



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**



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## 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 statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended 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, 2023 and 2022 and its consolidated financial performance and cash flows for the years ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion these matters.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

### 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.

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 26, 2024

**LITE ACCESS TECHNOLOGIES INC.**  
**Consolidated Statements of Financial Position**  
**As at September 30, 2023 and 2022**  
*(in Canadian dollars)*

	Notes	September 30 2023 \$	September 30 2022 \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		562,165	239,105
Amounts receivable		1,048,108	2,372,163
Prepaid expenses and deposits		31,590	6,000
Contract assets	12	303,774	35,550
Inventory	7	138,829	96,356
		2,084,466	2,749,174
<b>Long-Term Assets</b>			
Property, plant and equipment	8	768,155	860,637
<b>Total Assets</b>		2,852,621	3,609,811
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		507,328	782,477
Due to related parties	16	1,759,187	1,720,989
Provision	22	16,984	-
Revolving credit facility	10	-	310,059
Current porting of long-term debt	9	-	4,734
Current portion of lease liabilities	11	78,762	52,099
		2,362,261	2,870,358
<b>Long-Term Liabilities</b>			
Long-term debt	9	80,000	80,000
Lease liabilities	11	90,950	61,303
Convertible debenture - debt component	9	489,168	-
<b>Total Liabilities</b>		3,022,379	3,011,661
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	14	38,810,281	38,276,786
Convertible debenture - equity component	9	18,807	-
Reserves	15	5,900,504	5,744,810
Deficit		(44,899,350)	(43,423,446)
<b>Total Shareholders' Equity (Deficiency)</b>		(169,758)	598,150
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>		2,852,621	3,609,811

Nature of operation and going concern (Note 1)

Merger and acquisition (Note 23)

Subsequent events (Note 24)

Approved by the Board of Directors:

"David Toyoda"

David Toyoda, Director

"Mark Tommasi"

Mark Tommasi, Director

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

**LITE ACCESS TECHNOLOGIES INC.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
**For the Years Ended September 30, 2023 and 2022**  
*(in Canadian dollars)*

	Note	2023 \$	2022 \$
<b>Revenue</b>	12	5,001,619	5,776,549
<b>Cost of Revenue</b>			
Purchases and subcontractor costs		3,966,935	4,841,168
Direct wages		298,833	468,441
Vehicle and travel		170,479	352,529
Amortization	8	179,079	172,635
Freight		4,388	60,162
Rentals		16,928	44,413
		4,636,642	5,939,348
<b>Gross Margin</b>		364,977	(162,799)
<b>Operating Expenses</b>			
Advertising and promotions		6,388	4,783
Amortization	8	63,481	18,943
Bad debt		56,138	85,899
Cooperation fees	16	24,718	375,282
Insurance		69,767	84,091
Investor Relation	16	42,000	64,500
Listing and filing fees		43,827	41,417
Office and supplies		93,178	104,693
Professional fees		132,446	275,294
Rental		56,208	96,674
Repairs and maintenance		11,709	10,462
Share-based payments	15	155,694	37,474
Training		7,966	4,045
Travel and trade shows		81,098	77,832
Wages and consulting	16	1,007,922	1,163,810
		1,852,540	2,445,199
<b>Loss from continuing operations</b>		(1,487,563)	(2,607,998)
<b>Other Income (Expenses)</b>			
Interest income		8,105	1,681
Interest expense	9	(80,792)	(18,795)
Gain on settlement of debt		-	45,309
Gain (loss) on disposal of fixed assets	8	95,861	(15,999)
Loss on termination of lease	11	(10,589)	-
Foreign exchange loss (gain)		(926)	2,778
		11,659	14,974
<b>Loss from operation before taxes and discontinued operations</b>		(1,475,904)	(2,593,024)
<b>Net loss from discontinued operations</b>	6	-	(268,439)
<b>Net loss and comprehensive loss</b>		(1,475,904)	(2,861,463)
<b>Loss per Common Share-Continuing operations - Basic/Diluted</b>		(0.02)	(0.04)
<b>Loss per Common Share-Discontinued operations - Basic/Diluted</b>		-	(0.00)
<b>Weighted Average Number of Shares Outstanding - Basic/Diluted</b>		84,289,470	68,831,480

