

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(expressed in Canadian dollars)



Independent auditor's report

To the Shareholders of Advent-AWI Holdings Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advent-AWI Holdings Inc. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

PricewaterhouseCoopers LLP
200 Apple Mill Road, Vaughan, Ontario, Canada L4K 0J8
T: +1 905 326 6800, F: +1 905 326 5339

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 identified above 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 Donato Lisozzi.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
April 27, 2021

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	Dec 31, 2020	Dec 31, 2019
	\$	\$
ASSETS		
Current assets		
Cash	10,031,105	9,617,723
Trade and other receivables (note 4)	848,335	1,095,339
Inventories (note 5)	140,478	107,286
Marketable securities (note 6)	4,029,578	5,263,590
Prepaid and deposits - current (note 7)	515,906	15,709
Loans receivable-current (note 8)	1,227,559	1,750,319
Income taxes receivable	<u>210,423</u>	<u>80,817</u>
	17,003,384	17,930,783
Non-current assets		
Marketable securities (note 6)	230,000	-
Loans receivable (note 8)	399,927	502,564
Prepaid and deposits (note 7)	48,919	43,926
Right-of-use assets (note 9)	417,603	330,859
Property, plant and equipment (note 10)	552,230	564,060
Investment properties (note 11)	966,935	1,604,011
Intangible assets (note 12)	450,000	-
Deferred income tax assets (note 17)	<u>137,815</u>	<u>143,584</u>
Total assets	<u><u>20,206,813</u></u>	<u><u>21,119,787</u></u>

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

ADVENT-AWI HOLDINGS INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**

(expressed in Canadian dollars)

	Dec 31, 2020	Dec 31, 2019
	\$	\$
LIABILITIES		
Current liabilities		
Trade accounts payable	1,286,053	1,364,776
Other payables and accrued liabilities	763,539	763,015
Government remittances payable	27,941	40,220
Tenant deposits	17,000	32,154
Lease liabilities - current (note 9)	<u>167,538</u>	<u>146,616</u>
	2,262,071	2,346,781
Non-current liabilities		
Government loan (note 14)	30,000	-
Lease liabilities (note 9)	258,344	186,533
Loans payable (note 13)	<u>150,000</u>	<u>150,000</u>
Total liabilities	<u>2,700,415</u>	<u>2,683,314</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 15)	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	<u>12,588,152</u>	<u>13,550,572</u>
Capital attributable to shareholders of Advent-AWI Holdings Inc.	17,486,799	18,449,219
Non-controlling interests	<u>19,599</u>	<u>(12,746)</u>
Total equity	<u>17,506,398</u>	<u>18,436,473</u>
Total liabilities and shareholders' equity	<u>20,206,813</u>	<u>21,119,787</u>

Commitments (note 20)**APPROVED BY THE BOARD OF DIRECTORS**

"Edgar Pang" Director
Edgar Pang

"Alice Chiu" Director
Alice Chiu

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

(expressed in Canadian dollars)

	2020	2019
	\$	\$
Revenue		
Wireless revenue	3,512,140	5,548,215
Financing revenue (note 8)	625,005	772,447
Other revenue (note 14)	<u>10,000</u>	<u>-</u>
Total revenue	4,147,145	6,320,662
Cost of sales (note 5)	<u>2,011,842</u>	<u>3,351,983</u>
Gross profit	<u>2,135,303</u>	<u>2,968,679</u>
Expenses		
General and administration (note 16)	2,547,001	3,171,960
Advertisement and promotion	70,052	56,433
Depreciation - right-of-use assets	174,230	134,523
Amortization of property, plant and equipment	44,177	64,858
Amortization of investment properties	36,400	45,986
Amortization of intangible assets (note 12)	<u>50,000</u>	<u>-</u>
Total expenses	<u>2,921,860</u>	<u>3,473,760</u>
Operating loss	<u>(786,557)</u>	<u>(505,081)</u>
Other income/expenses:		
Rental income	77,162	189,589
Interest income	154,256	292,978
Gain on sale of assets (note 11)	<u>1,483,121</u>	<u>1,029,022</u>
	<u>1,714,539</u>	<u>1,511,589</u>
Income before income taxes	927,982	1,006,508
Provision for income taxes (note 17)	<u>(67,730)</u>	<u>(159,414)</u>
Net income and comprehensive income for the year	<u>860,252</u>	<u>847,094</u>
Net income attributable to		
Shareholders of Advent-AWI Holdings Inc.	827,907	828,024
Non-controlling interests	<u>32,345</u>	<u>19,070</u>
	<u>860,252</u>	<u>847,094</u>
Basic and diluted, earnings per share for net income attributable to the ordinary equity holders of the company (note 19)	0.069	0.069

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

ADVENT-AWI HOLDINGS INC.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(expressed in Canadian dollars)

