

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(expressed in Canadian dollars)

To the Shareholders of Advent-AWI Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Advent-AWI Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key Audit Matter Description

As at December 31, 2022, the Company has recorded \$4,763,231 of wireless revenue related to the sales of cellular phones and commission earned on sale of cellular phones and \$712,184 of financing revenue earned from microfinancing. The Company recognizes wireless revenue when the performance obligation for the underlying transaction is complete under the terms of the agreement and financing revenue is recognized when earned on an accrual basis.

We considered this as a key audit matter for wireless revenue given the significant judgement made by management in assessing whether it acts as a principal in a transaction or as an agent acting on behalf of others in recognition of sale of cellular phones to customers and for financing revenue, the complex calculation for recognition of financing income on an accrual basis. This resulted in an increased extent of audit effort, including the involvement of internal specialists.

Audit Response

We responded to this matter by performing procedures over revenue recognition over wireless revenue and financing revenue. Our audit work in relation to this included, but was not restricted to, the following:

- With the assistance of internal specialists, reviewed management's assessment of principal versus agent consideration under the guidance of IFRS 15, *Revenue from Contracts with Customers* in determining the presentation of wireless revenue and cost of sales.
- Evaluated the reasonableness of financing revenue by independently recalculating the interest income earned from microfinancing is recognized when earned on an accrual basis.
- Assessed the appropriateness and completeness of related disclosures in the consolidated financial statements.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Abhishek Kapoor.

Vancouver, British Columbia

MNP LLP

April 11, 2023

Chartered Professional Accountants

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	December 31	December 31
	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	6,388,702	9,205,055
Trade and other receivables (note 4)	592,986	1,009,162
Inventories (note 5)	69,750	540,657
Marketable securities (note 6)	6,100,487	4,033,855
Prepaid and deposits - current (note 7)	21,899	25,999
Loans receivable - current (note 8)	2,200,640	1,543,121
Income taxes receivable	<u>100,118</u>	<u>9,331</u>
	<u>15,474,582</u>	<u>16,367,180</u>
Non-current assets		
Marketable securities (note 6)	-	230,000
Loans receivable (note 8)	34,188	108,350
Prepaid and deposits (note 7)	58,978	58,987
Right-of-use assets (note 9)	142,133	315,461
Property, plant and equipment (note 10)	483,379	536,358
Investment properties (note 11)	895,152	931,043
Intangible assets (note 12)	-	323,720
Deferred income tax assets (note 17)	<u>49,361</u>	<u>338,884</u>
	<u>1,663,191</u>	<u>2,842,803</u>
Total assets	<u>17,137,773</u>	<u>19,209,983</u>

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

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

(expressed in Canadian dollars)

	December 31 2022	December 31 2021
	\$	\$
LIABILITIES		
Current liabilities		
Trade accounts payable	1,383,393	1,727,448
Other payables and accrued liabilities	479,538	618,073
Government remittances payable	21,374	15,878
Tenant deposits	17,000	17,000
Lease liabilities - current (note 9)	130,326	176,249
Income taxes payable	168,470	-
Government loan (note 14)	40,000	-
Loans payable (note 13)	<u>150,000</u>	<u>150,000</u>
	2,390,101	2,704,648
Non-current liabilities		
Government loan (note 14)	-	40,000
Lease liabilities (note 9)	<u>23,426</u>	<u>153,751</u>
	<u>2,413,527</u>	<u>2,898,399</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 15)	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Accumulated other comprehensive income	-	95,187
Retained earnings	<u>9,743,682</u>	<u>11,269,883</u>
Capital attributable to shareholders of Advent-AWI Holdings Inc.	14,642,329	16,263,717
Non-controlling interests	<u>81,917</u>	<u>47,867</u>
	<u>14,724,246</u>	<u>16,311,584</u>
	<u>17,137,773</u>	<u>19,209,983</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 consolidated financial statements.

