

**Unaudited Condensed Interim Consolidated Financial Statements of**

**Advent-AWI Holdings Inc.**

**For the three and nine months ended September 30, 2022 and 2021  
(expressed in Canadian dollars)**

## **ADVENT-AWI HOLDINGS INC.**

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of Advent-AWI Holdings Inc. (the Company) have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Financial Position**

(Unaudited, expressed in Canadian dollars)

	Sept 30, 2022	Dec 31, 2021
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	7,715,037	9,205,055
Trade and other receivables (note 4)	774,066	1,009,162
Inventories (note 5)	335,160	540,657
Marketable securities (note 6)	4,000,000	4,033,855
Prepaid and deposits - current (note 7)	28,896	25,999
Loans receivable - current (note 8)	1,234,637	1,543,121
Income taxes receivable	<u>43,082</u>	<u>9,331</u>
	<u>14,130,878</u>	<u>16,367,180</u>
<b>Non-current assets</b>		
Marketable securities (note 6)	230,000	230,000
Loans receivable (note 8)	784,932	108,350
Prepaid and deposits (note 7)	58,987	58,987
Right-of-use assets (note 9)	183,123	315,461
Property, plant and equipment (note 10)	517,995	536,358
Investment properties (note 11)	904,124	931,043
Intangible assets (note 12)	273,123	323,720
Deferred income tax assets (note 17)	<u>334,108</u>	<u>338,884</u>
	<u>3,286,392</u>	<u>2,842,803</u>
<b>Total assets</b>	<u>17,417,270</u>	<u>19,209,983</u>

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

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Financial Position (continued)**

(Unaudited, expressed in Canadian dollars)

	Sept 30, 2022	Dec 31, 2021
	\$	\$
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade accounts payable	967,823	1,727,448
Other payables and accrued liabilities	479,538	618,073
Government remittances payable	54,754	15,878
Tenant deposits	17,000	17,000
Lease liabilities - current (note 9)	<u>159,829</u>	<u>176,249</u>
	1,678,944	2,554,648
<b>Non-current liabilities</b>		
Government loan (note 14)	40,000	40,000
Lease liabilities (note 9)	36,825	153,751
Loans payable (note 13)	<u>150,000</u>	<u>150,000</u>
<b>Total liabilities</b>	<u>1,905,769</u>	<u>2,898,399</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital stock</b> (note 15)	4,274,676	4,274,676
<b>Contributed surplus</b>	623,971	623,971
<b>Accumulated other comprehensive income</b>	37,690	95,187
<b>Retained earnings</b>	<u>10,465,757</u>	<u>11,269,883</u>
<b>Capital attributable to shareholders of Advent-AWI Holdings Inc.</b>	15,402,094	16,263,717
<b>Non-controlling interests</b>	<u>109,407</u>	<u>47,867</u>
<b>Total equity</b>	<u>15,511,501</u>	<u>16,311,584</u>
<b>Total liabilities and shareholders' equity</b>	<u>17,417,270</u>	<u>19,209,983</u>

**General information** (note 1)**Commitments** (note 20)**APPROVED BY THE BOARD OF DIRECTORS**

\_\_\_\_\_  
*"Edgar Pang"* Director  
Edgar Pang

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*"Alice Chiu"* Director  
Alice Chiu

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

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

(Unaudited, expressed in Canadian dollars)

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b> (note 23)				
Wireless revenue	1,474,143	1,380,997	3,067,667	3,042,654
Financing revenue (note 8)	162,067	121,982	538,981	379,799
Digital health revenue	34,940	4,095	68,866	6,380
Other revenue (note 14)	-	15,000	-	25,000
<b>Total revenue</b>	<u>1,671,150</u>	<u>1,522,074</u>	<u>3,675,514</u>	<u>3,453,833</u>
<b>Cost of sales</b> (note 5)	<u>(731,765)</u>	<u>(793,561)</u>	<u>(1,710,911)</u>	<u>(1,740,974)</u>
<b>Gross profit</b>	<u>939,385</u>	<u>728,513</u>	<u>1,964,603</u>	<u>1,712,859</u>
<b>Expenses</b>				
General and administration (note 16)	533,158	635,313	1,944,842	1,892,098
Advertisement and promotion	10,038	7,630	28,435	19,499
Amortization of right-of-use assets (note 9)	43,794	44,530	132,337	133,933
Amortization of property, plant and equipment	7,757	8,312	23,633	24,487
Amortization of investment properties	8,973	8,973	26,919	26,919
Amortization of intangible assets (note 12)	23,669	25,000	69,872	75,000
<b>Total expenses</b>	<u>627,389</u>	<u>729,758</u>	<u>2,226,038</u>	<u>2,171,936</u>
Operating income (loss)	<u>311,996</u>	<u>(1,245)</u>	<u>(261,435)</u>	<u>(459,077)</u>
<b>Other income</b>				
Rental income	20,271	19,370	60,146	55,882
Interest income	20,978	5,175	42,179	23,177
	<u>41,249</u>	<u>24,545</u>	<u>102,325</u>	<u>79,059</u>
<b>Net income (loss) before income taxes</b>	353,245	23,300	(159,110)	(380,018)
(Provision for) recovery of income taxes (note 17)	<u>(20,848)</u>	<u>(5,000)</u>	<u>13,300</u>	<u>129,000</u>
<b>Net income (loss) before comprehensive income (loss) for the period</b>	<u>332,397</u>	<u>18,300</u>	<u>(145,810)</u>	<u>(251,018)</u>
Other comprehensive loss				
Foreign currency translation differences of foreign operations	<u>(126,690)</u>	<u>-</u>	<u>(57,497)</u>	<u>-</u>
<b>Total net income (loss) and comprehensive income (loss) for the period</b>	<u>205,707</u>	<u>18,300</u>	<u>(203,307)</u>	<u>(251,018)</u>
Net income (loss) attributable to				
Shareholders of Advent-AWI Holdings Inc.	327,863	7,401	(207,350)	(285,691)
Non-controlling interests	<u>4,534</u>	<u>10,899</u>	<u>61,540</u>	<u>34,673</u>
	<u>332,397</u>	<u>18,300</u>	<u>(145,810)</u>	<u>(251,018)</u>
<b>Basic and diluted, earning (loss) per share for net income (loss) attributable to the ordinary equity holders of the company</b> (note 19)	0.027	0.001	(0.017)	(0.024)