	Share Capital \$	Contributed Surplus \$ \$	Retained Earnings \$	Non - controlling Interests \$	Total Equity
<u>Year ended December 31, 2020</u>					
Balance - January 1, 2020	4,274,676	623,971	13,550,572	(12,746)	18,436,473
Net income attributable to non-controlling interests	-	-	-	32,345	32,345
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	827,907	-	827,907
Dividends paid (note 24)	<u>-</u>	<u>-</u>	<u>(1,790,327)</u>	<u>-</u>	<u>(1,790,327)</u>
Balance - December 31, 2020	<u>4,274,676</u>	<u>623,971</u>	<u>12,588,152</u>	<u>19,599</u>	<u>17,506,398</u>
<u>Year ended December 31, 2019</u>					
Balance - January 1, 2019	4,274,676	623,971	14,512,875	(31,816)	19,379,706
Net income attributable to non-controlling interests	-	-	-	19,070	19,070
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	828,024	-	828,024
Dividends paid (note 24)	<u>-</u>	<u>-</u>	<u>(1,790,327)</u>	<u>-</u>	<u>(1,790,327)</u>
Balance - December 31, 2019	<u>4,274,676</u>	<u>623,971</u>	<u>13,550,572</u>	<u>(12,746)</u>	<u>18,436,473</u>

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(expressed in Canadian dollars)

	2020	2019
	\$	\$
Cash flows used in operating activities		
Net income for the year	860,252	847,094
Items not affecting cash		
Depreciation - right-of-use assets	174,230	134,523
Amortization of property, plant and equipment	44,177	64,858
Amortization of investment properties	36,400	45,986
Amortization of intangible assets	50,000	-
Interest expense	11,319	4,502
Gain on disposal of property, plant and equipment	(1,483,121)	(1,029,022)
Interest income	(154,256)	(281,287)
Current income tax expense	61,961	141,860
Deferred income tax expense	5,769	17,554
Interest accretion of note receivable	-	(11,691)
	<u>(393,269)</u>	<u>(65,623)</u>
Changes in non-cash working capital items		
Trade and other receivables	247,004	1,377
Inventories	(33,192)	346,407
Prepaid and deposits	(505,190)	46,947
Trade accounts payable	(78,723)	(70,901)
Other payables and accrued liabilities	524	(563,233)
Government remittances payable	(12,279)	17,614
Tenant deposits	(15,154)	(5,936)
Government loan	30,000	-
Loans receivable	<u>625,397</u>	<u>(240,426)</u>
	<u>258,387</u>	<u>(468,151)</u>
Taxes paid	<u>(191,567)</u>	<u>(793,714)</u>
Net cash flows used in operating activities	<u>(326,449)</u>	<u>(1,327,488)</u>

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(expressed in Canadian dollars)

	2020	2019
	\$	\$
Balance carryforward		
Net cash flows used in operating activities	<u>(326,449)</u>	<u>(1,327,488)</u>
Cash flows provided by investing activities		
Purchase of property, plant and equipment	(32,347)	(1,783)
Purchase of intangible assets	(500,000)	-
Disposal of property, plant and equipment	2,083,797	1,776,045
Repayment of note receivable	-	66,666
Decrease in marketable securities	1,004,012	1,974,410
Interest received	<u>154,256</u>	<u>281,287</u>
Net cash flows provided by investing activities	<u>2,709,718</u>	<u>4,096,625</u>
Cash flows used in financing activities		
Lease payment	(179,560)	(136,736)
Dividends paid	<u>(1,790,327)</u>	<u>(1,790,326)</u>
Net cash flows used in financing activities	<u>(1,969,887)</u>	<u>(1,927,062)</u>
Net cash provided by operations	413,382	842,075
Cash - beginning of year	<u>9,617,723</u>	<u>8,775,648</u>
Cash - end of year	<u>10,031,105</u>	<u>9,617,723</u>

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

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

1. General information

Advent-AWI Holdings Inc. (the "Company"), formerly known as Advent Wireless Inc., was incorporated on February 14, 1984 in British Columbia, Canada. The Company, together with its wholly owned subsidiaries, Am-Call Wireless Inc., 1013929 B.C. Ltd and Advent Marketing Inc., sells cellular and wireless products, services and accessories through an independent network of four stores in Ontario, Canada, in 2020.

Commencing in 2016, the Company is a 70% owner of Adwell Financial Services Inc. and its wholly owned subsidiary Adwell Mortgage Solutions Inc., a microfinancing company. The remaining interest is held equally between Adwealth Capital Holdings Inc. and Q&Y Holdings Inc. The audited consolidated financial statements include the financial information of Adwell Financial Services Inc. and Adwell Mortgage Solutions Inc.

On September 1, 2020, the Company incorporated a wholly owned subsidiary in Hong Kong, Advent TeleMedicare Ltd., to distribute and sell certain health products and services in Hong Kong and Macau. The audited consolidated financial statements include the financial information of Advent TeleMedicare Ltd.

The Company's registered office is 550 West Broadway, Unit 719, Vancouver, Canada, V5Z 0E9.

2. Basis of presentation

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise noted.

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2021. The Board of Directors have the power to amend the consolidated financial statements after issue.