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

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Revenue (note 23)		
Wireless revenue	4,763,231	5,036,691
Financing revenue (note 8)	712,184	538,107
Other revenue (note 14)	<u>-</u>	<u>25,000</u>
Total revenue	5,475,415	5,599,798
Cost of sales (note 5)	<u>2,513,513</u>	<u>2,956,633</u>
Gross profit	<u>2,961,902</u>	<u>2,643,165</u>
Expenses		
General and administration (note 16)	2,504,026	2,052,231
Advertisement and promotion	13,465	23,450
Depreciation - right-of-use assets (note 9)	173,327	175,971
Amortization of property, plant and equipment	22,549	25,037
Amortization of investment properties (note 11)	<u>35,892</u>	<u>35,892</u>
Total expenses	<u>2,749,259</u>	<u>2,312,581</u>
Operating income	<u>212,643</u>	<u>330,584</u>
Other income		
Rental income	77,081	71,805
Interest income	<u>131,775</u>	<u>75,082</u>
	<u>208,856</u>	<u>146,887</u>
Income before income taxes	421,499	477,471
Provision for income taxes (note 17)	<u>(113,139)</u>	<u>(138,603)</u>
Income from continuing operations	308,360	338,868
Discontinued operations		
Loss from discontinued operations, net of tax (note 24)	<u>(1,203,735)</u>	<u>(1,030,076)</u>
Net loss for the year	(895,375)	(691,208)
Other comprehensive income (loss)		
Foreign currency translation differences of foreign operations	<u>(95,187)</u>	<u>95,187</u>
Total net loss and comprehensive loss for the year	<u>(990,562)</u>	<u>(596,021)</u>
Net income (loss) attributable to		
Shareholders of Advent-AWI Holdings Inc.	(929,425)	(719,476)
Non-controlling interests	<u>34,050</u>	<u>28,268</u>
	<u>(895,375)</u>	<u>(691,208)</u>
Basic and diluted, loss per share for net loss attributable to the ordinary equity holders of the company (note 19)	(0.078)	(0.060)

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in Canadian dollars)

	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (loss) \$	Retained Earnings \$	Non-controlling Interests \$	Total Equity \$
<u>Year ended December 31, 2022</u>						
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 year	-	-	-	-	34,050	34,050
Net loss attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	-	(929,425)	-	(929,425)
Other comprehensive loss adjustment for Advent Telemedicine Ltd.	-	-	(95,187)	-	-	(95,187)
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,776)</u>	<u>-</u>	<u>(596,776)</u>
Balance December 31, 2022	<u>4,274,676</u>	<u>623,971</u>	<u>-</u>	<u>9,743,682</u>	<u>81,917</u>	<u>14,724,246</u>
<u>Year ended December 31, 2021</u>						
Balance - December 31, 2020	4,274,676	623,971	-	12,588,152	19,599	17,506,398
Adjustment to retained earnings	-	-	-	(2,017)	-	(2,017)
Net income attributable to non-controlling interests	-	-	-	-	28,268	28,268
Net loss attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	-	(719,476)	-	(719,476)
Other comprehensive income	-	-	95,187	-	-	95,187
Dividends paid (note 25)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,776)</u>	<u>-</u>	<u>(596,776)</u>
Balance -December 31, 2021	<u>4,274,676</u>	<u>623,971</u>	<u>95,187</u>	<u>11,269,883</u>	<u>47,867</u>	<u>16,311,584</u>

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

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

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Cash flows provided by (used in) operating activities		
Net loss for the year	\$ 308,360	338,868
Items not affecting cash		
Depreciation - right-of-use assets	173,327	175,971
Amortization of property, plant and equipment	22,549	25,037
Amortization of investment properties	35,892	35,892
Interest expense	9,968	13,931
Interest income	(131,775)	(75,082)
Current income tax expense	101,831	129,562
Deferred income tax expense	11,308	9,041
Other revenue	-	10,000
Impairment	-	<u>107,702</u>
	<u>531,460</u>	<u>770,922</u>
Changes in non-cash working capital items		
Trade and other receivables	416,176	(160,744)
Inventories	470,907	(55,845)
Prepaid expenses and deposits	4,109	(11,311)
Trade accounts payable	(344,055)	441,898
Other payables and accrued liabilities	(138,536)	(145,466)
Government remittances payable	5,496	(12,063)
Loans receivable	<u>(583,357)</u>	<u>(23,985)</u>
	<u>(169,260)</u>	<u>32,484</u>
Taxes paid	<u>(24,135)</u>	<u>70,784</u>
Net cash flows provided by operating activities	<u>338,065</u>	<u>874,190</u>

