Tenet Fintech Group Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine-month periods ended September 30, 2023, and 2022

Financial Statements

TENET FINTECH GROUP INC.

Condensed Interim Consolidated Statements of Comprehensive Profit and Loss

For the three and nine-month periods ended September 30, 2023, and 2022

(In Canadian dollars, except weighted average number of outstanding shares)

(Unaudited)

	Note	*Three-month periods ended* **September 30** 2023	2022	*Nine-month periods ended* **September 30** 2023	2022
Revenues		9,244,460	21,585,258	35,514,978	88,758,946
Expenses					
Cost of service		5,751,240	16,976,733	22,902,568	74,973,340
Software delivery services		835,026	942,837	2,854,438	1,928,235
Salaries and fringe benefits		2,749,335	3,201,274	10,410,780	8,281,013
Service fees		996,384	534,087	3,445,160	930,993
Board remuneration		24,690	175,958	327,456	518,962
Consulting fees		25,664	380,542	5,788	1,117,569
Outsourced services, software and maintenance		1,119,973	346,832	3,458,192	1,346,990
Professional fees		659,993	1,095,143	2,447,121	2,793,927
Marketing, public relations and press releases		37,611	420,335	500,154	937,571
Office supplies, software and hardware		226,798	381,835	746,678	897,911
Lease expenses		43,990	40,045	138,054	125,854
Insurance		336,002	316,758	1,020,890	965,139
Finance costs	19.4	447,793	23,656	998,686	118,736
Expected credit loss	5-6	87,238	388,396	189,611	577,569
Travel and entertainment		73.665	98.581	187.717	272.800
Stock exchange and transfer agent costs		37,697	54,282	164,144	213,859
Translation cost (recovery) and others		(186)	30,259	(33,158)	113,450
Depreciation of property and equipment	8	49,805	22,397	127,267	65,385
Depreciation of right-of-use assets	8	160,029	182,687	555,530	435,221
Amortization of intangible assets	10	2,433,114	1,754,964	6,605,429	4,820,138
Amortization of financing issuance costs	13-14	13,683	6,799	82,096	20,175
Impairment of goodwill	10	23,448,897	–	23,448,897	–
Impairment of intangible assets	10	12,913,500	4,218,826	12,913,500	4,218,826
Change in fair value of contingent consideration payable	4.1	397,361	(1,305,068)	777,162	(603,589)
Change in fair value of debentures conversion rights	13.6	239,907	–	224,814	–
Loss on investment in associate company	9	10,091	–	43,249	–
Gain on bargain purchase	4.2	–	(109,605)	–	(109,605)
Loss (gain) on foreign exchange		14,101	(13,932)	43,579	112,655
		53,133,401	30,164,621	94,585,802	105,073,124
Loss before income taxes		(43,888,941)	(8,579,363)	(59,070,824)	(16,314,178)
Income taxes (recovery)		(885,988)	(864,154)	(909,629)	1,093,304
Net loss		(43,002,953)	(7,715,209)	(58,161,195)	(17,407,482)
Net Profit (loss) attributable to :					
Non-controlling interest		(350,647)	77,064	(935,556)	236,040
Owners of the parent		(42,652,306)	(7,792,273)	(57,225,639)	(17,643,522)
		(43,002,953)	(7,715,209)	(58,161,195)	(17,407,482)
Item that will be reclassified subsequently to profit or loss					
Currency translation adjustment		1,006,512	(91,291)	(4,166,473)	(2,452,768)
Total comprehensive loss		(41,996,441)	(7,806,500)	(62,327,668)	(19,860,250)
Total comprehensive loss attributable to:					
Non-controlling interest		(260,038)	66,864	(1,405,911)	(12,120)
Owners of the parent		(41,736,403)	(7,873,364)	(60,921,757)	(19,848,130)
		(41,996,441)	(7,806,500)	(62,327,668)	(19,860,250)
Weighted average number of outstanding shares		114,356,689	99,310,145	106,257,342	98,819,297
Basic and diluted loss per share		(0.373)	(0.078)	(0.539)	(0.179)

Going concern uncertainty (note 2)

Subsequent events (note 24)

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

TENET FINTECH GROUP INC.

Condensed Interim Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2023, and 2022

(In Canadian dollars)

(Unaudited)

	Note	Capital stock: Number of common shares	Capital stock: Amount	Equity to issue	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income (loss)	Deficit	Total attributable to owners of parent	Non controlling interest	Shareholders' equity
Balance as at January 1, 2023		99,544,183	211,232,131	–	23,356,969	221,465	625,212	(133,089,887)	102,345,890	15,261,978	117,607,868
Issuance of shares and warrants	16.2	6,434,704	353,243	–	446,757	–	–	–	800,000	–	800,000
Equity component of convertible debentures	13.2	–	–	–	3,394,243	681,084	–	–	4,075,327	–	4,075,327
Issuance costs - equity component of convertible debentures	13.2	–	–	–	(51,488)	25,380	–	–	(26,108)	–	(26,108)
Deferred tax - equity component of convertible debentures	13	–	–	–	(877,554)	(195,857)	–	–	(1,073,411)	–	(1,073,411)
Issuance of broker compensation warrants	13.2	–	–	–	82,629	–	–	–	82,629	–	82,629
Exercise of warrants and broker warrants	16.2	2,142,858	521,814	–	(146,814)	–	–	–	375,000	–	375,000
Conversion of debentures	13-16.2	11,040,000	4,253,847	–	–	–	–	–	4,253,847	–	4,253,847
Share-based compensation	17	–	–	–	472,080	–	–	–	472,080	–	472,080
Subscription for shares by non-controlling interests	22	–	–	–	–	–	–	–	–	228,863	228,863
Issuance of shares for loan repayment	16.2	3,000,000	750,000	–	–	–	–	–	750,000	–	750,000
Payment of contingent consideration	4.1	–	–	539,628	–	–	–	–	539,628	–	539,628
Transactions with owners		122,161,745	217,111,035	539,628	26,676,822	732,072	625,212	(133,089,887)	112,594,882	15,490,841	128,085,723
Net loss		–	–	–	–	–	–	(57,225,639)	(57,225,639)	(935,556)	(58,161,195)
Other comprehensive loss		–	–	–	–	–	(3,696,118)	–	(3,696,118)	(470,355)	(4,166,473)
Total comprehensive loss for the year		–	–	–	–	–	(3,696,118)	(57,225,639)	(60,921,757)	(1,405,911)	(62,327,668)
Balance as at September 30, 2023		122,161,745	217,111,035	539,628	26,676,822	732,072	(3,070,906)	(190,315,526)	51,673,125	14,084,930	65,758,055

	Note	Capital stock: Number of common shares	Capital stock: Amount	Equity to issue	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income (loss)	Deficit	Total attributable to owners of parent	Non controlling interest	Shareholders' equity
Balance as at January 1, 2022		97,167,183	208,219,490	150,000	21,531,185	–	1,366,752	(79,997,442)	151,269,985	14,320,381	165,590,366
Exercise of warrants and broker warrants	16.3	2,259,500	2,548,471	(150,000)	(522,971)	–	–	–	1,875,500	–	1,875,500
Exercise of options	16.3	117,500	464,170	–	(217,420)	–	–	–	246,750	–	246,750
Share-based compensation	17	–	–	–	1,672,237	–	–	–	1,672,237	–	1,672,237
Subscription for shares by non-controlling interests	22	–	–	–	–	–	–	–	–	791,007	791,007
Transactions with owners		99,544,183	211,232,131	–	22,463,031	–	1,366,752	(79,997,442)	155,064,472	15,111,388	170,175,860
Net profit (loss)		–	–	–	–	–	–	(17,643,522)	(17,643,522)	236,040	(17,407,482)
Other comprehensive loss		–	–	–	–	–	(2,204,608)	–	(2,204,608)	(248,160)	(2,452,768)
		–	–	–	–	–	(2,204,608)	(17,643,522)	(19,848,130)	(12,120)	(19,860,250)
Balance as at September 30, 2022		99,544,183	211,232,131	–	22,463,031	–	(837,856)	(97,640,964)	135,216,342	15,099,268	150,315,610

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

TENET FINTECH GROUP INC.

Condensed Interim Consolidated Statements of Cash Flows

For the three and nine-month periods ended September 30, 2023, and 2022

(In Canadian dollars)

(Unaudited)

		Three-month periods ended September 30		*Nine-month periods ended* September 30	
	Note	**2023**	**2022**	**2023**	**2022**
OPERATING ACTIVITIES					
Net loss		(43,002,953)	(7,715,209)	(58,161,195)	(17,407,482)
Non-cash items					
Expected credit loss	5-6	87,238	388,396	189,611	577,569
Depreciation of property and equipment	8	49,805	22,397	127,267	65,385
Depreciation of right-of-use assets	8	160,029	182,687	555,530	435,221
Amortization of intangible assets	10	2,433,114	1,754,964	6,605,429	4,820,138
Amortization of financing issuance costs	13-14	13,683	6,799	82,096	20,175
Impairment of goodwill	10	23,448,897	–	23,448,897	–
Impairment of intangible assets	10	12,913,500	4,218,826	12,913,500	4,218,826
Accretion on debentures and bonds	13-14	260,454	8,596	440,587	24,299
Accretion of lease interest	12-19.4	75,654	38,598	210,459	113,999
Interest income on deposit		(1,217)	–	(3,595)	–
Change in fair value of contingent consideration payable	4.1	397,361	(1,305,068)	777,162	(603,589)
Change in fair value of debentures conversion rights	13.6	239,907	–	224,814	–
Share-based compensation	17	25,712	559,935	472,080	1,672,237
Deferred tax assets and liabilities		(908,834)	(53,818)	(1,440,726)	53,744
Loss on investment in associate company	9	10,091	–	43,249	–
Gain on bargain purchase	4.2	–	(109,605)	–	(109,605)
Loans receivable maturing in more than 12 months	5	73,910	424,693	698,419	2,014,300
Deposits made for transactions on platforms, long term	6.2	(13,867,968)	–	(13,867,968)	–
Net changes in working capital items					
Restricted cash		192,967	10,000	199,634	30,000
Income tax payable		78,082	(880,910)	120,936	(618,356)
Accounts receivable	6.1	3,098,997	(201,413)	5,187,248	1,331,492
Deposits made for transactions on platforms, short term	6.2	13,537,342	(1,941,456)	16,083,732	5,259,693
Prepayments to third party subcontractors	6.1	(92,002)	(2,555,966)	2,581,740	(1,678,493)
Other debtors	6.1	424,803	196,579	34,264	530,429
Loans receivable maturing in less than 12 months	5	(535,467)	2,753,875	170,900	1,095,153
Assets held for sale		33,630	(88,707)	97,494	(23,949)
Other prepaid expenses		409,463	480,507	1,278,135	912,461
Trade accounts payable and accruals	11	261,257	346,509	3,102,248	(1,520,511)
Advances from third-party customers	11	41,664	133,057	(95,059)	(2,723,207)
Contract liabilities with third-party customers	11	(805,692)	584,294	(2,661,562)	848,455
Cash flows from operating activities		(946,573)	(2,741,440)	(584,674)	(661,616)
INVESTING ACTIVITIES					
Investments	9	212,980	(480,448)	(279,520)	(1,061,496)
Property and equipment - Addition	8	–	(19,007)	(820,171)	(44,441)
Property and equipment - Disposal	8	–	–	–	2,344
Intangible assets - additions	10	(1,604,587)	(3,136,950)	(5,569,743)	(7,842,398)
Cash, acquired on acquistion of subsidiaries	4.2	–	93,277	–	93,277
Cash flows from investing activities		(1,391,607)	(3,543,128)	(6,669,434)	(8,852,714)
FINANCING ACTIVITIES					
Advances made from companies owned by a Director	11-20	397,133	–	1,254,883	–
Repayments of lease liabilities	12	(232,839)	(205,441)	(596,190)	(503,678)
Proceeds from the issuance of shares and warrants	16	–	–	800,000	–
Proceeds from the issuance of convertible debentures and warrants	13	1,460,669	–	6,751,019	–
Proceeds from the exercise of warrants	16	–	303,250	375,000	1,875,500
Proceeds from the exercise of options	17	–	–	–	246,750
Cash flow from financing activities		1,624,963	97,809	8,584,712	1,618,572
IMPACT OF FOREIGN EXCHANGE		928,737	(373,541)	(3,250,003)	(2,412,909)
Net increase(decrease) in cash		215,520	(6,560,300)	(1,919,399)	(10,308,667)
Cash, beginning of the period		1,088,451	15,048,547	3,223,370	18,796,914
Cash, end of the period		1,303,971	8,488,247	1,303,971	8,488,247

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

TENET FINTECH GROUP INC.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2023 and December 31, 2022

(In Canadian dollars)

(Unaudited)

	Note	As at September 30, 2023	As at December 31, 2022
ASSETS			
Current			
Cash		1,303,971	3,223,370
Restricted cash	4.1-14	13,333	212,967
Loans receivable	5	15,983,954	16,154,854
Assets held for sale		210,587	308,081
Debtors	6.1	19,203,050	28,149,428
Deposits made for transactions on platforms	6.2	10,756,145	26,839,877
Prepaid expenses		593,959	1,872,094
Other current assets	7	9,449,831	–
		57,514,830	76,760,671
Loans receivable	5	262,321	1,039,989
Deposits made for transactions on platforms	6.2	13,867,968	–
Deposit		80,069	76,474
Property and equipment	8	3,670,095	3,410,832
Investments	9	1,197,207	1,048,337
Intangible assets	10	17,354,174	32,011,270
Goodwill	10	3,160,900	26,609,797
Foreign deferred tax assets		853,999	310,097
		97,961,563	141,267,467
LIABILITIES			
Current			
Accounts payable, advances and accrued liabilities	11	11,753,957	10,926,447
Lease liabilities	12	550,643	493,852
Bonds	14	400,000	373,547
CEBA Loan	15	100,000	100,000
Current tax liabilities		4,232,942	4,112,006
		17,037,542	16,005,852
Debentures	13	8,445,450	2,109,903
Conversion option	13	190,650	–
Lease liabilities	12	3,194,240	2,622,339
Canadian deferred tax liability		1,215,882	1,039,295
Contingent consideration payable	4.1	2,119,744	1,882,210
		32,203,508	23,659,599
SHAREHOLDERS' EQUITY			
Capital Stock	16	217,111,035	211,232,131
Shares to be issued	4.1	539,628	–
Contributed surplus		26,676,822	23,356,969
Equity component of convertible debentures	13	732,072	221,465
Accumulated other comprehensive income (loss)		(3,070,906)	625,212
Deficit		(190,315,526)	(133,089,887)
Shareholders' equity attributable to owners of the parent		51,673,125	102,345,890
Non-controlling interest		14,084,930	15,261,978
Total shareholders' equity		65,758,055	117,607,868
		97,961,563	141,267,467

Going concern uncertainty (note 2)

Subsequent events (note 24)

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

On behalf of the Board,

/S/ Johnson Joseph	/S/ Yves C. Renaud
Director	Director

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION

Tenet Fintech Group Inc. (hereinafter "Tenet'' or the "Company"), formerly named Peak Fintech Group Inc. until November 1, 2021, was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on May 13, 2008, and continued under the Canada Business Corporations Act on April 4, 2011. Tenet Fintech Group Inc.'s head office is located at 119 Spadina Avenue, Suite 705, Toronto, Ontario. Its shares are traded on the Canadian Stock Exchange (CSE) under the symbol "PKK". Its shares are quoted in the U.S. on the OTC Market's Groups (OTCQX) under the symbol ''PKKFF''.