3. Significant accounting policies

(a) Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Am-Call Wireless Inc., 1013929 B.C. Ltd., Advent Marketing Inc., Advent TeleMedicare Ltd., Adwell Financial Services Inc. and Adwell Mortgage Solutions Inc. All intercompany transactions and balances have been eliminated. Subsidiaries are those entities that are controlled by the Company. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Consolidated statements of income and comprehensive income and cash flows

The Company has elected to present a single consolidated statements of income and comprehensive income and presents its expenses by nature.

The Company reports cash flows from operating activities using the indirect method. Interest paid is presented within operating cash flows.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The principal sources of revenue to the Company are:

- 1) Sales of cellular phones, commission earned on sale of cellular plans and related products. Revenue is recognised when:
 - a) Sales of cellular phones and related products are sold to customers, at the point of sale through one of its retail stores, net of returns.
 - b) Monthly commission revenue in connection with sales of cellular plans and related products are recorded in the month in which they are earned and measurable.
 - c) Quarterly bonus commission revenue is recorded in the last month of each quarter when targets are achieved. Annual bonus commission is recorded when received.
- 2) Financing income earned from microfinancing is recognized when earned and on an accrued basis.

Investment Income

The Company's investment income consists of the following:

- a) Rental income includes rent from tenants under lease. All tenant rents are recognized in accordance with the underlying lease terms.
- b) Interest income is recognized when earned.

Inventories

Inventories consist of finished products. They are recorded at the lower of cost and net realizable value. The cost of inventory is determined on a specific cost basis, and net realizable value is the estimated selling price less applicable selling expenses.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the financial liability simultaneously.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Financial assets upon initial recognition are classified in one of two categories: (1) those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss; and (2) those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The following classifications have been applied:

- Cash, trade and other receivables, note receivable, and loans receivable are classified as financial assets measured at amortized cost;
- Trade accounts payable, other payables and accrued liabilities, government remittances payable, tenant deposits, and loans payable are classified as financial liabilities measured at amortized costs.

Impairment of financial assets

At each reporting date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, note receivable and loans receivable, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments (IFRS 9) which requires expected lifetime losses to be recognized at the time of initial recognition of the receivables. The Company determines expected credit losses using historical credit loss trends. This change in accounting policy did not result in a change in the trade and other receivables, note receivable or loans receivable on January 1, 2019, upon adoption.

Deposits

Deposits consist of deposits made for lease rental and are recorded at cost.

Joint operations

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 8.

Marketable securities

The Company's marketable securities consist of term deposits that are classified and measured at amortized cost using the effective interest method, plus accrued interest.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Property, plant and equipment and intangible assets

Property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Repairs and maintenance costs are charged to the consolidated statements of income and comprehensive income during the period in which they are incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the net proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income and comprehensive income.

Amortization is provided at the following annual rates:

Buildings	30 years straight-line
Computer hardware	3 years straight-line
Computer software	3 years straight-line
Furniture, fixtures and equipment	5 years straight-line
Intangible assets	5 years straight-line
Leasehold improvements	straight-line over terms of lease

Investment properties

Investment properties include land and buildings in retail outlets held to earn rental income. Investment properties are recorded at cost, including transaction costs, less accumulated amortization. Transaction costs include land transfer taxes and professional fees.

Impairment of non-financing assets

Property, plant and equipment and investment properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as an operating lease on the consolidated statements of financial position. Payments made under operating leases (net of incentives recorded from the lessor) are charged to the consolidated statements of income and comprehensive income on a straight-line basis over the period of the lease.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of income and comprehensive income.

Current tax is the expected tax payable or receivable based on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Earnings per share

The Company presents basic and diluted earnings per share data. Basic earnings per share is calculated by dividing the net income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted earnings per share is determined by adjusting the net income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive instruments. The Company uses the treasury stock method for calculating diluted earnings per share.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Financial Officer. The Corporation has two segments, which are "Wireless Business" and "Financing Business". The wireless segment sells cellular and wireless products, services and accessories through an independent network of stores in Ontario. The financing segment operates as a private lending company offering personal and collateral loans across the Greater Vancouver Area and Greater Toronto Area.

With the incorporation of Advent TeleMedicare Ltd. in Hong Kong, the Company now has a third business segment, "Digital Health Business", the financial position of which is presented in note 23 of the consolidated financial statements.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Significant new and revised accounting standards and reporting changes adopted in the year

Effective January 1, 2019, the Company adopted the new accounting standard IFRS 16 – Leases (IFRS 16), using the modified retrospective approach, and comparative figures have not been restated. The new set of standards sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease, and if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17, Leases, and instead introduces a single lessee accounting model. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financing leases, and to account for those two types of leases differently.

(b) Critical accounting estimates

The preparation of consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The estimates and assumptions that could result in a material effect in the next financial year on carrying amounts of assets and liabilities are outlined below:

Impairment of non-financial assets

The determination of long-lived asset impairment requires significant estimates and assumptions to determine the recoverable amount of a cash generating unit (“CGU”), the recoverable amount being the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the CGU, discounted at an appropriate rate.

