended September 30, 2022, the Company recognized right-of-use assets \$131,149 and corresponding lease liabilities with the incremental borrowing rate of 3.50%.

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

11. LEASE LIABILITIES (CONTINUED)

The following table presents a reconciliation of the Company's undiscounted cash flows at September 30, 2022 and 2021 to their present values for the Company's lease obligations:

	September 30, 2022	September 30, 2021
	\$	\$
Within one year	54,852	602,271
Between one and five years	63,489	395,353
Total undiscounted lease obligations	118,341	997,624
Less: future interest charges	(4,939)	(50,328)
Total discounted lease obligations	113,402	947,296
Less: current portion	(52,099)	(566,556)
Long-term portion	61,303	380,740

12. REVENUE

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following is a summary of total revenue by contract type for the years ended September 30, 2022 and 2021:

	2022	2021
	\$	\$
Product sales	467,089	1,281,472
Installation service - fixed price	4,726,756	3,949,941
Installation service - cost plus	582,704	123,184
	5,776,549	5,354,597

Contract assets and liabilities

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

	September 30, 2022		September 30, 2021	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
	\$	\$	\$	\$
Balance, beginning of the year	285,800	5,910	1,138,986	-
Transfer from contract assets at the beginning of the year to accounts receivable	(285,800)	(5,910)	(1,138,986)	-
Net additions to contract assets/liabilities during the year	35,550	-	285,800	5,910
Balance, end of the year	35,550	-	285,800	5,910

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

13. INCOME TAXES

The Company's income tax recovery for the year ended September 30, 2022 is \$Nil (2021: \$Nil). A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

	2022	2021
	\$	\$
Income (Loss) before income taxes	(2,861,463)	2,242,966
Statutory tax rate	27%	27%
Expected income tax expenses (recovery)	(772,595)	605,601
Permanent differences and other	88,008	(1,204,006)
Deferred income tax assets from discontinued operation – AMEC	(173,413)	-
Tax benefits not recognized	858,000	598,405
Income tax expense (recovery)	-	-

The significant component of the Company's unrecognized deferred tax asset after applying a tax rate of 27% (2021: 27%), the expected tax rate when the temporary difference is expected to reverse as follows:

	2022	2021
	\$	\$
Non-capital loss carryforwards	3,775,000	3,157,000
Property, plant and equipment	354,000	(103,000)
Share issue costs	57,000	63,000
Amount receivable	-	(14,000)
Lease	31,000	256,000
Total deferred income tax assets	4,127,000	3,359,000
Unrecognized deferred income tax assets	(4,127,000)	(3,359,000)
	-	-

The Company offsets the deferred income tax assets and liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

13. INCOME TAXES (CONTINUED)

As of September 30, 2022, the Company has estimated Canadian loss carryforwards of \$13,982,822 (2021: \$11,696,819).

Years of Expiry	\$
2028	43,698
2029	142,402
2030	186,118
2031	28,916
2032	28,827
2033	-
2034	220,807
2035	250,800
2036	62,992
2037	816,037
2038	3,234,069
2039	1,746,265
2040	2,799,109
2041	2,136,779
2042	2,286,003
	13,982,822

14. SHARE CAPITAL

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

In March 2022, the Company closed a non-brokered private placement (the “Financing”). The Financing consists of 8,355,000 units (each a “Unit”) at \$0.10 per Unit for gross proceeds of \$835,500. Each Unit consists of one common share of the Company and one share purchase warrant (each a “Warrant”), with each Warrant entitling the holder to purchase one additional common share for a period of two years from the date of the issue at an exercise price of \$0.15 per share, subject to an accelerated expiry if the volume weighted average price of the Company’s share is equal to or greater than \$0.25 per share for a period of 30 consecutive trading days. Under the Financing, the Company paid finder’s fee of \$57,535 and issued a total of 574,350 broker warrants. These broker warrants had a fair value of \$35,362, calculated using Black-Scholes option-pricing model, assuming an expected life of 2 years, an interest-free rate of 2.32%, an expected dividend rate of 0.00% and an expected annual volatility of 115%. All securities issued under the Financing were subject to a hold period expired four months and one day from the date of issuance.