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

**LITE ACCESS TECHNOLOGIES INC.**  
**Consolidated Statements of Shareholders' Equity (Deficiency)**  
**For the Years Ended September 30, 2023 and 2022**  
*(in Canadian dollars)*

	Number of shares	Share capital \$	Option/RSU reserve \$	Warrant reserve \$	Convertible debenture - equity component \$	Deficit \$	Total \$
Balance at September 30, 2022	74,852,538	38,276,786	4,431,729	1,313,081	-	(43,423,446)	598,150
Shares issued per private placement	11,040,000	552,000	-	-	-	-	552,000
Share issue costs	-	(18,505)	-	-	-	-	(18,505)
Share-based payments	-	-	155,694	-	-	-	155,694
Convertible debenture conversion feature	-	-	-	-	18,807	-	18,807
Loss from continuing operations	-	-	-	-	-	(1,475,904)	(1,475,904)
Balance at September 30, 2023	85,892,538	38,810,281	4,587,423	1,313,081	18,807	(44,899,350)	(169,758)
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

*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, 2023 and 2022**  
(in Canadian dollars)

<b>Note</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows Provided (Used) by Operating Activities</b>		
Net loss for the period from continuing operations	(1,475,904)	(2,593,024)
Items not effecting cash		
Amortization	242,560	191,578
Bad debt	56,138	85,899
Foreign exchange	-	(2,778)
Gain (loss) on disposal of fixed assets	(95,861)	15,999
Gain on settlement of debt	-	(45,309)
Interest expenses	77,748	-
Loss on termination of lease	10,589	-
Share-based payments	155,694	37,474
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	(284,149)	(217,690)
Amounts receivable	1,267,917	(1,722,746)
Contract assets	(268,224)	250,250
Due to related parties	38,198	1,720,989
Inventory	(42,473)	127,520
Prepaid expenses and deposits	(25,590)	(2,800)
Provision	16,984	-
<b>Total Cash Flows Used by Operating Activities</b>	<b>(326,373)</b>	<b>(2,154,638)</b>
<b>Cash Flows Provided (Used) by Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	95,861	26,812
Purchase of property, plant and equipment	(23,349)	(66,791)
<b>Total Cash Flows Provided (Used) by Investing Activities</b>	<b>72,512</b>	<b>(39,979)</b>
<b>Cash Flows Provided (Used) by Financing Activities</b>		
Long-term debt repayments	(4,734)	(38,448)
Revolving credit facility	(310,059)	310,059
Lease repayments	(91,781)	(103,372)
Proceeds from convertible debentures	500,000	-
Payment of convertible debenture interests	(50,000)	-
Proceeds from private placement	552,000	835,500
Share issuance costs	(18,505)	(66,138)
<b>Total Cash Flows Provided by Financing Activities</b>	<b>576,921</b>	<b>937,601</b>
<b>Foreign Exchange on Cash and Cash Equivalents</b>	<b>-</b>	<b>2,778</b>
<b>Net Increase (decrease) in cash from continuing operations</b>	<b>323,060</b>	<b>(1,254,238)</b>
<b>Net increase in cash from discontinued operations</b>	<b>-</b>	<b>865,565</b>
<b>Change in Cash and Cash Equivalents</b>	<b>323,060</b>	<b>(388,673)</b>
<b>Cash and Cash Equivalents, Beginning of year</b>	<b>239,105</b>	<b>627,778</b>
<b>Cash and Cash Equivalents, End of year</b>	<b>562,165</b>	<b>239,105</b>

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 a world leader in fiber optic products and advanced installation methodologies. The Company offers integrated solutions for all types of telecom requirements. Beginning with a comprehensive project analysis to engineering, design and permitting, Lite Access offers a full complement of aerial and underground construction methodologies including splicing, testing and maintenance.

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 based on 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, 2023, the Company had a working capital deficit of \$277,795 and an accumulated deficit of \$44,899,350. 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 to continue 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 26, 2024.

### **Basis of Presentation**

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and liabilities to fair value as explained in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

### **Basis of Consolidation**

These consolidated financial statements comprise the financial statements of the Company and its wholly owned 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.

<b>Name</b>	<b>Location of incorporation</b>	<b>Functional currency</b>	<b>% Equity interest</b>	
			<b>2023</b>	<b>2022</b>
Lite Access Technologies (Canada) Inc.	Canada	Canadian Dollar	100%	100%
Lite Access Technologies (USA) Inc.	United States	U.S. Dollar	100%	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 of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). 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.