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

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Changes In Shareholders' Equity**

(Unaudited, expressed in Canadian dollars)

	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (loss) \$	Retained Earnings \$	Non-controlling Interests \$	Total Equity \$
<b><u>Nine months ended September 30, 2022</u></b>						
Balance - December 31, 2021	4,274,676	623,971	95,187	11,269,883	47,867	16,311,584
Net income attributable to non-controlling interests for the period	-	-	-	-	61,540	61,540
Net loss attributable to shareholders of Advent-AWI Holdings Inc. for the period	-	-	-	(207,350)	-	(207,350)
Other comprehensive loss	-	-	(57,497)	-	-	(57,497)
Dividends paid (note 24)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,776)</u>	<u>-</u>	<u>(596,776)</u>
Balance - September 30, 2022	<u>4,274,676</u>	<u>623,971</u>	<u>37,690</u>	<u>10,465,757</u>	<u>109,407</u>	<u>15,511,501</u>
<b><u>Nine months ended September 30, 2021</u></b>						
Balance - December 31, 2020	4,274,676	623,971	-	12,588,152	19,599	17,506,398
Net income attributable to non-controlling interests	-	-	-	-	34,673	34,673
Net loss attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	-	(285,691)	-	(285,691)
Dividends paid (note 24)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,776)</u>	<u>-</u>	<u>(596,776)</u>
Balance - September 30, 2021	<u>4,274,676</u>	<u>623,971</u>	<u>-</u>	<u>11,705,685</u>	<u>54,272</u>	<u>16,658,604</u>

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

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited, expressed in Canadian dollars)

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows provided by (used in) operating activities</b>				
Net income (loss) for the period	332,397	18,300	(145,810)	(251,018)
Items not affecting cash				
Amortization of property, plant and equipment	7,757	8,312	23,633	24,487
Amortization of investment properties	8,973	8,973	26,919	26,919
Amortization of intangible assets	23,669	25,000	69,872	75,000
Amortization of right-of-use assets	43,794	44,530	132,337	133,933
Interest expense	2,267	3,269	8,135	11,084
Interest income	(20,978)	(5,175)	(42,179)	(23,177)
Current income tax expense (recovery)	24,271	5,874	(18,076)	(132,522)
Deferred income tax assets	(3,423)	(874)	4,776	3,522
Foreign currency exchange	<u>(160,609)</u>	<u>-</u>	<u>(92,646)</u>	<u>-</u>
	<u>258,118</u>	<u>108,209</u>	<u>(33,039)</u>	<u>(131,772)</u>
Changes in non-cash working capital items				
Trade and other receivables	(289,428)	(104,097)	235,096	198,473
Inventories	(79,824)	(223,961)	205,497	(357,163)
Prepaid expenses and deposits	3,579	295,718	(2,897)	474,409
Trade accounts payable	359,146	277,621	(759,625)	(345,871)
Other payables and accrued liabilities	-	-	(138,535)	(272,535)
Government Loan	-	-	-	10,000
Government remittances payable	35,744	15,771	38,876	5,168
Loans receivable	<u>519,965</u>	<u>14,595</u>	<u>(368,098)</u>	<u>117,090</u>
	<u>549,182</u>	<u>275,647</u>	<u>(789,686)</u>	<u>(170,429)</u>
Taxes paid	<u>(7,770)</u>	<u>275,861</u>	<u>(15,675)</u>	<u>95,875</u>
<b>Net cash flows provided by (used in) operating activities</b>	<u>799,530</u>	<u>659,717</u>	<u>(838,400)</u>	<u>(206,326)</u>

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

**ADVENT-AWI HOLDINGS INC.****Condensed Interim Consolidated Statements of Cash Flows (continued)**

(Unaudited, expressed in Canadian dollars)

