

**Unaudited Condensed Interim Consolidated Financial Statements of**

**Advent-AWI Holdings Inc.**

**For the three and nine months ended September 30, 2023 and 2022  
(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)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,237,373	6,388,702
Trade and other receivables (note 4)	531,345	592,986
Inventories (note 5)	50,549	69,750
Marketable securities (note 6)	8,000,000	6,100,487
Prepaid and deposits - current (note 7)	-	21,899
Loans receivable - current (note 8)	3,394,744	2,200,640
Income taxes receivable	74,627	100,118
	<u>14,288,638</u>	<u>15,474,582</u>
<b>Non-current assets</b>		
Loans receivable (note 8)	50,671	34,188
Prepaid and deposits (note 7)	58,987	58,978
Right-of-use assets (note 9)	298,290	142,133
Property, plant and equipment (note 10)	468,307	483,379
Investment properties (note 11)	868,233	895,152
Intangible assets (note 12)	-	-
Deferred income tax assets (note 17)	57,697	49,361
	<u>1,802,185</u>	<u>1,663,191</u>
<b>Total assets</b>	<u><u>16,090,823</u></u>	<u><u>17,137,773</u></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)

	September 30, 2023	December 31, 2022
	\$	\$
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade accounts payable	742,688	1,383,393
Other payables and accrued liabilities	586,562	479,538
Government remittances payable	30,024	21,374
Tenant deposits	17,000	17,000
Lease liabilities - current (note 9)	101,873	130,326
Income taxes payable	-	168,470
Government loan (note 14)	40,000	40,000
Loans payable (note 13)	150,000	150,000
	<u>1,668,147</u>	<u>2,390,101</u>
<b>Non-Current Liabilities</b>		
Lease liabilities (note 9)	<u>204,130</u>	<u>23,426</u>
<b>Total Liabilities</b>	<u>1,872,277</u>	<u>2,413,527</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 15)	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	<u>9,180,256</u>	<u>9,743,682</u>
<b>Capital attributable to shareholders of Advent- AWI Holdings Inc.</b>	14,078,903	14,642,329
<b>Non-Controlling Interests</b>	<u>139,643</u>	<u>81,917</u>
<b>Total shareholders' equity</b>	<u>14,218,546</u>	<u>14,724,246</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>16,090,823</u></u>	<u><u>17,137,773</u></u>

General information (note 1)

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 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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
<b>Revenue</b> (note 23)				
Wireless revenue	1,127,888	1,474,143	3,001,259	3,067,667
Financing revenue (note 8)	267,730	162,067	718,262	538,981
<b>Total Revenue</b>	<u>1,395,618</u>	<u>1,636,210</u>	<u>3,719,521</u>	<u>3,606,648</u>
<b>Cost of sales</b> (note 5)	<u>627,316</u>	<u>727,422</u>	<u>1,717,631</u>	<u>1,608,147</u>
<b>Gross profit</b>	<u>768,302</u>	<u>908,788</u>	<u>2,001,890</u>	<u>1,998,501</u>
<b>Expenses</b>				
General and administration (note 16)	696,278	615,641	1,878,819	1,605,046
Advertisement and promotion	184	8,706	1,896	15,881
Amortization - Right-of-use assets (note 9)	23,129	43,794	108,562	132,337
Amortization of property, plant and equipment	5,739	5,511	17,138	16,997
Amortization of investment properties (note 11)	8,973	8,973	26,919	26,919
<b>Total expenses</b>	<u>734,303</u>	<u>682,625</u>	<u>2,033,334</u>	<u>1,797,180</u>
Operating income (loss)	<u>33,999</u>	<u>226,163</u>	<u>(31,444)</u>	<u>201,321</u>
<b>Other income</b>				
Rental income	27,500	20,271	78,342	60,146
Interest income	25,791	20,978	54,848	42,179
	<u>53,291</u>	<u>41,249</u>	<u>133,190</u>	<u>102,325</u>
<b>Income before income taxes</b>	<u>87,290</u>	<u>267,412</u>	<u>101,746</u>	<u>303,646</u>
Provision for income taxes (note 17)	<u>(18,867)</u>	<u>(12,291)</u>	<u>(10,670)</u>	<u>(14,465)</u>
<b>Income from continuing operations</b>	<u>68,423</u>	<u>255,121</u>	<u>91,076</u>	<u>289,181</u>
Discontinued operations				
Loss from discontinued operations, net of tax (note 24)	<u>-</u>	<u>77,276</u>	<u>-</u>	<u>(434,991)</u>
<b>Net income (loss) for the period</b>	<u>68,423</u>	<u>332,397</u>	<u>91,076</u>	<u>(145,810)</u>
Other Comprehensive Income (Loss)				
Foreign currency translation differences of foreign operations	<u>-</u>	<u>(126,690)</u>	<u>-</u>	<u>(57,497)</u>
<b>Total net income (loss) and comprehensive income (loss) for the period</b>	<u>68,423</u>	<u>205,707</u>	<u>91,076</u>	<u>(203,307)</u>
Net income (loss) attributable to				
Shareholders of Advent-AWI Holdings Inc.	49,125	327,863	33,350	(207,350)
Non-controlling interests	19,298	4,534	57,726	61,540
	<u>68,423</u>	<u>332,397</u>	<u>91,076</u>	<u>(145,810)</u>
<b>Basic and diluted, income (loss) per share for net income (loss) attributable to the ordinary equity holders of the company</b> (note 19)	0.0041	0.0275	0.0028	(0.0174)

