Tenet Fintech Group Inc.

Consolidated Financial Statements
For the years ended
December 31, 2023, and 2022

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Raymond Chabot
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Independent Auditor's Report

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To the Shareholders of
Tenet Fintech Group Inc.

Opinion

We have audited the consolidated financial statements of Tenet Fintech Group Inc. (hereafter "the Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive profit and loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting Standards").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the "Material uncertainty related to going concern" section of our report, we have determined that the matter described below are the key audit matters to be communicated in our auditor’s report.

Impairment assessment of goodwill and long-lived assets

As described in Note 4 to the consolidated financial statements, cash-generating units (CGUs) to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We identified the Company’s impairment assessment of goodwill and long-lived assets as a key audit matter.

Why the matter was determined to be a key audit matter

The impairment assessment of goodwill and long-lived assets was significant to our audit given that management’s assessment process is based on assumptions, specifically profit margins, growth rates and discount rates, which are affected by the anticipated market or economic conditions, giving rise to high estimation uncertainty. In addition, the balance of intangible assets, being $14,688,483 as at December 31, 2023, is material to the consolidated financial statements.

The Company’s impairment testing, which resulted in significant impairment expenses on goodwill and intangible assets of $26,609,797 and $14,842,393, respectively, is disclosed in Note 12.

How the matter was addressed in the audit

Our audit procedures related to the Company’s assessment of goodwill and long-lived assets included, among others:

- We evaluated the reasonableness of the Company’s cash flows by comparing projections to:
    - historical results;
    - long-term economic growth forecasts;
    - current business plans;
- We used our valuation experts to assist us in evaluating the assumptions, methodologies and data used by the Company, in particular for growth rates, profit margins and discount rates;
- We tested the completeness and accuracy of the underlying data used in the Company’s valuation model;
- We performed a sensitivity analysis on significant management assumptions used in the valuation model. The Company’s assumptions are detailed in Note 12 to the consolidated financial statements.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Raymond Chabot Grant Thornton LLP[1]

Montréal
April 29, 2024

[1] CPA auditor, public accountancy permit nº A120795

TENET FINTECH GROUP INC.

Consolidated Statements of Comprehensive Profit and Loss

For the years ended December 31, 2023, and 2022

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

	Note	December 31 2023	2022
Revenues		42,086,645	109,878,515
Expenses			
Cost of service		28,571,434	82,691,068
Software delivery services		2,848,619	3,370,090
Salaries and fringe benefits		11,669,708	12,024,540
Service fees		3,682,113	3,056,834
Board remuneration		335,790	640,263
Consulting fees		305,848	1,291,970
Outsourced services, software and maintenance		5,382,448	3,243,877
Professional fees		3,627,081	3,704,960
Marketing, public relations and press releases		530,812	1,300,917
Office supplies, software and hardware		948,196	1,272,059
Lease expenses		234,425	173,948
Insurance		1,258,488	1,291,321
Finance costs	24.4	1,922,142	194,033
Expected credit loss	7-8	6,828,249	1,859,937
Travel and entertainment		230.421	395.735
Stock exchange and transfer agent costs		259,188	244,494
Translation cost (recovery) and others		(44,543)	138,229
Depreciation of property and equipment	10	168,025	89,664
Depreciation of right-of-use assets	10	616,533	615,179
Amortization of intangible assets	12	8,920,333	6,764,493
Amortization of financing issuance costs	15-16	93,043	29,020
Impairment of goodwill	12	26,609,797	35,697,890
Impairment of intangible assets	12	14,842,393	6,954,055
Impairment on investment in associate company	11	13,582	–
Change in fair value of contingent consideration payable	6.1	110,984	(591,220)
Change in fair value of debentures conversion options	15.6	175,008	–
Loss on investment in associate company	11	51,314	34,253
Loss on legal settlement	31.8	1,632,000	–
Gain on bargain purchase	6.2	–	(109,605)
Loss on foreign exchange		36,081	62,942
		121,859,512	166,440,946
Loss before income taxes		(79,772,867)	(56,562,431)
Income taxes (recovery)		(1,445,525)	(3,549,246)
Net loss		(78,327,342)	(53,013,185)
Net Profit (loss) attributable to :			
Non-controlling interest	27	(1,495,367)	79,260
Owners of the parent		(76,831,975)	(53,092,445)
		(78,327,342)	(53,013,185)
Item that will be reclassified subsequently to profit or loss			
Currency translation adjustment		(2,631,618)	(811,760)
Total comprehensive loss		(80,958,960)	(53,824,945)
Total comprehensive profit (loss) attributable to:			
Non-controlling interest	27	(1,894,965)	9,040
Owners of the parent		(79,063,995)	(53,833,985)
		(80,958,960)	(53,824,945)
Weighted average number of outstanding shares		110,521,854	99,002,008
Basic and diluted loss per share		(0.695)	(0.536)

Going concern uncertainty (note 2)
Subsequent events (note 31)

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

TENET FINTECH GROUP INC.