Tenet is the parent company of innovative artificial intelligence (AI) and financial technology (Fintech) subsidiaries operating in Canada and China. Tenet's subsidiaries use technology, analytics and artificial intelligence to create an ecosystem of small and medium-sized enterprises (SMEs) to carry out a range of interactions and transactions, including in the commercial lending space, in a rapid, safe, efficient, and transparent manner.

2 - GOING CONCERN UNCERTAINTY AND COVID-19

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation and be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The use of these principles may not be appropriate.

The level of cash flows from operating activities currently being generated is not presently sufficient to meet the Company's working capital requirements and business growth initiatives. The Company's ability to continue as a going concern depends upon its ability to raise additional financing. Even if the Company has been successful in the past in doing so, including financing by a prospectus that generated a net cash inflow of $47,981,290 in the third quarter of 2021 and a series of private placements in the fourth quarter of 2022 and the first nine months of 2023, there is no assurance that it will manage to obtain additional financing in the future. In addition, the repatriation of any profits of funds raised by the Company in China, which the Company might want to repatriate from China to Canada, is subject to the rules and regulations established by the Chinese government that restrict the flow of funds between China and foreign jurisdictions. Consequently, the Company may therefore not be able to repatriate profits or transfer funds from its Chinese holding or operating subsidiaries to its head office in Canada, including part or all of the funds raised or to be collected in China through its most recent convertible debenture private placement financings. Also, the Company incurred a net loss of $58,161,195 for the nine-month period ended September 30, 2023 (September 30, 2022 - $17,407,482), it has an accumulated deficit of $190,315,526 as at September, 2023 (year ended December 31, 2022 - $133,089,887) and it has not yet generated positive cash flows from operations on a regular basis. Until that happens, the company will continue to assess its working capital needs and undertake whatever initiatives it deems necessary to ensure that it continues to be in a position to meet its financial obligations. These material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern.

Since the COVID-19 global pandemic outbreak, many businesses worldwide have seen their operations negatively impacted by the health and safety measures, including limitations on the movement of goods and individuals, put into place by local governments to help control the spread of the outbreak. Although those measures have been relaxed in recent months, there still remains a great deal of uncertainty as to the extent and duration of the future impact of COVID-19 on global commerce and the Company's business. Moreover, China, in particular, has occasionally taken strong measures to try to curb the spread of the virus and protect its citizens. In doing so, there has been an impact on the economic activities of many of its regions. Given that the Company has significant operations in China, any such measures may have an adverse impact on the Company's revenues and cash resources, ability to expand its business, access to suppliers, partners, and customers, and ability to carry on its day-to-day operations without interruption.

These condensed interim financial statements do not include any adjustments or disclosures that may be necessary should the Company not be able to continue as a going concern. If this were the case, these adjustments could be material.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance with IFRS

These condensed interim consolidated financial statements for the nine-month period ended September 30, 2023, have been prepared on a form in accordance with IAS 34 "Interim Financial Reporting". Since they are condensed financial statements, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (''IFRS''), as issued by the International Accounting Standards Board (''IASB''), have been voluntarily omitted or summarized.

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates and requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements have been set out in note 5 of the Company's consolidated financial statements for the year ended December 31, 2022. There have not been any significant changes in judgments, estimates or assumptions since then. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

The same accounting policies and methods of computation were used in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the consolidated financial statements for the year ended December 31, 2022 except for new standards and interpretations effective January 1, 2023.

These condensed interim consolidated financial statements for the nine-month periods ended September 30, 2023, and 2022 were approved and authorized for the issue by the Board of Directors on November 28, 2023.

3.2 Basis of measurement

These condensed interim consolidated financial statements are prepared on an accrual basis using the historical cost method.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of Tenet and all of its subsidiaries. The Company attributes the total comprehensive profit or loss of the subsidiaries between the owners of the parent company and the non-controlling interests based on their respective ownership interests.

The following entities have been consolidated within these condensed interim consolidated financial statements:

Entities	Registered	% of ownership and voting right	Principal activity	Functional Currency
Tenet Fintech Group Inc.	Canada		Holding and parent company	Canadian dollar
Cubeler Inc.	Canada	100%	Technology based product developer and procurement facilitator	Canadian dollar
Tenoris 3 Inc.	Canada	100%	Technology based product developer and procurement facilitator	Canadian dollar
Asia Synergy Limited ("ASL")	Hong Kong	100%	Holding	US dollar
Asia Synergy Holdings Ltd. ("ASH")	China	100%	Holding	Renminbi
Asia Synergy Technologies Ltd. ("AST")	China	100%	Technology based product procurement facilitator	Renminbi
Asia Synergy Supply Chain Ltd. ("ASSC")	China	51%	Technology based product procurement facilitator	Renminbi
Zhejiang Xinjiupin - Oil & Gas Management Co. ("AJP")	China	100%	Technology based product procurement facilitator	Renminbi
Asia Synergy Data Solutions Ltd. ("ASDS")	China	100%	Fintech	Renminbi
Asia Synergy Credit Solutions Ltd. ("ASCS")	China	100%	Credit outsourcing services	Renminbi
Asia Synergy Supply-chain Technologies Ltd. ("ASST")	China	100%	Supply chain services	Renminbi
Beijing Xinxiangtaike Technologies Service Co.,Ltd. ("ASSI")	China	100%	Fintech	Renminbi
Wuxi Aorong Ltd. ("AORONG")	China	100%	Holding	Renminbi
Asia Synergy Financial Capital Ltd. ("ASFC")	China	51%	Financial institution	Renminbi
Huike Internet Technology Co., Ltd. ("HUIKE")	China	100%	Technology based product facilitator	Renminbi
Wechain (Nanjing) Technology Service Co., Ltd. ("WECHAIN")	China	51%	Fintech	Renminbi
Kailifeng New Energy Technology Co., Ltd. ("KALIFENG")	China	51%	Technology based clean energy trading platform facilitator	Renminbi
Shanghai Xinhuizhi Supply Chain Management Ltd. ("ASAC")	China	51%	Technology based product procurement facilitator	Renminbi
Tianjin Wodatong Technology Co., Ltd. ("ASB")	China	100%	Fintech	Renminbi
Jiangsu Supairui IOT Technology Co., Ltd. ("ASTH")	China	80%	Technology based product procurement facilitator	Renminbi
Wuxi Suyetong Supply Chain Management Co., Ltd. ("SST")	China	80%	Technology based product procurement facilitator	Renminbi
Jiangsu Steel Chain Technology Co., Ltd. ("STEELCHAIN")	China	100%	Technology based steel trading platform facilitator	Renminbi

The Company's subsidiaries each have an annual reporting date of December 31 and are incorporated in either Canada, Hong Kong or China. All intercompany transactions and accounts were eliminated upon consolidation, including unrealized gains or losses on intercompany transactions. Where unrealized losses on intercompany asset sales are reversed upon consolidation, the underlying asset is also tested for impairment from the Company's perspective. Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Company.

Profit or loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.4 Foreign currency translation

Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company.

4 - BUSINESS COMBINATIONS

4.1 Subsequent Accounting

At each reporting date, the Company revises its estimations of the fair value of the contingent considerations payable under the Heartbeat and Steelchain acquisitions and records gains or losses through the change in fair value of contingent consideration payable reported in the consolidated profit and loss statement. The reevaluation process takes into account the reporting date management assumptions of the Heartbeat and Steelchain expected financial performance compared to agreed up to date targets and discounts the results accordingly.

As at September 30, 2023, the Company revalued the contingent consideration payable related to the Heartbeat and Steelchain acquisitions resulting in a loss of $Nil (September 30, 2022 - $603,589) and a loss of $777,162 (September 30, 2022 - $Nil) respectively which were recorded in the consolidated statements of comprehensive profit and loss. The value of the contingent consideration payables were estimated at, respectively, $Nil and $2,119,744 (December 31, 2022 - $Nil and $1,882,210) for the Heartbeat and Steelchain acquisitions. For the period ended September 30, 2023 and in accordance with the assets purchase and performance agreement of the Steelchain acquisition, the Company will pay a contingent consideration amounting to $539,628 in the form of common shares. As such, an amount of $539,628 was credited as Equity to issue in the Condensed Interim Consolidated Statements of Changes in Equity and an equivalent amount was debited in Contingent consideration payable.

As at September 30, 2023, a balance totalling $Nil (December 31, 2022 - $196,300) of cash reserved for an upstream supply chain supplier of the Company, was recorded as restricted cash in the Condensed Interim Consolidated Statetement of Financial Position.

(In Canadian dollars)

4 - BUSINESS COMBINATIONS (CONTINUED)

4.2 Business combinations during the previous year

On August 1, 2022, the Company, through its AST subsidiary, acquired 80% of ASTH share capital and voting rights, effectively obtaining control of the company on that date. ASTH owns and operates a technology based product procurement platform that will be integrated into the Company supply chain technology service offering and is expected to benefit the Company by enabling it to reach and develop additional markets in Mainland China. No consideration was paid upon the acquisition as the Company's business network is expected to benefit the non-controlling interest shareholder.

As at the acquisition date, the fair value of ASTH net assets acquired was estimated at $137,007, based on management's valuation, resulting in a $109,605 bargain purchase attributable to the owners of the parent, recorded through the consolidated statements of comprehensive profit and loss. The Company was able to obtain a bargain purchase on the transaction as its business network is expected to impact the acquired business's expected growth and benefit the investment of the non-controlling shareholder. The non-controlling interest recognized on the acquisition date was measured at its proportionate share of the acquiree's identifiable net assets of 20%.

From the date of acquisition, ASTH contributed $1,120,254 in revenues and $92,730 to profit before tax from continuing operations of the Company. If the combination had taken place at the beginning of the year, pro forma revenue from continuing operations would have been $3,039,391 and pro forma loss before tax for the Company would have been $91,558. The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2022. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods. As at the transaction date, the other receivables' gross contractual amount, included in the identifiable net assets acquired, was $682,717. Based on management's review of the account, the total other receivables amount is recoverable.

The ASTH acquisition has been determined to constitute a business combination and, accordingly, it has been accounted for using the acquisition method of accounting. During the reporting period, the Company also finalized its purchase price allocation for the Heartbeat acquisition, that occurred on September 1, 2021.

	Heartbeat		ASTH
	Preliminary	*Final*	*Final*
Fair value of consideration transferred			
Consideration paid			
Cash	11,000,000	11,000,000	–
Contingent consideration paid			
Issuance of 600,000 shares of the Company at $11.50/share	6,900,000	6,900,000	–
Total consideration paid as at year end	17,900,000	17,900,000	–
Contingent consideration payable			
Issuance of shares of the Company on December 31, 2022 - up to $7.1m in value	3,717,074	2,916,000	–
Issuance of shares of the Company on December 31, 2023 - up to $6.0m in value	1,760,500	1,305,000	–
Total estimated contingent consideration payable	5,477,574	4,221,000	–
Total consideration (paid and contingent consideration)	23,377,574	22,121,000	–
Identifiable net assets acquired			
Cash	185,830	185,830	93,277
Other receivables	–	–	682,717
Other current assets	292,547	292,547	32,308
Property and equipment	1,574	1,574	46,937
Heartbeat Platform	7,471,000	7,471,000	–
Tradename	4,000	4,000	–
Intangible assets	–	–	285,150
Accounts payable and accrued liabilities	(1,204,036)	(1,204,036)	(983,492)
Lease liabilities	–	–	19,890
Deferred tax liability	(1,868,750)	(1,868,750)	–
Identifiable total net assets	4,882,165	4,882,165	137,007
Non-controlling interest	–	–	(27,402)
Goodwill (Bargain purchase) arising on acquisition			
Goodwill (Bargain purchase) attributable to Owners of the parent	18,495,409	17,238,835	(109,605)
	23,377,574	22,121,000	–
Consideration paid in cash	11,000,000	11,000,000	–
Cash and cash equivalents acquired	185,830	185,830	93,277
	11,185,830	11,185,830	93,277

During the period, the calculation of the purchase price allocation relating to the Heartbeat Platform acquisition was finalized. The final fair value of the contingent consideration payable under this agreement was estimated using a discount rate of 80%, at $22,121,000. This resulted in a Goodwill reduction adjustment arising from the transaction of $1,256,574 and an equivalent amount was debited in Contingent consideration payable.