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 into the functional currency using the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. The cost of materials and supplies 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

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 reviews the residual value, useful lives, and depreciation method on an annual basis and, where revisions are required, the Company applies such changes on a prospective basis. 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”).

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 receivable 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 Company 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.

#### **(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 because 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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(d) Financial Liabilities**

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

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components. The convertible debentures which provide conversion into a fixed number of shares are accounted for as a compound financial instrument with liability and equity components. The liability component is initially recorded at fair value by discounting the contractual cash flow at the interest rate that would apply without a conversion feature. The liability component is subsequently measured at amortized cost using the effective interest rate method and accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. The equity component is not remeasured after the initial recognition.

#### **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.

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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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 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 is determined by the closing trading price on the announcement date. The balance, if any, is allocated to the attached share purchase warrant. 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.

#### **Earnings (Loss) per Share**

Basic earnings (loss) per share are 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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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 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 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 the percentage-of-completion method by comparing the costs incurred to the total costs anticipated.

Revenues from contract modifications, commonly referred to 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.

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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and a 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 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.

#### **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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

#### **Provisions**

Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all the provisions to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain.

#### **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.

#### **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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 recognized at their fair value, except that deferred tax assets or liabilities are recognized 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 recognized 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**

The following standards became effective in fiscal 2023. The application of these standards had no significant impact on the Company's consolidated financial statements.

#### ***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 asset 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.

#### **4. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING STANDARDS (CONTINUED)**

##### ***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 costs 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.

##### **Accounting Standards Issued but not Effective**

##### ***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.

##### ***IAS 1 Classification of Liabilities as Current or Non-current***

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments clarify the classification of liabilities as current or non-current should be based on rights that are in existence at the end of reporting period. In addition, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date but require disclosure in the notes to the financial statements. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively.

##### ***IFRS 17 Insurance Contracts***

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts to ensure that an entity provides relevant and reliable information to the users of the financial statements to assess the effect of insurance contracts have on entity's financial position, operation results and cash flow. IFRS 17 will supersede IFRS 4 "Insurance Contracts" and related interpretations. The standards are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively.

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 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 accounting policies.

## **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

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 considers 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.

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.

## **6. DISCONTINUED OPERATION**

### **Discontinued UK Operation**

During the year ended September 30, 2022, the Company completed the liquidation process for the discontinued UK operation and received a total distribution of \$865,565 (£516,000). A net loss of \$117,296 (£58,000) was reported as the total distribution received was lower than the original estimation due to the additional legal expenses incurred to complete the process.

### **Sale of AMEC**

On June 10, 2022, the Company sold the wholly owned subsidiary AMEC Cutting and Coring Ltd. ("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 year ended September 30, 2022 is as follows:

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	<b>2022</b>
Revenue	\$ 1,578,975
Cost of sales	(1,441,956)
Operating expenses	(632,729)
Operating loss from discontinued operation	(495,710)
Gain on the sale of subsidiary	344,567
Net (loss) from discontinued operation	<b>\$ (151,143)</b>

Net cash flow from the discontinued operations are as follows:

	<b>2022</b>
Net cash provided by operating activities	\$ 259,964
Net cash provided (used) by investing activities	129,140
Net cash used by financing activities	(389,104)
	<b>\$ -</b>

Details of the sale of subsidiary is as follows:

	<b>June 10, 2022</b>
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	<b>\$ 344,567</b>

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

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

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**7. INVENTORY**

	<b>September 30, 2023</b>		<b>September 30, 2022</b>	
	\$		\$	
Opening inventory	\$	96,356	\$	372,570
Purchases		712,341		795,398
Cost of goods sold		(669,868)		(976,716)
Disposals from discontinued operations (Note 6)		-		(94,896)
Closing inventory	\$	<b>138,829</b>	\$	<b>96,356</b>