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

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

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Balance carryforward		
Net cash flows provided by operating activities	<u>338,065</u>	<u>874,190</u>
Cash flows provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,514)	(16,879)
Loss from subsidiary prior to windup	-	(2,017)
Maturity of guaranteed investment certificates	4,033,855	4,029,578
Investment in guaranteed investment certificates	(5,870,487)	(4,033,855)
Interest received	<u>131,775</u>	<u>75,082</u>
Net cash flows provided by (used in) investing activities	<u>(1,709,371)</u>	<u>51,909</u>
Cash flows used in financing activities		
Lease payment	(186,216)	(183,642)
Dividends paid	<u>(596,776)</u>	<u>(596,776)</u>
Net cash flows used in financing activities	<u>(782,992)</u>	<u>(780,418)</u>
Effect of foreign exchange rate changes on cash	<u>(24,452)</u>	<u>(10,107)</u>
Net cash provided by (used in) continuing operations	(2,178,750)	135,574
Net cash used in discontinued operations (Note 24)	(637,603)	(961,624)
Cash and cash equivalents - beginning of year	<u>9,205,055</u>	<u>10,031,105</u>
Cash and cash equivalents - end of year	<u>6,388,702</u>	<u>9,205,055</u>

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

ADVENT-AWI HOLDINGS INC.

Notes to Consolidated Financial Statements

For the years ended DECEMBER 31, 2022 and 2021

(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 December 31, 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.

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

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

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issued by the Board of Directors on April 10, 2023. The Board of Directors have the power to amend the consolidated financial statements after issue.

3. Significant accounting policies and judgment

(a) Significant accounting policies

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

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Am-Call Wireless Inc., 1013929 B.C. Ltd., Advent Marketing Inc., Advent TeleMedicare Ltd. (dissolved in November 2022), 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.

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.

ADVENT-AWI HOLDINGS INC.

Notes to Consolidated Financial Statements

For the years ended DECEMBER 31, 2022 and 2021

(expressed in Canadian dollars)

Consolidated statements of income (loss) and comprehensive income (loss) and cash flows

The Company has elected to present a single 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) 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.

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.

ADVENT-AWI HOLDINGS INC.

Notes to Consolidated Financial Statements

For the years ended DECEMBER 31, 2022 and 2021

(expressed in Canadian dollars)

Financial instruments - recognition and measurement

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

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

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 Consolidated Financial Statements

For the years ended DECEMBER 31, 2022 and 2021

(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 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
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 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. This agreement was terminated in November 2022. The balance amount was written off in the current year.

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 Consolidated Financial Statements

For the years ended DECEMBER 31, 2022 and 2021

(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.

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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 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 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.

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Income taxes

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

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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 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 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 consolidated financial statements.

(b) Critical accounting estimates

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

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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.

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Income taxes

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

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

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

(c) Significant judgments

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

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 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 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

	2022	2021
	\$	\$
Trade and other receivables	<u>592,986</u>	<u>1,009,162</u>

In establishing the appropriate expected credit loss, assumptions are made with respect to the future collectability of the receivables. Management believes no expected credit loss is necessary as at December 31, 2022 and 2021 as the amounts are considered to be fully collectible and substantially current (see note 21(b)).

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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 year ended December 31, 2022 amounted to \$2,513,513 (2021 - \$2,956,633). There was an inventory writeoff of \$162,196 in ATMC in the year (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

	2022 \$	2021 \$
Term Deposits (i)	-	4,033,855
Guaranteed investment certificates (ii)	<u>6,100,487</u>	<u>230,000</u>
Balance - End of year	<u><u>6,100,487</u></u>	<u><u>4,263,855</u></u>

i) The 2021 term deposits mature between February 22, 2022 to December 29, 2022, earning interest at a rate between 1.10% to 1.30% per annum.

ii) The guaranteed investment certificates mature between February 22, 2023 to January 2, 2024, earning interest between 0.55% to 5.2% per annum (2021 - 0.55% per annum). \$3,869,385 of the total is a guaranteed investment certificate maturing on January 2, 2024 but is redeemable after March 30, 2023.

7. Prepaid and deposits

Prepaid and deposits include an advance payment of \$Nil (2021 - \$8,780) to DynoSense Corp. (a digital therapeutics equipment manufacturer).