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	Retained Earnings	Non-controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
<b><u>Nine months ended Sept 30, 2023</u></b>						
Balance - December 31, 2022	4,274,676	623,971	-	9,743,682	81,917	14,724,246
Net income attributable to non-controlling interests for the period	-	-	-	-	57,726	57,726
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the period	-	-	-	33,350	-	33,350
Dividends paid (note 24)	-	-	-	(596,776)	-	(596,776)
Balance - September 30, 2023	<u>4,274,676</u>	<u>623,971</u>	<u>-</u>	<u>9,180,256</u>	<u>139,643</u>	<u>14,218,546</u>
<b><u>Nine months ended Sept 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)	-	-	-	(596,776)	-	(596,776)
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>

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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows provided by (used in) operating activities</b>				
Net income for the period	68,423	255,121	91,076	289,181
Items not affecting cash				
Depreciation - right-of-use assets	23,129	43,794	108,562	132,337
Amortization of property, plant and equipment	5,739	5,511	17,138	16,997
Amortization of investment properties	8,973	8,973	26,919	26,919
Interest expense	28,006	2,267	30,315	8,135
Interest income	(25,791)	(20,978)	(54,848)	(42,179)
Current income tax expense	23,188	15,714	19,007	9,689
Deferred income tax expense	(4,321)	(3,423)	(8,337)	4,776
	<u>127,346</u>	<u>306,979</u>	<u>229,832</u>	<u>445,855</u>
Changes in non-cash working capital items				
Trade and other receivables	(41,360)	(289,428)	61,641	235,096
Inventories	19,654	(79,824)	19,201	205,497
Prepaid expenses and deposits	1,689	3,579	21,890	(2,897)
Trade accounts payable	173,041	359,146	(640,705)	(759,625)
Other payables and accrued liabilities	30,464	-	107,024	(138,535)
Government remittances payable	7,027	35,744	8,650	38,876
Loans receivable	(135,107)	519,965	(1,210,587)	(368,098)
	<u>55,408</u>	<u>549,182</u>	<u>(1,632,886)</u>	<u>(789,686)</u>
Taxes paid	<u>(15,517)</u>	<u>(7,770)</u>	<u>(161,987)</u>	<u>(15,675)</u>
<b>Net cash flows provided by (used in) operating activities</b>	<u>167,237</u>	<u>848,391</u>	<u>(1,565,041)</u>	<u>(359,506)</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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance carryforward				
<b>Net cash flows provided by (used in) operating activities</b>	<u>167,237</u>	<u>848,391</u>	<u>(1,565,041)</u>	<u>(359,506)</u>
<b>Cash flows provided by (used in) investing activities</b>				
Purchase of property, plant, and equipment	-	(1,768)	(2,066)	(3,128)
Investment in guaranteed investment certificates	-	90	(1,899,513)	33,855
Interest received	<u>25,791</u>	<u>20,978</u>	<u>54,848</u>	<u>42,179</u>
<b>Net cash flows provided by (used in) investing activities</b>	<u>25,791</u>	<u>19,300</u>	<u>(1,846,731)</u>	<u>72,906</u>
<b>Cash flows used in financing activities</b>				
Lease payment	(48,194)	(47,293)	(142,781)	(141,481)
Dividends paid	<u>(596,776)</u>	<u>(596,776)</u>	<u>(596,776)</u>	<u>(596,776)</u>
<b>Net cash flows used in financing activities</b>	<u>(644,970)</u>	<u>(644,069)</u>	<u>(739,557)</u>	<u>(738,257)</u>
Effect of foreign exchange rate changes on cash	-	15,487	-	13,733
<b>Net cash used in continuing operations</b>	<u>(451,942)</u>	<u>239,109</u>	<u>(4,151,329)</u>	<u>(1,011,124)</u>
<b>Net cash used in discontinued operations (Note 24)</b>	-	(48,861)	-	(478,894)
<b>Cash and cash equivalents - beginning of period</b>	<u>2,689,315</u>	<u>7,524,789</u>	<u>6,388,702</u>	<u>9,205,055</u>
<b>Cash and cash equivalents - end of period</b>	<u><u>2,237,373</u></u>	<u><u>7,715,037</u></u>	<u><u>2,237,373</u></u>	<u><u>7,715,037</u></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, 2023 and 2022**