Consolidated Statements of Changes in Equity

Years ended December 31, 2023, and 2022

(In Canadian dollars)

		Capital stock									
	Note	Number of common shares	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 (note 27)	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	20.2-20.4	6,434,704	353,243	–	446,757	–	–	–	800,000	–	800,000
Equity component of convertible debentures	15	–	–	–	3,306,575	1,323,166	–	–	4,629,741	–	4,629,741
Issuance costs - equity component of convertible debentures	15	–	–	–	(51,272)	(33,445)	–	–	(84,717)	–	(84,717)
Deferred tax - equity component of convertible debentures	15	–	–	–	(1,052,993)	67,403	–	–	(985,590)	–	(985,590)
Issuance of broker compensation warrants	15	–	–	–	82,629	–	–	–	82,629	–	82,629
Exercise of warrants and broker warrants	20.2-20.4	2,142,858	521,814	–	(146,814)	–	–	–	375,000	–	375,000
Conversion of debentures	15-20.2	12,640,000	4,631,074	–	–	–	–	–	4,631,074	–	4,631,074
Modification of conversion options of convertible debentures	15.6	–	437,820	–	–	(466,517)	–	(437,820)	(466,517)	–	(466,517)
Share-based compensation	21	–	–	–	490,789	–	–	–	490,789	–	490,789
Subscription for shares by non-controlling interests	27	–	–	–	–	–	–	–	–	289,415	289,415
Issuance of shares for loan repayment	20.2	3,000,000	750,000	–	–	–	–	–	750,000	–	750,000
Payment of contingent consideration	6.1	–	–	721,289	–	–	–	–	721,289	–	721,289
Transactions with owners		123,761,745	217,926,082	721,289	26,432,640	1,112,072	625,212	(133,527,707)	113,289,588	15,551,393	128,840,981
Net loss		–	–	–	–	–	–	(76,831,975)	(76,831,975)	(1,495,367)	(78,327,342)
Other comprehensive loss		–	–	–	–	–	(2,232,020)	–	(2,232,020)	(399,598)	(2,631,618)
Total comprehensive loss for the year		–	–	–	–	–	(2,232,020)	(76,831,975)	(79,063,995)	(1,894,965)	(80,958,960)
Balance as at December 31, 2023		123,761,745	217,926,082	721,289	26,432,640	1,112,072	(1,606,808)	(210,359,682)	34,225,593	13,656,428	47,882,021

		Capital stock									
	Note	Number of common shares	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 (note 27)	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
Equity component of convertible debentures	15	–	–	–	465,825	319,209	–	–	785,034	–	785,034
Issuance costs - equity component of convertible debentures	15	–	–	–	(40,838)	(27,985)	–	–	(68,823)	–	(68,823)
Deferred tax - equity component of convertible debentures	15	–	–	–	(101,799)	(69,759)	–	–	(171,558)	–	(171,558)
Issuance of broker compensation warrants	15	–	–	–	54,417	–	–	–	54,417	–	54,417
Exercise of warrants and broker warrants	20.3	2,259,500	2,548,471	(150,000)	(522,971)	–	–	–	1,875,500	–	1,875,500
Exercise of options	21	117,500	464,170	–	(217,420)	–	–	–	246,750	–	246,750
Share-based compensation	21	–	–	–	2,188,570	–	–	–	2,188,570	–	2,188,570
Subscription for shares by non-controlling interests	27	–	–	–	–	–	–	–	–	932,557	932,557
Transactions with owners		99,544,183	211,232,131	–	23,356,969	221,465	1,366,752	(79,997,442)	156,179,875	15,252,938	171,432,813
Net profit (loss)		–	–	–	–	–	–	(53,092,445)	(53,092,445)	79,260	(53,013,185)
Other comprehensive loss		–	–	–	–	–	(741,540)	–	(741,540)	(70,220)	(811,760)
Total comprehensive profit (loss) for the year		–	–	–	–	–	(741,540)	(53,092,445)	(53,833,985)	9,040	(53,824,945)
Balance as at December 31, 2022		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

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

TENET FINTECH GROUP INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2023, and 2022
(In Canadian dollars)