The details of prepaid and deposits:

	2022		
	Current \$	Non-Current \$	Total \$
Prepaid	21,899	-	21,899
Deposits	<u>-</u>	<u>58,978</u>	<u>58,978</u>
	<u><u>21,899</u></u>	<u><u>58,978</u></u>	<u><u>80,877</u></u>
	2021		
	Current \$	Non-Current \$	Total \$
Prepaid	9,219	-	9,219
Deposits	<u>16,780</u>	<u>58,987</u>	<u>75,767</u>
	<u><u>25,999</u></u>	<u><u>58,987</u></u>	<u><u>84,986</u></u>

ADVENT-AWI HOLDINGS INC.**Notes to Consolidated Financial Statements****For the years ended DECEMBER 31, 2022 and 2021**

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8. Loans receivable

Loans receivable comprises of (1) unsecured personal instalment loans bearing interest ranging from 31% - 48% per annum (2021 - 31% - 48%), with a weighted average rate of 41% per annum (2021 - 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 year ended December 31, 2022 is \$712,184 (2021 - \$538,107).

Based on historical default rates and credit risk assessment of the entity, the expected credit loss provision for the year is \$71,353 (2021 - \$79,312).

	2022		
	Current	Non-Current	Total
	\$	\$	\$
Loans receivable			
Unsecured personal loans	1,124,293	34,188	1,158,481
Payday loans	28,703	-	28,703
Secured mortgages loans	<u>1,118,997</u>	<u>-</u>	<u>1,118,997</u>
	<u>2,271,993</u>	<u>34,188</u>	<u>2,306,181</u>
Allowance for doubtful accounts			
Balance - January 1, 2022	79,312	-	79,312
Add provision for the year	73,519	-	73,519
Less write-offs for the year	<u>(81,478)</u>	<u>-</u>	<u>(81,478)</u>
Balance - December 31, 2022	<u>71,353</u>	<u>-</u>	<u>71,353</u>
Net loans receivable	<u>2,200,640</u>	<u>34,188</u>	<u>2,234,828</u>
	2021		
	Current	Non-Current	Total
	\$	\$	\$
Loans receivable			
Unsecured personal loans	994,136	113,553	1,107,689
Payday loans	23,096	-	23,096
Secured personal loan	<u>599,998</u>	<u>-</u>	<u>599,998</u>
	<u>1,617,230</u>	<u>113,553</u>	<u>1,730,783</u>
Allowance for doubtful accounts			
Balance - January 1, 2021	79,434	5,577	85,011
Add provision for the year	38,137	2,678	40,815
Less write-offs for the year	<u>(43,462)</u>	<u>(3,052)</u>	<u>(46,514)</u>
Balance - December 31, 2021	<u>74,109</u>	<u>5,203</u>	<u>79,312</u>
Net loans receivable	<u>1,543,121</u>	<u>108,350</u>	<u>1,651,471</u>

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9. Leases

(A) Cost	\$
Balance, January 1, 2021	726,356
Additions	<u>73,829</u>
Balance, December 31, 2021	800,185
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>555,081</u>
Amortization	
Balance, January 1, 2021	308,753
Amortization for the year	<u>175,971</u>
Balance, December 31, 2021	484,724
Amortization for the year	173,327
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>412,947</u>
Net carrying amount	
Balance, December 31, 2021	<u>315,461</u>
Balance, December 31, 2022	<u>142,134</u>
(B) Lease liabilities	
Balance, January 1, 2021	726,357
Additions	<u>73,829</u>
Balance, December 31, 2021	800,186
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>555,082</u>
Lease reduction	
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 year	186,216
Less interest portion	(9,968)
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>401,330</u>
Net lease liabilities	
Balance, December 31, 2021	<u>330,000</u>
Balance, December 31, 2022	<u>153,752</u>
Lease liabilities - current	130,326
Lease liabilities	<u>23,426</u>
Balance, December 31, 2022	<u>153,752</u>

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10. Property, plant and equipment

	Land	Building	Leasehold improvements	Furniture, fixtures and equipment	Sign	Computer hardware	Computer software	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
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	-	-	-	-	-	4,514	-	4,514
Exchange adjustment	-	-	-	-	-	2,997	-	2,997
Disposals	-	-	-	-	-	(46,886)	-	(46,886)
Balance, December 31, 2022	<u>60,116</u>	<u>574,677</u>	<u>166,966</u>	<u>196,802</u>	<u>6,590</u>	<u>214,022</u>	<u>7,377</u>	<u>1,226,550</u>
Amortization								
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 year	-	19,156	-	1,084	-	8,315	-	28,555
Disposals	-	-	-	-	-	(14,951)	-	(14,951)
Balance, December 31, 2022	<u>-</u>	<u>157,642</u>	<u>166,966</u>	<u>196,802</u>	<u>6,590</u>	<u>207,794</u>	<u>7,377</u>	<u>743,171</u>
Net carrying amount								
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, December 31, 2022	<u>60,116</u>	<u>417,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,228</u>	<u>-</u>	<u>483,379</u>