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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, 2023.

Commencing in 2016, the Company is a 70% owner of Adwell Financial Services Inc., a microfinancing company. The remaining interest is held equally between Adwealth Capital Holdings Inc. and Q&Y Holdings 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. Advent TeleMedicare Ltd. was dissolved in November 2022.

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

#### **2. Basis of preparation of the 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 three months ended September 30, 2023 and 2022 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 were authorized for issue by the Board of Directors on November 27, 2023. The Board of Directors have the power to amend the unaudited condensed interim consolidated financial statements after issue.

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

##### **(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, 2022.

##### **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. (dissolved in November 2022) and Adwell Financial Services 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. 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, 2023 and 2022**

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(Unaudited, expressed in Canadian dollars)

#### **Non-controlling interests**

When the proportion of the equity held by non-controlling interests' changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the subsidiary. The Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received and attribute it to the shareholders of the Company.

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

The Company has elected to present a single unaudited condensed interim consolidated financial 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) Wireless revenue from 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.

#### **Other Income**

The Company's other 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.

#### **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

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

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

#### **For the three and nine months ended September 30, 2023 and 2022**

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(Unaudited, expressed in Canadian dollars)

#### **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 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 and guaranteed investment certificates 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, 2023 and 2022

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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 depreciation/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 condensed interim 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
Land	not amortized

Land is not amortized as no finite useful life can be determined, related carrying amount are not depreciated.

#### Investment properties

Investment properties include land and buildings 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. This agreement was terminated in November 2022. The balance amount was written off in the year 2022.

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, 2023 and 2022**

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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, 2023 and 2022**

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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 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 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 condensed interim 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 income (loss) and comprehensive income (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, 2023 and 2022**

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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 condensed interim 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 (discontinued in November 2022) sells health products and services in Hong Kong and Macau.