	Note	December 31 2023	2022
OPERATING ACTIVITIES			
Net loss		(78,327,342)	(53,013,185)
Non-cash items			
Expected credit loss	7-8	6,828,249	1,859,937
Depreciation of property and equipment	10	168,025	89,664
Depreciation of right-of-use assets	10	616,533	615,179
Amortization of intangible assets	12	8,920,333	6,764,493
Amortization of financing issuance costs	15-16	93,043	29,020
Impairment of goodwill	12	26,609,797	35,697,890
Impairment of intangible assets	12	14,842,393	6,954,055
Impairment on investment in associate company	11	13,582	–
Accretion on debentures and bonds	15-16	568,769	47,424
Accretion of lease interest	14	286,485	177,021
Interest income on deposit		(4,830)	–
Change in fair value of contingent consideration payable	6.1	110,984	(591,220)
Change in fair value of debentures conversion options	15.6	175,008	–
Share-based compensation	21	490,789	2,188,570
Deferred tax assets and liabilities	22	63,285	(5,280,727)
Loss on investment in associate company	11	51,314	34,253
Gain on bargain purchase	6.2	–	(109,605)
Loans receivable maturing in more than 12 months	7	778,688	1,928,360
Deposits made for transactions on platforms, long term	8.2	(10,782,714)	–
Net changes in working capital items			
Restricted cash		189,634	(159,634)
Income tax payable		(1,927,956)	486,323
Accounts receivable	8.1	1,384,156	(7,159,488)
Deposits made for transactions on platforms, short term	8.2	16,170,116	5,808,549
Prepayments to third party subcontractors	8.1	4,476,211	4,519,672
Other debtors	8.1	(299,176)	335,981
Loans receivable maturing in less than 12 months	7	(352,499)	1,398,504
Assets held for sale		96,243	12,878
Other prepaid expenses		1,558,859	(142,417)
Trade accounts payable and accruals	13	5,498,954	(867,178)
Interest payable on debentures	13	394,639	–
Advances from third-party customers	13	(130,550)	(3,534,091)
Contract liabilities with third-party customers	13	(2,469,453)	(2,851,140)
Cash flows from operating activities		(3,908,431)	(4,760,912)
INVESTING ACTIVITIES			
Investments	11	(279,520)	(1,061,798)
Deposit		–	(150,000)
Property and equipment - Addition	10	(819,940)	(51,745)
Property and equipment - Disposal	10	–	2,592
Intangible assets - additions	12	(7,063,421)	(11,586,393)
Cash, acquired on acquisition of subsidiaries	6.2	–	351,958
Cash flows from investing activities		(8,162,881)	(12,495,386)
FINANCING ACTIVITIES			
Advances received from a company owned by a Director	13-25	1,667,742	–
Repayment of lease liabilities	14	(866,880)	(691,454)
Promissory note payable	18	1,410,000	–
Repayment of loan payable	19	(64,790)	–
Proceeds from the issuance of shares and warrants	20	800,000	–
Proceeds from the issuance of convertible debentures and warrants	15	8,457,676	854,400
Proceeds from the exercise of warrants	20	375,000	1,875,500
Proceeds from the exercise of options	21	–	246,750
Cash flows from financing activities		11,778,748	2,285,196
IMPACT OF FOREIGN EXCHANGE		(1,739,248)	(602,442)
Net decrease in cash		(2,031,812)	(15,573,544)
Cash, beginning of the year		3,223,370	18,796,914
Cash, end of the year		1,191,558	3,223,370

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

TENET FINTECH GROUP INC.
Consolidated Statements of Financial Position
As at December 31, 2023 and December 31, 2022

(In Canadian dollars)

	Note	As at December 31, 2023	As at December 31, 2022
ASSETS			
Current			
Cash		1,191,558	3,223,370
Restricted cash	6.1-16	23,333	212,967
Loans receivable	7	16,507,353	16,154,854
Assets held for sale		211,838	308,081
Debtors	8.1	14,067,180	28,149,428
Deposits made for transactions on platforms	8.2	10,669,761	26,839,877
Prepaid expenses		1,053,170	1,872,094
Other current assets	9	7,733,174	–
		51,457,367	76,760,671
Loans receivable	7	220,523	1,039,989
Deposits made for transactions on platforms	8.2	10,782,714	–
Deposit		81,304	76,474
Property and equipment	10	3,509,324	3,410,832
Investments	11	1,183,005	1,048,337
Intangible assets	12	14,688,483	32,011,270
Goodwill	12	–	26,609,797
Foreign deferred tax assets	22	–	310,097
		81,922,720	141,267,467
LIABILITIES			
Current			
Accounts payable, advances and accrued liabilities	13	15,114,779	10,926,447
Lease liabilities	14	309,000	493,852
Bonds	16	400,000	373,547
CEBA Loan	17	100,000	100,000
Promissory note payable	18	1,410,000	–
Loan payable	19	675,145	–
Debentures	15	563,388	–
Conversion option	15	46,240	–
Contingent consideration payable	6.1	757,486	–
Current tax liabilities		2,184,050	4,112,006
		21,560,088	16,005,852
Debentures	15	7,822,405	2,109,903
Conversion option	15	33,840	
Lease liabilities	14	2,478,836	2,622,339
Foreign deferred tax liability	22	1,631,111	–
Canadian deferred tax liability	22	–	1,039,295
Contingent consideration payable	6.1	514,419	1,882,210
		34,040,699	23,659,599
SHAREHOLDERS' EQUITY			
Capital stock	20	217,926,082	211,232,131
Shares to be issued	6.1	721,289	–
Contributed surplus		26,432,640	23,356,969
Equity component of convertible debentures	15	1,112,072	221,465
Accumulated other comprehensive income (loss)		(1,606,808)	625,212
Deficit		(210,359,682)	(133,089,887)
Shareholders' equity attributable to owners of the parent		34,225,593	102,345,890
Non-controlling interest	27	13,656,428	15,261,978
Total shareholders' equity		47,882,021	117,607,868
		81,922,720	141,267,467