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

14. SHARE CAPITAL (CONTINUED)

On July 26, 2022, the Company signed a cooperation agreement (the "Cooperation Agreement") with Ironman Direction Drilling Ltd. ("Ironman") whereby Lite Access and Ironman will jointly provide their specialized fibre installation and directional drilling services on new fibre optic network projects (the "New Projects"). Pursuant to the agreement, the Company issued a total of 2,265,440 common shares at a price of \$0.08 per share for total consideration of \$181,236 to settle the debt to Ironman in the amount of \$226,545. As a result, the Company recognized a gain on settlement of debt in the amount of \$45,309. On August 19, 2022, TSX Venture Exchange approved the shares for debt transaction and the shares were subject to restrictions on resale for a period of four months from the date of issuance.

As at September 30, 2022, the Company had 74,852,538 common shares (2021: 64,232,098) issued and outstanding.

Warrants

The following is a summary of changes in warrants from October 1, 2021 to September 30, 2022:

Grant Date	Expiry Date	Exercise Price (\$)	Opening Balance	Granted	Expired/ Forfeited/ Cancelled	Closing Balance	Vested and Exercisable
2/25/2021	2/25/2022	0.35	5,290,200	-	(5,290,200)	-	-
3/25/2022	3/25/2024	0.15	-	8,929,350	-	8,929,350	8,929,350
			5,290,200	8,929,350	(5,290,200)	8,929,350	8,929,350
Weighted Average Exercise Price			\$ 0.35	\$ 0.15	\$ 0.35	\$ 0.15	\$ 0.15

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

Grant Date	Expiry Date	Exercise Price (\$)	Opening Balance	Granted	Expired/ Forfeited/ Cancelled	Closing Balance	Vested and Exercisable
2/25/2021	2/25/2022	0.35	-	5,290,200	-	5,290,200	5,290,200
			-	5,290,200	-	5,290,200	5,290,200
Weighted Average Exercise Price			-	\$ 0.35	\$ -	\$ 0.35	\$ 0.35

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

15. RESERVES

The Company has an Incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to Directors, officers, employees or consultants of the Company.

The Company has adopted a rolling 10% stock option plan (the “Stock Option Plan”). The exercise price of option grants will be determined by the Board of Directors and will not be less than the closing market price of the common shares on the stock exchange less allowable discounts at the time of grant. All options granted under the Stock Option Plan will expire no later than the date that is five years from the date that such options are granted.

As a result of the AMEC acquisition (Note 6), the Company granted 500,000 options to previous owner of AMEC with an exercise price of \$0.29 per share for a period of five years from the date of grant and vesting in three years. These options were cancelled when the sale of AMEC was closed on June 10, 2022.

On April 1 and June 24, 2021, the Company granted a total of 660,000 stock options to directors and officers. The stock options have an exercise price from \$0.22 to \$0.30 per share and will expire in five years. 430,000 options were vested immediately and 230,000 options were vested in the first quarter of fiscal 2022.

On July 29, 2022, the Company granted a total of 5,645,000 stock options to its directors, officers, and employees at a price of \$0.10 per share. The options were vested immediately and are exercisable for a period of five years from the date of grant.

During the years ended September 30, 2022 and 2021, the Company recognized a share-based compensation expense of \$37,474 (2021: \$535,175), net of reversal of share-based compensation recognized in prior years due to the stock option cancellation. The Company used the Black-Scholes option pricing model with the following weighted average assumptions:

		2022		2021
Share price on date of grant	\$	0.06	\$	0.26
Exercise price	\$	0.10	\$	0.28
Expected life in years		5		5
Annualized volatility		107%		100%
Expected dividends		0%		0%
Risk-free interest rate		2.59%		0.97%
Grant date fair value	\$	0.04	\$	0.19