The financial position of these segments are presented in note 23 and note 24 (Digital Health Business - discontinued in November 2022) 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, 2023 and 2022**

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(Unaudited, expressed in Canadian dollars)

**(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.

**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, 2023 and 2022**

(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 unaudited 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 unaudited 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**

	September 30, 2023	September 30, 2022
	\$	\$
Trade and other receivables	<u>531,345</u>	<u>774,066</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, 2023 and 2022 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, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**5. Inventories**

All of the Company's inventory consists of finished goods. The net realizable value of inventory is equal to its cost. The cost of inventories recognized as expense and included in cost of sales for the nine months ended September 30, 2023 amounted to \$1,717,631 (2022 - \$1,608,147). 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**

	September 30, 2023	September 30, 2022
	\$	\$
Term Deposits (i)	-	4,000,090
Guaranteed investment certificates (ii)	<u>8,000,000</u>	<u>230,000</u>
Balance - End of period	<u><u>8,000,000</u></u>	<u><u>4,230,090</u></u>

i) The 2022 term deposits mature between December 29, 2022 to February 22, 2023, earning interest at a rate between 1.10% to 1.3% per annum.

ii) The guaranteed investment certificates mature between July 10, 2023 to February 22, 2024, earning interest between 0.55% to 5.4% per annum (2022 - 0.55% per annum). \$3,000,000 of the total is a guaranteed investment certificate maturing on January 2, 2024 but is redeemable after March 30, 2023.

**7. Prepaid and deposits**

	September 30, 2023		
	Current	Non-Current	Total
	\$	\$	\$
Prepaid	-	-	-
Deposits	<u>-</u>	<u>58,987</u>	<u>58,987</u>
	<u><u>-</u></u>	<u><u>58,987</u></u>	<u><u>58,987</u></u>
	September 30, 2022		
	Current	Non-Current	Total
	\$	\$	\$
Prepaid	15,452	-	15,452
Deposits	<u>13,444</u>	<u>58,987</u>	<u>72,431</u>
	<u><u>28,896</u></u>	<u><u>58,987</u></u>	<u><u>87,883</u></u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**8. Loans receivable**

Loans receivable comprises of (1) unsecured personal instalment loans bearing interest ranging from 31% - 48% per annum (2022 - 31% - 48%), with a weighted average rate of 41% per annum (2022 - 41%) 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, 2023 is \$718,262 (2022 - \$538,981).

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, 2023 is \$101,883 (2022 - \$66,409).

**September 30, 2023**

	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Loans receivable</b>	3,495,129	52,169	3,547,298
<b>Allowance for doubtful accounts</b>	100,385	1,498	101,883
<b>Net loans receivable</b>	<u>3,394,744</u>	<u>50,671</u>	<u>3,445,415</u>

**September 30, 2022**

	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Loans receivable</b>	1,275,235	810,742	2,085,977
<b>Allowance for doubtful accounts</b>	40,598	25,810	66,408
<b>Net loans receivable</b>	<u>1,234,637</u>	<u>784,932</u>	<u>2,019,569</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**9. Leases**

<b>(A) Cost</b>	<b>\$</b>
Balance, January 1, 2022	800,185
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>555,081</u>
Additions	308,628
Less: Adjustment due to change in discount rate	<u>(43,909)</u>
Balance, September 30, 2023	<u><u>819,800</u></u>
<b>Amortization</b>	
Balance, January 1, 2022	484,724
Amortization for the year	173,327
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>412,947</u>
Amortization for the period	<u>108,563</u>
Balance, September 30, 2023	<u><u>521,510</u></u>
<b>Net carrying amount</b>	
Balance, December 31, 2022	<u>142,134</u>
Balance, September 30, 2023	<u><u>298,290</u></u>
<b>(B) Lease liabilities</b>	
Balance, January 1, 2022	800,186
Additions	<u>(245,104)</u>
Balance, December 31, 2022	555,082
Additions	308,628
Less: Adjustment due to change in discount rate	<u>(43,911)</u>
Balance, September 30, 2023	<u><u>819,799</u></u>
<b>Lease reduction</b>	
Balance, January 1, 2022	470,186
Lease payment in the year	186,216
Less interest portion	(9,968)
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	401,330
Lease payment in the period	142,781
Less interest portion	<u>(30,315)</u>
Balance, September 30, 2023	<u><u>513,796</u></u>
<b>Net lease liabilities</b>	
Balance, December 31, 2022	<u>153,752</u>
Balance, September 30, 2023	<u><u>306,003</u></u>
Lease liabilities - current	101,873
Lease liabilities	<u>204,130</u>
Balance, September 30, 2023	<u><u>306,003</u></u>