The bargain purchase of $109,605 from the ASTH acquisition arises from the difference in the fair value of the net assets acquired over the purchase price. The Company was able to acquire ASTH with $Nil consideration as its current network is expected to benefit the NCI shareholder in the future.

(In Canadian dollars)

5 - LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

One of the Company's subsidiaries in China, Asia Synergy Financial Capital ("ASFC"), provides various financial services to small and medium-sized enterprises.

ASFC provides loans that are either guaranteed by a third party, collateral assets or a combination of both. The loans secured with collateral are either secured by second-hand vehicles or by the residential property of the borrower. Loans not guaranteed by collateral assets are guaranteed by a third party.

Loans guaranteed by second-hand vehicles
The second-hand vehicles are valued by the company's credit department before approving a loan. The loan value at inception typically represents between 40% to 80% of the collateral value. The second-hand vehicles' collateral values are evaluated at the beginning of the loan and periodically during the life of the loan, based on an industry-recognized used car guide validated by company personnel, their knowledge, experience and the inspection process before approval of the loan.

Loans guaranteed by second rank mortgage on residential property
Before approving a loan, the Company's credit department will assess the value of any other mortgages taken out on the residential property and put it as collateral by the prospective borrower. The loan value at inception typically represents between 25% and 50% of the collateral value exceeding the first-rank mortgage taken by the borrower. The value of the residential property is evaluated at the beginning of the loan and periodically during the life of the loan based on a residential broker site, which is validated by the Company's personnel, their knowledge, experience and inspection process before approval of the loan.

All the loans secured by collateral assets are registered on the appropriate government-regulated system.

Credit loans guaranteed by a third party
The Company makes loans to small and medium enterprises in the technology sector. Before approving a loan, the Company performs an initial credit evaluation of the borrower. The credit evaluation includes the review of the borrower company's credit profile, operating performance, financial statements, tax payments & receipt records, shareholders' structure and their individual credit rating. Based on this initial evaluation, the Company will then proceed to sign a loan agreement with the SME borrowers. To mitigate the default risk in the case of any overdue situation incurred regarding these credit loans, a letter of guarantee must also be signed before the loan is finally granted to SME borrowers. Accordingly, a third party must agree to provide a full guarantee to cover any overdue principal and interest on behalf of the borrowers. The company will also perform ongoing monitoring of SME borrowers in the tech industry through visits, phone calls and follow-up on business model developments.

For the majority of loans granted, principal and interest are payable by the borrower every month.

Loans receivable are summarized as follows:

	2023 September 30	**2022** December 31
Principal balance loans receivable	16,843,077	17,712,396
Less expected credit loss (ECL)	(596,802)	(517,553)
Loans receivable net	16,246,275	17,194,843
Loans receivable maturing in less than 12 months	15,983,954	16,154,854
Loans receivable maturing in more than 12 months	262,321	1,039,989
	16,246,275	17,194,843

Impaired loans and allowances for credit loss

The Company performed a three-stage forward-looking impairment approach to its loan portfolio to measure the expected credit loss as described in detail in note 4.11 of the annual consolidated financial statements for the year ended December 31, 2022.

(In Canadian dollars)

5 - LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Credit quality of loans

The following table presents the gross carrying amount of loans receivable as at September 30, 2023, and December 31, 2022, according to credit quality and ECL impairment stages.

ECL is calculated at the end of the period on loans that are not insured by a third party with an assumption of a credit loss allocation provision applied as follows:

	Credit Loss Allocation Applied		
	Autos	**Residential Property**	**Credit and Supply Chain Finance Credit**
Stage 1 : 1%	1.0%	1.0%	2.0%
Stage 2: 30%	6.8%	1.0%	2.0%
Stage 3: 100%	60.0%	1.0%	2.0%

September 30, 2023	**%**	**Gross Carrying Amount**	**Allowance for Credit Loss**	**Net Carrying Amount**
Stage 1: Not overdue <= 30 Days	93.1%	15,679,216	(3,120)	15,676,096
Stage 2: Overdue 30–90 days	0.1%	8,638	(26)	8,612
Stage 3: Overdue> 90 days	6.9%	1,155,223	(593,656)	561,567
	100.0%	16,843,077	(596,802)	16,246,275

December 31, 2022	**%**	**Gross Carrying Amount**	**Allowance for Credit Loss**	**Net Carrying Amount**
Stage 1: Not overdue <= 30 Days	88.7%	15,709,351	(3,117)	15,706,234
Stage 2: Overdue 30–90 days	1.1%	199,181	(598)	198,583
Stage 3: Overdue> 90 days	10.2%	1,803,864	(513,838)	1,290,026
	100.0%	17,712,396	(517,553)	17,194,843

The loss allowance for loans to customers as at September 30, 2023, broken down by product type, reconciles to the opening loss allowance for that provision as follows:

	Product Type - Autos			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Loss allowance as at January 1, 2023	1	–	506,951	506,952
Originations net of repayments and other derecognitions	(1)	–	(35,448)	(35,449)
Net remeasurement	–	–	141,646	141,646
Foreign exchange and other	–	–	(21,179)	(21,179)
Loss allowance as at September 30, 2023	–	–	591,970	591,970

	Product Type - Residential property			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Loss allowance as at January 1, 2023	24	598	6,887	7,509
Originations net of repayments and other derecognitions	(6)	(475)	(5,106)	(5,587)
Net remeasurement	–	25	206	231
Transfers				
- to lifetime ECL credit-impaired	–	(88)	88	–
Foreign exchange and other	(1)	(35)	(389)	(425)
Loss allowance as at September 30, 2023	16	26	1,686	1,728

	Product Type - Credit & Supply Chain Finance Credit			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Loss allowance as at January 1, 2023	3,092	–	–	3,092
Originations net of repayments and other derecognitions	184	–	–	184
Foreign exchange and other	(172)	–	–	(172)
Loss allowance as at September 30, 2023	3,104	–	–	3,104

(In Canadian dollars)

5 - LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

The loss allowance for loans to customers as at December 31, 2022, broken down by product type, reconciles to the opening loss allowance for that provision as follows:

	Product Type - Autos			
	Stage 1	Stage 2	Stage 3	Total ECL
Loss allowance as at January 1, 2022	1	1,618	150,126	151,745
Originations net of repayments and other derecognitions	(21)	(590)	(33,095)	(33,706)
Net remeasurement	(0)	–	371,905	371,905
Transfers				
- to lifetime ECL credit-impaired	–	(308)	308	–
Write-offs	–	–	44,797	44,797
Foreign exchange and other	21	(720)	(27,090)	(27,789)
Loss allowance as at December 31, 2022	1	–	506,951	506,952

	Product Type - Residential property			
	Stage 1	Stage 2	Stage 3	Total ECL
Loss allowance as at January 1, 2022	207	1,382	9,756	11,345
Originations net of repayments and other derecognitions	(153)	(711)	(5,576)	(6,440)
Net remeasurement	–	578	1,513	2,091
Transfers				
- to lifetime ECL performing	(20)	20	–	–
- to lifetime ECL credit-impaired	(7)	(648)	655	–
Foreign exchange and other	(3)	(23)	539	513
Loss allowance as at December 31, 2022	24	598	6,887	7,509

	Product Type - Credit & Supply Chain Finance Credit			
	Stage 1	Stage 2	Stage 3	Total ECL
Loss allowance as at January 1, 2022	3,154	–	–	3,154
Originations net of repayments and other derecognitions	(14)	–	–	(14)
Foreign exchange and other	(48)	–	–	(48)
Loss allowance as at December 31, 2022	3,092	–	–	3,092

6 - DEBTORS AND DEPOSITS MADE FOR TRANSACTIONS ON PLATFORMS

6.1 Debtors

	2023 September 30	**2022** December 31
Sales tax receivable	964,695	1,013,910
Advances to companies	147,975	141,679
Accounts receivable	12,788,890	17,315,127
Subscriptions receivable from non-controlling interests (note 22)	1,231,219	1,002,356
Promissory notes (1)	233,080	247,425
Subscriptions receivable of convertible debentures (note 13)	–	2,010,000
Prepayments to third party subcontractors (2)	3,837,191	6,418,931
	19,203,050	28,149,428

(1) On December 15, 2021, loans were issued to two board members of the Company in the amounts of $72,793 and $40,400. On June 3, 2022, an additional loan was issued to another board member of $130,462. The loans were respectively due on December 15, 2022 and December 31, 2022, and bear interest at the quarterly prescribed variable rate. During the third quarter of 2023, a former board member (that resigned in August 2022) provided services to the Company amounting to $23,000 in order to reduce the balance of his promissory note payable to the Company. As at September 30, 2023, the aggregate outstanding principal amount due for said loans is $233,080 (December 31, 2022 - $247,425). As the loans have expired, the Company is still in the process of negotiating repayment terms to be agreed with each current and past board member.

(2) Subsidiaries of the Company active in supply chain activity made prepayments to suppliers to support operational supply chain processes. These prepayments will be reverted to Company's subsidiaries when services or merchandise transactions are executed.

(In Canadian dollars)

6 - DEBTORS AND DEPOSITS MADE FOR TRANSACTIONS ON PLATFORMS (CONTINUED)

6.2 Deposits made for transactions on platforms

	2023 September 30	**2022** December 31
Deposits made for transactions on platforms with guarantee (1)	24,151,853	26,339,312
Deposits made for transactions on platforms (2)	472,260	500,565
	24,624,113	26,839,877
Deposits made for transactions on platforms, short-term	10,756,145	26,839,877
Deposits made for transactions on platforms, long-term	13,867,968	–
	24,624,113	26,839,877

(1) As per agreements signed with third parties, subsidiaries of the Company have provided deposits to facilitate capital support from financial institutions such as banks and lenders in mainland China.

The financial institutions provide financing solutions to the Company's customers to fund transactions on the GoldRiver platform and operational expenses related to the expansion and set-up of their supply chain network.

All depending on the nature of the transaction, as collateral and in the event of default, the Company obtains a contractual right to claim 10% to 20% of the majority of the merchandise transacted on the platform or a guarantee on the pool of accounts receivable balances from downstream corporate operators and distributors that are related to business transactions on the GoldRiver platform.

(2) As per agreements signed with third parties, subsidiaries of the Company have provided deposits in order to facilitate capital support from financial institutions such as banks and lenders in mainland China.

Debtors and deposits made for transactions on platforms' amounts are presented on the consolidated statements of financial position net of the allowance for expected credit loss. When measuring the expected credit losses, other debtors, advances to companies, accounts receivable, subscriptions receivable of convertible debentures, subscriptions receivable from non-controlling interests, promissory notes, prepayment to third party subcontractors, and deposits made for transactions on platforms are assessed individually due to the low number of accounts. The expected loss rates are based on the payment profile of debtors taking into consideration third party guarantees on payment and any reasonable expectation of recovery.

Debtors and deposits made for transactions on platforms are written off (i.e. de-recognized) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Issuer on alternative payment arrangements, amongst other things, are considered as potential indicators of no reasonable expectation of recovery. As at September 30, 2023, an expense of $110,362 (September 30, 2022 - an expense of $256,145) was recorded as expected credit loss in the consolidated statements of comprehensive profit and loss.

7 - OTHER CURRENT ASSETS

	2023 September 30	**2022** December 31
Other current assets (1)	9,449,831	–
	9,449,831	–

(1) Of the total amount closed through the combined private placements of August 1st, 2023, August 18th, 2023 and September 8th, 2023, as described in the note 13, the Company had funds from convertible debentures recorded in other current assets amounting to $9,449,831 as at September 30, 2023. The funds from convertible debentures were still in process of being transferred from a bank account in China owned by a Director and officer of the Company and under the control of a Company's holding subsidiary to its Head Office in Canada.

(In Canadian dollars)

8 - PROPERTY AND EQUIPMENT

	Right-of-Use Assets	IT & Office Equipment	Leasehold Improvement (1)	Vehicles & Other Equipment	Total
Gross carrying amount					
Balance as at January 1, 2023	5,050,741	282,042	–	215,463	5,548,246
Adjustments	65,925	–	–	–	65,925
Additions	253,438	415,112	405,059	–	1,073,609
Balance as at September 30, 2023	5,370,104	697,154	405,059	215,463	6,687,780
Accumulated amortization					
As at September 30, 2023, the balance of convertible debentu	1,830,798	156,195	–	150,421	2,137,414
Depreciation	555,530	74,946	19,137	33,184	682,797
Exchange differences	195,480	(298)	–	2,292	197,474
Balance as at September 30, 2023	2,581,808	230,843	19,137	185,897	3,017,685
Net carrying amount as at September 30, 2023	2,788,296	466,311	385,922	29,566	3,670,095
Gross carrying amount					
Balance as at January 1, 2022	3,067,626	201,858	–	191,393	3,460,877
Amounts acquired in a business combination	106,552	53,755	–	–	160,307
Adjustments	19,626	–	–	–	19,626
Additions	1,859,529	26,429	–	24,070	1,910,028
Disposals	(2,592)	–	–	–	(2,592)
Balance as at December 31, 2022	5,050,741	282,042	–	215,463	5,548,246
Accumulated amortization					
Balance as at January 1, 2022	1,186,255	110,873	–	101,736	1,398,864
Adjustments	1,153	–	–	–	1,153
Depreciation	615,179	42,417	–	47,247	704,843
Exchange differences	28,211	2,905	–	1,438	32,554
Balance as at December 31, 2021	1,830,798	156,195	–	150,421	2,137,414
The movement during the nine-month period ended Septeml	3,219,943	125,847	–	65,042	3,410,832

(1) Leasehold improvements are initially recorded at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Leasehold improvements are subsequently measured at cost less accumulated depreciation and impairment.