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

15. RESERVES (CONTINUED)

The following is a summary of changes in options from October 1, 2021 to September 30, 2022:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Expired/ Cancelled/ Forfeited	Closing balance	Vested and exercisable	Unvested
2017-03-31	2022-03-31	3.72	160,000	-	(160,000)	-	-	-
2019-07-29	2024-07-29	0.30	315,000	-	(315,000)	-	-	-
2019-11-19	2024-11-19	0.30	1,000,000	-	(950,000)	50,000	50,000	-
2020-06-02	2025-06-02	0.82	1,425,000	-	(1,050,000)	375,000	250,000	125,000
2021-03-05	2026-03-05	0.29	500,000	-	(500,000)	-	-	-
2021-04-01	2026-04-01	0.30	30,000	-	-	30,000	30,000	-
2021-04-01	2026-04-01	0.29	430,000	-	(315,000)	115,000	115,000	-
2021-06-24	2026-06-24	0.22	200,000	-	(200,000)	-	-	-
2022-07-29	2027-07-29	0.10	-	5,645,000	(50,000)	5,595,000	5,595,000	-
			4,060,000	5,645,000	(3,540,000)	6,165,000	6,040,000	125,000
Weighted average exercise price			\$ 0.61	\$ 0.10	\$ 0.60	\$ 0.15	\$ 0.14	\$ 0.82

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

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Cancelled or Forfeited	Closing balance	Vested and exercisable	Unvested
2017-03-31	2022-03-31	3.72	160,000	-	-	-	160,000	160,000	-
2018-01-23	2021-01-23	0.30	30,000	-	-	(30,000)	-	-	-
2018-07-05	2023-07-05	0.30	15,000	-	-	(15,000)	-	-	-
2018-10-17	2023-10-17	1.15	30,000	-	-	(30,000)	-	-	-
2018-10-17	2023-10-17	0.30	15,667	-	(15,667)	-	-	-	-
2019-07-29	2024-07-29	0.30	315,000	-	-	-	315,000	315,000	-
2019-11-19	2024-11-19	0.30	1,100,000	-	-	(100,000)	1,000,000	1,000,000	-
2020-06-02	2025-06-02	0.82	1,895,000	-	-	(470,000)	1,425,000	475,000	950,000
2020-07-06	2025-07-06	0.82	250,000	-	-	(250,000)	-	-	-
2020-09-21	2025-09-21	0.82	345,000	-	-	(345,000)	-	-	-
2021-03-05	2026-03-05	0.29	-	500,000	-	-	500,000	-	500,000
2021-04-01	2026-04-01	0.30	-	30,000	-	-	30,000	30,000	-
2021-04-01	2026-04-01	0.29	-	430,000	-	-	430,000	200,000	230,000
2021-06-24	2026-06-24	0.22	-	200,000	-	-	200,000	200,000	-
			4,155,667	1,160,000	(15,667)	(1,240,000)	4,060,000	2,380,000	1,680,000
Weighted average exercise price			\$ 0.75	\$ 0.28	\$ 0.30	\$ 0.77	\$ 0.61	\$ 0.63	\$ 0.59

The weighted average life remaining of stock options as at September 30, 2022 is 4.65 years (2021: 3.59 years).

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

16. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2022 and 2021, the Company entered into related party transactions or held balances with the following individuals and corporations:

Carlo Shimoon	Former CEO and Director
Jacob Gabriel Design and Consulting Inc.	Company controlled by Carlo Shimoon, former CEO and Director
Chui Wong	Former CFO
David Toyoda	Director
Michael Plotnikoff	Interim CEO and Director
Linda Han	Interim CFO
Mark Tommasi	Director
622738 BC Ltd.	Company controlled by Mark Tommasi
Michael Irmen	Director
Ironman Directional Drilling Ltd.	Company controlled by Michael Irmen
Alex McAulay	Director
Greg Smith	Former Interim CEO and Director
Kevin Smith	Former Director
Daniel Nanson	Former Director
John Farlinger	Former Director
Steven King	Former Director
SACA Future Limited	Company controlled by Steven King, Former Director

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

Key Management Compensation

	2022	2021
	\$	\$
Short-term employee benefits and director fees (in wages and consulting)	354,275	572,811
Share-based payments	172,060	459,789
Total	526,335	1,032,600

As at September 30, 2022, a total of \$5,398 was included in related parties payable for accrued salary and director fee.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Party Transactions

On July 26, 2022, the Company signed a cooperation agreement with Ironman Direction Drilling Ltd. whereby Lite Access and Ironman will jointly provide their specialized fibre installation and directional drilling services on new fibre optic network projects.