**ADVENT-AWI HOLDINGS INC.**
**Notes to Condensed Interim Consolidated Financial Statements**
**For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**10. Property, plant and equipment**

	Land \$	Building \$	Leasehold improvements \$	Furniture, fixtures and equipment \$
<b>Cost</b>				
Balance, January 1, 2022	60,116	574,677	166,966	196,802
Disposals	-	-	-	-
Additions	-	-	-	-
Exchange adjustment	-	-	-	-
Balance, December 31, 2022	60,116	574,677	166,966	196,802
Additions	-	-	-	1,217
Balance, September 30, 2023	60,116	574,677	166,966	198,019
<b>Amortization</b>				
Balance, January 1, 2022	-	138,486	166,966	195,718
Disposals	-	-	-	-
Amortization for the year	-	19,156	-	1,084
Balance, December 31, 2022	-	157,642	166,966	196,802
Amortization for the period	-	14,367	-	469
Disposals	-	-	-	-
Balance, September 30, 2023	-	172,009	166,966	197,271
<b>Net carrying amount</b>				
Balance, December 31, 2022	60,116	417,035	-	-
Balance, September 30, 2023	60,116	402,668	-	748
	Sign \$	Computer hardware \$	Computer software \$	Total \$
<b>Cost</b>				
Balance, January 1, 2022	6,590	253,397	7,377	1,265,925
Disposals	-	(46,886)	-	(46,886)
Additions	-	4,514	-	4,514
Exchange adjustment	-	2,997	-	2,997
Balance, December 31, 2022	6,590	214,022	7,377	1,226,550
Additions	-	849	-	2,066
Balance, September 30, 2023	6,590	214,871	7,377	1,228,616
<b>Amortization</b>				
Balance, January 1, 2022	6,590	214,430	7,377	729,567
Disposals	-	(14,951)	-	(14,951)
Amortization for the year	-	8,315	-	28,555
Balance, December 31, 2022	6,590	207,794	7,377	743,171
Amortization for the period	-	2,302	-	17,138
Disposals	-	-	-	-
Balance, September 30, 2023	6,590	210,096	7,377	760,309
<b>Net carrying amount</b>				
Balance, December 31, 2022	-	6,228	-	483,379
Balance, September 30, 2023	-	4,775	-	468,307

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**11. Investment properties**

	Land \$	Building \$	Total \$
<b>Cost</b>			
Balance, January 1, 2022	207,118	1,075,600	1,282,718
Disposals	-	-	-
Balance, December 31, 2022	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
Balance, September 30, 2023	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
<b>Amortization</b>			
Balance, January 1, 2022	-	351,674	351,674
Disposals	-	-	-
Amortization for the year	-	35,892	35,892
Balance, December 31, 2022	-	387,566	387,566
Amortization for the period	-	26,919	26,919
Balance, September 30, 2023	-	414,485	414,485
<b>Net carrying amount</b>			
Balance, December 31, 2022	<u>207,118</u>	<u>688,034</u>	<u>895,152</u>
Balance, September 30, 2023	<u>207,118</u>	<u>661,115</u>	<u>868,233</u>

The estimated fair market value of the investment properties at September 30, 2023 was \$1,586,850 (2022 - \$1,351,765). 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.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**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 Telemedicine Ltd. for a five-year term and may be renewed for an additional five one-year terms thereafter. The balance of \$202,445 was written off in November 2022 due to the dissolution of Advent TeleMedicare Ltd.

**Intangible assets**

<b>Cost</b>	\$
Balance, January 1, 2022	462,457
Adjustment to 2022 year end exchange rate	31,570
Disposals	<u>(494,027)</u>
Balance, December 31, 2022	<u>-</u>
Balance, September 30, 2023	<u>-</u>
<b>Amortization</b>	
Balance, January 1, 2022	138,737
Amortization for the year	63,708
Disposals	<u>(202,445)</u>
Balance, December 31, 2022	<u>-</u>
Balance, September 30, 2023	<u>-</u>
<b>Net carrying amount</b>	
Balance, December 31, 2022	<u>-</u>
Balance, September 30, 2023	<u>-</u>

**13. Loans payable**

Loans payable are amounts due to minority shareholders of Adwell Financial Services Inc.