11. Investment properties

	Land	Building	Total
	\$	\$	\$
Cost			
Balance, January 1, 2021	207,118	1,075,600	1,282,718
Disposals	-	-	-
Balance, December 31, 2021	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
Balance, December 31, 2022	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
Amortization			
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 year	-	35,892	35,892
Balance, December 31, 2022	<u>-</u>	<u>387,566</u>	<u>387,566</u>
Net carrying amount			
Balance, December 31, 2021	<u>207,118</u>	<u>723,926</u>	<u>931,044</u>
Balance, December 31, 2022	<u>207,118</u>	<u>688,034</u>	<u>895,152</u>

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The estimated fair market value of the investment properties at December 31, 2022 was \$1,586,850 (2021 - \$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.

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

Cost	\$
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 year end exchange rate	31,570
Disposals	<u>(494,027)</u>
Balance, December 31, 2022	<u>-</u>
Amortization	
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 year	63,708
Disposals	<u>(202,445)</u>
Balance, December 31, 2022	<u>-</u>
Net carrying amount	
Balance, December 31, 2021	<u>323,720</u>
Balance, December 31, 2022	<u>-</u>

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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.

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15. Capital stock

Authorized
100,000,000 common shares without par value

Issued and outstanding

	Number of shares	Amount \$
Balance - December 31, 2021 and December 31, 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:

	2022 \$	2021 \$
Bank service charges	43,835	58,580
General and office expenses	146,914	137,839
Insurance	71,382	80,879
Interest	9,968	13,931
Professional fees	285,367	224,329
Rent and occupancy costs	169,535	109,605
Salary and payroll costs	1,739,411	1,393,077
Telephone expenses	<u>37,614</u>	<u>33,991</u>
	<u>2,504,026</u>	<u>2,052,231</u>

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17. Income taxes

Components of the provision for income taxes are as follows:

	2022	2021
	\$	\$
Current income tax expense	101,831	129,562
Deferred income tax recovery	<u>11,308</u>	<u>9,041</u>
Provision (recovery) for income taxes	<u><u>113,139</u></u>	<u><u>138,603</u></u>

b) Income tax rate reconciliation:

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

	2022	2021
	\$	\$
Statutory rates	26.6%	26.6%
Income tax provision at statutory rate	111,548	136,555
Increase (decrease) resulting from:		
Income tax expenses (recovery) at statutory rate		
Permanent differences	1,610	1,061
Tax return to provision true-ups	<u>(19)</u>	<u>987</u>
Provision for income taxes	<u><u>113,139</u></u>	<u><u>138,603</u></u>

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

	2022	2021
	\$	\$
Non-capital losses carried forward	17,915	307,971
Property and equipment	12,180	9,499
Loan loss provision	<u>19,266</u>	<u>21,414</u>
	<u><u>49,361</u></u>	<u><u>338,884</u></u>

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Year of expiry	After tax losses	After tax losses
	2022	2021
	\$	\$
2034	4,619	26,500
2035	20,930	20,930
2036	24,354	24,354
2037	-	-
2038	-	-
2039	-	6,784
2040	-	6,896
2041	-	2,763
2042	16,448	-
Does not expire	-	<u>1,461,385</u>
	<u>66,351</u>	<u>1,549,612</u>

18. Stock options

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

The Company has not issued any stock options to the directors and employees of the Company in the current year. As at December 31, 2022 and December 31, 2021, the Company had no options outstanding.

19. Income (loss) per share

	2022	2021
	\$	\$
Net earnings(loss) applicable to common shares	(929,425)	(719,476)
Basic and diluted weighted average number of common shares outstanding	11,935,513	11,935,513
Basic and diluted earnings (loss) per shares	(0.078)	(0.060)

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 year ended December 31, 2022 and December 31, 2021.