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance carryforward				
<b>Net cash flows provided by (used in) operating activities</b>	<u>799,530</u>	<u>659,717</u>	<u>(838,400)</u>	<u>(206,326)</u>
<b>Cash flows provided by (used in) investing activities</b>				
Purchase of property, plant and equipment	(1,768)	-	(3,128)	(13,207)
Decrease in marketable securities	90	-	33,855	29,578
Interest received	<u>20,978</u>	<u>5,175</u>	<u>42,179</u>	<u>23,177</u>
<b>Net cash flows provided by investing activities</b>	<u>19,300</u>	<u>5,175</u>	<u>72,906</u>	<u>39,548</u>
<b>Cash flows used in financing activities</b>				
Lease payment	(47,293)	(46,743)	(141,481)	(139,205)
Dividends paid	<u>(596,776)</u>	<u>-</u>	<u>(596,776)</u>	<u>(596,776)</u>
<b>Net cash flows used in financing activities</b>	<u>(644,069)</u>	<u>(46,743)</u>	<u>(738,257)</u>	<u>(735,981)</u>
Effect of foreign exchange rate changes on cash	15,487	-	13,733	-
<b>Net cash provided by (used in) operations</b>	190,248	618,149	(1,490,018)	(902,759)
<b>Cash and cash equivalents - beginning of period</b>	<u>7,524,789</u>	<u>8,510,197</u>	<u>9,205,055</u>	<u>10,031,105</u>
<b>Cash and cash equivalents - end of period</b>	<u>7,715,037</u>	<u>9,128,346</u>	<u>7,715,037</u>	<u>9,128,346</u>

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

# **ADVENT-AWI HOLDINGS INC.**

## **Notes to Condensed Interim Consolidated Financial Statements**

### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, 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 as at September 30, 2022.

Commencing in 2016, the Company is a 70% owner of Adwell Financial Services Inc. and its wholly owned subsidiary Adwell Mortgage Solutions Inc. (which was dissolved on June 30, 2021), a microfinancing company. The remaining interest is held equally between Adwealth Capital Holdings Inc. and Q&Y Holdings Inc. The unaudited condensed interim 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 unaudited condensed interim 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 preparation of the unaudited condensed interim consolidated financial statements**

These unaudited condensed interim 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 unaudited condensed interim consolidated financial statements, unless otherwise noted.

The unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2022 and 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 were approved by the Board of Directors for issue on November 28, 2022.

#### **3. Significant accounting policies and judgment**

##### **(a) Significant accounting policies**

The significant accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those described in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

##### **Basis of consolidation**

The unaudited condensed interim 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.. Adwell Mortgage Solutions Inc. (a subsidiary of Adwell Financial Services Inc.) was dissolved in June 2021. 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. All companies use Canadian dollars as their functional currency except Advent TeleMedicare Ltd. which uses Hong Kong dollars as its functional currency.

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

#### **Condensed interim consolidated statements of income (loss) and comprehensive income (loss) and cash flows**

The Company has elected to present a single condensed interim consolidated statements of income (loss) and comprehensive income (loss) 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.

#### **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 recognized when:
  - a) Cellular phones and related products are sold to customers, at the point of sale through one of its retail stores, net of estimated returns.
  - b) Monthly commission revenue in connection with sales of cellular plans and related products is 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.
- 2) Financing revenue earned from microfinancing is recognized when earned and on an accrued basis.
- 3) Sales of telemedicine equipment and services in Hong Kong and Macau.

#### **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.

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

Financial assets and financial liabilities are offset and the net amount is reported in the condensed interim 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.

Financial assets and liabilities 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, marketable securities 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 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.

#### **Deposits**

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

#### **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 Condensed Interim Consolidated Financial Statements

#### For the three and nine months ended September 30, 2022 and 2021

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(Unaudited, expressed in Canadian dollars)

#### Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets 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 condensed interim consolidated statements of income (loss) and comprehensive income (loss) 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 (loss) and comprehensive income (loss).

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.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets with finite lives are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets include an agreement with DynoSense Corp. for a five-year term.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

#### **Leases**

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized on a straight-line or other systematic basis.

#### **Government assistance**

The Company received certain government assistance in the form of forgivable loans in connection with the COVID-19 pandemic. The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognized at fair value on initial recognition as a financial liability. The benefit of the below-market rate of interest is measured as the difference between the carrying value of the loan and the proceeds received. The benefit is recognized on a systematic basis over periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Should an amount of the loan become forgivable or forgiveness is reasonably assured, the Company will recognise the government assistance that has not been forgiven in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

#### **Foreign Currency**

##### **(i) Functional Currency and foreign currency translation**

The functional currency of the Company, for each subsidiary, is the currency of the primary economic environment in which the entity operates. The unaudited condensed interim consolidated financial statements are presented in Canadian Dollars.

Once the Company determines the functional currency of an entity, it is not changed unless there is a significant change in the relevant underlying transactions, events and circumstances. Any change in an entity's functional currency is accounted for prospectively from the date of the change, and the unaudited condensed interim consolidated statements of financial position are translated using the exchange rate at that date.

At the end of each reporting period, the Company translates foreign operations on its consolidation based as follows:

- 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;
- Income and expenses for each statement of income are translated at average exchange rates;
- All resulting exchange differences are recognized as other comprehensive income (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses are accumulated in comprehensive income (loss) related to the foreign operation. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive loss related to the subsidiary are reallocated between controlling and non-controlling interests.

##### **(ii) Functional currency transaction**

At the end of each reporting period, the Company translates foreign currency transactions on each subsidiary as follows:

- monetary items are translated at the closing rate in effect at the date of the statement of financial position;
- non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured;
- Income statement items are translated using the average exchange rate during the period (as this is considered a reasonable approximation to actual rates);
- All resulting foreign exchange gains or losses are recognized in statements of loss and comprehensive loss as foreign exchange gain and loss.