Depreciation is recognized on a straight-line basis using rates based on the estimated useful lives of the asset as follows:

	Useful life
Leasehold improvement	10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

9 - INVESTMENTS

	2023 September 30	**2022** December 31
As at September 30, 2023,the balance of convertible debentures funds raised from this issuance recorded in the other curren	21,187	66,836
Other equity investments (2,3)	1,176,020	981,500
	1,197,207	1,048,336

(1) The Company holds, through its ASFC subsidiary, a 26% equity interest in Wuxi Deyuan Management Consulting Co., Ltd. ("DEYUAN"), a China-registered company that provides credit outsourcing services. During the nine-month period ending September 30, 2023, Tenet recognized $43,249 as a loss on investment in associate company (September 30, 2022 - Nil$) in relation to DEYUAN.

(2) The Company holds, through its ASDS subsidiary, a 25% equity interest in Jiangyin Xinshang Enterprise Management Partnership ("AXS"), a China-registered company that provides payment services. During the nine-month period ending September 30, 2023, AXS returned $212,980 to ASDS and proportional amounts were returned to the other investors in order to maintain the equity interest of each party unchanged. The Company committed to reinvest the same amount returned, totaling $212,980, by 2041. The equity investment is valued at $250,020 as at September 30, 2023.

(3) The Company holds, through its ASFC subsidiary, a 5% equity interest in Wuxi Xincheng Venture Capital Partnership ("AVC"), a China-registered investment partnership. During the nine-month period ending September 30, 2023, the Company injected an additional $492,500 into the investment as part of the commitment agreement per the shareholding agreement. The equity investment is valued at $926,000 as at September 30, 2023.

(In Canadian dollars)

10 - INTANGIBLE ASSETS AND GOODWILL

The carrying value of the intangible assets as at September 30, 2023 and December 31, 2022, were as follows:

	Loan Servicing Agreement	Gold River Platform	System Integration Platform *(Formerly called Cubeler Interface)*	Cubeler Platform	Other ERP Platforms	Heartbeat Platform	Tradenames	Total intangible assets
Gross carrying amount								
Balance as at January 1, 2023	1,430,000	13,820,146	2,296,622	24,924,238	5,622,941	9,887,502	5,287,000	63,268,449
Addition	–	4,062,467	215,592	–	710,916	580,768	–	5,569,743
Balance as at September 30, 2023	1,430,000	17,882,613	2,512,214	24,924,238	6,333,857	10,468,270	5,287,000	68,838,192
Accumulated amortization and impairment loss								
Balance as at January 1, 2023	572,000	4,688,094	1,187,351	14,731,337	1,082,879	5,822,024	3,173,494	31,257,179
Amortization	107,250	2,944,983	310,963	1,132,545	1,066,545	813,038	230,105	6,605,429
Impairment loss on intangible	–	–	–	9,060,356	–	1,972,700	1,880,444	12,913,500
Exchange differences	–	357,687	62,447	–	176,129	111,647	–	707,910
Balance as at September 30, 2023	679,250	7,990,764	1,560,761	24,924,238	2,325,553	8,719,409	5,284,043	51,484,018
Net carrying amount as at September 30, 2023	750,750	9,891,849	951,453	–	4,008,304	1,748,861	2,957	17,354,174
Gross carrying amount								
Balance as at January 1, 2021	1,430,000	6,716,321	2,084,893	23,862,000	2,438,061	8,368,063	5,287,000	50,186,338
Amounts arising from business combinations	–	–	–	–	1,495,718	–	–	1,495,718
Addition	–	7,103,825	211,729	1,062,238	2,056,527	1,152,074	–	11,586,393
Transferred in (out)	–	–	–	–	(367,365)	367,365	–	–
Balance as at December 31, 2022	1,430,000	13,820,146	2,296,622	24,924,238	5,622,941	9,887,502	5,287,000	63,268,449
Accumulated amortization and impairment loss								
Balance as at January 1, 2021	429,000	2,692,565	643,496	10,228,688	81,730	410,966	2,854,095	17,340,540
Amortization	143,000	1,908,080	512,117	1,767,420	946,721	1,167,756	319,399	6,764,493
Impairment loss on intangible	–	–	–	2,735,229	–	4,218,826	–	6,954,055
Exchange differences	–	87,449	31,738	–	54,428	24,476	–	198,091
Balance as at December 31, 2022	572,000	4,688,094	1,187,351	14,731,337	1,082,879	5,822,024	3,173,494	31,257,179
Net carrying amount as at December 31, 2022	858,000	9,132,052	1,109,271	10,192,901	4,540,062	4,065,478	2,113,506	32,011,270

(In Canadian dollars)

10 - INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The carrying value of the goodwill components by CGU as at September 30, 2023, and December 31, 2022, were as follows:

	Heartbeat	Cubeler	Supply Chain Steelchain	Total goodwill
Balance as at January 1, 2023	17,238,835	8,329,255	1,041,707	26,609,797
Impairment loss on goodwill	(15,119,642)	(8,329,255)	–	(23,448,897)
Balance as at September 30, 2023	2,119,193	–	1,041,707	3,160,900
Balance as at January 1, 2022	18,495,409	44,027,145	–	62,522,554
Amounts arising from business combinations	–	–	1,041,707	1,041,707
Impairment loss on goodwill	–	(35,697,890)	–	(35,697,890)
Finalization of purchase price allocation adjustment	(1,256,574)	–	–	(1,256,574)
Balance as at December 31, 2022	17,238,835	8,329,255	1,041,707	26,609,797

10.1 Impairment testing - Goodwill and other intangible assets for the current year

Goodwill and intangible assets not yet available for use are tested each financial year for impairment and whenever events or changes in circumstances indicate that the carrying amount of individual intangible assets or CGUs may not be recoverable. Intangible assets with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of individual intangible assets may not be recoverable.

For the purpose of impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable amount.

For the purpose of impairment testing, at the time of the purchase price allocation, when goodwill arises it is allocated to the operating segments (Cash Generating Units ("CGUs")) expected to benefit from the synergies of the business combinations in which the goodwill arises. Impairment of goodwill is assessed by estimating the recoverable amount of the CGU to which goodwill has been allocated compared to the net carrying value of CGU assets (after any Stage 1 assessment is completed).

Indicators of impairment - Heartbeat

As at September 30, 2023, management revised downward its Heartbeat's business forecasted growth and net generated cash flows following the CGU latest operational performance. Management concluded that Heartbeat's economic performance during the last quarters met the criteria to assess the CGU and related intangible assets for impairment.

Stage 1 impairment review - Heartbeat

The recoverable amounts of the intangible assets were determined individually, applying the Relief from Royalty Method, and compared to their respective carrying amounts. Where the carrying amount of any intangible asset exceeds its recoverable amount it was concluded that the intangible was impaired.

As at September 30, 2023, the recoverable amounts of the intangible assets in the Heartbeat CGU were reassessed to be as follows:

	Recoverable amount	Impairment
Heartbeat Technology	1,748,861	(1,972,700)
Heartbeat Tradename	15,156	–

Stage 2 impairment review - Heartbeat

As at September 30, 2023, the goodwill, recoverable amounts and related carrying values of the Heartbeat CGU were assessed to be as follows:

	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Heartbeat CGU	17,238,835	4,311,900	19,431,542	(15,119,642)

The recoverable amount of the Heartbeat's CGU was determined based on fair value less cost to sell, using the discounted cash flow method of a five-year financial budget approved by management. The Heartbeat's CGU fair value less cost to sell model, considers a post-tax discount rate of 25% that reflects current market conditions and the specific risks to the CGUs.

The key assumptions used by management in setting the financial budgets for the initial five-year period are as follows: forecast sales growth rates are based on actual or expected contractual agreements, adjusted for market share gain due to new industry regulations in China, forecast operating profits based on historical experience, adjusted for expected increased operational efficiency and market level margins.

(In Canadian dollars)

10.1 Impairment testing - Goodwill and other intangible assets for the current year (continued)

Cash flows, beyond that five-year period, consider a steady 3% per annum growth rate, based on the long-term average growth rate for the relevant markets as estimated by management.

The Heartbeat CGU's recoverable amount estimate is particularly sensitive to the discount rate due to significant uncertainties in the forecast, which are reflected in the selected discount rate. A 2% discount rate increase would result in a recognized goodwill impairment loss of $15,564,723 instead of $15,119,642. Management is not aware of any other reasonable change in key assumptions that would significantly vary the recoverable amount for the valuation.

Indicators of impairment - Cubeler

As at September 30, 2023, management revised Cubeler's business forecasted growth and net generated cash flows following the CGU latest operating performance. Management concluded that Cubeler's latest platform delivery delays and higher investment requirements met the criteria to assess the CGU and related intangible assets for impairment.

Stage 1 impairment review - Cubeler

The recoverable amounts of the intangible assets were determined individually, applying the Relief from Royalty Method, and compared to their respective carrying amounts. Where the carrying amount of any intangible asset exceeds its recoverable amount it was concluded that the intangible was impaired.

As at September 30, 2023, the recoverable amounts and impairment of the intangible assets in the Cubeler CGU were assessed to be as follows:

	Recoverable amount	Impairment
Cubeler Platform	–	(9,060,356)
Cubeler Tradename	–	(1,880,444)

Stage 2 impairment review - Cubeler

As at September 30, 2023, the goodwill, recoverable amounts and related carrying values of the Cubeler CGU were assessed to be as follows:

	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Cubeler CGU	8,329,255	496,482	8,825,737	(8,329,255)

The recoverable amount of the Cubeler's CGU was determined based on fair value less cost to sell, using the discounted cash flow method of a five-year financial budget approved by management. The Cubeler's CGU fair value less cost to sell model, considers a post-tax discount rate of 47.0% that reflects current market conditions and the specific risks to the CGU.

The key assumptions used by management in setting the financial budgets for the initial five-year period are as follows: forecast sales growth rates are based on the review of available market data, forecasted operating expenses and investment based on historical experience, and market-level margins. Following some recent events that took place in the second quarter of 2023 at the Directors level of the Company, management decided to be prudent in estimating the timing of future potential revenues and assed them temporarily as $Nil until further progress can be done on the deployment of new revenue generating products in Canada.

Cash flows, beyond that five-year period, consider a steady 2% per annum growth rate, based on the long-term average growth rate for the relevant markets as estimated by management.

(In Canadian dollars)

10 - INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

10.2 Impairment testing - Goodwill and other intangible assets for the prior year

Impairment testing - Goodwill and other intangible assets

Individual intangible assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

For the purpose of impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable amount.

For the purpose of impairment testing, at the time of the purchase price allocation, when goodwill arises it is allocated to the operating segments (Cash Generating Units ("CGUs")) expected to benefit from the synergies of the business combinations in which the goodwill arises. Impairment of goodwill is assessed by estimating the recoverable amount of the CGU to which goodwill has been allocated compared to the net carrying value of CGU assets (after any Stage 1 assessment is completed).

Indicators of impairment - Heartbeat

As at September 30, 2022, management revised downward its Heartbeat's business forecasted growth and net generated cash flows following the CGU latest operating performance. Management concluded that Heartbeat's economic performance during the last quarters met the criteria to assess the CGU and related intangible assets for impairment.

Stage 1 impairment review - Heartbeat

The recoverable amounts of the intangible assets were determined individually, applying the Relief from Royalty Method, and compared to their respective carrying amounts. Where the carrying amount of any intangible asset exceeds its recoverable amount it was concluded that the intangible was impaired.

As at September 30, 2022, the recoverable amounts of the intangible assets in the Heartbeat CGUs were assessed to be as follows:

	Recoverable amount	**Impairment**
Heartbeat Technology	3,944,224	(4,218,826)
Heartbeat tradename	16,000	–

Stage 2 impairment review - Heartbeat

As at September 30, 2022, the goodwill, recoverable amounts and related carrying values of the Heartbeat CGUs were assessed to be as follows:

	Goodwill included in CGU	**Recoverable amount**	**Carrying value**	**Impairment**
Heartbeat CGU	17,238,835	21,955,899	19,838,108	–

The recoverable amount of the Heartbeat's CGU was determined based on fair value less cost to sell, using the discounted cash flow method of a five-year financial budget approved by management. The Heartbeat's CGU fair value less cost to sell model, considers a post-tax discount rate of 20.5% that reflects current market conditions and the specific risks to the CGUs.

The key assumptions used by management in setting the financial budgets for the initial five-year period are as follows: forecast sales growth rates are based on actual or expected contractual agreements, adjusted for market share gain due to new industry regulations in China, forecast operating profits based on historical experience, adjusted for expected increased operational efficiency and market level margins.

Cash flows, beyond that five-year period, consider a steady 3% per annum growth rate, based on the long-term average growth rate for the relevant markets as estimated by management.

The Heartbeat CGU's recoverable amount estimate is particularly sensitive to the discount rate due to significant uncertainties in the forecast, which are reflected in the selected discount rate. A 2.0% discount rate increase would result in a recognized goodwill impairment loss of $7,274. Management is not aware of any other reasonable change in key assumptions that would significantly vary the recoverable amount for the valuation.