20. Commitments

The table below shows the future minimum payments under leases as at December 31, 2022:

	\$
2023	133,479
2024	<u>23,898</u>
	<u>157,377</u>

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21. Financial instruments

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

Financial instrument	IFRS 9 Classification Measurement	Dec 31, 2022 \$	Dec 31, 2021 \$
Cash and cash equivalents	Amortized cost using the effective interest method	6,388,702	9,205,055
Trade and other receivables	Amortized cost using the effective interest method	592,986	1,009,162
Loans receivable	Amortized cost using the effective interest method	2,234,828	1,651,471
Marketable securities	Amortized cost using the effective interest method	6,100,487	4,263,855
Trade accounts payable and other payables and accrued liabilities	Amortized cost using the effective interest method	1,862,931	2,345,521
Loans payable	Amortized cost using the effective interest method	-	150,000
Government loan	Amortized cost using the effective interest method	40,000	40,000
Lease liabilities	Amortized cost using the effective interest method	153,752	330,000

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.

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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% per annum, and the guaranteed investment certificate, which earns interest at a fixed rate of 0.55% to 5.2% per annum 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 94% of the trade receivables as at December 31, 2022 (2021 - 89%) were owed by one customer, Rogers Communications Inc. For the year ended December 31, 2022, approximately 96% (2021 - 97%) 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, 2023.

At December 31, 2022, 9% (2021 - 11%) of trade receivables were outstanding for between 30 and 90 days and the remaining 91% (2021 - 89%) 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.

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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..

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:

	2022	2021
	\$	\$
Salaries and other benefits	<u>855,821</u>	<u>1,021,344</u>

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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) which was discontinued in November 2022.

Consolidated statement of financial position information by reportable segment at December 31, 2022 was as follows:

	Wireless Business	Digital Health Business	Financing Business	Total
	\$	\$	\$	\$
ASSETS				
Cash and cash equivalents	6,224,361	4,740	159,601	6,388,702
Trade and other receivables	564,038	-	28,948	592,986
Inventories	69,750	-	-	69,750
Prepaid and deposits	35,682	-	45,195	80,877
Right-of-use assets	142,133	-	-	142,133
Loans receivable	-	-	2,234,828	2,234,828
Marketable securities	6,100,487	-	-	6,100,487
Property, plant and equipment	479,187	-	4,192	483,379
Investment properties	895,152	-	-	895,152
Deferred income tax assets	<u>28,975</u>	<u>-</u>	<u>20,386</u>	<u>49,361</u>
Total assets	<u>14,539,765</u>	<u>4,740</u>	<u>2,493,150</u>	<u>17,037,655</u>
LIABILITIES				
Payables and accrued liabilities	1,645,753	-	217,178	1,862,931
Government remittances payable	17,696	-	3,678	21,374
Income tax payable	67,442	-	910	68,352
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	40,000	40,000
Lease liabilities	153,752	-	-	153,752
Loans payable	-	-	150,000	150,000
Due to (from) related parties	<u>(4,426,248)</u>	<u>2,616,248</u>	<u>1,810,000</u>	<u>-</u>
Total liabilities	<u>(2,524,605)</u>	<u>2,616,248</u>	<u>2,221,766</u>	<u>2,313,409</u>

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Consolidated statement of financial position information by reportable segment at December 31, 2021 was as follows:

	Wireless Business	Digital Health Business	Financing Business	Total
	\$	\$	\$	\$
ASSETS				
Cash and cash equivalents	9,175,870	(4,046)	33,231	9,205,055
Trade and other receivables	913,206	10,405	85,551	1,009,162
Inventories	292,204	248,453	-	540,657
Prepaid and deposits	18,373	21,382	45,231	84,986
Right-of-use assets	315,461	-	-	315,461
Loans receivable	-	-	1,651,471	1,651,471
Marketable securities	4,263,855	-	-	4,263,855
Property, plant and equipment	498,940	34,944	2,474	536,358
Investment properties	931,043	-	-	931,043
Deferred income tax assets	31,097	278,216	29,571	338,884
Intangible assets	-	323,720	-	323,720
Income tax receivable	(197)	-	9,528	9,331
Total assets	<u>16,439,852</u>	<u>913,074</u>	<u>1,857,057</u>	<u>19,209,983</u>
LIABILITIES				
Current liabilities	2,105,647	20,701	219,173	2,345,521
Government remittances payable	15,878	-	-	15,878
Tenant deposits	17,000	-	-	17,000
Government loan	-	-	40,000	40,000
Lease liabilities	330,000	-	-	330,000
Loans payable	150,000	-	-	150,000
Due to (from) related parties	(3,644,960)	2,204,960	1,440,000	-
Total liabilities	<u>(1,026,435)</u>	<u>2,225,661</u>	<u>1,699,173</u>	<u>2,898,399</u>