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, 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 condensed interim consolidated statements of income (loss) and comprehensive income (loss).

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 three segments, which are "Wireless Business", "Financing Business" and "Digital Health 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. The Digital Health Business sells health products and services in Hong Kong and Macau.

The financial position of these segments are presented in note 23 of the unaudited condensed interim consolidated financial statements

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

#### **New accounting pronouncement**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's unaudited condensed interim consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

In January 2020, the International Accounting Standards Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

#### **IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors**

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its unaudited condensed interim consolidated financial statements.

#### **IAS 12 Income Taxes (Amendment)**

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its unaudited condensed interim consolidated financial statements.

#### **(b) Critical accounting estimates**

The preparation of condensed interim consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim 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.

**ADVENT-AWI HOLDINGS INC.**

**Notes to Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

**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.

## ADVENT-AWI HOLDINGS INC.

### Notes to Condensed Interim Consolidated Financial Statements

#### For the three and nine months ended September 30, 2022 and 2021

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(Unaudited, 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 condensed interim 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 condensed interim consolidated financial statements is set out below.

#### 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.

#### 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 cost of sales. 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 condensed interim consolidated statements of income (loss) and comprehensive income (loss) as the Company is exposed to the risks and rewards before and after the associated transaction.

The preparation of condensed interim 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

	Sept 30, 2022	Sept 30, 2021
	\$	\$
Trade and other receivables	<u>774,066</u>	<u>649,862</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 September 30, 2022 and 2021 as the amounts are considered to be fully collectible and substantially current (see note 21(b)).

## ADVENT-AWI HOLDINGS INC.

### Notes to Condensed Interim Consolidated Financial Statements

#### For the three and nine months ended September 30, 2022 and 2021

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(Unaudited, 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 nine months ended September 30, 2022 amounted to \$1,710,911 (September 30, 2021 - \$1,740,974). There have been no inventory writedowns in the period (2021 - \$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

	Sept 30, 2022	Sept 30, 2021
	\$	\$
Term deposits (i)	4,000,000	4,000,000
Guaranteed investment certificate (ii)	<u>230,000</u>	<u>230,000</u>
Balance - End of period	<u>4,230,000</u>	<u>4,230,000</u>

- i) The term deposits mature between December 29, 2022 to February 22, 2023, earning interest at a rate between 1.10% to 1.30% per annum.
- ii) The guaranteed investment certificate matures on June 10, 2023 (2021 - June 10, 2023), earning interest at 0.55% per annum (2021 - 0.55% per annum).

#### 7. Prepaid and deposits

Prepaid and deposits include an advance payment of \$Nil (September 30, 2021 - \$13,500) to DynoSense Corp. (a digital therapeutics equipment manufacturer).

#### 8. Loans receivable

Loans receivable comprises of (1) unsecured personal instalment loans bearing interest ranging from 31% - 48% per annum (September 30, 2021 - 30% - 46%), with a weighted average rate of 41% per annum (September 30, 2021 - 43%) from \$1,500 to \$5,000 with 9 to 36 months flexible repayment terms with no early repayment penalties, (2) short term payday loans averaging less than \$1,000 and (3) secured mortgage loans bearing interest from 6% to 20% with term averaging 12 months.

Financing revenue earned in the nine months period ended September 30, 2022 is \$538,981 (September 30, 2021 - \$379,799).

Based on historical default rates and credit risk assessment of the entity, the expected credit loss provision for the nine months period ended September 30, 2022 is \$66,409 (September 30, 2021 - \$81,331).

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**9. Leases**

<b>(A) Cost</b>	<b>\$</b>
Balance, January 1, 2021	726,356
Additions	<u>73,829</u>
Balance, December 31, 2021	<u>800,185</u>
Balance, September 30, 2022	<u><u>800,185</u></u>
<b>Amortization</b>	
Balance, January 1, 2021	308,753
Amortization for the year	<u>175,971</u>
Balance, December 31, 2021	484,724
Amortization for the period	<u>132,338</u>
Balance, September 30, 2022	<u><u>617,062</u></u>
<b>Net carrying amount</b>	
Balance, December 31, 2021	<u>315,461</u>
Balance, September 30, 2022	<u><u>183,123</u></u>
<b>(B) Lease liabilities</b>	
Balance, January 1, 2021	726,357
Additions	<u>73,829</u>
Balance, December 31, 2021	<u>800,186</u>
Balance, September 30, 2022	<u><u>800,186</u></u>
<b>Lease reduction</b>	
Balance, January 1, 2021	300,475
Lease payment in the year	183,642
Less interest portion	<u>(13,931)</u>
Balance, December 31, 2021	470,186
Lease payment in the period	141,481
Less interest portion	<u>(8,135)</u>
Balance, September 30, 2022	<u><u>603,532</u></u>
<b>Net lease liabilities</b>	
Balance, December 31, 2021	<u>330,000</u>
Balance, September 30, 2022	<u><u>196,654</u></u>
Lease liabilities - current	159,829
Lease liabilities	<u>36,825</u>
Balance, September 30, 2022	<u><u>196,654</u></u>

