

Advent-AWI Holdings Inc.
Consolidated Annual Financial Statements
For the years ended December 31, 2023 and 2022
(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, 2023 and December 31, 2022, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and December 31, 2022, 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.

Wireless Revenue

Key Audit Matter Description

As described in Note 3(c) in the consolidated financial statements, the Company uses significant judgement in presentation of wireless revenue from contracts with customers in accordance with the principles of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). As at December 31, 2023, the Company has recorded \$4,726,100 of wireless revenue including the sales of hardware and accessories. The Company recognizes revenue when the performance obligation for the underlying transaction is complete under the terms of the agreement and control is transferred.

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 hardware and accessories to customers. This resulted in an increased extent of audit effort.

Audit Response

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

- Reviewed management's assessment of principal versus agent consideration against revenue recognition criteria under IFRS 15, Revenue from Contracts with Customers in determining the presentation of wireless revenue and cost of sales.
- Reviewed renewed agreement with wireless services provider to assess impacts to revenue recognition.
- Obtained direct confirmation for total wireless revenue and signed customer agreements on a sample 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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

April 16, 2024

MNP LLP

Chartered Professional Accountants

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	9,033,602	6,388,702
Trade and other receivables (note 4)	811,719	592,986
Inventories (note 5)	33,245	69,750
Marketable securities (note 6)	2,000,636	6,100,487
Prepaid and deposits - current (note 7)	-	21,899
Loans receivable - current (note 8)	3,278,264	2,200,640
Income taxes receivable	28,408	100,118
	<u>15,185,874</u>	<u>15,474,582</u>
Non-current assets		
Loans receivable (note 8)	22,664	34,188
Prepaid and deposits (note 7)	58,987	58,978
Right-of-use assets (note 9)	607,139	142,133
Property, plant and equipment (note 10)	465,111	483,379
Investment properties (note 11)	859,260	895,152
Deferred income tax assets (note 17)	71,614	49,361
	<u>2,084,775</u>	<u>1,663,191</u>
Total assets	<u><u>17,270,649</u></u>	<u><u>17,137,773</u></u>

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
	\$	\$
LIABILITIES		
Current liabilities		
Trade accounts payable	1,203,271	1,383,393
Other payables and accrued liabilities	954,393	479,538
Government remittances payable	38,889	21,374
Tenant deposits	17,000	17,000
Lease liabilities - current (note 9)	138,580	130,326
Income taxes payable	-	168,470
Government loan (note 14)	-	40,000
Loans payable (note 13)	150,000	150,000
	<u>2,502,133</u>	<u>2,390,101</u>
Non-Current Liabilities		
Lease liabilities (note 9)	484,900	23,426
	<u>484,900</u>	<u>23,426</u>
Total Liabilities	<u>2,987,033</u>	<u>2,413,527</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 15)	4,274,676	4,274,676
Contributed surplus	623,971	623,971
Retained earnings	9,281,253	9,743,682
	<u>14,179,900</u>	<u>14,642,329</u>
Capital attributable to shareholders of Advent- AWI Holdings Inc.	<u>14,179,900</u>	<u>14,642,329</u>
Non-Controlling Interests	103,716	81,917
	<u>103,716</u>	<u>81,917</u>
Total shareholders' equity	<u>14,283,616</u>	<u>14,724,246</u>
Total liabilities and shareholders' equity	<u><u>17,270,649</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 consolidated financial statements.

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	2023	2022
	\$	\$
Revenue (note 23)		
Wireless revenue	4,726,100	4,763,231
Financing revenue (note 8)	960,529	712,184
Total Revenue	<u>5,686,629</u>	<u>5,475,415</u>
Cost of sales (note 5)	<u>2,737,664</u>	<u>2,513,513</u>
Gross profit	<u>2,948,965</u>	<u>2,961,902</u>
Expenses		
General and administration (note 16)	3,041,340	2,504,026
Advertisement and promotion	12,443	13,465
Amortization of right-of-use assets (note 9)	175,160	173,327
Amortization of property, plant and equipment	22,908	22,549
Amortization of investment properties (note 11)	35,892	35,892
Total expenses	<u>3,287,743</u>	<u>2,749,259</u>
Operating (loss) income	<u>(338,778)</u>	<u>212,643</u>
Other income		
Rental income	104,972	77,081
Interest income	454,720	131,775
Fair value adjustment on lease modification	9,384	-
	<u>569,076</u>	<u>208,856</u>
Income before income taxes	230,298	421,499
Provision for income taxes (note 17)	<u>(74,152)</u>	<u>(113,139)</u>
Income from continuing operations	156,146	308,360
Discontinued operations		
Loss from discontinued operations, net of tax (note 24)	<u>-</u>	<u>(1,203,735)</u>
Net income (loss) for the year	156,146	(895,375)
Other Comprehensive Income (Loss)		
Foreign currency translation differences of foreign operations	<u>-</u>	<u>(95,187)</u>
Total net income (loss) and comprehensive income (loss) for the year	<u>156,146</u>	<u>(990,562)</u>
Net income (loss) attributable to		
Shareholders of Advent-AWI Holdings Inc.	134,347	(929,425)
Non-controlling interests	21,799	34,050
	<u>156,146</u>	<u>(895,375)</u>
Basic and diluted, income (loss) per share for net income (loss) attributable to the ordinary equity holders of the company (note 19)	0.011	(0.078)