In the event an impairment analysis is required, the key assumptions that would be utilized in the determination of future cash flows would represent management's best estimate of the range of economic conditions relating to the CGU, and would be based on historical experience, economic trends, and communication with other key stakeholders of the Company. These key assumptions would include the revenue growth rate, margin as a percentage of revenues, capital expenditures, the inflation growth rate and the discount rate. Significant changes in the key assumptions used in the determination of future cash flows could result in an impairment loss or reversal of a previously recognized impairment loss.

Estimated useful lives of non-financial assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of factors including, but not limited to, the expected use of the asset. If the estimated useful lives change, this could result in an increase or decrease in the annual amortization expense and future impairment charges.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Income taxes

Deferred income tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the consolidated financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations.

The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation, will result in adjustments to the expectations of future timing difference reversals, and may require material deferred tax adjustments.

(c) Significant judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is set out below.

Gross versus net revenue recognition

The Company follows the guidance set out in IFRS 15, Revenue from Contracts with Customers in determining the presentation of revenue and costs of sale. The guidance requires the Company to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others. To the extent that revenue is earned through the sale of hardware and accessories to customers, the Company has determined that these amounts should be reported on a gross basis in the consolidated statements of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

4. Trade and other receivables

	2020	2019
Trade and other receivables	\$ <u>848,335</u>	\$ <u>1,095,339</u>

In establishing the appropriate expected credit loss, assumptions are made with respect to the future collectability of the receivables. Management believes no expected credit loss is necessary as at December 31, 2020 and 2019 as the amounts are considered to be fully collectible and substantially current (see note 21(b)).

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

5. Inventories

All of the Company's inventory consists of finished goods. The cost of inventories recognized as expense and included in cost of sales for the year ended December 31, 2020 amounted to \$2,011,842 (2019 - \$3,351,983). There have been no inventory write downs in the year (2019 - nil). There are no non-inventory costs such as amortization, salary and payroll and rent and occupancy costs recorded in cost of sales.

6. Marketable securities

	2020	2019
Guaranteed investment certificate (i)	\$ 230,000	\$ 238,000
Term deposits (ii)	<u>4,029,578</u>	<u>5,025,590</u>
Balance - End of year	<u>\$ 4,259,578</u>	<u>\$ 5,263,590</u>

- i) The guaranteed investment certificate matures on June 10, 2023 (2019 - June 9, 2020), earning interest at 0.55% per annum (2019 - 2.25% per annum).
- ii) The term deposits mature between February 19, 2021 to December 29, 2021, earning interest at a rate between 1.20% to 1.58% per annum.

7. Prepaid and deposits

Prepaid and deposits include an advance payment of \$500,000 to DynoSense Corp. (a digital therapeutics equipment manufacturer) for one thousand pieces of equipment to be manufactured and delivered to Advent TeleMedicare Ltd. in the future.

8. Loans receivable

Loans receivable are unsecured short-term loans bearing interest ranging from 30% - 46% per annum (2019 - 30% - 46%), with a weighted average rate of 43% per annum (2019 - 43%), from individual customers, from \$1,000 to \$7,500 with 9 - 36 months flexible repayment terms with no early repayment penalties. Financing revenue earned in the year ended December 31, 2020 is \$625,005 (2019 - \$772,447).

As of August 24, 2017, the Company has a 23% interest in a joint arrangement that was set up as a partnership together with a member of the Company's management and other non-related parties, to provide a secured loan to an unrelated individual. The joint venture agreement requires unanimous consent from all parties for all major decisions. This entity is therefore classified as a joint operation and the Company has included in the loans receivable a balance of \$637,000 (2019 - \$455,500), which represents its proportionate share of the outstanding balance. During the year, the Company's share of interest income was \$65,758 (2019 - \$29,780), which is included in financing revenue. Based on historic default rates, no expected credit loss provisions have been recorded. Based on historical default rates and credit risk assessment of the entity, no expected credit loss provision has been recorded.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

9. Right-of-use Asset

(A) Cost	\$
Balance, January 1, 2019	193,790
Additions	<u>271,592</u>
Balance, December 31, 2019	465,382
Additions	<u>260,974</u>
Balance, December 31, 2020	<u><u>726,356</u></u>
Amortization	
Balance, January 1, 2019	-
Amortization for the year	<u>134,523</u>
Balance, December 31, 2019	134,523
Amortization for the year	<u>174,230</u>
Balance, December 31, 2020	<u><u>308,753</u></u>
Net carrying amount	
Balance, January 1, 2020	<u>330,859</u>
Balance, December 31, 2020	<u><u>417,603</u></u>