Going concern uncertainty (note 2)
Subsequent events (note 31)

The accompanying notes are an integral part of these 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") 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 a group of innovative financial technology (Fintech) and artificial intelligence (AI) companies. Tenet's subsidiaries offer various analytics and AI-based products and services to businesses, capital markets professionals, government agencies and financial institutions either through or by leveraging data gathered by the Cubeler® Business Hub, a global ecosystem where analytics and AI are used to create opportunities and facilitate B2B transactions among its members.

2 - GOING CONCERN UNCERTAINTY AND COVID-19

These consolidated 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 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 convertible debenture private placement financings done during 2023. Also, the Company incurred a net loss of $78,327,342 for the year ended December 31, 2023 (year ended December 31, 2022 - $53,013,185), it has an accumulated deficit of $210,359,682 as at December 31, 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, 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 consolidated 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 - CHANGES IN ACCOUNTING POLICIES

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, new, but not yet effective, amendments to existing standards and interpretation have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Statement of compliance with IFRS

The consolidated financial statements of the Company have been prepared using accounting policies that are in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (hereafter "IFRS Accounting Standards").

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, except for the newly adopted standards.

The consolidated financial statements for the year ended December 31, 2023 (including comparative figures) were approved and authorized for the issue by the Board of Directors on April 29, 2024.

4.2 Basis of measurement

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

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Basis of Consolidation

These 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 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.

4.4 Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the date of the transactions (spot exchange rate). Currency translation adjustment reflects the currency fluctuation between the functional currency of the Company's subsidiaries in Chinese (Renminbi) and the Company's functional currency (Canadian dollar) during the year. This element represents a theoretical profit or loss that can be materialized only if the underlying assets or liabilities to which the adjustment is attributed are realized. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in a foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when fair value was determined.

4.5 Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of the entities with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation. The functional currency of the entities has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Revenues and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Segment reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the senior management team, which makes strategic and operational decisions.

For management purposes, the Company uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segments are not allocated to a segment. This primarily applies to the Company's headquarters.

4.7 Revenue recognition

Revenue arises mainly from providing supply chain management services to customers, the rendering of financial services, and the delivery of IT related services. To determine whether to recognize revenue, the Company follows a five-step process:

– identifying the contract with a customer;
– identifying the performance obligations;
– determining the transaction price;
– allocating the transaction price to the performance obligations;
– recognizing revenue when performance of obligation is satisfied.

Revenue is recognized either at a point in time or over time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Financial services

Financial services revenues include interest revenue earned from commercial loans to small and medium-sized businesses and entrepreneurs and fees earned for services rendered to financial institutions to manage loans made to their customers.

Interest revenue earned from commercial loans is recorded using the effective interest rate method.

Service fees

Service fee revenues include fees earned for services rendered to financial institutions to help them find loan candidates, determine what potential or existing customers to lend to, manage their credit risk exposure, and help facilitate their credit transactions through the Company's technology platforms.

Service fees earned for services rendered to financial institutions over time is calculated based on a percentage of the value of the transactions associated with the services or in some cases, represent the price to obtain risk analysis or similar types of reports, charged either per report or on a subscription basis.

Supply chain services

Supply chain services revenue relates to services provided to supply chain participants to allow them to acquire the materials they need on credit.

The services include a bundle of three services:
– assistance to get financing from financial institutions;
– assistance to find materials suppliers;
– assistance for the transportation and warehousing of the acquired materials.