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Non-controlling Interests	Total Shareholders' Equity
	\$	\$	\$	\$	\$	\$
<u>Year ended Dec 31, 2023</u>						
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 year	-	-	-	-	21,799	21,799
Net income attributable to shareholders of Advent-AWI Holdings Inc. for the year	-	-	-	134,347	-	134,347
Dividends paid (note 25)	-	-	-	(596,776)	-	(596,776)
Balance - December 31, 2023	<u>4,274,676</u>	<u>623,971</u>	<u>-</u>	<u>9,281,253</u>	<u>103,716</u>	<u>14,283,616</u>
<u>Year ended Dec 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 of Advent TeleMedicare Ltd.	-	-	(95,187)	-	-	(95,187)
Dividends paid (note 25)	-	-	-	(596,776)	-	(596,776)
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>

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	2023	2022
	\$	\$
Cash flows provided by (used in) operating activities		
Net income for the year	156,146	308,360
Items not affecting cash		
Amortization of right-of-use assets	175,160	173,327
Amortization of property, plant and equipment	22,908	22,549
Amortization of investment properties	35,892	35,892
Interest expense	37,747	9,968
Interest income	(454,720)	(131,775)
Fair value adjustment on lease modification	(9,384)	-
Current income tax expense	96,406	101,831
Deferred income tax expense	(22,254)	11,308
	<u>37,901</u>	<u>531,460</u>
Changes in non-cash working capital items		
Trade and other receivables	(218,733)	416,176
Inventories	36,505	470,907
Prepaid expenses and deposits	21,890	4,109
Trade accounts payable	(180,122)	(344,055)
Other payables and accrued liabilities	474,855	(138,536)
Government remittances payable	17,515	5,496
Loans receivable	(1,066,100)	(583,357)
	<u>(914,190)</u>	<u>(169,260)</u>
Taxes paid	<u>(212,460)</u>	<u>(24,135)</u>
Net cash flows provided by (used in) operating activities	<u>(1,088,749)</u>	<u>338,065</u>

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

ADVENT-AWI HOLDINGS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	2023	2022
	\$	\$
Balance carryforward		
Net cash flows provided by (used in) operating activities	<u>(1,088,749)</u>	<u>338,065</u>
Cash flows provided by (used in) investing activities		
Purchase of property, plant, and equipment	(4,640)	(4,514)
Maturity of guaranteed investment certificates	9,492,874	4,033,855
Investment in guaranteed investment certificates	(5,393,023)	(5,870,487)
Interest received	454,720	131,775
Net cash flows provided by (used in) investing activities	<u>4,549,931</u>	<u>(1,709,371)</u>
Cash flows used in financing activities		
Lease payments	(179,506)	(186,216)
Repayment of government loan	(40,000)	-
Dividends paid	(596,776)	(596,776)
Net cash flows used in financing activities	<u>(816,282)</u>	<u>(782,992)</u>
Effect of foreign exchange rate changes on cash	<u>-</u>	<u>(24,452)</u>
Net cash provided by (used in) continuing operations	2,644,900	(2,178,750)
Net cash used in discontinued operations (Note 24)	-	(637,603)
Cash and cash equivalents - beginning of year	<u>6,388,702</u>	<u>9,205,055</u>
Cash and cash equivalents - end of year	<u><u>9,033,602</u></u>	<u><u>6,388,702</u></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, 2023 and 2022

(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, 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 audited 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 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 for the years ended December 31, 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 consolidated financial statements were authorized for issue by the Board of Directors on April 15, 2024.