(B) Lease liabilities	
Balance, January 1, 2019	193,791
Additions	<u>271,592</u>
Balance, December 31, 2019	465,383
Additions	<u>260,974</u>
Balance, December 31, 2020	<u><u>726,357</u></u>
Lease reduction	
Balance, January 1, 2019	-
Lease payment in the year	136,736
Less interest portion	<u>(4,502)</u>
Balance, December 31, 2019	132,234
Lease payment in the year	179,560
Less interest portion	<u>(11,319)</u>
Balance, December 31, 2020	<u><u>300,475</u></u>
Net lease liabilities	
Balance, January 1, 2020	<u>333,149</u>
Balance, December 31, 2020	<u><u>425,882</u></u>

Lease liabilities - current	167,538
Lease liabilities	<u>258,344</u>
	<u><u>425,882</u></u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

10. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Sign	Computer hardware	Computer Software	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, January 1, 2019	192,315	1,636,750	393,704	200,363	7,720	204,231	7,377	2,642,460
Disposals	(132,199)	(1,062,073)	(226,738)	(4,610)	(1,130)	(794)	-	(1,427,544)
Additions	-	-	-	1,049	-	734	-	1,783
Balance, December 31, 2019	60,116	574,677	166,966	196,802	6,590	204,171	7,377	1,216,699
Additions	-	-	-	-	-	32,347	-	32,347
Balance, December 31, 2020	<u>60,116</u>	<u>574,677</u>	<u>166,966</u>	<u>196,802</u>	<u>6,590</u>	<u>236,518</u>	<u>7,377</u>	<u>1,249,046</u>
Amortization								
Balance, January 1, 2019	-	531,691	347,407	185,086	2,831	195,450	5,838	1,268,303
Disposals	-	(450,673)	(226,738)	(1,921)	(396)	(794)	-	(680,522)
Amortization for the year	-	19,156	29,908	5,799	1,544	6,912	1,539	64,858
Balance, December 31, 2019	-	100,174	150,577	188,964	3,979	201,568	7,377	652,639
Amortization for the year	-	19,156	16,389	3,531	1,318	3,783	-	44,177
Balance, December 31, 2020	<u>-</u>	<u>119,330</u>	<u>166,966</u>	<u>192,495</u>	<u>5,297</u>	<u>205,351</u>	<u>7,377</u>	<u>696,816</u>
Net carrying amount								
Balance, December 31, 2019	<u>60,116</u>	<u>474,503</u>	<u>16,389</u>	<u>7,838</u>	<u>2,611</u>	<u>2,603</u>	<u>-</u>	<u>564,060</u>
Balance, December 31, 2020	<u>60,116</u>	<u>455,347</u>	<u>-</u>	<u>4,307</u>	<u>1,293</u>	<u>31,167</u>	<u>-</u>	<u>552,230</u>

11. Investment properties

	Land	Buildings	Total
	\$	\$	\$
Cost			
Balance, January 1, 2019	<u>721,428</u>	<u>1,375,389</u>	<u>2,096,817</u>
Balance, December 31, 2019	721,428	1,375,389	2,096,817
Disposals	<u>(514,310)</u>	<u>(299,790)</u>	<u>(814,100)</u>
Balance, December 31, 2020	<u>207,118</u>	<u>1,075,599</u>	<u>1,282,717</u>
Amortization			
Balance, January 1, 2019	-	446,820	446,820
Amortization for the year	-	<u>45,986</u>	<u>45,986</u>
Balance, December 31, 2019	-	492,806	492,806
Disposals	-	(213,424)	(213,424)
Amortization for the year	-	<u>36,400</u>	<u>36,400</u>
Balance, December 31, 2020	<u>-</u>	<u>315,782</u>	<u>315,782</u>
Net carrying amount			
Balance, December 31, 2019	<u>721,428</u>	<u>882,583</u>	<u>1,604,011</u>
Balance, December 31, 2020	<u>207,118</u>	<u>759,817</u>	<u>966,935</u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

The estimated fair market value of the investment properties at December 31, 2020 was \$1,376,952 (2019 - \$3,681,000). The fair value was derived based on comparable sales or assessments of similar properties in the same mall or plaza adjusting for specific unit specifications such as size and locations. The Company did not obtain independent valuation for its investment properties. The fair value measurement has been classified as Level 3 in the fair value hierarchy.

Two of the four investment properties were sold in the year for a gross proceeds of \$2,149,000 with a gain of \$1,483,121.

12. Intangible assets

Intangible assets include a \$500,000 payment to DynoSense Corp. for the right to sell and distribute certain health products and services in Hong Kong and Macau through Advent TeleMedicare Ltd. for a five-year term and may be renewed for an additional five one-year terms thereafter.

	Cost \$	Accumulated Amortization \$	Net Carrying Amount \$
Intangible assets	<u>500,000</u>	<u>50,000</u>	<u>450,000</u>

13. Loans payable

Loans payable are amounts due to minority shareholders of Adwell Financial Services Inc. The loans are not expected to be repaid in the current fiscal year and are non-interest bearing.