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

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Office Furniture and Equipment</b>	<b>Computer Equipment</b>	<b>Construction Equipment</b>	<b>Automotive equipment</b>	<b>Right-of-Use Assets</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At September 30, 2022	-	5,698	1,526,261	1,010,069	131,150	2,673,178
Additions	-	1,377	21,972	-	159,090	182,439
Disposals	-	-	(70,500)	(25,361)	(48,552)	(144,413)
At September 30, 2023	-	7,075	1,477,733	984,708	241,688	2,711,204
<b>Accumulated amortization</b>						
At September 30, 2022	-	1,003	807,292	975,092	29,154	1,812,541
Additions	-	3,422	129,878	31,912	77,348	242,560
Disposals	-	-	(70,500)	(25,361)	(16,191)	(112,052)
At September 30, 2023	-	4,425	866,670	981,643	90,311	1,943,049
<b>Net book value September 30, 2023</b>	-	<b>2,650</b>	<b>611,063</b>	<b>3,065</b>	<b>151,377</b>	<b>768,155</b>

During the year ended September 30, 2023, the Company sold certain equipment for total proceeds of \$95,861, resulting in a gain on disposal in the amount of \$95,861.

During the year ended September 30, 2023, the Company terminated a lease and recorded a write-down of the right-of-use asset in the amount of \$32,361, a gain on elimination of a lease liability of \$30,772 (Note 11), an increase in accounts payable of \$9,000, for a net loss on lease termination of \$10,589.

	<b>Office Furniture and Equipment</b>	<b>Computer Equipment</b>	<b>Construction Equipment</b>	<b>Automotive equipment</b>	<b>Right-of-Use Assets</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
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)	(540,025)
Disposals from discontinued operations (Note 6)	(7,048)	-	(558,749)	(239,302)	(997,394)	(1,802,492)
At September 30, 2022	-	5,698	1,526,261	1,010,069	131,150	2,673,178
<b>Accumulated amortization</b>						
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	569,862
Disposals	-	-	(75,140)	(49,560)	(106,829)	(231,528)
Disposals from discontinued operations (Note 6)	(1,763)	-	(69,843)	(65,770)	(543,386)	(680,761)
At September 30, 2022	-	1,003	807,292	975,092	29,154	1,812,541
<b>Net book value September 30, 2022</b>	-	<b>4,695</b>	<b>718,969</b>	<b>34,977</b>	<b>101,996</b>	<b>860,637</b>

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**9. LONG-TERM DEBT AND CONVERTIBLE DEBENTURE**

	September 30, 2023	September 30, 2022
	\$	\$
Long-term debt	80,000	84,734
Less current portion	-	(4,734)
Long-term portion	<b>80,000</b>	<b>80,000</b>
Proceeds from convertible debentures	500,000	-
Amount allocated to equity component	(18,807)	-
Amount allocated to liability component	481,193	-
Accreted interest	7,975	-
<b>Convertible debentures balance as at September 30, 2023</b>	<b>489,168</b>	<b>-</b>

Long-term debt includes vehicle loan of \$Nil (2022 - \$4,734) and the Canada Emergency Business Account (“CEBA”) loan of \$80,000 (2022 - \$80,000), which was received in 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, 2026.

On November 22, 2022, the Company closed a non-brokered private placement financing with gross proceeds of \$1,052,000 (the “Offering”). The Offering consisted of secured convertible debentures in the principal amount of \$500,000 (Note 16) and 11,040,000 common shares at \$0.05 per share for gross proceeds of \$552,000 (Note 14).

The debentures are secured under a general security agreement and mature on November 22, 2024. The debentures bear a fixed interest rate of 12% per annum, payable monthly commencing December 22, 2022. At the holder’s option, the debentures will be convertible into common shares of the Company at a conversion ratio of \$0.07 per common share if converted from the issue date to the last day of the first anniversary, and \$0.10 if converted from the first day of the second anniversary to the maturity date. The debentures do not contain a cash settlement feature on conversion into common shares of the Company.

The convertible debentures were accounted for as a compound financial instrument with liability and equity components. The liability component was valued at \$481,193 based on the present value of contractual cash flows using a discount rate of 15%, which is the estimated rate that would have been charged for a similar instrument without a conversion feature. The liability component was subsequently measured at amortized cost. The equity component of \$18,807 was measured based on the residual value of the compound instrument after deducting the amount determined for the liability component.

Total interest expense associated with the convertible debentures for the year ended September 30, 2023 was \$57,975.