3. Material accounting policies and judgement

(a) Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are consistent with those described in the notes to the Company's consolidated financial statements for the years ended December 31, 2023 and 2022.

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) and Adwell Financial Services Inc.

ADVENT-AWI HOLDINGS INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

The consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

Company	Place of Incorporation	Effective Interest	Principal Activity	Functional Currency
Advent-AWI Holdings Inc.	Canada	100%	Holding Company	Canadian dollar
Am-Call Wireless Inc.	Canada	100%	Wireless Services	Canadian dollar
1013929 B.C. Ltd.	Canada	100%	Real Estate Rental	Canadian dollar
Advent Marketing Inc.	Canada	100%	Real Estate Rental	Canadian dollar
Advent TeleMedicare Ltd.	Hong Kong	100%	Digital Health Services	Hong Kong dollar
Adwell Financial Services Inc.	Canada	70%	Microfinancing	Canadian dollar

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.

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.

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.

ADVENT-AWI HOLDINGS INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Revenue recognition

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

The principal sources of revenue to the Company are:

- 1) 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 on a time proportionate basis using the effective interest rate method. Interest is calculated on the gross carrying amount for each loan receivable.

Some loans may be required to pay a one time fee, referred to as a lender fee, upon initiation of the loan. These lender fees are netted against the related loans and recognized into revenue using the effective interest method.

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 weighted average 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, 2023 and 2022

(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, government loan and loans payable are classified as financial liabilities measured at amortized cost.

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, current, and forward-looking information such as the macroeconomic impacts.

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.

Loans Receivable

The Company's loan receivables consist of unsecured personal instalment loans, short term payday loans, and secured mortgage loans. Loan receivables are measured at amortized cost less an allowance for doubtful accounts based on historical default rates and credit risk assessment of the borrower.

ADVENT-AWI HOLDINGS INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(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 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 Consolidated Financial Statements
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(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 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.

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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 income (loss) and comprehensive income (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 and note 24 (Digital Health Business - discontinued in November 2022) of the consolidated financial statements.

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(b) Critical accounting estimates

The preparation of the 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. Critical accounting estimates include, but are not limited to, expected credit loss provisions for loans receivable, and the discount rate used in measuring ROU assets and lease liabilities. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

Impairment of financial assets

The expected credit loss (“ECL”) model applies to financial assets measured at amortized cost. The Company’s financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable and loans receivable. In determining the ECL, management makes estimates related to the probability-weighted amount of ECL based on information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

Leases

Judgments Made in Relation to Accounting Policies Applied: The Company exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease by lease basis. The Company considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if the Company is reasonably certain to exercise that option. Changes in the economic environment or changes in the retail industry may impact the assessment of the lease term and any changes in the estimate of lease terms may have a material impact on the Company’s consolidated statements of financial position.

Key Sources of Estimation: The critical assumptions and estimates used in determining the present value of future lease payments require the Company to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company’s creditworthiness, the security, term, and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to changes in the macroeconomic environment.

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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 the 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

	2023	2022
	\$	\$
Trade and other receivables	<u>811,719</u>	<u>592,986</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, 2023 and 2022 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 amounts are stated at the lower of cost and net realizable value. The cost of inventories recognized as expense and included in cost of sales for the year ended December 31, 2023 amounted to \$2,737,664 (2022 - \$2,513,513). 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

	2023	2022
	\$	\$
Guaranteed investment certificates (i)	<u>2,000,636</u>	<u>6,100,487</u>

i) The guaranteed investment certificates mature between January 2, 2024 and December 30, 2024, earning interest between 5.02% to 5.80% per annum (2022 - 1.30% to 5.20% per annum).

7. Prepaid and deposits

	2023		
	Current	Non-Current	Total
	\$	\$	\$
Deposits	-	58,987	58,987
	<u>-</u>	<u>58,987</u>	<u>58,987</u>
	2022		
	Current	Non-Current	Total
	\$	\$	\$
Prepaid	21,899	-	21,899
Deposits	-	58,978	58,978
	<u>21,899</u>	<u>58,978</u>	<u>80,877</u>

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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 year ended December 31, 2023 is \$960,529 (2022 - \$712,184).

Based on historical default rates and credit risk assessment of the entity, the expected credit loss provision for the year ended December 31, 2023 is \$194,373 (2022 - \$71,353).