Supply chain service revenue is earned when the Company satisfies performance obligation for all three elements by transferring the service to its customers. At this point, the customer is invoiced as follows:

Financing : A percentage of the value of the purchase order financed,
Material suppliers: A percentage of the value of the purchase order,
Transportation and warehousing: Percentage of the value of the purchase order established on a case-by-case basis according to the characteristics of the order, including location, quantity, storage time and other factors.

Information Technology (IT) applications and research & development (R&D) related services

The services are based on standard IT projects to be developed or R&D services to be rendered per the needs of each customer.

The services include:

– R&D work on specific IT solutions & services;
– Installation and set-up of specific IT solutions & services;
– Technical support to certain business processes;
– IT technical consulting & training.

The revenues for the delivery of IT applications and R&D related services are earned upon delivery or over time depending on when the Company satisfies the performance obligation as per the different business contracts.

4.8 Assets held for sale

Assets held for sale are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are accounted for at the lower of their carrying amount at designation and fair value less costs to sell.

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Current and deferred income taxes

Tax expense recognized in profit or loss when applicable comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized directly in the equity, in which case the related deferred tax is also recognized in equity.

4.10 Basic and diluted loss per share

Basic loss per share is calculated using the net loss and the weighted average number of outstanding shares during the year. Diluted loss per share is calculated by adjusting the weighted average number of outstanding shares, for the effects of all dilutive potential common shares which include convertible debentures, options and warrants. Since the Company has incurred losses, the diluted loss per share is equal to the basic loss per share due to the antidilutive effect of convertible debentures, options and warrants.

4.11 Financial instruments

The Company classifies a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, transaction costs that are directly attributable to the acquisition of the financial asset or the financial liability where applicable.

Financial assets

The Company classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset contractual cash flow characteristics. The three categories are defined as follows:

(a) Amortized cost - A financial asset is measured at amortized cost if both of the following conditions are met:
- the net asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets comprised of cash and restricted cash, loans receivable, debtors (except sales tax receivable), deposits made for transactions on platforms, deposit and other current assets are measured at amortized cost. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

(b) Fair value through other comprehensive income - Financial assets are classified and measure at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(c) Fair value through profit or loss - Any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

Equity investments, other than subsidiaries controlled by the Company or associate companies, are recorded at fair value through profit or loss. The equity investments are measured at fair value, using either active market transactions to value its investment or other valuation methods whenever no active market exists. Variation in fair value is recorded in the consolidated statements of comprehensive profit and loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

Impairment of financial assets

The Company assess the impairment of its loans receivables, debtors, deposits made for transactions on platforms, and deposit using the expected credit loss model. The Company considers a broader range of information when assessing credit risk and measuring expected credit loss including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

At the end of each reporting period, the Company applies a three-stage forward looking impairment approach for its loans receivables to measure the expected credit loss (ECL).

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Determining the stage

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets and the credit quality have not deteriorated significantly since initial recognition. If the credit risk and the credit quality of non-impaired financial instruments has not deteriorated significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses is measured and recorded at an amount equal to 12-month expected credit loss. When there is a significant increase in credit risk and the credit quality have deteriorated significantly since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses is measured and recorded at an amount equal to lifetime expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset has occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continue to be recorded or the financial asset is written off.

The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in stage 3.

Measurement of Expected Credit losses (ECL)

ECLs are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instruments, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information requires significant judgment. The cash shortfall is the difference between all contractual cash flows owed to the Company and all the cash flows that the Company expects to receive.

The measurement of ECLs is primarily based on the product of the financial instruments probability of default, loss given default, and exposure at default. Forward-looking macroeconomic factors such as credit default indices, interest rates and gross domestic product are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. Due to the short-term nature of the Company's commercial loans, the forward-looking macroeconomic factors are generally not important to the Company.

A financial asset is deemed credit-impaired when one or more events with a detrimental impact on its estimated future cash flows have occurred. Such events could include but are not limited to 1) significant financial difficulty of the counterparty; 2) a breach of contract, such as a default or past-due event; or 3) the likelihood that the counterparty will enter bankruptcy or other financial reorganization.

Debtors, deposits made for transactions on platforms and deposits are written off (i.e. derecognised) 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 arrangement amongst other is considered indicators of no reasonable expectation of recovery.

The Company applies experienced credit judgment to adjust the modelled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk rating and modelling process.

Simplified approach has been used for the calculation of the ECL for debtors, deposits made for transactions on platforms, and deposit.

Financial liabilities

The Company's liabilities include accounts payable, advances and accrued liabilities, contingent consideration payable, debentures, promissory notes payable, loan payable, convertion option, bonds and CEBA loan.