**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, 2023 and 2022**

(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, 2022 and September 30, 2023	<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 September 30</b>		<b>9 months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
Bank service charges	14,944	14,716	32,816	28,326
General and office expenses	66,805	50,321	147,597	74,978
Insurance	16,250	13,447	63,737	56,204
Interest	28,006	2,267	30,315	8,135
Professional fees	85,666	67,653	215,851	155,128
Rent and occupancy costs	22,009	38,820	114,259	131,416
Salary and payroll costs	454,665	419,082	1,251,635	1,125,022
Telephone expenses	7,933	9,335	22,609	25,837
	<u>696,278</u>	<u>615,641</u>	<u>1,878,819</u>	<u>1,605,046</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**17. Income taxes**

Components of the provision for income taxes (including discontinued operations in 2022) are as follows:

	<b>3 months ended Sept 30</b>		<b>9 months ended Sept 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
Current income tax (recovery)	23,188	60,423	19,007	18,076
Deferred income tax (recovery)	<u>(4,321)</u>	<u>(12,975)</u>	<u>(8,337)</u>	<u>(4,776)</u>
Recovery of income taxes	<u>18,867</u>	<u>47,448</u>	<u>10,670</u>	<u>13,300</u>

Future income tax assets are evaluated and if realization is not considered "more likely than not," they are not recognized on the financial statements. In 2022, Advent-AWI Holdings Inc. incurred a capital loss of \$2,611,678 on the disposition of its loan receivable from and investment in Advent TeleMedicare Ltd. This capital loss carryforward is unlikely to be used in the foreseeable future. The resulting future income tax asset not set up is \$346,070.

**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, 2023 and September 30, 2022, 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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
Net income (loss) applicable to common shares	49,125	327,863	33,350	(207,350)
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 earnings (loss) per share	0.0041	0.0275	0.0028	(0.0174)

Basic income (loss) per share was based on the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding. Diluted income (loss) per share was equal to basic income (loss) per share as there were no dilutive instruments outstanding in the three and nine-month periods ended September 30, 2023 and September 30, 2022.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**20. Commitments**

The table below shows the future minimum payments under leases as at September 30, 2023:

	\$
2023 (remaining)	36,725
2024	101,890
2025	60,272
2026	62,240
2027	62,240
2028	28,433
	<u>351,800</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>September 30,</b>	<b>September 30,</b>
		<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
Cash and cash equivalents	Amortized cost using the effective interest method	2,237,373	7,715,037
Trade and other receivables	Amortized cost using the effective interest method	531,345	774,066
Loans receivable	Amortized cost using the effective interest method	3,445,415	2,019,569
Marketable securities	Amortized cost using the effective interest method	8,000,000	4,230,000
Trade accounts payable and other payables and accrued liabilities	Amortized cost using the effective interest method	1,329,250	1,447,361
Loans payable	Amortized cost using the effective interest method	150,000	150,000
Government loan	Amortized cost using the effective interest method	40,000	40,000
Lease liabilities	Amortized cost using the effective interest method	306,003	196,654

The carrying amount of cash and cash equivalents, trade and other receivables, loans receivable, marketable securities, trade accounts payable and other payables and accrued liabilities, loans payable, Government loan and lease liabilities 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, 2023 and 2022**

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(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. As described in note 6, the term deposits earn interest at a fixed rate of approximately 1.10% - 1.30% per annum. The guaranteed investment certificates earn interest at a fixed rate of 0.55% to 5.4% per annum. 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 80% of the trade receivables as at September 30, 2023 (2022 - 91%) were owed by one customer, Rogers Communications Inc. For the period ended September 30, 2023, approximately 97% (2022 - 99%) of the Company's gross wireless 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, 2028.

At September 30, 2023, 20% (2022 - 9%) of trade receivables were outstanding for between 30 and 90 days and the remaining 80% (2022 - 91%) 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.