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Consolidated statement of income (loss) and comprehensive income (loss) information by reportable segment for December 31, 2022 was as follows:

	Wireless Business \$	Financing Business \$	Total \$
Revenue	4,763,231	712,184	5,475,415
Cost of sales	<u>2,513,513</u>	<u>-</u>	<u>2,513,513</u>
Gross profit	<u>2,249,718</u>	<u>712,184</u>	<u>2,961,902</u>
Expenses			
General and administration	1,950,858	553,168	2,504,026
Advertising and promotion	12,465	1,000	13,465
Amortization of right-of-use assets	173,327	-	173,327
Amortization of property, plant and equipment	21,113	1,436	22,549
Amortization of investment properties	<u>35,892</u>	<u>-</u>	<u>35,892</u>
Total expenses	<u>2,193,655</u>	<u>555,604</u>	<u>2,749,259</u>
Operating income (loss)	<u>56,063</u>	<u>156,580</u>	<u>212,643</u>
Investment income			
Rental income	77,081	-	77,081
Interest income	<u>131,775</u>	<u>-</u>	<u>131,775</u>
	<u>208,856</u>	<u>-</u>	<u>208,856</u>
Income from operations before income taxes	<u>264,919</u>	<u>156,580</u>	<u>421,499</u>

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Consolidated statement of income (loss) and comprehensive income (loss) information by reportable segment for December 31, 2021 was as follows:

	Wireless Business \$	Financing Business \$	Total \$
Revenue	5,036,691	563,107	5,599,798
Cost of sales	<u>2,956,633</u>	<u>-</u>	<u>2,956,633</u>
Gross profit	<u>2,080,058</u>	<u>563,107</u>	<u>2,643,165</u>
Expenses			
General and administration	1,624,227	428,004	2,052,231
Advertising and promotion	23,450	-	23,450
Amortization of right-of-use assets	175,971	-	175,971
Amortization of property, plant and equipment	21,594	3,443	25,037
Amortization of investment properties	<u>35,892</u>	<u>-</u>	<u>35,892</u>
Total expenses	<u>1,881,134</u>	<u>431,447</u>	<u>2,312,581</u>
Operating income (loss)	<u>198,924</u>	<u>131,660</u>	<u>330,584</u>
Investment income			
Rental income	71,805	-	71,805
Interest income	<u>75,082</u>	<u>-</u>	<u>75,082</u>
	<u>146,887</u>	<u>-</u>	<u>146,887</u>
Income from operations before income taxes	<u>345,811</u>	<u>131,660</u>	<u>477,471</u>

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24. Discontinued operations

The wholly owned subsidiary in Hong Kong, Advent TeleMedicare Ltd., was dissolved in November 2022. Prior year amounts in the consolidated statement of income (loss) and comprehensive income (loss) and 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 year.

Income from discontinued operations

	2022	2021
	\$	\$
Revenues	45,097	13,138
Costs of sales	<u>266,518</u>	<u>203,583</u>
Gross Profit	(221,421)	(190,445)
Expenses	<u>704,098</u>	<u>1,048,992</u>
Operating loss	(925,519)	(1,239,437)
Provision for (recovery of) income tax	<u>(278,216)</u>	<u>209,361</u>
Loss from discontinued operations, net of tax	<u>(1,203,735)</u>	<u>(1,030,076)</u>

Cash flow from discontinued operations

	2022	2021
	\$	\$
Loss from discontinued operations	(1,203,735)	(1,030,076)
Items not affecting cash		
Foreign currency exchange	(78,690)	178,357
Amortization of property, plant and equipment	6,006	7,706
Amortization of intangible assets	63,708	91,752
Loss on disposition	296,891	-
Deferred income tax expenses	<u>278,217</u>	<u>(209,363)</u>
Net cash used in discontinued operations	<u>(637,603)</u>	<u>(961,624)</u>

25. Dividends paid

Dividends amounting to \$596,776 (2021 - \$596,776) were paid on August 5, 2022.