**10. CREDIT FACILITIES**

The Company had a \$500,000 revolving demand credit facility at Royal Bank of Canada (“RBC”) with interest rate of prime + 2.60%. During the year ended September 30, 2023, RBC conducted the annual review and reduced the operating line to \$100,000. The Company fully paid back the drawdown of \$310,059 in November 2022. As at September 30, 2023, the balance of the credit facility was \$Nil (2022: \$310,059).

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**11. LEASE LIABILITIES**

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>\$</b>	<b>\$</b>
Lease liabilities opening balance	113,402	947,296
Addition	159,090	131,698
Disposal	(30,772)	(39,979)
Disposal from discontinued operations (Note 6)	-	(479,461)
Payments	(91,781)	(475,639)
Interest	19,773	29,487
Lease liabilities ending balance	169,712	113,402
Less current portion	(78,762)	(52,099)
Long-term portion	<b>90,950</b>	<b>61,303</b>

During the year ended September 30, 2023, the Company recognized right-of-use assets \$159,090 and corresponding lease liabilities with the incremental borrowing rate of 12%.

During the year ended September 30, 2023, the Company terminated a lease and recorded a write-down of the right-of-use asset in the amount of \$32,361 (Note 8), a gain on elimination of a lease liability of \$30,772, an increase in accounts payable of \$9,000, for a net loss on lease termination of \$10,589.

The following table presents a reconciliation of the Company's undiscounted cash flows at September 30, 2023 and 2022 to their present values for the Company's lease obligations:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>\$</b>	<b>\$</b>
Within one year	92,694	54,852
Between one and five years	96,791	63,489
Total undiscounted lease obligations	189,485	118,341
Less: future interest charges	(19,773)	(4,939)
Total discounted lease obligations	169,712	113,402
Less: current portion	(78,762)	(52,099)
Long-term portion	<b>90,950</b>	<b>61,303</b>

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**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, 2023 and 2022:

	<b>2023</b>		<b>2022</b>	
	<b>\$</b>		<b>\$</b>	
Product sales	\$	655,224	\$	467,089
Installation service - fixed price		3,720,048		4,726,756
Installation service - cost plus		568,769		582,704
Project management		57,578		-
	<b>\$</b>	<b>5,001,619</b>	<b>\$</b>	<b>5,776,549</b>

**Contract assets and liabilities**

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

	<b>September 30, 2023</b>		<b>September 30, 2022</b>	
	<b>Contract Assets</b>	<b>Contract Liabilities</b>	<b>Contract Assets</b>	<b>Contract Liabilities</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, beginning of the year</b>	35,550	-	285,800	5,910
Transfer from contract assets at the beginning of the year to accounts receivable	(35,550)	-	(285,800)	(5,910)
Net additions to contract assets/liabilities during the period	303,774	-	35,550	-
<b>Balance, end of the year</b>	<b>303,774</b>	<b>-</b>	<b>35,550</b>	<b>-</b>

The Company's contract assets and liabilities are expected to be settled within one year.

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**13. INCOME TAXES**

The Company's income tax recovery for the year ended September 30, 2023 is \$Nil (2022: \$Nil). A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

	<b>2023</b>	<b>2022</b>
Loss before income taxes	(1,475,904)	(2,861,463)
Combined statutory rate	27.00%	27.00%
Expected income tax benefit	(398,000)	(773,000)
Permanent differences and other	68,000	88,000
Deferred income tax assets from discontinued operation - AMEC	-	(173,000)
Changes in prior year provisions	31,000	-
Tax benefits not recognized	299,000	858,000
Income tax expense (recovery)	-	-

The significant component of the Company's unrecognized deferred tax asset after applying a tax rate of 27% (2022: 27%), the expected tax rate when the temporary difference is expected to reverse as follows:

	<b>2023</b>	<b>2022</b>
Non-capital loss carry forwards	4,078,000	3,775,000
Property, plant and equipment	390,000	354,000
Share issue costs	38,000	57,000
Leases and others	10,000	31,000
Total deferred tax assets	4,516,000	4,217,000
Deferred tax assets not recognized	(4,516,000)	(4,217,000)
	-	-

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.

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### **13. INCOME TAXES (CONTINUED)**

As of September 30, 2023, the Company has estimated Canadian loss carryforwards of \$15,103,814 (2022: \$13,982,822).