**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.

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**v) 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.

**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 September 30</b>		<b>9 months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries and other benefits	<u>173,177</u>	<u>172,277</u>	<u>508,377</u>	<u>626,998</u>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**23. Segmented Information**

The Company operates in three industry segments. It provides tele-communications products and services to consumers in Canada (Wireless Business), lends money to individuals and companies (Financing Business) and, provides digital health products and services to consumers and health care providers in Hong Kong and Macau (Digital Health Business, which was discontinued in November 2022).

Unaudited condensed interim consolidated statements of financial position information by reportable segment as at September 30, 2023 was as follows:

	<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>ASSETS</b>				
Cash and cash equivalents	2,091,356	-	146,017	2,237,373
Trade and other receivables	435,297	-	96,048	531,345
Inventories	50,549	-	-	50,549
Prepaid and deposits	13,792	-	45,195	58,987
Right-of-use assets	298,290	-	-	298,290
Loans receivable	-	-	3,445,415	3,445,415
Marketable securities	8,000,000	-	-	8,000,000
Property, plant and equipment	464,911	-	3,396	468,307
Investment properties	868,233	-	-	868,233
Deferred income tax assets	37,311	-	20,386	57,697
Income tax receivable	49,203	-	25,424	74,627
<b>Total assets</b>	<b>12,308,942</b>	<b>-</b>	<b>3,781,881</b>	<b>16,090,823</b>
<b>LIABILITIES</b>				
Payables and accrued liabilities	1,120,855	-	208,395	1,329,250
Government remittances payable	24,415	-	5,609	30,024
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	40,000	40,000
Lease liabilities	306,003	-	-	306,003
Loans payable	-	-	150,000	150,000
Due to (from) related parties	(2,900,000)	-	2,900,000	-
<b>Total liabilities</b>	<b>(1,431,727)</b>	<b>-</b>	<b>3,304,004</b>	<b>1,872,277</b>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

Unaudited condensed interim consolidated statement of financial position information by reportable segment as 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 and cash equivalents	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
Notes receivable	-	-	-	-
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	17,879	-	25,203	43,082
<b>Total assets</b>	<b>14,342,564</b>	<b>814,044</b>	<b>2,260,662</b>	<b>17,417,270</b>
<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	(4,154,960)	2,604,960	1,550,000	-
<b>Total liabilities</b>	<b>(2,636,263)</b>	<b>2,646,886</b>	<b>1,895,146</b>	<b>1,905,769</b>

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(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, 2023 was as follows:

	<b>3 months ended September 30, 2023</b>		
	<b>Wireless Business</b>	<b>Financing Business</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	1,127,888	267,730	1,395,618
<b>Cost of sales</b>	627,315	-	627,315
<b>Gross profit</b>	500,573	267,730	768,303
<b>Expenses</b>			
General and administration	493,359	202,918	696,277
Advertising and promotion	185	-	185
Amortization of right-of-use assets	23,129	-	23,129
Amortization of property, plant and equipment	5,255	485	5,740
Amortization - intangible assets	-	-	-
Amortization of investment properties	8,973	-	8,973
<b>Total expenses</b>	530,901	203,403	734,304
Operating income (loss)	(30,328)	64,327	33,999
<b>Investment income</b>			
Rental income	27,500	-	27,500
Interest income	25,791	-	25,791
	53,291	-	53,291
<b>Income (loss) from operations before income taxes</b>	22,963	64,327	87,290

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

	<b>9 months ended September 30, 2023</b>		
	<b>Wireless Business</b>	<b>Financing Business</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3,001,259	718,262	3,719,521
<b>Cost of sales</b>	1,717,631	-	1,717,631
<b>Gross profit</b>	1,283,628	718,262	2,001,890
<b>Expenses</b>			
General and administration	1,354,597	524,222	1,878,819
Advertising and promotion	1,699	197	1,896
Amortization of right-of-use assets	108,562	-	108,562
Amortization of property, plant and equipment	15,715	1,423	17,138
Amortization - intangible assets	-	-	-
Amortization of investment properties	26,919	-	26,919
<b>Total expenses</b>	1,507,492	525,842	2,033,334
Operating income (loss)	(223,864)	192,420	(31,444)
<b>Investment income</b>			
Rental income	78,342	-	78,342
Interest income	54,848	-	54,848
	133,190	-	133,190
<b>Income (loss) from operations before income taxes</b>	(90,674)	192,420	101,746