Under the terms of the cooperation agreement, Lite Access offers Ironman a right of first refusal to provide directional drilling services on all new projects of Lite Access. In each instance of cooperation, Lite Access and Ironman will enter into a binding service agreement that sets out the services and consideration paid to Ironman for each Lite Access new project. The cooperation agreement further provides that Ironman offers Lite Access the right of first refusal to provide its fibre installation services on all new projects of Ironman. The term of the cooperation agreement is three years. In consideration of Ironman agreeing to enter into this cooperation agreement, Ironman will receive a maximum of \$400,000 cooperation fees over two years through a profit-sharing arrangement on Lite Access new projects. Pursuant to the profit-sharing arrangement, Lite Access will pay the cooperation fees to Ironman by paying 60% of the gross profit on cooperation projects. The agreement may be terminated by either party on thirty days' notice if Ironman has received the payment of \$400,000 cooperation fees.

During the fourth quarter of fiscal 2022, Ironman provided the construction services for multiple Lite Access projects. The total amount of \$1,460,671 was billed to Lite Access. As at September 30, 2022, the amount of \$1,321,546 was outstanding (2021: \$Nil). In addition, Ironman earned the cooperation fees of \$375,282 on multiple cooperation projects. No cooperation fees were paid as at September 30, 2022 and the full amount was reported under the related party payable.

As part of the cooperation agreement, the Company issued a total of 2,265,440 common shares at a price of \$0.08 per share for total consideration of \$181,236 to settle the debt to Ironman in the amount of \$226,545. As a result, the Company recognized a gain on settlement of debt in the amount of \$45,309 (Note 14).

17. SEGMENTED INFORMATION

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

	Product	Fibre optic installation	Concrete Cutting	Corporate	Total
As at September 30, 2022					
Total assets	4,748	3,495,669	-	109,394	3,609,811
Total liabilities	-	2,971,661	-	40,000	3,011,661
As at September 30, 2021					
Total assets	8,301	2,636,685	2,446,751	1,455,964	6,547,701
Total liabilities	17,867	1,976,369	2,039,924	42,000	4,076,160

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

17. SEGMENTED INFORMATION (CONTINUED)

For the Year Ended September 30, 2022	Product	Fibre optic installation	Concrete Cutting	Corporate	Total
Revenue	467,089	5,307,779	-	1,681	5,776,549
Net income (loss) from continuing operation	45,808	(1,488,362)	-	(1,150,470)	(2,593,024)

For the Year Ended September 30, 2021	Product	Fibre optic installation	Concrete Cutting	Corporate	Total
Revenue	1,281,472	4,073,125	-	-	5,354,597
Net income (loss) from continuing operation	145,421	(1,144,049)	-	(1,769,752)	(2,768,380)

The Company's revenues are allocated to geographic segments for the years ended September 30, 2022 and 2021 as follows:

	2022	2021
	\$	\$
Canada	5,763,386	5,303,699
United States	13,163	50,898
	5,776,549	5,354,597

18. FINANCIAL INSTRUMENTS

The Company's financial instruments include: cash and cash equivalents, amounts receivable, liquidation receivable, accounts payable and accrued liabilities, due to related parties, revolving credit facility and long-term debt. The carrying value of the financial instruments approximates their fair values. Contingent consideration payable is recognized as level 3.

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity, and market risk.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company seeks to limit its exposure to this risk by holding its cash and cash equivalents in large Canadian financial institutions. A total of \$2,222,481 accounts receivable was reported as at September 30, 2022 and the amount of \$371,934 are past due. Of this amount, a total of \$54,402 was past due over 90 days. During the year ended September 30, 2022, the Company recorded a bad debt of \$85,899 (2021: recovery \$5,803) against the past due receivables, net of the provision accrued and receivable recovered during the year.

18. FINANCIAL INSTRUMENTS (CONTINUED)

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 objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future. As at September 30, 2022, the Company had a working capital deficit of \$121,184 (2021: \$439,461). During the second quarter of 2022, the Company closed a private placement with total gross proceeds of \$835,500. Subsequent to the year end, the Company closed a private placement with total proceeds of \$1,052,000. The proceeds were used to fund the working capital needs and growth initiatives. To mitigate liquidity risk, the Company will look to maintain a positive working capital, generate positive cash flow from forecasted sales and services, raise capital through equity financing, warrant exercises and maintain an accessible line of credit.