14. Government loan

During the year, the Company applied for the Canada Emergency Business Account (CEBA) loan which is a government loan with the purpose of assisting businesses that are affected by COVID-19. The loan is interest free upon the condition that 75% of the loan is repaid before December 31, 2022. The remaining 25% (\$10,000) may be forgiven. If this condition is not met, the loan will be extended to December 31, 2025 at an interest rate of 5%

15. Share capital

Authorized
 100,000,000 common shares without par value

Issued and outstanding

	Number of shares	Amount \$
Balance - December 31, 2019 and December 31, 2020	<u>11,935,513</u>	<u>4,274,676</u>

The Company manages its capital through quarterly board of directors meetings and regular review of financial information to ensure sufficient resources are available to meet day-to-day operation requirements.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

The Company's objectives when managing capital are:

- a) To provide a reasonable return to the shareholders by pricing the products and services commensurately with the level of risk.
- b) To safeguard the capital of excess funds on hand by investing with reputable financial institutions for a reasonable return.

Total capital is calculated as follows:

	2020	2019
	\$	\$
Share capital	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	12,588,152	13,550,572
Non-controlling interests	<u>19,599</u>	<u>(12,746)</u>
	<u><u>17,506,398</u></u>	<u><u>18,436,473</u></u>

The Company is not subject to any externally imposed capital requirements.

16. General and administration

General and administration consists of the following:

	2020	2019
	\$	\$
Bank service charges	56,210	101,110
General and office expenses	197,535	249,045
Insurance	71,814	71,324
Interest	11,319	4,503
Professional fees	560,706	216,143
Rent and occupancy costs	108,586	294,366
Salary and payroll costs	1,506,370	2,198,674
Telephone expenses	<u>34,461</u>	<u>36,795</u>
	<u><u>2,547,001</u></u>	<u><u>3,171,960</u></u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

17. Income taxes

a) Components of provision for income taxes

	2020	2019
	\$	\$
Current income tax expense	61,961	141,860
Deferred income tax recovery	<u>5,769</u>	<u>17,554</u>
Provision for income taxes	<u><u>67,730</u></u>	<u><u>159,414</u></u>

b) Income tax rate reconciliation:

Provision for income tax is based on the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income before income taxes.

	2020	2019
	\$	\$
Statutory rates	31.8 %	26.6 %
Income tax provision at statutory rate	294,634	267,731
Increase (decrease) resulting from:		
Income tax expense (recovery) at statutory rate		
Permanent differences	(170,562)	(104,853)
Tax return to provision true-ups	<u>(56,342)</u>	<u>(3,464)</u>
Provision for income taxes	<u><u>67,730</u></u>	<u><u>159,414</u></u>

c) The tax effects of temporary timing differences that give rise to significant components of the deferred income tax assets are as follows:

	2020	2019
	\$	\$
Non-capital losses carried forward	101,132	94,722
Property and equipment	13,731	30,214
Defer rent inducement	-	(1,796)
Loan loss provision	<u>22,952</u>	<u>20,444</u>
	<u><u>137,815</u></u>	<u><u>143,584</u></u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Year of expiry	After tax losses	After tax losses
	2020	2019
	\$	\$
2034	40,408	20,177
2035	22,736	32,479
2036	25,040	32,200
2037	-	3,024
2038	-	1,219
2039	6,784	2,560
2040	6,896	-
Does not expire	<u>446,233</u>	<u>51,925</u>
	<u>548,097</u>	<u>143,584</u>

18. Stock options

The Company has a stock option plan (the "Plan") that was approved by the shareholders on June 24, 2011. It allows the Company to grant up to 10% of the issued and outstanding common shares at the time of the grant. Under the Plan, a total of 1,193,551 common shares have been reserved for the grant of options.

The Company has not issued any stock options to the directors and employees of the Company in the current year. As at December 31, 2020 and December 31, 2019, the Company had no options outstanding.

19. Earnings per share

	2020	2019
	\$	\$
Net earnings applicable to common shares	827,907	828,024
Basic and diluted weighted average number of common shares outstanding	11,935,513	11,935,513
Basic and diluted earnings per share	0.069	0.069

Basic earnings per share was based on the earnings attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share was equal to basic earnings per share.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

20. Commitments

The table below shows the future minimum payments under operating leases at December 31, 2020:

2021	181,470
2022	160,147
2023	<u>107,409</u>
	<u><u>449,025</u></u>

During the year ended December 31, 2020, the Company recognized a capital lease expense of \$134,024.

The Company had an operating line of credit for \$250,000, guaranteed by real property and bearing interest at prime rate plus 0.75%. In January 2020, the real property used to secure the line of credit was sold and the line of credit was cancelled.

21. Financial instruments

a) The following table summarizes the carrying value of the Company's financial instruments, which approximates fair value:

Financial instrument	Fair value hierarchy	IAS 39 Classification	IFRS 9 Classification/ Measurement	2020 \$	2019 \$
Cash	Level 2	Loans and receivables	Amortized cost using the effective interest method	10,031,105	9,617,723
Trade and other receivables	Level 2	Loans and receivables	Amortized cost using the effective interest method	848,335	1,095,339
Loans receivable	Level 2	Loans and receivables	Amortized cost using the effective interest method	1,627,486	2,252,883
Marketable securities	Level 2	Loans and receivables	Amortized cost using the effective interest method	4,259,578	5,263,590
Trade accounts payable and other payables and accrued liabilities	Level 2	Other financial liabilities	Amortized cost using the effective interest method	2,049,592	2,127,791
Loans payable	Level 2	Other financial liabilities	Amortized cost using the effective interest method	150,000	150,000

(Level 1) - Based on quoted market prices in active markets.