<b>Years of Expiry</b>	<b>\$</b>
2028	43,698
2029	142,402
2030	186,118
2031	28,916
2032	28,827
2033	-
2034	220,807
2035	250,800
2036	60,992
2037	816,037
2038	3,234,069
2039	1,746,265
2040	2,799,109
2041	2,136,779
2042	2,286,003
2043	1,122,992
	<hr/>
	15,103,814

### **14. SHARE CAPITAL**

#### **Authorized 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 consisted of 8,355,000 units at \$0.10 per unit for gross proceeds of \$835,500. Each unit consisted of one common share of the Company and one share purchase 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.

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**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 fiber installation and directional drilling services on new fiber 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 \$226,544. As a result, the Company recognized a gain on settlement of debt in the amount of \$45,309 (Note 16). 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.

On November 22, 2022, the Company closed a non-brokered private placement financing with gross proceeds of \$1,052,000. The financing consisted of secured convertible debentures in the principal amount of \$500,000 (Note 9) and 11,040,000 common shares at \$0.05 per share for gross proceeds of \$552,000 (Notes 9 and 16).

As at September 30, 2023, the Company had 85,892,538 common shares (2022: 74,852,538) issued and outstanding.

**Warrants**

There has been no change in warrants during the year ended September 30, 2023.

The following is a summary of outstanding as at the end of year:

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

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

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**15. RESERVES**

**Stock options**

The Company has adopted a rolling 10% stock option plan (the “Stock Option 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 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.

On July 29, 2022, the Company granted a total of 5,645,000 stock options to its directors, officers, employees, and consultants with an exercise 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.

On February 3, 2023, 850,000 options were granted to certain director and officer with an exercise price of \$0.10 per share. The options vested immediately and are exercisable for a period of five years from the date of grant.

During the years ended September 30, 2023, the Company recognized a share-based compensation expense of \$53,228 (2022: \$37,474) related to options vested, 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:

		<b>2023</b>		<b>2022</b>	
Share price on date of grant	\$	0.06	\$	0.06	
Exercise price	\$	0.10	\$	0.10	
Expected life in years		5		5	
Annualized volatility		111%		107%	
Expected dividends		0%		0%	
Risk-free interest rate		3.05%		2.59%	
Grant date fair value	\$	0.04	\$	0.04	

The following is a summary of changes in options from October 1, 2022 to September 30, 2023:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Opening balance</b>	<b>Granted</b>	<b>Expired/ Cancelled/ Forfeited</b>	<b>Closing balance</b>	<b>Vested and exercisable</b>
2019-11-19	2024-11-19	0.30	50,000	-	-	50,000	50,000
2020-06-02	2025-06-02	0.82	375,000	-	(150,000)	225,000	225,000
2021-04-01	2026-04-01	0.30	30,000	-	-	30,000	30,000
2021-04-01	2026-04-01	0.29	115,000	-	-	115,000	115,000
2022-07-29	2027-07-29	0.10	5,595,000	-	(50,000)	5,545,000	5,545,000
2023-02-03	2028-02-03	0.10	-	850,000	-	850,000	850,000
			<b>6,165,000</b>	<b>850,000</b>	<b>(200,000)</b>	<b>6,815,000</b>	<b>6,815,000</b>
Weighted average exercise price		\$	0.15	\$	0.10	\$	0.13
				\$	0.64	\$	0.13

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**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 weighted average life remaining of stock options as at September 30, 2023 is 3.78 years (2022: 4.65 years).

**Restricted share units**

On February 3, 2023, the Company adopted the Equity Incentive Compensation Plan (the "Plan").

The Plan permits the grant of Restricted Share Units ("RSU") and Deferred Share Units ("DSU", RSU and DSU collectively referred as "Awards"). The maximum number of Awards that may be granted under the Plan is fixed at 8,589,253, which is equal to 10% of the issued and outstanding shares at the time the Plan was approved by the shareholders on December 2, 2022. Stock options granted under the Stock Option Plan shall not be included in the maximum number of shares issuable pursuant to this plan. Further, the maximum number of shares for which Awards and other share compensation issuable to: (i) any participant shall not exceed 5% of the outstanding shares within any one-year period, (ii) a consultant shall not exceed 2% of the outstanding shares within any one-year period; and (ii) insiders as a group shall not exceed 10% of the outstanding shares. No persons providing investor relations activities may be granted Awards under the Plan. The Company, at its discretion, may settle RSUs through the issuance of common shares from treasury or cash. The term of any Award grant shall not exceed 10 years. Awards shall vest at the Company's discretion, but no Award may vest before the date that is 1 year following the date of the grant of the Award.