	2023		
	Current	Non-Current	Total
	\$	\$	\$
Loans receivable			
Secured	2,040,636	-	2,040,636
Unsecured	1,430,667	23,998	1,454,665
Allowance for doubtful accounts	193,039	1,334	194,373
Net loans receivable	<u>3,278,264</u>	<u>22,664</u>	<u>3,300,928</u>
	2022		
	Current	Non-Current	Total
	\$	\$	\$
Loans receivable			
Secured	1,118,997	-	1,118,997
Unsecured	1,152,996	34,188	1,187,184
Allowance for doubtful accounts	71,353	-	71,353
Net loans receivable	<u>2,200,640</u>	<u>34,188</u>	<u>2,234,828</u>

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9. Leases

(A) Cost	\$
Balance, January 1, 2022	800,185
Less leases expired	<u>(245,104)</u>
Balance, December 31, 2022	<u>555,081</u>
Additions	640,165
Less leases expired	<u>(252,893)</u>
Balance, December 31, 2023	<u><u>942,353</u></u>
Amortization	
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 year	175,160
Less leases expired	<u>(252,893)</u>
Balance, December 31, 2023	<u><u>335,214</u></u>
Net carrying amount	
Balance, December 31, 2022	<u>142,134</u>
Balance, December 31, 2023	<u><u>607,139</u></u>
(B) Lease liabilities	
Balance, January 1, 2022	800,186
Additions	<u>(245,104)</u>
Balance, December 31, 2022	555,082
Additions	640,165
Less: Fair value adjustment on lease modification	<u>(9,384)</u>
Balance, December 31, 2023	<u><u>1,185,863</u></u>
Lease reduction	
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 year	179,506
Less interest portion	<u>(18,453)</u>
Balance, December 31, 2023	<u><u>562,383</u></u>
Net lease liabilities	
Balance, December 31, 2022	<u>153,752</u>
Balance, December 31, 2023	<u><u>623,480</u></u>
Lease liabilities - current	138,580
Lease liabilities	<u>484,900</u>
Balance, December 31, 2023	<u><u>623,480</u></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, 2022	60,116	574,677	166,966	196,802	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	60,116	574,677	166,966	196,802	6,590	214,022	7,377	1,226,550
Additions	-	-	-	2,191	-	2,449	-	4,640
Balance, December 31, 2023	60,116	574,677	166,966	198,993	6,590	216,471	7,377	1,231,190
Amortization								
Balance, January 1, 2022	-	138,486	166,966	195,718	6,590	214,430	7,377	729,567
Disposals	-	-	-	-	-	(14,951)	-	(14,951)
Amortization for the year	-	19,156	-	1,084	-	8,315	-	28,555
Balance, December 31, 2022	-	157,642	166,966	196,802	6,590	207,794	7,377	743,171
Amortization for the year	-	19,156	-	211	-	3,541	-	22,908
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2023	-	176,798	166,966	197,013	6,590	211,335	7,377	766,079
Net carrying amount								
Balance, December 31, 2022	60,116	417,035	-	-	-	6,228	-	483,379
Balance, December 31, 2023	60,116	397,879	-	1,980	-	5,136	-	465,111

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11. Investment properties	Land \$	Building \$	Total \$
Cost			
Balance, January 1, 2022	207,118	1,075,600	1,282,718
Balance, December 31, 2022	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
Balance, December 31, 2023	<u>207,118</u>	<u>1,075,600</u>	<u>1,282,718</u>
Amortization			
Balance, January 1, 2022	-	351,674	351,674
Amortization for the year	<u>-</u>	<u>35,892</u>	<u>35,892</u>
Balance, December 31, 2022	-	387,566	387,566
Amortization for the year	<u>-</u>	<u>35,892</u>	<u>35,892</u>
Balance, December 31, 2023	<u>-</u>	<u>423,458</u>	<u>423,458</u>
Net carrying amount			
Balance, December 31, 2022	<u>207,118</u>	<u>688,034</u>	<u>895,152</u>
Balance, December 31, 2023	<u>207,118</u>	<u>652,142</u>	<u>859,260</u>

The estimated fair market value of the investment properties at December 31, 2023 was \$1,409,614 (2022 - \$1,586,850). 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.