(Level 2) - Inputs, other than quoted prices in active markets, that are observable, either directly or indirectly.

(Level 3) - Unobservable inputs that are not corroborated by market data.

The carrying amount of cash, accounts receivable, trade accounts payable and other payables and accrued liabilities approximate the fair values due to the relatively short period to maturity of the instruments. The fair value of the marketable securities as at December 31, 2020 is \$4,259,578 and \$nil (2019 - \$5,263,590), respectively.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

b) Management of financial risk

Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company's financial assets and liabilities are non-interest bearing except cash, which bear a floating interest rate, short-term investments, which are at fixed interest rate, and the operating line of credit, which bears interest as described in note 19. Since no funds have been drawn from the lines of credit at December 31, 2020, any fluctuation in the interest rate would not have a significant impact on the Company.

The term deposit earns interest at a fixed rate of 0.80% - 1.58%, and the marketable securities earn interest at a fixed rate of 0.55%. Any fluctuation in the interest rate will not have a significant impact on the Company.

Credit risk and economic dependence

Credit risk is the risk that the Company will incur a loss due to the failure by its customers or other parties to meet their contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, short-term investments and trade receivables. The Company limits its exposure to credit risk by placing its cash and short-term investments with high credit quality financial institutions.

The Company has a high concentration of credit risk as approximately 88% of the trade receivables at December 31, 2020 (2019 - 86%) were owed by one customer, Rogers Communications Inc. For the year ended December 31, 2020, approximately 95% (2019 - 84%) of the Company's sales revenue was from this customer. Based on historic default rates and the credit quality of our customers, no expected credit loss provisions have been recorded and no collateral is requested for the Company's trade receivables. The agreement with this customer expires on June 30, 2023.

At December 31, 2020, 12% (2019 - 14%) of trade receivables were outstanding for between 30 and 90 days and the remaining 88% (2019 - 86%) were outstanding less than 30 days. Trade receivables are considered past due based on the contract terms agreed to with the customer.

The note receivable is from the purchaser of the B.C. operations, and is secured by real properties in the Vancouver, B.C. area. The full value of the note receivable was settled before year ended.

The carrying amount of financial assets represents the maximum credit exposure.

Cash balances and marketable securities are held with financial institutions with a high credit rating.

	2020	2019
	\$	\$
Neither past due nor impaired		
Cash and marketable securities - A - 1 +	5,357,674	8,872,219
Cash and marketable securities - A	4,656,963	5,765,757
Cash - A - 1	<u>16,468</u>	<u>5,337</u>
	<u>10,031,105</u>	<u>14,643,313</u>

The rating disclosed is the Standard & Poor rating for the short-term deposits.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. All of the Company's financial liabilities are due within 12 months from December 31, 2020.

It is the Company's intention to meet these obligations through the collection of trade receivables and current cash. In addition, the Company has available lines of credit as described in note 19.

Market risk

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Certain interventions such as lockdowns and restrictions imposed caused a temporary closure of some wireless business stores, which had an impact on overall wireless business revenue. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

22. Related party transactions

Compensation of key management personnel

Key management personnel comprise the Company's board of directors and executive officers. Key management compensation includes director fees, salaries and performance-based compensation. Total compensation is as follows:

	2020	2019
	\$	\$
Salaries and other benefits	<u>729,500</u>	<u>741,000</u>

23. Segmented information

The Company operates in three industry segments. It provides personal communications products and services to consumers in Canada (Wireless Business), lends money to individuals (Financing Business) and provides digital health products and services to consumers and health care providers in Hong Kong and Macau (Digital Health Business).

Consolidated statements of financial position information by reportable segment at December 31, 2020 was as follows:

	Wireless Business	Digital Health Business	Financing Business	Total
	\$	\$	\$	\$
ASSETS				
Cash	9,870,705	93,974	66,426	10,031,105
Trade and other receivables	775,493	-	72,842	848,335
Inventories	140,478	-	-	140,478
Prepays and deposits	17,985	501,645	45,195	564,825
Right-of-use assets	417,603	-	-	417,603
Loans receivable	-	-	1,627,486	1,627,486
Marketable securities	4,259,578	-	-	4,259,578
Property, plant and equipment	519,504	28,947	3,779	552,230
Investment properties	966,935	-	-	966,935
Deferred income tax assets	36,640	68,852	32,323	137,815
Intangible assets	-	450,000	-	450,000
Income tax receivable (payable)	<u>251,984</u>	<u>-</u>	<u>(41,561)</u>	<u>210,423</u>
Total assets	<u>17,256,905</u>	<u>1,143,418</u>	<u>1,806,490</u>	<u>20,206,813</u>
LIABILITIES				
Current liabilities	1,806,804	34,516	208,272	2,049,592
Government remittances payable	25,394	-	2,547	27,941
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	30,000	30,000
Lease liabilities	425,882	-	-	425,882
Loans payable	150,000	-	-	150,000
Due to related parties	<u>(2,957,166)</u>	<u>1,457,166</u>	<u>1,500,000</u>	<u>-</u>
Total liabilities	<u>(532,086)</u>	<u>1,491,682</u>	<u>1,740,819</u>	<u>2,700,415</u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Consolidated statements of financial position information by reportable segment at December 31, 2019 was as follows:

	Wireless Business	Financing Business	Total
	\$	\$	\$
ASSETS			
Cash	9,468,702	149,021	9,617,723
Trade and other receivables	952,169	143,170	1,095,339
Inventories	107,286	-	107,286
Prepays and deposits	24,440	35,195	59,635
Right-of-use assets	330,859	-	330,859
Loans receivable	-	2,252,883	2,252,883
Marketable securities	5,263,590	-	5,263,590
Property, plant and equipment	556,914	7,146	564,060
Investment properties	1,604,011	-	1,604,011
Deferred income tax assets	114,784	28,800	143,584
Income tax receivable (payable)	<u>96,190</u>	<u>(15,373)</u>	<u>80,817</u>
Total assets	<u>18,518,945</u>	<u>2,600,842</u>	<u>21,119,787</u>
LIABILITIES			
Current liabilities	2,057,177	142,988	2,200,165
Lease liabilities	333,149	-	333,149
Loans payable	150,000	-	150,000
Due to related parties	<u>(2,500,000)</u>	<u>2,500,000</u>	<u>-</u>
Total liabilities	<u>40,326</u>	<u>2,642,988</u>	<u>2,683,314</u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Consolidated statements of income and comprehensive income information by reportable segment at December 31, 2020 was as follows:

	Wireless Business	Digital Health Business	Financing Business	Total
	\$	\$	\$	\$
Sales	3,512,140	-	635,005	4,147,145
Cost of sales	<u>2,011,842</u>	<u>-</u>	<u>-</u>	<u>2,011,842</u>
Gross profit	1,500,298	-	635,005	2,135,303
Expenses				
General and administration	1,748,583	313,735	484,683	2,547,001
Advertising and promotion	17,583	52,319	150	70,052
Depreciation - right-of-use assets	174,230	-	-	174,230
Amortization of property, plant and equipment	39,578	1,232	3,367	44,177
Amortization - intangible assets	-	50,000	-	50,000
Amortization of investment properties	<u>36,400</u>	<u>-</u>	<u>-</u>	<u>36,400</u>
Total expenses	<u>2,016,374</u>	<u>417,286</u>	<u>488,200</u>	<u>2,921,860</u>
Operating income (loss)	<u>(516,076)</u>	<u>(417,286)</u>	<u>146,805</u>	<u>(786,557)</u>
Investment income				
Rental income	77,162	-	-	77,162
Interest income	154,256	-	-	154,256
Gain (loss) on sale of assets	<u>1,483,121</u>	<u>-</u>	<u>-</u>	<u>1,483,121</u>
	<u>1,714,539</u>	<u>-</u>	<u>-</u>	<u>1,714,539</u>
Income from operations before income taxes	<u>1,198,463</u>	<u>(417,286)</u>	<u>146,805</u>	<u>927,982</u>

ADVENT-AWI HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(expressed in Canadian dollars)

Consolidated statements of income and comprehensive income information by reportable segment at December 31, 2019 was as follows:

	Wireless Business \$	Financing Business \$	Total \$
Sales	5,548,215	772,447	6,320,662
Cost of sales	<u>3,351,983</u>	<u>-</u>	<u>3,351,983</u>
Gross profit	2,196,232	772,447	2,968,679
Expenses			
General and administration	2,509,784	662,176	3,171,960
Advertising and promotion	54,483	1,950	56,433
Depreciation - right-of-use assets	134,523	-	134,523
Amortization of property, plant and equipment	47,801	17,057	64,858
Amortization of investment properties	<u>45,986</u>	<u>-</u>	<u>45,986</u>
Total expenses	<u>2,792,577</u>	<u>681,183</u>	<u>3,473,760</u>
Operating income (loss)	<u>(596,345)</u>	<u>91,264</u>	<u>(505,081)</u>
Investment income			
Rental income	189,589	-	189,589
Interest income	292,978	-	292,978
Gain (loss) on sale of assets	<u>1,032,446</u>	<u>(3,424)</u>	<u>1,029,022</u>
	<u>1,515,013</u>	<u>(3,424)</u>	<u>1,511,589</u>
Income from operations before income taxes	<u><u>918,668</u></u>	<u><u>87,840</u></u>	<u><u>1,006,508</u></u>

24. Dividends paid

Dividends amounting to \$1,790,327 (2019 - \$1,790,327) were paid on June 25, 2020.