The Company's continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations. Management plans to continue to deliver contracts and obtain new contracts and ensure the Company can generate sustainable, long-term profitability. The Company may need to raise additional funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Refer to Nature of Operations and Going Concern in Note 1.

Market Risk

Market risk is the risk that changes in matrices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

The Company is exposed to foreign currency fluctuation on its financial assets and liabilities. For the year ended September 30, 2022, for every 10% fluctuation in the exchange rate between the US dollars with the Canadian dollar, the Company's income (loss) would have been approximately \$9,364 higher or lower respectively.

The Company had the following financial instruments in US dollars, converted to Canadian dollars:

	September 30, 2022	September 30, 2021
	\$	\$
Cash and cash equivalents	63,566	26,910
Accounts receivables	4,748	39,140
Accounts payable and accrued liabilities	-	(17,867)

18. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its credit facilities which are based on floating rates of interest. During the year ended September 30, 2022, the Company does not expect interest rate risk to have a significant impact on the net earnings or comprehensive income.

19. CAPITAL MANAGEMENT

The Company considers its cash and cash equivalents and shareholders' equity as capital. There are no external restrictions on the Company's capital, and there have been no changes in this regard during the years ended September 30, 2022 and 2021. The Company's principal source of funds for its operations is from sales and services, as well as the issuance of common shares and other equity instruments and entering into debt facilities. The issuance of common shares and other equity instruments requires the approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to operate for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide future incentives to key employees and members of the management team. The Board of Directors determine the granting of stock options.

20. EARNINGS (LOSS) PER SHARE

	Years Ended September 30	
	2022	2021
Weighted Average Number of Common Shares		
Basic weighted average number of shares outstanding	68,831,480	61,970,349
Effect of dilutive securities		
Stock options and warrants	-	9,350,200
Fully diluted weighted average number of shares outstanding	68,831,480	71,320,549

	Years Ended September 30	
	2022	2021
Basic/diluted Loss per share for continuing operation		
Loss for the year	(2,593,024)	(2,768,380)
Weighted average number of shares	68,831,480	61,970,349
Loss per share - basic/diluted	\$ (0.04)	\$ (0.04)

	Years Ended September 30	
	2022	2021
Basic Earnings (Loss) per share for discontinued operation		
Earning (loss) for the year	(268,439)	4,915,654
Weighted average number of shares	68,831,480	61,970,349
Earning (loss) per share - basic/diluted	\$ (0.00)	\$ 0.08

LITE ACCESS TECHNOLOGIES INC.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in Canadian dollars)

20. EARNINGS (LOSS) PER SHARE (CONTINUED)

	Years Ended September 30	
	2022	2021
Earnings (Loss) per share for discontinued operation		
Loss for the year	(268,439)	4,915,654
Fully diluted weighted average number of shares	68,831,480	71,320,549
Earnings (loss) per share - diluted	\$ (0.00)	\$ 0.07

21. SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
	2022	(As reclassified Note 6)
	\$	\$
Supplemental Cash Flow Information		
Interest paid	(18,795)	(26,598)
Interest received	1,681	4,007
Lease assets acquired	131,149	168,886

22. SUBSEQUENT EVENTS

On November 22, 2022, the Company closed a non-brokered private placement with gross proceeds of \$1,052,000. The offering consisted of a secured convertible debenture of \$500,000 and 11,040,000 common shares at \$0.05 per share for gross proceeds of \$552,000.

Under the debenture offering, the debentures will be secured under a general security agreement and be due two years from the date of issue. The debenture bears a fixed interest rate of 12% per annum. The debentures will be convertible into common shares of the Company at a conversion ratio of \$0.07 per common share if converted during the period from the issue date to the last day of the first anniversary of the issue date, and \$0.10 if converted during the period from the first day of the second anniversary of the issue date to the last day of the second anniversary of the issue date.

Insiders subscribed for a total of 1,000,000 common shares for aggregate gross proceeds of \$50,000, and convertible debentures in the principal amount of \$250,000. The issuance of common shares and convertible debentures to insiders are considered related party transactions. The securities issued under the offering will be subject to restrictions on resale until March 23, 2023. The proceeds of the Offering will be used for working capital purposes.