Under the Plan, the Company granted 3,250,000 RSUs to certain officers, directors, and consultants of the Company on February 3, 2023, expiring on February 3, 2028. Upon vesting, each RSU will entitle the holder to receive one common share of the Company. A total of 2,100,000 RSUs vest on February 3, 2024, a total of 700,000 RSUs vest on February 3, 2025, and a total of 450,000 RSUs vest on February 3, 2026. These RSUs remain outstanding at September 30, 2023.

The fair value of RSUs is calculated at the date of grant using the market price of the common shares and the fair value is recorded as compensation expense over the vesting period of the RSU with an offsetting credit to reserves. For the year ended September 30, 2023, the Company recorded stock-based compensation expense of \$102,466 related to RSUs granted. The weighted average life remaining of RSUs as at September 30, 2023 was 4.35 years.

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**16. RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2023 and 2022, the Company entered related party transactions or held balances with the following individuals and corporations:

David Toyoda	Director
Michael Plotnikoff	Former CEO and Director
Linda Han	CFO
Mark Tommasi	CEO and Director
622738 BC Ltd.	Company controlled by Mark Tommasi
Michael Irmen	Director
Ironman Directional Drilling Ltd.	Company controlled by Michael Irmen
1097195 BC Ltd.	Company controlled by Michael Irmen
Alex McAulay	Director

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

**Key Management Compensation**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Wages, consulting fees, director fees and investor relation expenses	371,386	354,275
Share-based payments	80,821	172,060
<b>Total</b>	<b>452,207</b>	<b>526,335</b>

As at September 30, 2023, a total of \$5,769 was included in related parties payable for accrued salary.

## **16. RELATED PARTY TRANSACTIONS (CONTINUED)**

### **Other Related Party Transactions**

#### **(a) Cooperation Agreement with Ironman**

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 fiber installation and directional drilling services on new fiber optic network projects.

Under the terms of the cooperation agreement, Lite Access offers Ironman the 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 fiber 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.

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 \$226,544. As a result, the Company recognized a gain on settlement of debt in the amount of \$45,309 (Note 14).

During the years ended September 30, 2023, Ironman provided the construction services for multiple Lite Access projects and a total amount of \$2,573,018 (2022: \$1,460,671) was billed to Lite Access. As at September 30, 2023, the amount of \$1,393,874 (2022: \$1,321,546) was outstanding. The cooperation fees of \$24,718 were earned in fiscal in 2023 (2022: \$375,282). As at September 30, 2023, the amount of \$359,543 (inclusive of GST) was outstanding and reported under the related party payable.

#### **(b) Private Placement**

On November 22, 2022, the Company closed a non-brokered private placement with gross proceeds of \$1,052,000. The offering consisted of secured convertible debenture of \$500,000 and 11,040,000 common shares at \$0.05 per share for gross proceeds of \$552,000 (Notes 9 and 14).

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. As at September 30, 2023, no debenture was converted and total interest of \$25,000 was paid to the related party during the year ended September 30, 2023.

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**17. SEGMENTED INFORMATION**

The Company's principal business locations and operations are in British Columbia, Canada. The Company has two reporting segments: sales of product and fiber optic installations. The Company reports activities not directly attributable to an operating segment under Corporate.

<b>As at September 30, 2023</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Total assets	-	2,496,441	356,180	2,852,621
Total liabilities	-	2,493,211	529,168	3,022,379
<b>As at September 30, 2022</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Total assets	4,748	3,495,669	109,394	3,609,811
Total liabilities	-	2,971,661	40,000	3,011,661
<b>For Year Ended September 30, 2023</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Revenue	655,224	4,346,395	-	5,001,619
Net income (loss) from continuing operation	136,800	(1,399,595)	(213,109)	(1,475,904)
<b>For Year Ended September 30, 2022</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
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)

The Company's revenues are allocated to geographic segments for the years ended September 30, 2023 and 2022 as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Canada	4,959,819	5,763,386
United States	41,800	13,163
	<b>5,001,619</b>	<b>5,776,549</b>

**18. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, due to related parties, and long-term debt. The carrying value of the financial instruments approximates their fair values.