(In Canadian dollars)

11 - ACCOUNTS PAYABLE, ADVANCES AND ACCRUED LIABILITIES

	2023 September 30	2022 December 31
Trade accounts payable and accruals	9,346,754	6,267,506
Advances made from a company owned by a Director, no interest (1)	504,883	–
Advance from third-party customers, no interest	75,025	170,084
Contract liabilities with third-party customers, no interest (2,3)	1,827,295	4,488,857
	11,753,957	10,926,447

(1) During the course of 2023, a Company owned by a Director of the Company, made a series of short-term loans totalling $1,254,883 to Asia Synergy Holding Inc. (“ASH”), a wholly owned subsidiary of the Company. The same Company, owned by a Director, subsequently entered into a loan transfer agreement with an unrelated “Third Party” whereby a portion of the loan amounting to $750,000 was transferred to this "Third Party". On September 21, 2023, the Company settled the $750,000 amount owed to the "Third Party" by issuing 3,000,000 common shares of the Company at an agreed price of $0.25 per share.

(2) Advance from downstream corporative clients for supply chain bundle service fee.

(3) The table below summarizes the significant changes in contract liabilities with third-party customers.

	2023 September 30	2022 December 31
Balance at the beginning of the period	4,488,857	8,022,948
Increase in contract liabilities during the period	24,473,962	90,988,953
Revenue recognized for balances included in Contract liabilities balance at the beginning of the period	(2,372,214)	(6,927,483)
Revenue recognized for Contract liabilities originated during the period	(24,497,162)	(87,441,774)
Other	(12,320)	(26,330)
Exchange differences	(253,827)	(127,457)
	1,827,295	4,488,857

12 - LEASE LIABILITIES

	2023 September 30	2022 December 31
Balance at the beginning of the period	3,116,191	1,747,984
Amounts arising from business combination	–	88,038
Adjustment	65,925	–
Additions	1,024,811	1,784,757
Accretion interest	210,459	177,021
Lease payments	(596,190)	(691,454)
Effect of exchange rate change on obligation	(76,313)	9,845
Balance at the end of the period	3,744,883	3,116,191
Current Portion	550,643	493,852
Non-current Portion	3,194,240	2,622,339

The Company’s obligations regarding lease payments as at September 30, 2023, and December 31, 2022, were as follows:

As at September 30, 2023	**Payment due by period**			
	1 year	2 - 5 years	Beyond 5 years	Total
Lease payments	643,427	2,371,416	1,907,396	4,922,239

As at December 31, 2022	**Payment due by period**			
	1 year	2 - 5 years	Beyond 5 years	Total
Lease payments	610,493	2,346,799	2,561,137	5,518,429

(In Canadian dollars)

13 - DEBENTURES

The carrying value of the debentures as at September 30, 2023 and 2022, were as follows:

	2023 September 30	2022 December 31
Debenture issuance of December 23, 2022 (note 13.1)	854,451	2,109,903
Debenture issuance of January 31, 2023 (note 13.2)	346,008	–
Debenture issuance of August 1, 2023 (note 13.3)	1,705,739	–
Debenture issuance of August 18, 2023 (note 13.4)	5,072,224	–
Debenture issuance of September 8, 2023 (note 13.5)	467,028	–
Debentures	8,445,450	2,109,903

The carrying value of the conversion option as at September 30, 2023 and 2022, were as follows:

	2023 September 30	2022 December 31
Debenture conversion component issuance of December 23, 2022 (note 13.1)	132,840	–
Debenture conversion component issuance of January 31, 2023 (note 13.2)	57,810	–
Conversion option (note 13.6)	190,650	–

(In Canadian dollars)

13 - DEBENTURES (CONTINUED)

13.1 Debenture issuance of December 23, 2022

On December 23, 2022, the Company issued 308 units of convertible debentures for gross contractual proceeds of $3,080,000 (net proceeds of $2,864,400 after related expenses). Each unit sold comprised of $10,000 face value debentures, maturing on December 23, 2024, bearing interest at a nominal rate of 10% payable monthly, plus 10,000 purchase warrants, for a total of 3,080,000 purchase warrants, exercisable into Company common shares at $2.00 per share for a period of 24 months from the date of issuance.

The debentures, at issuance, allowed their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at $1.00 per common share. After the reporting period, the Company amended the conversion terms of the debentures to allow the holders to convert the face value of those convertible debentures into common shares at a price to be determined under the next transaction or series of directly related transactions.

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at $1.50 or more for three consecutive trading days.

Tenet also granted 179,900 finder's compensation warrants to eligible persons who helped place the debenture units entitling them to purchase a number of Tenet common shares equal to 7% of the value of debentures they help place, at a price of $2.00 per common share for a 24-month period following the closing date.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, the conversion component of the debentures and the warrants. Under this method, an amount of $319,209 and $465,825 ($221,465 and $323,188, net of issuance costs and deferred tax component) related to the conversion feature and the warrants issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of $2,093,772 was computed as the present value of future principal and interests, discounted at a rate of 29%, net of the prorated share of transaction costs.

On April 19, 2023, the Company amended the conversion terms of the convertible debentures to allow the holders thereof to convert the face value of the Debentures into Debentures Shares at the price to be determined under the next transaction or series of directly related transactions in the course of which the Corporation issues and sells common shares or units for aggregate net proceeds of not less than $5,000,000, the whole in accordance with the terms and conditions set forth in an amending agreement with each of the Holders.

On April 24, 2023, $2,000,000 of convertible debentures were converted into common shares of the Company. At the date of conversion, these debentures had an amortized cost totalling $1,443,894. The Company issued 2,816,901 common shares to the debenture holder and recorded 1,443,894 in share capital.

Subsequently during the year, an additional 5,183,099 common shares were issued to the same debenture holder, for a total of 8,000,000 common shares, to bring down the overall conversion price average of the $2,000,000 convertible debentures to 0.25$ per share.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to those debentures, were as follows:

	2023 September 30	**2022** December 31
Balance at the beginning of the period	2,109,903	–
Addition	–	3,080,000
Issuance costs allocated to the debenture component	–	(201,194)
Equity component of convertible debentures	–	(319,209)
Contributed surplus for the warrants	–	(465,825)
Balance at inception or beginning of the period	2,109,903	2,093,772
Conversion of debentures	(1,443,894)	–
Accretion of debentures	145,268	14,085
Amortization of financing issuance costs	43,174	2,046
Balance at the end of the period	854,451	2,109,903

The fair value of the 179,900 finder's warrants was calculated at $54,417 and recorded as issuance of broker compensation warrants in the condensed interim consolidated statements of changes in equity. The fair value was calculated using the Black & Scholes option pricing model with the following assumptions:

Share price at the date of grant	$0.77
Expected life	2 years
Risk-free interest rate	3.93%
Expected volatility	114%
Dividend	0%
Exercise price at the date of grant	$2.00

The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

As at September 30, 2023, the balance of subscriptions receivable of convertible debentures from this issuance recorded in the debtors was $Nil (December 31, 2022 - $2,010,000).

(In Canadian dollars)

13 - DEBENTURES (CONTINUED)

13.2 Debenture issuance of January 31, 2023

On January 31, 2023, the Company issued 351 units of convertible debentures for gross contractual proceeds of $3,510,000 (net proceeds of $3,280,350 after related expenses). Each unit sold comprised of $10,000 face value debentures, maturing on January 31, 2025, bearing interest at a nominal rate of 10% payable monthly, plus 10,000 purchase warrants, for a total of 3,510,000 purchase warrants, exercisable into Company common shares at $2.00 per share for a period of 24 months from the date of issuance.

The debentures, at issuance, allowed their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at $1.00 per common share. After the reporting period, the Company amended the conversion terms of the debentures to allow the holders to convert the face value of those convertible debentures into common shares at a price to be determined under the next transaction or series of directly related transactions.

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at $1.50 or more for three consecutive trading days.

Tenet also granted 221,250 finder's compensation warrants to eligible persons who helped place the debenture units entitling them to purchase a number of Tenet common shares equal to approximately 7% of the value of debentures they help place, at a price of $2.00 per common share for a 24-month period following the closing date.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, the equity component of the debentures and the warrants. Under this method, an amount of $353,172 and $504,901 ($245,050 and $350,328, net of issuance costs and deferred tax component) related to the conversion feature and the warrants issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of $2,419,765 was computed as the present value of future principal and interest, discounted at a rate of 29%, net of the prorated share of transaction costs.

On April 19, 2023, the Company amended the conversion terms of the convertible debentures to allow the holders thereof to convert the face value of the Debentures into Debentures Shares at the price to be determined under the next transaction or series of directly related transactions in the course of which the Corporation issues and sells common shares or units for aggregate net proceeds of not less than $5,000,000, the whole in accordance with the terms and conditions set forth in an amending agreement with each of the Holders.

On May 9, 2023, $3,040,000 of convertible debentures were converted into common shares of the Company. At the date of conversion, these debentures has an amortized cost totalling $2,162,311. The Company issued 3,040,000 common shares to the debenture holders and recorded $2,162,311 in share capital.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to those debentures, were as follows:

	2023 September 30	2022 December 31
Balance at the beginning of the period	–	–
Addition	3,510,000	–
Issuance costs allocated to the debenture component	(232,162)	–
Conversion component of convertible debenture	(353,172)	–
Contributed surplus for the warrants	(504,901)	–
Balance at inception or beginning of the period	2,419,765	–
Conversion of debentures	(2,162,311)	–
Interest and accretion of debentures	61,435	–
Amortization of financing issuance costs	27,119	–
Balance at the end of the period	346,008	–

The fair value of the 221,250 finder's warrants was calculated at $77,632 and recorded as issuance of broker compensation warrants in the condensed interim consolidated statements of changes in equity. The fair value was calculated using the Black & Scholes option pricing model with the following assumptions:

Share price at the date of grant	$0.89
Expected life	2 years
Risk-free interest rate	3.76%
Expected volatility	109%
Dividend	0%
Exercise price at the date of grant	$2.00

The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

(In Canadian dollars)

13 - DEBENTURES (CONTINUED)

13.3 Debenture issuance of August 1, 2023

On August 1, 2023, the Company issued 2,598 units of convertible debentures (including 2,000 units to Insiders) for gross contractual proceeds of $2,598,000 (net proceeds of $2,575,500 after related expenses). Each unit sold comprised of $1,000 face value debentures, maturing on August 1, 2026, bearing interest at a nominal rate of 10% payable monthly, plus 4,000 purchase warrants, for a total of 10,392,000 purchase warrants, exercisable into Company common shares at $0.50 per share for a period of 24 months from the date of issuance.

The debentures, at issuance, allowed their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at $0.25 per common share.

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at $5.00 or more for three consecutive trading days.

Tenet also granted 40,000 finder's compensation warrants to eligible persons who helped place the debenture units entitling them to purchase a number of Tenet common shares equal to approximately 5% of the value of debentures they help place, at a price of $0.50 per common share for a 24-month period following the closing date.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, the equity component of the debentures and the warrants. Under this method, an amount of $246,111 and $688,436 ($177,748 and $497,208, net of issuance costs and deferred tax component) related to the conversion feature and the warrants issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of $1,645,847 was computed as the present value of future principal and interest, discounted at a rate of 30%, net of the prorated share of transaction costs.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to those debentures, were as follows:

	2023 **September 30**	**2022** December 31
Balance at the beginning of the period	–	–
Addition	2,598,000	–
Issuance costs allocated to the debenture component	(17,606)	–
Conversion component of convertible debenture	(246,111)	–
Contributed surplus for the warrants	(688,436)	–
Balance at inception or beginning of the period	1,645,847	–
Interest and accretion of debentures	58,914	–
Amortization of financing issuance costs	978	–
Balance at the end of the period	1,705,739	–

The fair value of the 40,000 finder's warrants was calculated at $4,997 and recorded as issuance of broker compensation warrants in the condensed interim consolidated statements of changes in equity. The fair value was calculated using the Black & Scholes option pricing model with the following assumptions:

Share price at the date of grant	$0.24
Expected life	2 years
Risk-free interest rate	4.72%
Expected volatility	133%
Dividend	0%
Exercise price at the date of grant	$0.50

The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

As at September 30, 2023, the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $1,439,831 (December 31, 2022 - $Nil).

(In Canadian dollars)

13 - DEBENTURES (CONTINUED)

13.4 Debenture issuance of August 18, 2023

On August 18, 2023, the Company issued 7,625 units of convertible debentures for gross contractual proceeds of $7,625,000 (net proceeds of $7,625,000 after related expenses). Each unit sold comprised of $1,000 face value debentures, maturing on August 18, 2026, bearing interest at a nominal rate of 10% payable monthly, for a total of 30,500,000 purchase warrants, exercisable into Company common shares at $0.50 per share for a period of 24 months from the date of issuance.

The debentures, at issuance, allowed their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at $0.25 per common share.

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at $5.00 or more for three consecutive trading days.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, the equity component of the debentures and the warrants. Under this method, an amount of $688,168 and $2,016,621 ($505,804 and $1,482,216, net of issuance costs and deferred tax component) related to the conversion feature and the warrants issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of $4,920,211 was computed as the present value of future principal and interest, discounted at a rate of 30%, net of the prorated share of transaction costs.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to those debentures, were as follows:

	2023 **September 30**	**2022** December 31
Balance at the beginning of the period	–	–
Addition	7,625,000	–
Conversion component of convertible debenture	(688,168)	–
Contributed surplus for the warrants	(2,016,621)	–
Balance at inception or beginning of the period	4,920,211	–
Interest and accretion of debentures	152,013	–
Balance at the end of the period	5,072,224	–

As at September 30, 2023, the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $7,300,000 (December 31, 2022 - $Nil).

13.5 Debenture issuance of September 8, 2023

On September 8, 2023, the Company issued 710 units of convertible debentures to Insiders for gross contractual proceeds of $710,000 (net proceeds of $710,000 after related expenses). Each unit sold comprised of $1,000 face value debentures, maturing on September8, 2026, bearing interest at a nominal rate of 10% payable monthly, for a total of 2,840,000 purchase warrants, exercisable into Company common shares at $0.50 per share for a period of 24 months from the date of issuance.