**ADVENT-AWI HOLDINGS INC.**
**Notes to Condensed Interim Consolidated Financial Statements**
**For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**10. Property, plant and equipment**

	Land	Building	Leasehold improvements	Furniture, fixtures and equipment	Sign	Computer hardware	Computer software	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, January 1, 2021	60,116	574,677	166,966	196,802	6,590	236,518	7,377	1,249,046
Additions	-	-	-	-	-	16,879	-	16,879
Balance, December 31, 2021	60,116	574,677	166,966	196,802	6,590	253,397	7,377	1,265,925
Additions	-	-	-	-	-	3,128	-	3,128
Exchange adjustment	-	-	-	-	-	3,239	-	3,239
Balance, September 30, 2022	<u>60,116</u>	<u>574,677</u>	<u>166,966</u>	<u>196,802</u>	<u>6,590</u>	<u>259,764</u>	<u>7,377</u>	<u>1,272,292</u>
<b>Amortization</b>								
Balance, January 1, 2021	-	119,330	166,966	192,495	5,297	205,351	7,377	696,816
Amortization for the year	-	19,156	-	3,223	1,293	9,071	-	32,743
Exchange adjustment	-	-	-	-	-	8	-	8
Balance, December 31, 2021	-	138,486	166,966	195,718	6,590	214,430	7,377	729,567
Amortization for the period	-	14,367	-	1,063	-	8,202	-	23,632
Exchange adjustment	-	-	-	-	-	1,098	-	1,098
Balance, September 30, 2022	<u>-</u>	<u>152,853</u>	<u>166,966</u>	<u>196,781</u>	<u>6,590</u>	<u>223,730</u>	<u>7,377</u>	<u>754,297</u>
<b>Net carrying amount</b>								
Balance, December 31, 2021	<u>60,116</u>	<u>436,191</u>	<u>-</u>	<u>1,084</u>	<u>-</u>	<u>38,967</u>	<u>-</u>	<u>536,358</u>
Balance, September 30, 2022	<u>60,116</u>	<u>421,824</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>36,034</u>	<u>-</u>	<u>517,995</u>

**11. Investment properties**

	Land	Building	Total
	\$	\$	\$
<b>Cost</b>			
Balance, January 1, 2021	207,118	1,075,599	1,282,717
Disposals	-	-	-
Balance, December 31, 2021	<u>207,118</u>	<u>1,075,599</u>	<u>1,282,717</u>
Balance, September 30, 2022	<u>207,118</u>	<u>1,075,599</u>	<u>1,282,717</u>
<b>Amortization</b>			
Balance, January 1, 2021	-	315,782	315,782
Disposals	-	-	-
Amortization for the year	-	35,892	35,892
Balance, December 31, 2021	-	351,674	351,674
Amortization for the period	-	26,919	26,919
Balance, September 30, 2022	<u>-</u>	<u>378,593</u>	<u>378,593</u>
<b>Net carrying amount</b>			
Balance, December 31, 2021	<u>207,118</u>	<u>723,925</u>	<u>931,043</u>
Balance, September 30, 2022	<u>207,118</u>	<u>697,006</u>	<u>904,124</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

The estimated fair market value of the investment properties at September 30, 2022 was \$1,351,765 (September 30, 2021 - \$1,376,952). 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 location. 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.

**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.

**Intangible assets**

<b>Cost</b>	<b>\$</b>
Balance, January 1, 2021	500,000
Adjustment to 2021 year end exchange rate	<u>(37,543)</u>
Balance, December 31, 2021	462,457
Adjustment to 2022 period end exchange rate	<u>34,130</u>
Balance, September 30, 2022	<u>496,587</u>
<b>Amortization</b>	
Balance, January 1, 2021	50,000
Amortization for the year	91,752
Adjustment to 2021 year end exchange rate	<u>(3,015)</u>
Balance, December 31, 2021	138,737
Amortization for the period	69,872
Adjustment to 2022 period end exchange rate	<u>14,855</u>
Balance, September 30, 2022	<u>223,464</u>
<b>Net carrying amount</b>	
Balance, December 31, 2021	<u>323,720</u>
Balance, September 30, 2022	<u>273,123</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

**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**

In 2020, the Company applied for the Canada Emergency Business Account (CEBA) loan of \$40,000 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, 2023. 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%. The loan forgiveness is recorded as other revenue.

During 2021, the Company applied for an additional \$20,000 CEBA loan. The loan is interest free upon the condition that 50% of the loan is repaid before December 31, 2023. The remaining 50% (\$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%. The loan forgiveness is recorded as other revenue. The benefit of such below market rate of interest does not have a material impact on the Company's financial position.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**15. Capital stock**

Authorized

100,000,000 common shares without par value

Issued and outstanding

	Number of shares	Amount \$
Balance - December 31, 2021 and September 30, 2022	<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.

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.