When the Company becomes a party to the contractual provisions of the financial instruments, these are initially measured at fair value adjusted for transaction costs unless the Company classified its financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for conversion option and contingent consideration payable classified at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

The liability and the conversion option or the equity components of convertible debentures are presented separately on the consolidated statements of financial position starting from initial recognition.

The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debentures. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the consolidated statements of comprehensive profit and loss. The conversion option is initially valued at fair value and subsequently revaluated at fair market value with gains or losses recognized in the consolidated statement of comprehensive profit and loss.

4.12 Associate company

The Company applies the equity method in accounting investments in companies subject to significant influence ("associate company"). The share of the operating results of an associate company is recorded in the consolidated statements of comprehensive profit and loss. The cumulative Company's share of the associate company losses is limited to the recorded equity interest, except for obligation or payments assumed for another party. An impairment loss is recognized if any facts and circumstances indicate that the investment's carrying value exceeds its fair value.

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Property and equipment

Property and equipment 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. Property and equipment 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
IT and office equipment	2–5 years
Vehicles and other equipment	3–5 years
Right-of-use assets	0-10 years
Leasehold improvement	10 years

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

4.14 Intangible assets

Intangible assets acquired separately are initially recognized at acquisition cost and are subsequently measured at cost less accumulated depreciation and impairment losses. Intangible assets acquired through business combination are measured initially at their fair value as at the date of acquisition. After initial recognition, intangible assets are recorded at cost less accumulated amortization, if they are amortizable, and less accumulated impairment.

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

	Useful life
Fintech platforms (Gold River, Cubeler, and others)	3–8 years
Tradename	3–8 years
Loan servicing agreements	10 years

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

4.15 Business combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. The Company measures the non-controlling interest, if any, at the proportionate share in the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are recorded at their acquisition-date fair values.

After initial recognition, goodwill is measured at cost less any accumulated impairment.

4.16 Impairment of goodwill and long-lived assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows called cash-generating units (CGUs). As a result, some assets are tested individually for impairment and some are tested at the CGU level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of a related business combination and represent the lowest level within the group at which management monitors goodwill.

CGUs to which goodwill has been allocated (determined by the Company's management as equivalent to operating segments) are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's (or CGUs) carrying amount exceeds its recoverable amount which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use management estimates expected future cashflows from each CGU and determines a suitable discount rate in order to calculate the present value of those cashflows. The data used for impairment testing is directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset specific risk factors.

Impairment losses for CGUs reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro-rata to the other assets in the CGU.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds it's carrying amount.

4.17 Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

4.18 Equity

Capital stock represents the amount received on the issue of shares less incremental costs, net of tax, directly attributable to the issue of the shares. If shares are issued after share options or warrants are exercised, it also includes compensation costs previously recognized in contributed surplus.

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Unit Placements ("Units")

The Company allocates the equity financing proceeds between common shares and warrants according to the relative fair value of each instrument. The fair value of the common shares is determined according to the market price of the shares on the Canadian Securities Exchange on the issuance date, and the fair value of the warrants is determined using the Black & Scholes pricing model.

Contributed surplus within equity includes amounts in connection with share options and warrants issued. When share options and warrants are exercised, the related compensation cost is transferred in capital stock.

When conversion of debentures occurs, the related cost is transferred from the equity component of convertible debentures to capital stock. The related issuance costs reduce the equity.

Deficit includes all current and prior period losses and the value of the extended warrants.

Accumulated other comprehensive income includes all current and prior period currency translation adjustment gain and losses.

4.19 Share-based payments

The Company operates equity-settled share-based payment plans for its eligible directors, officers, employees and others providing similar services. None of the Company's plans features any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except warrants to brokers, agents and finders) are ultimately recognized as an expense in the profit or loss with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs and are presented as a reduction to the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is an indication that adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

4.20 Leased assets

The Company recognized a right-of-use asset and a lease liability with respect to a lease on the date the underlying asset is available for use by the Company (hereafter, the "commencement date").

The right-of-use asset is initially measured at cost, which includes the initial lease liabilities adjusted for lease payments on or before the commencement date, plus initial direct costs incurred and an estimate of all of the costs for dismantling and removing the underlying asset, less any lease incentives received as part of the contract.

The right-of-use asset is amortized over the shorter of the estimated useful life of the underlying asset or the lease term on a straight-line basis. Additionally, the cost of a right-of-use asset is reduced by any accumulated impairment losses and, as appropriate, adjusted for any remeasurement of the related lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date over the lease payments to be made over the lease term, calculated using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as its discounting rate. The lease payments included in the lease liability include the following, in particular:

– Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
– Variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Lease payments relating to extension options that the Company is reasonably certain it will exercise.