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(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:

	<b>3 months ended September 30, 2022</b>		
	<b>Wireless Business</b>	<b>Financing Business</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	1,474,143	162,067	1,636,210
<b>Cost of sales</b>	727,422	-	727,422
<b>Gross profit</b>	746,721	162,067	908,788
<b>Expenses</b>			
General and administration	469,626	146,015	615,641
Advertising and promotion	8,006	700	8,706
Amortization of right-of-use assets	43,794	-	43,794
Amortization of property, plant and equipment	5,271	240	5,511
Amortization - intangible assets	-	-	-
Amortization of investment properties	8,973	-	8,973
<b>Total expenses</b>	535,670	146,955	682,625
Operating income (loss)	211,051	15,112	226,163
<b>Investment income</b>			
Rental income	20,271	-	20,271
Interest income	20,978	-	20,978
	41,249	-	41,249
<b>Income (loss) from operations before income taxes</b>	252,300	15,112	267,412

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

	<b>9 months ended September 30, 2022</b>		
	<b>Wireless Business</b>	<b>Financing Business</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3,067,667	538,981	3,606,648
<b>Cost of sales</b>	1,608,147	-	1,608,147
<b>Gross profit</b>	1,459,520	538,981	1,998,501
<b>Expenses</b>			
General and administration	1,273,256	331,790	1,605,046
Advertising and promotion	14,881	1,000	15,881
Amortization of right-of-use assets	132,337	-	132,337
Amortization of property, plant and equipment	15,938	1,059	16,997
Amortization - intangible assets	-	-	-
Amortization of investment properties	26,919	-	26,919
<b>Total expenses</b>	1,463,331	333,849	1,797,180
Operating income (loss)	(3,811)	205,132	201,321
<b>Investment income</b>			
Rental income	60,146	-	60,146
Interest income	42,179	-	42,179
	102,325	-	102,325
<b>Income (loss) from operations before income taxes</b>	98,514	205,132	303,646

**ADVENT-AWI HOLDINGS INC.****Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited, expressed in Canadian dollars)

**24. Discontinued operations**

The wholly owned subsidiary in Hong Kong, Advent TeleMedicare Ltd., was dissolved in November 2022. Prior year amounts in the unaudited condensed interim consolidated statement of income (loss) and comprehensive income (loss) and unaudited condensed interim consolidated statement of cash flows have been represented with the comparison below. Certain comparative figures have been reclassified to conform with the presentation adopted for the current period.

**Loss from discontinued operations**

	<b>3 months ended September 30</b>		<b>9 months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	-	34,941	-	68,866
Cost of sales	-	4,343	-	102,764
<b>Gross profit (loss)</b>	-	30,598	-	(33,898)
Expenses (recovery)	-	(55,235)	-	428,859
Operating income (loss)	-	85,833	-	(462,757)
Recovery of (Provision for) income tax	-	(8,557)	-	27,766
<b>Income (loss) from discontinued operations, net of tax</b>	<b>-</b>	<b>77,276</b>	<b>-</b>	<b>(434,991)</b>

**Cash flow from discontinued operations**

	<b>3 months ended September 30</b>		<b>9 months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income (loss) from discontinued operations	-	77,276	-	(434,991)
Items not affecting cash				
Foreign currency exchange loss (gain)	-	(160,609)	-	(92,646)
Amortization of property, plant and equipment	-	2,246	-	6,637
Amortization of intangible assets	-	23,669	-	69,872
Loss on disposition	-	-	-	-
Deferred income tax expenses	-	8,557	-	(27,766)
<b>Net cash used in discontinued operations</b>	<b>-</b>	<b>(48,861)</b>	<b>-</b>	<b>(478,894)</b>