**16. General and administration expenses**

General and administration expenses consist of the following:

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Bank service charges	14,716	13,152	28,326	40,097
General and office expenses	(87,216)	115,778	121,206	287,862
Insurance	13,447	16,985	56,204	63,112
Interest	2,267	3,269	8,135	11,084
Professional fees	86,536	54,521	197,007	180,582
Rent and occupancy costs	58,032	33,156	186,760	119,878
Salary and payroll costs	435,949	388,874	1,320,752	1,164,166
Telephone expenses	<u>9,427</u>	<u>9,578</u>	<u>26,452</u>	<u>25,317</u>
	<u>533,158</u>	<u>635,313</u>	<u>1,944,842</u>	<u>1,892,098</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**17. Income taxes**

Components of the provision for income taxes are as follows:

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current income tax (recovery)	60,423	5,874	18,076	(132,522)
Deferred income tax (recovery)	<u>(12,975)</u>	<u>(874)</u>	<u>(4,776)</u>	<u>3,522</u>
Provision for (recovery of) income taxes	<u>47,448</u>	<u>5,000</u>	<u>13,300</u>	<u>(129,000)</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 September 30, 2022 and September 30, 2021, the Company had no options outstanding.

**19. Income (loss) per share**

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net income (loss) applicable to common shares	327,863	7,401	(207,350)	(285,691)
Basic and diluted weighted average number of common shares outstanding	11,935,513	11,935,513	11,935,513	11,935,513
Basic and diluted income (loss) per share	0.027	0.001	(0.017)	(0.024)

Basic loss per share was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. Diluted loss per share was equal to basic loss per share as there were no dilutive instruments outstanding in the three and nine-month periods ended September 30, 2022 and September 30, 2021.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**20. Commitments**

The table below shows the future minimum payments under leases as at September 30, 2022:

	\$
2022 remaining	61,779
2023	147,681
2024	<u>23,898</u>
	<u>233,358</u>

**21. Financial instruments**

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

<b>Financial instrument</b>	<b>IFRS 9 Classification Measurement</b>	<b>Sept 30, 2022 \$</b>	<b>Sept 30, 2021 \$</b>
Cash and cash equivalents	Amortized cost using the effective interest method	7,715,037	9,128,346
Trade and other receivables	Amortized cost using the effective interest method	774,066	649,862
Loans receivable	Amortized cost using the effective interest method	2,019,569	1,510,396
Marketable securities	Amortized cost using the effective interest method	4,230,000	4,230,000
Trade accounts payable and other payables and accrued liabilities	Amortized cost using the effective interest method	1,447,361	1,431,185
Loans payable	Amortized cost using the effective interest method	150,000	150,000

The carrying amount of cash, trade and other receivables, loans receivable, marketable securities, trade accounts payable and other payables and accrued liabilities and loans payable approximate the fair values due to the relatively short period to maturity of the instruments.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**b) Management of financial risk****i) 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 bears a floating interest rate, the term deposits, which earn interest at a fixed rate of approximately 1.10% - 1.30%, and the guaranteed investment certificate, which earns interest at a fixed rate of 0.55% as described in note 6. Any fluctuation in the interest rate will not have a significant impact on the Company.

**ii) 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, cash equivalents, short-term investments and trade receivables. The Company limits its exposure to credit risk by placing its cash and cash equivalents and marketable securities with high credit quality financial institutions.

The Company has a high concentration of credit risk as approximately 91% of the trade receivables as at September 30, 2022 (September 30, 2021 - 85%) were owed by one customer, Rogers Communications Inc. For the nine months period ended September 30, 2022, approximately 99% (September 30, 2021 - 97%) of the Company's gross revenue was from this customer. Based on historic default rates and the credit quality of this customer, no 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 September 30, 2022, 9% (September 30, 2021 - 15%) of trade receivables were outstanding for between 30 and 90 days and the remaining 91% (2021 - 85%) were outstanding less than 30 days. Trade receivables are considered past due based on the contract terms agreed to with the customer.

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.

	Sept 30, 2022	Sept 30, 2021
	\$	\$
Neither past due nor impaired		
Cash and marketable securities - A - 1 +	6,504,078	8,289,456
Cash and marketable securities - A	5,424,617	5,052,548
Cash - A - 1	<u>16,342</u>	<u>16,342</u>
	<u>11,945,037</u>	<u>13,358,346</u>

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

## **ADVENT-AWI HOLDINGS INC.**

### **Notes to Condensed Interim Consolidated Financial Statements**

#### **For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

#### **iii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. It is the Company's intention to meet these obligations through the collection of trade receivables, loans receivable and current cash.

#### **iv) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to significant currency risk and interest rate 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.

#### **Foreign exchange risk**

The Company reports its financial results in Canadian Dollar but also undertakes transactions in other foreign currencies, mainly the Hong Kong dollars. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates in currencies other than the functional currency of each entity. A significant change in the currency exchange rates between the local functional currency of each entity and the other currencies it employs could have an effect on the Company's results of operations, financial position or cash flows. The Company has cash and cash equivalents, trade and other receivables, accounts and payable and accrued liabilities, denominated in foreign currencies, which are subject to currency risk.

The Company has not hedged its exposure to currency fluctuations.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

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(Unaudited, expressed in Canadian dollars)

**22. Related party transactions**

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:

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Salaries and other benefits	<u>172,277</u>	<u>109,315</u>	<u>626,998</u>	<u>403,215</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

**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, beginning in July 1, 2020, provides digital health products and services to consumers and health care providers in Hong Kong and Macau (Digital Health Business).