The debentures, at issuance, allowed their subscribers to convert them into common shares of the Company at any time prior to maturity, subject to certain terms and conditions, at $0.25 per common share.

The units contain a "forced warrant conversion" feature under which the debenture will automatically be surrendered and converted into common shares of the Company should the shares of the Company trade at $5.00 or more for three consecutive trading days.

The Company used the residual value method to allocate the principal amount of the debentures between the liability, the equity component of the debentures and the warrants. Under this method, an amount of $66,014 and $184,285 ($48,520 and $135,450, net of issuance costs and deferred tax component) related to the conversion feature and the warrants issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of $459,701 was computed as the present value of future principal and interest, discounted at a rate of 30%, net of the prorated share of transaction costs.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to those debentures, were as follows:

	2023 September 30	**2022** December 31
Balance at the beginning of the period	–	–
Addition	710,000	–
Conversion component of convertible debenture	(66,014)	–
Contributed surplus for the warrants	(184,285)	–
Balance at inception or beginning of the period	459,701	–
Interest and accretion of debentures	7,327	–
Balance at the end of the period	467,028	–

As at September 30, 2023,the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $710,000 (December 31, 2022 - $Nil).

(In Canadian dollars)

13 - DEBENTURES (CONTINUED)

13.6 Conversion option

	2023 September 30	2022 December 31
Balance at the beginning of the period	–	–
Addition (1)	613,478	–
Change in fair value	224,814	–
Conversion of debentures	(647,642)	–
Balance at the end of the period	190,650	–

(1) Following the amendment of the conversion terms of the convertible debentures as mentioned in note 13.1 and 13.2, the Company reclassified the conversion option (net of related issuances costs) of the debentures from equity to a liability in the Condensed Interim Consolidated Statements of Financial position for the period ended September 30, 2023.

14 - BONDS

On May 29, 2020, the Company has placed 400 units of secured corporate bonds at $1,000 per unit. Each unit sold was comprised of a $1,000 face value bonds, redeemable on June 10, 2023, bearing interest at a nominal rate of 10% payable monthly, plus 20 purchase warrants exercisable into Company common share at $2.00 per share for a period of 36 months from the date of issuance.

The Bonds will be redeemable after 36 months from the date of issuance (the "Initial Maturity Date"). Each holder has a right (the "Initial Extension Right") at the end of the Initial Maturity Date to extend the Bond for another 12 months (the "Initial Extension Period") by giving written notice to that effect to the Company no later than sixty (60) days prior to the Initial Maturity Date. Any holder that has elected to exercise its Initial Extension Right will also have a further right at the end of the Initial Extension Period to extend its Bond for another 12 months (the "Second Extension Period") under the same notice conditions as stated in the Initial Extension.

If a holder elects to extend its Bonds, the Company may redeem such holder's Bonds at any time on payment of a 5% premium to redeem the Bonds ("Penalty").

The Company has set aside an amount equal to two years of interest in a separate bank account, which will be used to pay interest payable on the Bonds. Any interest accrued on such sum will be in favor of the Company. The amount set aside as at September 30, 2023, is $13,333 (December 31, 2022 - $16,667) and is presented under Restricted Cash in the Consolidated Statements of Financial position.

Bonds are secured by a pledge on the aggregate assets of the Company, maturing on May 29, 2023. The Company used the residual value method to allocate the principal amount of the bond between the liability and the contributed surplus. Under this method, an amount of $64,896 (net of transaction costs) related to the warrants issued was applied to the contributed surplus. The fair value of the liability component was $227,569 computed as the present value of future principal and interest payments discounted at a rate of 22%.

As the bonds have expired, the Company is in the process of negotiating an extension with the bondholders. Interests expense has been accrued as per the initial terms of the bonds, up to the period ended September 30, 2023.

The movement during the nine-month period ended September 30, 2023, and the year ended December 31, 2022, relating to these bonds, were as follows:

	2023 September 30	2022 December 31
Balance at the beginning of the period	373,547	313,234
Accretion on bonds	15,629	33,339
Amortization of initial costs	10,824	26,974
Balance at the end of the period	400,000	373,547

15 - CEBA LOAN (Canada Emergency Business Account)

On April 20, 2020, the Company applied for and received $40,000 under the Canada Emergency Business Account (CEBA). Further, on September 1, 2021, through its acquisition of Cubeler, the Company acquired an additional CEBA loan totaling $60,000. Under this program providing interest-free loans, repaying the balance of the loan on or before December 31, 2023, will result in loan forgiveness of 33% ($33,000), which is the intention of the Company. Subsequent to year-end 2021, the Government of Canada announced that the deadline to repay loans under the Canada Emergency Business Account program would be extended by one year (that is from December 31, 2022 to December 31, 2023). As at January 1, 2024, the loan balance will bear interest at 5% and will be repayable on maturity on December 31, 2025.

16 - SHAREHOLDERS' EQUITY

16.1 Authorized share capital

The share capital of the Company consists of an unlimited authorized number of common shares without par value.

16.2 Description of the shareholders' equity operations during the nine-month period ended September 30, 2023

a) On June 1, 2023, the Company announced that it intended to complete a non-brokered private placement financing of units of the Company for proceeds of up to $3,000,000, conducted in tranches of a minimum of $300,000 per tranche over a period of six months. Each Unit to be sold is comprised of one common share of the Company and one common share purchase warrant to purchase one Common Share at a price per share that will be determined at each tranche offering, any time prior to two years following the closing of the each tranche offering, subject to certain terms and conditions.

On June 7, 2023 the Company issued the first tranche of 2,142,858 common shares at $0.14 and common share purchase warrant at $0.175 per share with a total cash consideration of $300,000. Consequently $146,814 was credited to contributed surplus and $153,186 was credited to capital stock in the consolidated statement of changes in equity.

On June 22, 2023 the Company issued the second tranche of 4,291,846 common shares at $0.1165 and common share purchase warrant at $0.155 per share with a total cash consideration of $500,000. Consequently $299,943 was credited to contributed surplus and $200,057 was credited to capital stock in the consolidated statement of changes in equity.

On June 29, 2023, the Company announced that it did not intend to proceed with closing additional rounds of the $3,000,000 financing.

b) During the nine-month period ended September 30, 2023, the Company issued 2,142,858 common shares at an average exercise price of $0.175 per share for total proceeds of $375,000 upon the exercise of common share purchase warrants. An amount of $146,814 related to exercised warrants were transferred from contributed surplus to share capital in the consolidated statements of changes in equity.

c) During the nine-month period ended September 30, 2023 and as mentioned in note 13.1, 13.2 and 13.6, $5,040,000 convertible debentures were converted into 11,040,000 common shares. The Company recorded a total of $4,253,847 in share capital which represents the amortized cost of the debentures and fair value of the related conversion option as at the dates of conversions.

d) During the course of 2023, a Company owned by a Director of the Company, made a series of short-term loans totalling $1,254,883 to Asia Synergy Holding Inc. ("ASH"), a wholly owned subsidiary of the Company. The same Company, owned by a Director, subsequently entered into a loan transfer agreement with an unrelated "Third Party" whereby a portion of the loan amounting to $750,000 was transferred to this "Third Party". On September 21, 2023, the Company settled the $750,000 amount owed to the "Third Party" by issuing 3,000,000 common shares of the Company at an agreed price of $0.25 per share.

16.3 Description of the shareholders' equity operations during the nine-month period ended September 30, 2022

a) During the nine-month period ended September 30, 2022, the Company issued 2,259,500 common shares at an average exercise price of $0.90 per share for total proceeds of $2,025,500 upon the exercise of share purchase warrants, out of which, $150,000 was received in 2021. An amount of $522,971 related to exercised warrants were transferred from contributed surplus to share capital in the consolidated statements of changes in equity.

b) During the nine-month period ended September 30, 2022, the Company issued 117,500 common shares at an average exercise price of $2.10 per share for total proceeds of $246,750 upon the exercise of stock options, and $217,420 related to exercised stock options were transferred from contributed surplus to share capital in the consolidated statements of changes in equity.

(In Canadian dollars)

16 - SHAREHOLDERS' EQUITY (CONTINUED)

16.4 Warrants

The outstanding warrants movement as at September 30, 2023 and September 31, 2022 and the respective changes during the year, are summarized as follows:

	September 30, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	17,748,213	3.22	17,332,504	3.06
Granted	53,937,954	0.56	3,259,900	2.00
Expired	(14,488,313)	3.50	(584,691)	0.50
Exercised (1)	(2,142,858)	0.18	(2,259,500)	0.90
Outstanding and exercisable, end of period	55,054,996	0.66	17,748,213	3.22

As at September 30, 2023, and December 31, 2022, the number of outstanding warrants which could be exercised for an equivalent number of common shares in the exception of the warrants expiring on July 7, 2023, for which two warrants are needed to be exercised for one common share, is as follows:

	September 30, 2023		December 31, 2022	
	Number	Exercise price	Number	Exercise price
Expiration date				
May, 2023	–	-	3,000	2.00
May, 2024	–	-	13,328	1.00
July, 2023	–	-	12,870,149	3.50
July, 2023	–	-	1,601,836	3.50
December, 2024	3,080,000	2.00	3,080,000	2.00
December, 2024	179,900	2.00	179,900	2.00
January, 2025	3,510,000	2.00	–	–
January, 2025	221,250	2.00	–	–
June, 2025	4,291,846	0.16	–	–
August, 2025	10,392,000	0.50	–	–
August, 2025	40,000	0.50	–	–
August, 2025	30,500,000	0.50	–	–
September, 2025	2,840,000	0.50	–	–
	55,054,996		17,748,213	

(1) On June 27, 2023, 2,142,858 warrants were exercised at a price of 0.175 per share for total proceeds of $357,500.

(In Canadian dollars)

17 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may, from time to time, at its discretion and in accordance with the Exchange regulations, grant to directors, officers, employees and others providing similar services to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years from the date of grant. The options reserved for issuance to any individual director, officer, or employee will not exceed 5% of the issued and outstanding common shares, and the number of common shares reserved for issuance to others providing services will not exceed 2% of the issued and outstanding common shares. Options may be exercised as of the grant date for a period determined by the Board but shall not be greater than five years from the grant date and 90 days following cessation of the option holder position with the Company. Provided that the cessation of office, directorships or employment or other similar service arrangement was by reason of death (in the case of an individual), the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The outstanding options movement as at September 30, 2023, and December 31, 2022, are summarized as follows:

	September 30, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of period	3,871,025	2.02	4,689,250	1.93
Granted	92,019	0.89	333,542	2.90
Exercised (1)	–	–	(117,500)	2.10
Expired	(293,750)	1.19	(462,500)	1.87
Forfeited	(245,102)	2.32	(571,767)	3.20
Outstanding at the end of period	3,424,192	2.04	3,871,025	2.02
Exercisable at the end of period	3,305,303	2.02	2,734,800	1.50

(1) The market value of the shares exercised in 2022 was $3.96 and $2.95 on the exercise date of these options.

The table below summarizes the information related to outstanding share options as at September 30, 2023.

Maturity date	Range of exercise price	Number of options	Weighted average remaining contractual life (years)
February 2, 2024	1.00	37,500	4 months
May 1, 2024	1.00	50,000	7 months
May 27, 2024	1.00	447,500	7 months
September 5, 2024	1.00	10,000	11 months
November 1, 2024	1.10	50,000	1 year and 1 months
December 11, 2024	1.00	5,000	1 year and 2 months
June 11, 2025	1.00	745,500	1 years and 8 months
October 28, 2025	1.50	1,075,000	2 years and 0 months
November 6, 2025	2.70	50,000	2 years and 1 months
March 22, 2026	5.50	55,000	2 years and 5 months
July 7, 2026	4.10	700,000	2 years and 9 months
October 28, 2026	11.50	25,000	3 years and 0 months
January 1, 2027	7.50	17,442	3 years and 3 months
February 1, 2027	5.60	12,040	3 years and 4 months
April 1, 2027	4.16	10,314	3 years and 6 months
May 1, 2027	5.13	4,626	3 years and 7 months
June 1, 2027	2.55	1,372	3 years and 8 months
July 1, 2027	1.65	1,971	3 years and 9 months
August 1, 2027	1.41	33,227	3 years and 10 months
September 1, 2027	2.08	993	3 years and 11 months
October 1, 2027	1.24	4,189	4 years and 0 months
November 1, 2027	1.02	12,091	4 years and 1 months
December 1, 2027	0.85-3.59	48,264	4 years and 2 months
February 1, 2028	0.95	27,163	4 years and 4 months
		3,424,192	

(In Canadian dollars)

17 - SHARE-BASED PAYMENTS (CONTINUED)

The table below summarizes the information related to outstanding share options as at December 31, 2022.

Maturity date	Range of exercise price	Number of options	Weighted average remaining contractual life (years)
April 16, 2023	1.00	5,000	3 months
June 5, 2023	1.00	288,750	5 months
November 28, 2023	1.00	37,500	10 months
May 1, 2024	1.00	50,000	1 years and 4 months
May 27, 2024	1.00	447,500	1 years and 4 months
September 5, 2024	1.00	10,000	1 years and 8 months
November 1, 2024	1.10	50,000	1 years and 10 months
November 12, 2024	1.00	5,000	1 years and 10 months
June 11, 2025	1.00	745,500	2 years and 5 months
October 28, 2025	1.50	1,075,000	2 years and 9 months
November 6, 2025	2.70	50,000	2 years and 10 months
March 22, 2026	5.50	55,000	3 years and 2 months
May 13, 2026	4.80	5,000	3 years and 4 months
July 7, 2026	4.10	700,000	3 years and 6 months
October 28, 2026	11.50	25,000	3 years and 9 months
January 1, 2027	7.50	32,725	4 years and 0 months
February 1, 2027	5.60	42,881	4 years and 1 months
March 1, 2027	4.10	1,384	4 years and 2 months
April 1, 2027	4.16	15,627	4 years and 3 months
May 1, 2027	5.13	13,585	4 years and 4 months
June 1, 2027	2.55	2,842	4 years and 5 months
July 1, 2027	1.65	5,763	4 years and 6 months
August 1, 2027	1.41	35,892	4 years and 7 months
September 1, 2027	2.08	14,791	4 years and 8 months
October 1, 2027	1.24	72,255	4 years and 9 months
November 1, 2027	1.02	17,500	4 years and 10 months
December 1, 2027	0.85-3.59	66,530	4 years and 11 months
		3,871,025	

During the nine-month ended September 30, 2023, the Company recorded an expense of $472,080 related to share-based remuneration (period ended September 30, 2022 - $1,672,237) to the condensed interim consolidated statements of comprehensive profit and loss and contributed surplus.