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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

Cost	\$
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, December 31, 2023	<u>-</u>
Amortization	
Balance, January 1, 2022	138,737
Amortization for the year	63,708
Disposals	<u>(202,445)</u>
Balance, December 31, 2022	<u>-</u>
Balance, December 31, 2023	<u>-</u>
Net carrying amount	
Balance, December 31, 2022	<u>-</u>
Balance, December 31, 2023	<u>-</u>

13. Loans payable

Loans payable are non-interest bearing loans due to minority shareholders of Adwell Financial Services Inc. These loans do not need to be repaid as long as a shareholder retains their interest.

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.

During 2023, the Company repaid \$40,000 of the CEBA loan, and the remaining \$20,000 was forgiven.

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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, 2022 and December 31, 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:

	2023	2022
	\$	\$
Interest	18,453	9,968
Telephone expenses	32,784	37,614
Bank service charges	71,745	43,835
Insurance	77,668	71,382
Professional fees	302,154	285,367
Rent and occupancy costs	184,931	169,535
General and office expenses	345,873	146,914
Salary and payroll costs	2,007,732	1,739,411
	<u>3,041,340</u>	<u>2,504,026</u>

17. Income taxes

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

	2023	2022
	\$	\$
Current income tax	96,406	101,831
Deferred income tax	<u>(22,254)</u>	<u>11,308</u>
Provision (recovery) for income taxes	<u>74,152</u>	<u>113,139</u>

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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.

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.

	2023	2022
	\$	\$
Statutory rates	26.6%	26.6%
Income tax provision at statutory rate	64,388	111,548
Increase (decrease) resulting from:		
Income tax expenses (recovery) at statutory rate		
Permanent differences	8,287	1,610
Tax return to provision true-ups	(3)	(19)
Taxes recoverable written off	1,480	-
	<u>74,152</u>	<u>113,139</u>

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

	2023	2022
	\$	\$
Non-capital losses carried forward	7,186	17,915
Property and equipment	11,948	12,180
Loan loss provision	52,480	19,266
	<u>71,614</u>	<u>49,361</u>

Year of expiry

	After tax losses	After tax losses
	2023	2022
	\$	\$
2034	-	4,619
2035	2,264	20,930
2036	24,354	24,354
2037	-	-
2038	-	-
2039	-	-
2040	-	-
2041	-	-
2042	-	16,448
Does not expire	-	-
	<u>26,618</u>	<u>66,351</u>

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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, 2023 and December 31, 2022, the Company had no options outstanding.

19. Income (loss) per share

	2023	2022
	\$	\$
Net income (loss) applicable to common shares	134,347	(929,425)
Basic and diluted weighted average number of common shares outstanding	11,935,513	11,935,513
Basic and diluted earnings (loss) per share	0.011	(0.078)

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 years ended December 31, 2023 and December 31, 2022.

20. Commitments

The table below shows the future minimum payments under leases as at December 31, 2023:

	\$
2024	176,935
2025	139,983
2026	146,617
2027	151,283
2028	113,977
	<hr/>
	728,795
	<hr/> <hr/>

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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	December 31, 2023 \$	December 31, 2022 \$
Cash and cash equivalents	Amortized cost using the effective interest method	9,033,602	6,388,702
Trade and other receivables	Amortized cost using the effective interest method	811,719	592,986
Loans receivable	Amortized cost using the effective interest method	3,300,928	2,234,828
Marketable securities	Amortized cost using the effective interest method	2,000,636	6,100,487
Trade accounts payable and other payables and accrued liabilities	Amortized cost using the effective interest method	2,157,664	1,862,931
Loans payable	Amortized cost using the effective interest method	150,000	150,000
Government loan	Amortized cost using the effective interest method	-	40,000
Lease liabilities	Amortized cost using the effective interest method	623,480	153,752

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.

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 guaranteed investment certificates earn interest at a fixed rate of 5.02% to 5.8% 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.

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The Company has a high concentration of credit risk as approximately 88% of the trade receivables as at December 31, 2023 (2022 - 94%) were owed by one customer, Rogers Communications Inc. For the year ended December 31, 2023, approximately 90% (2022 - 96%) 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 December 31, 2023, 12% (2022 - 9%) of trade receivables were outstanding for between 30 and 90 days and the remaining 88% (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 accounts receivable (\$811,719) and loans receivable (\$3,495,301) represents the maximum credit exposure (\$4,307,020).

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.

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 paid and accrued is as follows:

	2023	2022
	\$	\$
Salaries and other benefits	<u>813,166</u>	<u>855,821</u>

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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).