Unaudited condensed interim consolidated statement of financial position information by reportable segment at September 30, 2022 was as follows:

	<b>Wireless Business</b>	<b>Digital Health Business</b>	<b>Financing Business</b>	<b>Total</b>
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash	7,630,701	26,407	57,929	7,715,037
Trade and other receivables	693,111	943	80,012	774,066
Inventories	159,149	176,011	-	335,160
Prepaid and deposits	13,792	28,896	45,195	87,883
Right-of-use assets	183,123	-	-	183,123
Loans receivable	-	-	2,019,569	2,019,569
Marketable securities	4,230,000	-	-	4,230,000
Property, plant and equipment	484,364	30,448	3,183	517,995
Investment properties	904,124	-	-	904,124
Deferred income tax assets	26,321	278,216	29,571	334,108
Intangible assets	-	273,123	-	273,123
Income tax receivable	<u>17,879</u>	<u>-</u>	<u>25,203</u>	<u>43,082</u>
<b>Total assets</b>	<u><u>14,342,564</u></u>	<u><u>814,044</u></u>	<u><u>2,260,662</u></u>	<u><u>17,417,270</u></u>
<b>LIABILITIES</b>				
Payables and accrued liabilities	1,255,267	41,926	150,168	1,447,361
Government remittances payable	49,776	-	4,978	54,754
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	40,000	40,000
Lease liabilities	196,654	-	-	196,654
Loans payable	-	-	150,000	150,000
Due to (from) related parties	<u>(4,154,960)</u>	<u>2,604,960</u>	<u>1,550,000</u>	<u>-</u>
<b>Total liabilities</b>	<u><u>(2,636,263)</u></u>	<u><u>2,646,886</u></u>	<u><u>1,895,146</u></u>	<u><u>1,905,769</u></u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

Unaudited condensed interim consolidated statement of financial position information by reportable segment at September 30, 2021 was as follows:

	<b>Wireless Business</b>	<b>Digital Health Business</b>	<b>Financing Business</b>	<b>Total</b>
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash	9,000,203	54,373	73,770	9,128,346
Trade and other receivables	561,049	6,190	82,623	649,862
Inventories	85,305	412,336	-	497,641
Prepaid and deposits	19,435	25,749	45,232	90,416
Right-of-use assets	283,669	-	-	283,669
Loans receivable	-	-	1,510,396	1,510,396
Marketable securities	4,230,000	-	-	4,230,000
Property, plant and equipment	504,868	34,828	1,254	540,950
Investment properties	940,016	-	-	940,016
Deferred income tax assets	33,118	68,852	32,323	134,293
Intangible assets	-	375,000	-	375,000
Income tax receivable	<u>215,546</u>	<u>-</u>	<u>31,524</u>	<u>247,070</u>
<b>Total assets</b>	<u><b>15,873,209</b></u>	<u><b>977,328</b></u>	<u><b>1,777,122</b></u>	<u><b>18,627,659</b></u>
<b>LIABILITIES</b>				
Current liabilities	1,173,979	56,062	201,144	1,431,185
Government remittances payable	28,379	-	4,730	33,109
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	40,000	40,000
Lease liabilities	297,761	-	-	297,761
Loans payable	-	-	150,000	150,000
Due to (from) related parties	<u>(3,234,960)</u>	<u>2,034,960</u>	<u>1,200,000</u>	<u>-</u>
<b>Total liabilities</b>	<u><b>(1,717,841)</b></u>	<u><b>2,091,022</b></u>	<u><b>1,445,874</b></u>	<u><b>1,969,055</b></u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

Unaudited condensed interim consolidated statement of income (loss) and comprehensive income (loss) information by reportable segment for the three and nine months ended September 30, 2022 was as follows:

**3 months ended September 30, 2022**

	<b>Wireless Business \$</b>	<b>Digital Health Business \$</b>	<b>Financing Business \$</b>	<b>Total \$</b>
<b>Revenue</b>	1,474,143	34,940	162,067	1,671,150
<b>Cost of sales</b>	<u>727,422</u>	<u>4,343</u>	<u>-</u>	<u>731,765</u>
<b>Gross profit</b>	<u>746,721</u>	<u>30,597</u>	<u>162,067</u>	<u>939,385</u>
<b>Expenses</b>				
General and administration	469,626	(82,483)	146,015	533,158
Advertising and promotion	8,006	1,332	700	10,038
Amortization of right-of-use assets	43,794	-	-	43,794
Amortization of property, plant and equipment	5,271	2,246	240	7,757
Amortization - intangible assets	-	23,669	-	23,669
Amortization of investment properties	<u>8,973</u>	<u>-</u>	<u>-</u>	<u>8,973</u>
<b>Total expenses</b>	<u>535,670</u>	<u>(55,236)</u>	<u>146,955</u>	<u>627,389</u>
Operating income (loss)	<u>211,051</u>	<u>85,833</u>	<u>15,112</u>	<u>311,996</u>
<b>Investment income</b>				
Rental income	20,271	-	-	20,271
Interest income	<u>20,978</u>	<u>-</u>	<u>-</u>	<u>20,978</u>
	<u>41,249</u>	<u>-</u>	<u>-</u>	<u>41,249</u>
<b>Income (loss) from operations before income taxes</b>	<u>252,300</u>	<u>85,833</u>	<u>15,112</u>	<u>353,245</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