Accordingly, lease payments and the lease liability include payments relating to lease and non-lease components.

The Company has elected not to recognize separately non-lease components of leases for office space (buildings).

The interest expense relating to lease liabilities is recognized in profit or loss using the effective interest method. New right-of-use assets and liabilities are non-cash transactions and thus excluded from the consolidated statement of cashflows.

The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or when the Company changes its measurement with respect to the exercise of a purchase, extension or termination option. The lease liability adjustment is adjusted against the related right-of-use asset or recorded in profit or loss if the right-of-use asset is reduced to zero.

Lease payments relating to leases for which the underlying asset is of low value are recognized on a straight-line basis as an expense in profit or loss. Low-value assets include computer equipment and small office furniture.

4.21 Research & Developement costs

Internally incurred research and development costs are recognized to the profit and loss accounts as incurred, except for project development costs that meet the criteria below:

4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

- The product or process is defined, and costs are seperatly identified and reliably measured;
- The technical feasibility of the product or project is demonstrated, and the Group's experience in this area is established;
- Adequate resources are available to complete the project successfully;
- A potential market for the products exists or their usefulness, in case of internal use, is demonstrated;
- The Company intends to produce or market, or use the new product or process, and can demonstrate its profitability or existence of a market.

When all the above criterias meet, the development costs are capitalized as intangible assets.

The method of amortization is generally determined by reference to the expected period in which future economic benefits will be earned. If the method cannot be determined reliably, linear amortization is adopted. The period of amortization depends on the type of activity.

5 - CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

5.1 Estimates

5.1.1 Share-based payments and warrants

The estimation of the fair value of options and warrants at the date of grant requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. Details of the assumptions used by the Company are given in notes 20 and 21.

5.1.2 Impairment of goodwill and long-lived assets

Determining if there are any facts and circumstances as indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and assumptions in many cases.

In assessing impairment, management assesses the recoverable amount of each asset or CGU based on expected future cashflows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

5.1.3 Leases

Recognizing leases requires judgment and use of estimates and assumptions. Judgment is used to determine whether there is reasonable certainty that a lease extension or cancellation option will be exercised. Furthermore, management estimates are used to determine the lease terms and the appropriate interest rate to establish the lease liability.

5.1.4 Acquisition valuation method

The Company uses valuation techniques when determining the fair value of certain assets and liabilities acquired in a business combination. In particular, the fair value of each intangible assets is dependent on the outcome of many variables.

5.1.5 Contingent considerations

Contingent consideration payable arising from business combinations is recognized and measured at fair value. The fair value is estimated using a discounted cash flow method and reflects management's assumptions including the acquirees' future profitability. The assumptions used requires judgment from management and could have an impact on the initial estimate of the contingent consideration payable recognized and on any subsequent variation in fair value recorded in the consolidated statements of profit and loss.

5.1.6 Measurement of expected credit losses (ECL)

Determining if there are any significantly strong facts and circumstances indicating expected credit losses is a subjective process involving judgement relative to the overall context and probability of recoverability of the balances under review.

5.2 Judgments

5.2.1 Deferred tax assets

The Company must use certain assumptions and important accounting judgments to determine if deferred taxes can be recognized. Management has to evaluate whether it is more likely than not that they will be realized, taking into consideration all probable elements at their disposal to determine if all or part of deferred taxes will be recognized. To determine this probability, certain factors have to be taken into account, notably the Company’s projection of future taxable income and determine in which fiscal period these profits should materialize.

5.2.2 Going concern

The assessment of the Company’s ability to continue as a going concern and to have sufficient funds to pay its ongoing operating expenditures, meet its liabilities the ongoing year, involve significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. More information about the going concern is disclosed in note 2.

5.2.3 Classification of investments in equity

When the Company recognize an investment in equity all the relevant fact and circumstances are considered to determine the level of participation and influence on the operation and the classification of the asset as either an associate company or an other equity investment. Such fact and circumstances would include, but is not limited to, the percentage of ownership, the percentage of the voting rights, and the relative influence of other owners or partners in the investment.

(In Canadian dollars)

6 - BUSINESS COMBINATIONS

6.1 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 December 31, 2023, the Company revalued the contingent consideration payable related to the Heartbeat and Steelchain acquisitions resulting in a loss of $Nil (December 31, 2022 - a gain of $664,426) and a loss of $110,984 (December 31, 2022 - a loss of $73,206) 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 $1,271,904 (December 31, 2022 - $Nil and $1,882,210) for the Heartbeat and Steelchain acquisitions. For the period ended December 31, 2023 and in accordance with the amended purchase and performance agreement of the Steelchain acquisition effective from October 1, 2022, the Company will pay a contingent consideration amounting to $721,289 in the form of common shares at an minimum price of 2$ per share. As such, an amount of $721,289 was credited as Equity to issue in the Consolidated Statements of Changes in Equity and an equivalent amount was debited in Contingent consideration payable.