The consolidated statement of financial position information by reportable segment as at December 31, 2023 was as follows:

	Wireless Business	Financing Business	Total
	\$	\$	\$
ASSETS			
Cash and cash equivalents	8,899,040	134,562	9,033,602
Trade and other receivables	718,978	92,741	811,719
Inventories	33,245	-	33,245
Prepaid and deposits	13,792	45,195	58,987
Right-of-use assets	607,139	-	607,139
Loans receivable	-	3,300,928	3,300,928
Marketable securities	2,000,636	-	2,000,636
Property, plant and equipment	461,224	3,887	465,111
Investment properties	859,260	-	859,260
Deferred income tax assets	18,074	53,540	71,614
Income tax receivable	49,891	(21,483)	28,408
Total assets	13,661,279	3,609,370	17,270,649
LIABILITIES			
Payables and accrued liabilities	1,874,673	282,991	2,157,664
Government remittances payable	34,328	4,561	38,889
Tenant deposits	17,000	-	17,000
Government loan	-	-	-
Lease liabilities	623,480	-	623,480
Loans payable	-	150,000	150,000
Due to (from) related parties	(2,850,000)	2,850,000	-
Total liabilities	(300,519)	3,287,552	2,987,033

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The consolidated statement of financial position information by reportable segment as 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	28,975	-	20,386	49,361
Intangible assets	-	-	-	-
Income tax receivable	100,118	-	-	100,118
Total assets	<u>14,639,883</u>	<u>4,740</u>	<u>2,493,150</u>	<u>17,137,773</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	167,560	-	910	168,470
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	(4,426,248)	2,616,248	1,810,000	-
Total liabilities	<u>(2,424,487)</u>	<u>2,616,248</u>	<u>2,221,766</u>	<u>2,413,527</u>

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The consolidated statement of income (loss) and comprehensive income (loss) information by reportable segment for the year ended December 31, 2023 was as follows:

	Wireless Business	Financing Business	Total
	\$	\$	\$
Revenue	4,726,100	960,529	5,686,629
Cost of sales	2,737,664	-	2,737,664
Gross profit	1,988,436	960,529	2,948,965
Expenses			
General and administration	2,156,675	884,665	3,041,340
Advertising and promotion	11,146	1,297	12,443
Amortization of right-of-use assets	175,160	-	175,160
Amortization of property, plant and equipment	21,001	1,907	22,908
Amortization of investment properties	35,892	-	35,892
Total expenses	2,399,874	887,869	3,287,743
Operating income (loss)	(411,438)	72,660	(338,778)
Other Income			
Rental income	104,972	-	104,972
Interest income	454,720	-	454,720
Fair value adjustment on lease modification	9,384	-	9,384
	569,076	-	569,076
Income from operations before income taxes	157,638	72,660	230,298

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The consolidated statement of income (loss) and comprehensive income (loss) information by reportable segment for the year ended December 31, 2022 was as follows:

	Wireless Business \$	Financing Business \$	Total \$
Revenue	4,763,231	712,184	5,475,415
Cost of sales	2,513,513	-	2,513,513
Gross profit	2,249,718	712,184	2,961,902
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	35,892	-	35,892
Total expenses	2,193,655	555,604	2,749,259
Operating income (loss)	56,063	156,580	212,643
Investment income			
Rental income	77,081	-	77,081
Interest income	131,775	-	131,775
	208,856	-	208,856
Income from operations before income taxes	264,919	156,580	421,499

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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.

Loss from discontinued operations

	2023	2022
	\$	\$
Revenues	-	45,097
Cost of sales	-	266,518
Gross profit (loss)	-	(221,421)
Expenses (recovery)	-	704,098
Operating income (loss)	-	(925,519)
Recovery of (Provision for) income tax	-	(278,216)
Income (loss) from discontinued operations, net of tax	-	(1,203,735)

Cash flow from discontinued operations

	2023	2022
	\$	\$
Income (loss) from discontinued operations	-	(1,203,735)
Items not affecting cash		
Foreign currency exchange loss (gain)	-	(78,690)
Amortization of property, plant and equipment	-	6,006
Amortization of intangible assets	-	63,708
Loss on disposition	-	296,891
Deferred income tax expenses	-	278,217
Net cash used in discontinued operations	-	(637,603)

25. Dividends paid

Dividends amounting to \$596,776 (2022 - \$596,776) were paid on August 10, 2023.