	<b>9 months ended September 30, 2022</b>			
	<b>Wireless Business</b>	<b>Digital Health Business</b>	<b>Financing Business</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3,067,667	68,866	538,981	3,675,514
<b>Cost of sales</b>	<u>1,608,147</u>	<u>102,764</u>	<u>-</u>	<u>1,710,911</u>
<b>Gross profit</b>	<u>1,459,520</u>	<u>(33,898)</u>	<u>538,981</u>	<u>1,964,603</u>
<b>Expenses</b>				
General and administration	1,273,256	339,796	331,790	1,944,842
Advertising and promotion	14,881	12,554	1,000	28,435
Amortization of right-of-use assets	132,337	-	-	132,337
Amortization of property, plant and equipment	15,938	6,636	1,059	23,633
Amortization - intangible assets	-	69,872	-	69,872
Amortization of investment properties	<u>26,919</u>	<u>-</u>	<u>-</u>	<u>26,919</u>
<b>Total expenses</b>	<u>1,463,331</u>	<u>428,858</u>	<u>333,849</u>	<u>2,226,038</u>
Operating income (loss)	<u>(3,811)</u>	<u>(462,756)</u>	<u>205,132</u>	<u>(261,435)</u>
<b>Investment income</b>				
Rental income	60,146	-	-	60,146
Interest income	<u>42,179</u>	<u>-</u>	<u>-</u>	<u>42,179</u>
	<u>102,325</u>	<u>-</u>	<u>-</u>	<u>102,325</u>
<b>Income (loss) from operations before income taxes</b>	<u>98,514</u>	<u>(462,756)</u>	<u>205,132</u>	<u>(159,110)</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

Unaudited condensed interim consolidated statements of income (loss) information by reportable segment for the three and nine months ended September 30, 2021 was as follows:

	<b>3 months ended September 30, 2021</b>			
	<b>Wireless Business \$</b>	<b>Digital Health Business \$</b>	<b>Financing Business \$</b>	<b>Total \$</b>
<b>Revenue</b>	1,380,997	4,095	136,982	1,522,074
<b>Cost of sales</b>	<u>748,608</u>	<u>44,953</u>	<u>-</u>	<u>793,561</u>
<b>Gross profit</b>	<u>632,389</u>	<u>(40,858)</u>	<u>136,982</u>	<u>728,513</u>
<b>Expenses</b>				
General and administration	321,386	236,878	97,312	655,576
Advertising and promotion	4,998	2,632	-	7,630
Amortization of right-of-use assets	44,530	-	-	44,530
Amortization of property, plant and equipment	5,437	2,033	842	8,312
Amortization - intangible assets	-	25,000	-	25,000
Amortization of investment properties	<u>8,973</u>	<u>-</u>	<u>-</u>	<u>8,973</u>
<b>Total expenses</b>	<u>385,324</u>	<u>266,543</u>	<u>98,154</u>	<u>750,021</u>
Operating income (loss)	<u>247,065</u>	<u>(307,401)</u>	<u>38,828</u>	<u>(21,508)</u>
<b>Investment income</b>				
Rental income	39,633	-	-	39,633
Interest income	<u>5,175</u>	<u>-</u>	<u>-</u>	<u>5,175</u>
	<u>44,808</u>	<u>-</u>	<u>-</u>	<u>44,808</u>
<b>Income (loss) from operations before income taxes</b>	<u>291,873</u>	<u>(307,401)</u>	<u>38,828</u>	<u>23,300</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Unaudited, expressed in Canadian dollars)

	<b>9 months ended September 30, 2021</b>			
	<b>Wireless Business \$</b>	<b>Digital Health Business \$</b>	<b>Financing Business \$</b>	<b>Total \$</b>
<b>Revenue</b>	3,042,654	6,380	404,799	3,453,833
<b>Cost of sales</b>	<u>1,691,021</u>	<u>49,953</u>	<u>-</u>	<u>1,740,974</u>
<b>Gross profit</b>	<u>1,351,633</u>	<u>(43,573)</u>	<u>404,799</u>	<u>1,712,859</u>
<b>Expenses</b>				
General and administration	988,194	637,470	286,697	1,912,361
Advertising and promotion	15,887	3,612	-	19,499
Amortization of right-of-use assets	133,933	-	-	133,933
Amortization of property, plant and equipment	16,185	5,776	2,526	24,487
Amortization - intangible assets	-	75,000	-	75,000
Amortization of investment properties	<u>26,919</u>	<u>-</u>	<u>-</u>	<u>26,919</u>
<b>Total expenses</b>	<u>1,181,118</u>	<u>721,858</u>	<u>289,223</u>	<u>2,192,199</u>
Operating income (loss)	<u>170,515</u>	<u>(765,431)</u>	<u>115,576</u>	<u>(479,340)</u>
<b>Investment income</b>				
Rental income	76,145	-	-	76,145
Interest income	<u>23,177</u>	<u>-</u>	<u>-</u>	<u>23,177</u>
	<u>99,322</u>	<u>-</u>	<u>-</u>	<u>99,322</u>
<b>Income (loss) from operations before income taxes</b>	<u>269,837</u>	<u>(765,431)</u>	<u>115,576</u>	<u>(380,018)</u>

**24. Dividends paid**

Dividends amounting to \$596,776 (2021 - \$596,776) were paid as of September 30, 2022.

**25. Subsequent events**

During this quarter, Dynosense Corp. has decided to terminate its business operations. Consequently, the company has commenced dissolving its Digital Health Business and this process is expected to complete before the end of the year.