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

## **18. FINANCIAL INSTRUMENTS (CONTINUED)**

### **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 \$1,048,108 accounts receivable was reported as at September 30, 2023 and the amount of \$459,924 (2022: \$371,934) are past due. Of this amount, a total of \$418,349 (2022: \$54,402) was past due over 90 days. During the year ended September 30, 2023, the Company recorded a bad debt of \$56,138 (2022: \$85,899) against the past due receivables, net of the provisions accrued, and receivable recovered during the year.

### **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, 2023, the Company had a working capital deficit of \$277,795 (2022: \$121,184). During the year ended September 30, 2023, the Company closed a private placement with total proceeds of \$1,052,000. The proceeds were used to fund 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 to continue 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, 2023, 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 \$6,528 higher or lower respectively.

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**18. FINANCIAL INSTRUMENTS (CONTINUED)**

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

	September 30, 2023	September 30, 2022
	\$	\$
Cash and cash equivalents	48,283	63,566
Accounts receivables	-	4,748

(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, 2023, 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 (deficiency) 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, 2023 and 2022. 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 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 determines the granting of stock options.

**20. LOSS PER SHARE**

	Years Ended September 30	
<b>Weighted Average Number of Common Shares</b>	<b>2023</b>	<b>2022</b>
Basic weighted average number of shares outstanding	84,289,470	68,831,480
Effect of dilutive securities		
Stock options and warrants	-	-
Fully diluted weighted average number of shares outstanding	<b>84,289,470</b>	<b>68,831,480</b>

  

	Years Ended September 30	
<b>Basic/diluted Loss per share for continuing operation</b>	<b>2023</b>	<b>2022</b>
Loss for the year	(1,475,904)	(2,593,024)
Weighted average number of shares	84,289,470	68,831,480
Loss per share - basic/diluted	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>

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**20. EARNINGS (LOSS) PER SHARE (CONTINUED)**

Basic/diluted Loss per share for discontinued operation	Years Ended September 30	
	2023	2022
Earning loss for the year	-	(268,439)
Weighted average number of shares	84,289,470	68,831,480
Earning loss per share - basic/diluted	\$ -	\$ (0.00)

**21. SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental Cash Flow Information	2023	2022
	\$	\$
Interest paid	(53,044)	(18,795)
Interest received	8,105	1,681
Lease assets acquired	159,090	131,149

**22. PROVISIONS**

During the year ended September 30, 2023, the Company received a notice of claim filed by a former IT service provider, RBBS Telecom Inc ("RBBS"), whose service contract was terminated in April 2021. The total of the claim was \$25,176, which included the disputed service fee of \$19,934 and interest of \$5,066. As these invoices were billed one year and half later than the service date and RBBS was unable to provide records to support the invoices, the management and legal counsel filed a response denying the claim. Due to a clerical error during the filing process, the reply was not accepted by the small claim court and the Company received a default judgement of \$16,984. While the Company is working on the default judgement to settle the claim, the Company recorded a provision for the full amount for the year ended September 30, 2023.

**23. MERGER AND ACQUISITION**

On May 3, 2023, the Company entered a non-binding letter of intent to acquire 1097195 B.C. Ltd. ("Ironman") and its wholly owned subsidiary, Ironman Directional Drilling Ltd., an experienced provider of directional drilling (the "Transaction").

Mike Irmen, who is a shareholder of Ironman, is also a director of the Company and, as a result, the Transaction will constitute a related party transaction. The Company and Ironman have agreed to negotiate and settle the terms of a share exchange agreement.

Subsequent to the year end, the Company and Ironman agreed to extend the exclusivity period until February 29, 2024. The completion of the Transaction is subject to a number of key conditions including entry into a definitive agreement between Lite Access and Ironman, completion of due diligence of the parties, shareholder approval, TSX Venture Exchange final approval and other conditions customary for this type of Transaction.

#### **24. SUBSEQUENT EVENTS**

On November 15, 2023, the Company granted Mr. Tommasi and his controlled firm 150,000 stock options in connection with his appointment as interim CEO. The options are exercisable at \$0.10 per share for a period of five years from the date of grant.

On November 15, 2023, a total of 450,000 RSUs previously issued to the former CEO was cancelled.