17.1 Share-based payments granted to directors and employees during the nine-month period ended September 30, 2023

The fair value of the options granted were calculated using the Black & Scholes option pricing model. The following assumptions were used in the valuation of each issuance:

Grant date	**February 1, 2023**	**March 31, 2023**
Number of options granted	47,257	44,762
Share price at the date of grant	0.90	0.80
Risk-free interest rate	2.93%	3.59%
Volatility (1)	113%	112%
Dividend	0%	0%
Exercise price at the date of grant	$0.95	$0.84
Vesting period	2 years	2 years
Expected life	5 years	5 years
Fair value of the options granted	**34,100**	**28,750**

(1) The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

(In Canadian dollars)

17 - SHARE-BASED PAYMENTS (CONTINUED)

17.2 Share-based payments granted to directors and employees during previous year

The fair value of the options granted were calculated using the Black & Scholes option pricing model. The following assumptions were used in the valuation of each issuance:

Grant date	**January 1, 2022**	**February 1, 2022**	**March 1, 2022**
Number of options granted	32,725	42,881	2,941
Share price at the date of grant	$7.15	$5.28	$3.80
Risk-free interest rate	1.25%	1.63%	1.61%
Volatility (1)	106%	106%	104%
Dividend	0%	0%	0%
Exercise price at the date of grant	$7.50	$5.60	$4.10
Vesting period	2 years	2 years	2 years
Expected life	5 years	5 years	5 years
Fair value of the options granted	**179,183**	**173,796**	**8,455**
Grant date	**April 1, 2022**	**May 1, 2022**	**June 1, 2022**
Number of options granted	10,627	13,585	2,842
Share price at the date of grant	3.96	4.67	$2.14
Risk-free interest rate	2.50%	2.80%	2.86%
Volatility (1)	109%	103%	109%
Dividend	0%	0%	0%
Exercise price at the date of grant	4.16	$5.13	$2.55
Vesting period	2 years	2 years	2 years
Expected life	5 years	5 years	5 years
Fair value of the options granted	**37,748**	**50,605**	**5,440**
Grant date	**July 1, 2022**	**August 1, 2022**	**September 1, 2022**
Number of options granted	5,763	35,892	14,791
Share price at the date of grant	1.46	1.24	$1.90
Risk-free interest rate	3.06%	2.80%	3.37%
Volatility (1)	110%	109%	114%
Dividend	0%	0%	0%
Exercise price at the date of grant	1.65	$1.41	$2.08
Vesting period	2 years	2 years	2 years
Expected life	5 years	5 years	5 years
Fair value of the options granted	**6,589**	**34,636**	**22,581**
Grant date	**October 1, 2022**	**November 1, 2022**	**December 1, 2022**
Number of options granted	82,465	17,500	66,530
Share price at the date of grant	1.18	0.97	$0.81
Risk-free interest rate	3.28%	3.48%	3.05%
Volatility (1)	114%	114%	114%
Dividend	0%	0%	0%
Exercise price at the date of grant	1.24	$1.02	$0.85-$3.59
Vesting period	2 years	2 years	2 years
Expected life	5 years	5 years	5 years
Fair value of the options granted	**78,751**	**13,751**	**37,602**

(1) The volatility was determined by using the Company's own historical volatility over a period corresponding to expected life of the share options.

17.3 Share-based payments granted to consultants during previous year

The fair value of the options granted were calculated using the Black & Scholes option pricing model. The following assumptions were used in the valuation of each issuance:

Grant date	**April 1, 2022**
Number of options granted	5,000
Share price at the date of grant	3.96
Risk-free interest rate	2.50%
Volatility	109%
Dividend	0%
Exercise price at the date of grant	4.16
Vesting period	2 years
Expected life	5 years
Fair value of the options granted	**15,526**

18 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are as follows:

- To ensure the Company's ability to continue its development;
- To provide an adequate return to shareholders.

The Company monitors capital based on the carrying amount of equity which represents $65,758,055 as at September 30, 2023 (December 31, 2022 - $117,607,868).

The Company manages its capital structure and makes adjustments to it to ensure it has sufficient liquidity and raises capital through stock markets to continue its development.

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

(In Canadian dollars)

19 - FINANCIAL INSTRUMENTS

19.1 Classification of financial instruments

As at September 30, 2023, the carrying amount of financial assets and financial liabilities were as follows:

			September 30, 2023
	Assets and liabilities carried at fair value	Assets and liabilities carried at amortized cost	Total carrying value
Financial assets			
Cash	–	1,303,971	1,303,971
Restricted Cash	–	13,333	13,333
Debtors	–	18,238,355	18,238,355
Deposits made for transactions on platforms	–	24,624,113	24,624,113
Loans receivable	–	16,246,275	16,246,275
Deposit	–	80,069	80,069
Other equity investments	1,176,020	–	1,176,020
	1,176,020	60,506,116	61,682,136
Financial liabilities			
Accounts payable and accrued liabilities	–	10,492,406	10,492,406
Bonds	–	400,000	400,000
CEBA Loan	–	100,000	100,000
Debentures	–	8,445,450	8,445,450
Debentures conversion component	190,650	–	–
Contingent consideration payable	2,119,744	–	2,119,744
	2,310,394	19,437,855	21,557,599

As at December 31, 2022, the carrying amount of financial assets and financial liabilities were as follows:

			December 31, 2022
	Assets and liabilities carried at fair value	Assets and liabilities carried at amortized cost	Total carrying value
Financial assets			
Cash	–	3,223,370	3,223,370
Restricted Cash	–	212,967	212,967
Debtors	–	27,135,518	27,135,518
Deposits made for transactions on platforms	–	26,839,877	26,839,877
Loans receivable	–	17,194,843	17,194,843
Deposit	–	76,474	76,474
Other equity investments	981,500	–	981,500
	981,500	74,683,049	75,664,549
Financial liabilities			
Accounts payable and accrued liabilities	–	10,248,142	10,248,142
Bonds	–	373,547	373,547
CEBA Loan	–	100,000	100,000
Debentures	–	2,109,903	2,109,903
Contingent consideration payable	1,882,210	–	1,882,210
	1,882,210	12,831,592	14,713,802

19.2 Financial risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main risks the Company is exposed to are credit risk (note 5 and 6), market risk and liquidity risk.

The Company does not actively engage in the trading of financial instruments for speculative purposes.

No changes were made in the objectives, policies and processes related to financial instrument risk management during the reporting periods.

The most significant financial risks to which the Company is exposed are described below.

(In Canadian dollars)

19 - FINANCIAL INSTRUMENTS (CONTINUED)

19.3 Financial risks

19.3.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources for a sufficient amount. The Company's objective is to maintain a cash position sufficient to cover the next twelve-month obligations (note 2).

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

			September 30, 2023
	Current		Long-term
	Within 6 months	6 to 12 months	More than 12 months
Accounts payable and accrued liabilities	10,492,406	–	–
Bonds	413,333	–	–
Contingent consideration payable	–	–	2,088,235
CEBA loan	100,000	–	–
Debentures	–	–	12,483,000
	11,005,739	–	14,571,235

			December 31, 2022
	Current		Long-term
	Within 6 months	6 to 12 months	More than 12 months
Accounts payable and accrued liabilities	10,248,142	–	–
Bonds	400,000	–	–
Contingent consideration payable	–	–	2,627,863
CEBA loan	–	100,000	–
Debentures	–	–	3,080,000
	10,648,142	100,000	5,707,863

19.4 Finance costs

The breakdown of Finance costs during the nine-month period ended September 30, 2023 and 2022 is as follows:

	2023	**2022**	**2023**	**2022**
	September 30	September 30	September 30	September 30
	Three-month	*Three-month*	*Nine-month*	*Nine-month*
Interest on lease liabilities (note 12)	75,654	38,598	210,459	113,999
Interest paid on debentures and bonds	72,397	10,000	296,898	30,000
Accretion on debentures and bonds	260,452	8,596	440,587	24,299
Total interest expense	408,503	57,195	947,944	168,298
Interest income	(6,138)	(34,310)	(21,948)	(72,805)
Miscellaneous	45,428	772	72,690	23,243
Total Finance costs	447,793	23,656	998,686	118,736

19.5 Fair value

The following methods and assumptions were used to determine the estimated fair value for each class of financial instruments:

- The fair value of cash, restricted cash, short and long term loans receivable, debtors (except sales tax receivable), short and long term deposits made for transactions on platforms, accounts payable, advances and accrued liabilities approximate their carrying amount, given the short-term maturity;
- The fair value of the debentures and the bonds is estimated using a discounted cash flow approach and approximate their carrying amount. CEBA loan is recognized at its cost which approximate its fair value;
- The fair value of contingent compensation payable related to the acquisition of Heartbeat & Steelchain (note 4) is estimated using a discounted cash flow method and reflects management's estimate that the contract's target level will be achieved;
- The fair value of equity investments is based on the underlying fair market value estimate of the assets & liabilities as at the date of reporting.

(In Canadian dollars)

19 - FINANCIAL INSTRUMENTS (CONTINUED)

The Company categorized its financial instruments based on the following three levels of inputs used for fair value measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Equity investments, bonds, debentures, and contingent consideration payable are level 3 under the fair value hierarchy.

20 - RELATED PARTY TRANSACTIONS

The Company's related party transactions do not include, unless otherwise stated, special terms and conditions. No guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel, officers and directors

The Company's key management personnel are, the CEO, the CFO, the China CEO and the members of the Board. Their remuneration includes the following expenses:

	2023 September 30 *Three-month*	**2022** September 30 *Three-month*	**2023** September 30 *Nine-month*	**2022** September 30 *Nine-month*
Salaries and fringe benefits	351,646	348,163	1,074,502	1,067,998
Share-based payments	–	385,324	269,116	1,207,171
	351,646	733,487	1,343,618	2,275,169

These transactions occurred in the normal course of operations and have been measured at fair value.

As at September 30, 2023, and 2022 the consolidated statement of financial position includes the following amounts with related parties:

	2023 September 30	**2022** December 31
Promissory notes, with interest (1)	213,518	206,300
Advances made to a Director, no interest (2)	10,000	–
Other current assets, no interest (3)	2,710,000	–
Tatal amounts owed to the Company by related parties	2,933,518	206,300
Advances made from a company owned by a Director, no interest (4)	504,883	–
Debentures , with interest (3)	1,726,711	–
Total amount owed to related paties by the Company	2,231,594	–

(1) On December 15, 2021, loans were issued to two board members of the Company in the amounts of $72,793 and $40,400. On June 3, 2022, an additional loan was issued to another board member of $130,462. The loans were respectively due on December 15, 2022, and December 31, 2022, and bear interest at the quarterly prescribed variable rate. In August 2022, one of the board members owing the Company a balance of $19,562 as at September 30, 2023, resigned and ceased to be a related party. As at September 30, 2023, the aggregate outstanding principal amount due to related parties for said loans is $213,518 (December 31, 2022 - $206,300). As the loans have expired, the Company is in the process of negotiating repayment terms to be agreed upon with each current and past board member. The promissory notes are recorded in debtors (note 6).

(2) On August 18, 2023, a temporary advance was issued to a Director in the amount of $10,000 for business travel purposes. The advance is recorded in prepaid expenses and other current assets within the consolidated statements of financial position.

(3) On August 1, 2023, the Company sold 2,598 units of convertible debentures (including 2,000 units to related parties) for gross proceeds of$2,598,000 (including $2,000,000 to related parties) as described in note 13.3. On September 8, 2023, the Company sold another 710 units of convertible debentures to related parties for gross proceeds of $710,000 as described in note 13.5. As at September 30, 2023, the convertible debentures from related parties totalled $2,710,000 and are recorded in other current assets (note 7). The amortized cost of the debentures due to related parties totalling $1,726,711 is recorded in the Consolidated Statements of Financial Position. During the period ending September 30, 2023, no interest were paid or received by the Company to related parties for debentures.

20 - RELATED PARTY TRANSACTIONS (CONTINUED)

(4) During the course of 2023, a Company owned by a Director of the Company, made a series of short-term loans totalling $1,254,883 to Asia Synergy Holding Inc. ("ASH"), a wholly owned subsidiary of the Company. The same Company, owned by a Director, subsequently entered into a loan transfer agreement with an unrelated "Third Party" whereby a portion of the loan amounting to $750,000 was transferred to this "Third Party". As at September 30, 2023, the aggregate outstanding principal amount due to the Director by a subsidiary of the Company regarding this loan is $504,883 (December 31, 2022 - $Nil) and bears no interest given the fact that only licensed lenders are allowed to charge interest on loans granted to corporative borrowers as per the laws in mainland China. The advances made from a company owned by a Director is recorded in accounts payable, advances and accrued liabilities (note 11).

21 - SEGMENT REPORTING

The Company has determined that it has two operating segments, which are defined below. For presentation purposes, other activities are grouped in the Other category. Each operating segment is distinguished by the type of products and services it offers and is managed separately as each requires different business processes, marketing approaches and resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods and services.

The operating segments are detailed as follows:

Fintech Platform

The Fintech Platform segment comprises the procurement and distribution of products within supply chain or facilitating transactions in the commercial lending industry through technology platforms and the Canadian operating entities.

Financial Services

The Financial Services segment encompasses providing commercial loans to entrepreneurs and SMEs and the activity of providing turn-key credit outsourcing services to banks and other lending institutions.

The Fintech Platform segment operates in North America and China, and the Financial Services segment operates in China.

Other

The "Other" category includes the activity and unallocated portion of the Canadian parent company's services and all non-operating holdings registered in Hong Kong and China.

(In Canadian dollars)

21 - SEGMENT REPORTING (CONTINUED)

The segment information for the nine-month periods ended September 30, 2023, and 2022, are as follows:

					Nine-month period ended September 30, 2023
	Fintech Platform	Financial Services	Other	Elimination	Total
Revenues (1)					
Financial service revenue from external customers	–	921,241	–	–	921,241
Fees and sales from external customers	9,331,691	418,492	–	–	9,750,183
Supply chain services	24,843,554	–	–	–	24,843,554
Inter-segment	3,651,555	19,037	1,688,313	(5,358,905)	–
Total revenues	37,826,800	1,358,770	1,688,313	(5,358,905)	35,514,978
Expenses					
Depreciation and amortization	7,049,758	94,158	226,406	–	7,370,322
Finance costs	126,774	18,566	853,346	–	998,686
Change in fair value of contingent consideration	777,162	–	–	–	777,162
Change in fair value of debentures conversion rights	–	–	224,814	–	224,814
Impairment charge	36,362,397	–	–	–	36,362,397
Cost of service, supply chain	22,902,568	–	–	–	22,902,568
All other expenses	20,501,374	820,317	9,987,067	(5,358,905)	25,949,853
Total expenses	87,720,033	933,041	11,291,633	(5,358,905)	94,585,802
Profit (loss) before tax	(49,893,233)	425,729	(9,603,320)	–	(59,070,824)
Income tax (recovery)	(993,767)	84,138	–	–	(909,629)
Net profit (loss)	(48,899,466)	341,591	(9,603,320)	–	(58,161,195)
Non-controlling interest	(1,127,111)	191,555	–	–	(935,556)
Net profit (loss) attributable to:					
Owners of the parent	(47,772,355)	150,036	(9,603,320)	–	(57,225,639)
Segmented assets	57,165,404	18,769,508	22,026,651	–	97,961,563

(1) Revenues from external customers have been identified on the basis of the customer's geographical location, which is China.

					Nine-month period ended September 30, 2022
	Fintech Platform	Financial Services	Other	Elimination	Total
Revenues (1)					
Financial service revenue from external customers	–	1,452,487	–	–	1,452,487
Fees and sales from external customers	5,287,021	514,368	–	–	5,801,389
Supply chain services	81,555,932	–	(50,862)	–	81,505,070
Inter-segment	5,386,177	271,724	–	(5,657,901)	–
Total revenues	92,229,130	2,238,579	(50,862)	(5,657,901)	88,758,946
Expenses					
Depreciation and amortization	5,185,746	129,213	5,785	–	5,320,744
Finance costs	97,813	21,685	(762)	–	118,736
Change in fair value of contingent consideration	(603,589)	–	–	–	(603,589)
Impairment charge	4,218,826	–	–	–	4,218,826
Cost of service, supply chain	74,973,340	–	–	–	74,973,340
All other expenses	8,733,499	1,097,673	16,871,796	(5,657,901)	21,045,067
Total expenses	92,605,635	1,248,571	16,876,819	(5,657,901)	105,073,124
Profit (loss) before tax	(376,505)	990,008	(16,927,681)	–	(16,314,178)
Income tax (recovery)	818,705	274,599	–	–	1,093,304
Net profit (loss)	(1,195,210)	715,409	(16,927,681)	–	(17,407,482)
Non-controlling interest	(131,114)	367,154	–	–	236,040
Net profit (loss) attributable to:					
owners of the parent	(1,064,096)	348,255	(16,927,681)	–	(17,643,522)
Segmented assets	146,761,792	21,846,676	6,881,299	(212,494)	175,277,274

(1) Revenues from external customers have been identified on the basis of the customer's geographical location, which is China.

(In Canadian dollars)

21 - SEGMENT REPORTING (CONTINUED)

The Company's non-current assets are located in the following geographic regions:

	2023 September 30 Non-current Assets	2022 December 31 Non-current Assets
China	37,863,292	41,022,054
Canada	2,583,441	23,484,742
	40,446,733	64,506,796

22 - NON-CONTROLLING INTERESTS

The Company controls the following subsidiaries that have significant non-controlling interests.

Entities	2023 September 30 % ownership and voting rights held by NCIs	2022 December 31 % ownership and voting rights held by NCIs
Asia Synergy Supply Chain Ltd. ("ASSC")	49%	49%
Asia Synergy Financial Capital Ltd. ("ASFC")	49%	49%
Wechain (Nanjing) Technology Service Co., Ltd. ("WECHAIN")	49%	49%
Beijing Kailifeng New Energy Technology Co., Ltd. ("KALIFENG")	49%	49%
Shanghai Xinhuizhi Supply Chain Management Co., Ltd. ("ASAC")	49%	49%
Jiangsu Supairui IOT Technology Co., Ltd. ("ASTH")	20%	20%
Wuxi Suyetong Supply Chain Management Co., Ltd. ("SST")	20%	20%

	Total comprehensive profit and loss allocated to NCI		Accumulated NCI	
Entities	2023 September 30	2022 September 30	2023 September 30	2022 December 31
Asia Synergy Supply Chain Ltd. ("ASSC")	(462,900)	148,721	1,773,314	2,236,215
Asia Synergy Financial Capital Ltd. ("ASFC")	(198,829)	172,592	11,565,644	11,764,472
Wechain (Nanjing) Technology Service Co., Ltd. ("WECHAIN")	(257,836)	(235,754)	209,595	467,430
Kailifeng New Energy Technology Co., Ltd. ("KALIFENG")	(383,099)	(112,520)	620,993	774,254
Shanghai Xinhuizhi Supply Chain Management Ltd. ("ASAC")	81	(25)	(2,338)	(1,445)
Jiangsu Supairui IOT Technology Co., Ltd. ("ASTH") (1)	(103,328)	14,866	(82,278)	21,051
	(1,405,911)	(12,120)	14,084,930	15,261,978

(1) Wuxi Suyetong Supply Chain Management Co., Ltd. ("SST") is included with ASTH since the latest holds 100% of the shares of SST.

No dividends were paid to NCIs during the nine-month periods ended September 30, 2023, and 2022.

(In Canadian dollars)

22 - NON-CONTROLLING INTERESTS (CONTINUED)

Summarized financial information for subsidiaries with NCIs, before intragroup eliminations are as follows:

	ASSC		ASFC		Wechain		Kailifeng		ASAC		ASTH (1)		Total	
	2023 September 30	**2022 December 31**	**2023 September 30**	**2022 December 31**	**2023 September 30**	**2022 December 31**	**2023 September 30**	**2022 December 31**	**2023 September 30**	**2022 December 31**	**2023 September 30**	**2022 December 31**	**2023 September 30**	**2022 December 31**
Current assets	5,310,774	6,424,095	23,451,752	23,455,754	631,684	371,131	1,250,805	1,005,220	1,821	1,946	65,172	798,065	30,712,007	32,056,212
Non-current assets	6,414	499	805,298	2,100,558	460,046	677,787	705,542	814,914	–	–	209,077	312,026	2,186,377	3,905,783
	5,317,188	6,424,594	24,257,049	25,556,312	1,091,730	1,048,918	1,956,347	1,820,134	1,821	1,946	274,249	1,110,091	32,898,384	35,961,995
Current liabilities	280,302	1,754,224	124,168	820,775	320,848	32,522	50,817	42,514	–	–	190,001	478,393	966,136	3,128,429
Non-current liabilities	17,139	30,101	370,370	428,866	379,974	59,053	683,046	178,036	4,630	4,908	575,715	431,944	2,030,874	1,132,908
	297,441	1,784,325	494,538	1,249,642	700,822	91,575	733,863	220,550	4,630	4,908	765,716	910,338	2,997,010	4,261,337
Equity attributable to owners of the parent	1,845,694	2,327,489	12,037,711	12,245,655	218,150	486,509	646,340	805,857	(2,433)	(1,504)	(329,112)	84,202	14,416,350	15,948,208
Non-controlling interests	1,773,314	2,236,215	11,565,644	11,764,472	209,595	467,430	620,993	774,254	(2,338)	(1,445)	(82,278)	21,051	14,084,930	15,261,978

	ASSC		ASFC		Wechain		Kailifeng		ASAC		ASTH (1)		Total	
	2023 September 30	**2022 September 30**	**2023 September 30**	**2022 September 30**	**2023 September 30**	**2022 September 30**	**2023 September 30**	**2022 September 30**	**2023 September 30**	**2022 September 30**	**2023 September 30**	**2022 September 30**	**2023 September 30**	**2022 September 30**
Revenue	3,222	2,935,957	940,278	1,724,211	482,733	569,428	–	–	–	–	339,878	1,122,012	1,766,112	6,351,608
Profit for the year attributable to the owners of the parent	(363,700)	196,283	199,373	382,140	(271,691)	(232,621)	(424,386)	(119,546)	(8)	(10)	(435,548)	74,662	(1,295,960)	300,908
Profit for the year attributable to NCIs	(349,437)	188,585	191,555	367,154	(261,036)	(223,498)	(407,743)	(114,858)	(7)	(9)	(108,887)	18,666	(935,556)	236,040
Profit (loss) for the year	(713,137)	384,868	390,928	749,294	(532,727)	(456,119)	(832,129)	(234,404)	(15)	(19)	(544,435)	93,328	(2,231,516)	536,948
Other comprehensive income ("OCI") for the year														
OCI attributable to the owners of the parent	(118,094)	(41,491)	(406,318)	(202,503)	3,331	(12,756)	25,650	2,434	92	(16)	22,236	(3,955)	(473,103)	(258,289)
OCI attributable to NCIs	(113,463)	(39,864)	(390,384)	(194,562)	3,201	(12,256)	24,644	2,338	88	(16)	5,559	(3,800)	(470,355)	(248,160)
OCI for the year	(231,557)	(81,356)	(796,702)	(397,065)	6,532	(25,012)	50,294	4,772	180	(32)	27,795	(7,755)	(943,458)	(506,448)
Total comprehensive income for the year attributable to the owners of the parent	(481,794)	154,792	(206,945)	179,637	(268,360)	(245,377)	(398,736)	(117,112)	84	(26)	(413,312)	70,707	(1,769,063)	42,619
Total comprehensive income for the year attributable to NCIs	(462,900)	148,721	(198,829)	172,592	(257,836)	(235,754)	(383,099)	(112,520)	81	(25)	(103,328)	14,866	(1,405,911)	(12,120)
Total comprehensive profit and loss for the year	**(944,694)**	**303,513**	**(405,774)**	**352,229**	**(526,196)**	**(481,131)**	**(781,835)**	**(229,631)**	**165**	**(51)**	**(516,640)**	**85,572**	**(3,174,974)**	**30,500**
Net cash used in operating activities	2,195,980	2,107,979	2,666,563	3,167,764	(38,356)	(148,235)	(416,213)	(831,556)	(292)	(19)	(171,378)	(318,066)	4,236,304	3,977,866
Net cash used in investing activities	(295)	(645)	(566,550)	(459,554)	(48,934)	44,099	50,266	(610,199)	–	–	(23,530)	98,977	(589,043)	(927,322)
Net cash from financing activities	(2,001,359)	(1,993,590)	(790,572)	(794,560)	91,287	(47,219)	391,829	1,447,156	–	1,989	36,614	312,757	(2,272,201)	(1,073,467)
Foreign exchange differences	(46,004)	(26,776)	(1,361,113)	(875,382)	(33,707)	(35,324)	(12,039)	(2,292)	168	(66)	30,386	(12,472)	(1,422,309)	(952,311)
	148,322	**86,967**	**(51,672)**	**1,038,269**	**(29,710)**	**(186,679)**	**13,843**	**3,109**	**(124)**	**1,904**	**(127,908)**	**81,196**	**(47,249)**	**1,024,767**

(1) Wuxi Suyetong Supply Chain Management Co., Ltd. ("SST") is included with ASTH since the latest holds 100% of the shares of SST.

22 - NON-CONTROLLING INTERESTS (CONTINUED)

During the nine-month period ended September 30, 2023, the Company's subsidiary, AST along with the non-controlling interests (NCIs) of KALIFENG, ASAC and ASTH respectively, subscribed for additional share capital in the ratio of their relevant ownership percentages. The total value of capital agreed to be injected by NCIs totaled $228,863 in KALIFENG (September 30, 2022 - $762,631), $Nil in ASAC (September 30, 2022 - $975) and $Nil in ASTH (September 30, 2022 - $27,401). As at September 30, 2023 the amount of the NCI's portion of the capital injection agreed for these NCI's that was outstanding was $1,231,219 (December 31, 2022 - $1,002,356).

23 - CONTINGENCIES

Through the normal course of operations, the Company may be exposed to a number of lawsuits, claims and contingencies. Provisions are recognized as liabilities in instances when there are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and where such liabilities can be reliably estimated. No provision has been recognized in these condensed interim consolidated financial statements. Although it is possible that liabilities may be incurred in instances where no provision has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

24 - SUBSEQUENT EVENT

On October 24, 2023, a holder of convertible debentures converted 40 units, each carrying a $10,000 face value, at a conversion price of $0.25 per common share. As a result, the Company issued 1,600,000 common shares.