The movement during the year ended December 31, 2023 and 2022, relating to the contingent consideration payable, were as follows:

	2023 December 31	**2022** December 31
Balance at the beginning of the year	1,882,210	1,921,000
Purchase price allocation adjustments	–	552,430
Payment by shares to be issued	(721,289)	–
Change in fair value of contingent consideration payable	110,984	(591,220)
Balance at the end of the year	1,271,905	1,882,210

As at December 31, 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 consolidated statements of financial position.

6.2 Business combinations during the previous year

6.2.1 Acquisition of Jiangsu Supairui IOT Technology Co., Ltd. ("ASTH")

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's 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 identifiable 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 $839,565 in revenues and $242,739 to loss 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 $1,417,727 and pro forma loss before tax for the Company would have been $805,832. 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 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.

The ASTH acquisition has been determined to constitute a business combination and, accordingly, it has been accounted for using the acquisition method of accounting.

(In Canadian dollars)

6 - BUSINESS COMBINATIONS (CONTINUED)

6.2.2 Acquisition of Jiangsu Steel Chain Technology Co., Ltd. ("STEELCHAIN")

On October 1, 2022, the Company, through its AST subsidiary, acquired 100% of Steelchain share capital and voting rights, effectively obtaining control of the company on that date. Steelchain owns and operates a technology based steel transaction platform that will be integrated into the Company's supply chain technology service offering and is expected to benefit the Company by enabling it to reach and develop additional verticals in Mainland China.

The purchase price for the Steelchain business is based on contingent consideration, payable with the Company's shares upon achievement of contractually determined quarterly net income thresholds. The contingent consideration will be paid quartlerly over the next 36 months, with maximum payments of $800,000, plus any unpaid carried forward balance that may apply under the purchase agreement. As at October 1, 2022, the fair value of consideration payable under this agreement was estimated using management's forecast at a discount rate of 17.2%, at $1,809,004.

As at the acquisition date, the fair value of the Steelchain identifiable net assets acquired was estimated at $767,297 based on management's financial projections. The Company used assumptions about certain financial performance metrics and a discount rate of 17.2% to estimate the net present value of projected cashflows. The intangible assets acquired under the agreement have been identified as the Steelchain platform and included the technology with a value of $1,809,004 and the goodwill with a value of $1,041,707. The technology, included in the Other ERP Platforms, was estimated to have a useful life of 8 years.

The goodwill of $1,041,707 arising from the Steelchain acquisition is due to the expected revenue growth that is expected to be generated with the integration of the acquired platform within its current software ecosystem. None of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, Steelchain contributed $2,864,463 in revenues and $109,588 to loss 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 $4,169,480 and pro forma loss before tax for the Company would have been $85,179. 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 accounts receivables' gross contractual amount, included in the identifiable net assets acquired, was $117,537. Based on management's review of the account, the total accounts receivables amount is recoverable.

The Steelchain acquisition has been determined to constitute a business combination and, accordingly, it has been accounted for using the acquisition method of accounting.

6.2.3 Accounting for business combinations

	ASTH	STEELCHAIN
	Final	*Final*
Fair value of consideration transferred		
Contingent consideration payable		
Quarterly issuance of shares of the Company over the next 36 months - up to $9.6m in value	–	1,809,004
Total estimated contingent consideration payable at October 1, 2022	–	1,809,004
Total consideration (paid and contingent consideration)	–	1,809,004
Identifiable net assets acquired		
Cash	93,277	258,681
Accounts receivable	682,717	117,537
Other receivables	–	2,770
Prepaid expenses	32,308	362,229
Property and equipment	46,937	113,370
Intangible assets	285,150	1,210,568
Accounts payable and accrued liabilities	(983,492)	(927,068)
Lease liabilities	(19,890)	(68,148)
Deferred tax liability	–	(302,642)
Identifiable total net assets	137,007	767,297
Non-controlling interest	(27,402)	–
Goodwill (Bargain purchase) arising on acquisition		
Goodwill (Bargain purchase) attributable to Owners of the parent	(109,605)	1,041,707
	–	1,809,004
Consideration paid in cash	–	–
Cash and cash equivalents acquired	93,277	258,681
	93,277	258,681

The purchase price allocation for the above mentioned business combinations were finalized in 2022.

(In Canadian dollars)

7 - 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 December 31	**2022** December 31
Principal balance loans receivable	17,286,207	17,712,396
Less expected credit loss (ECL)	(558,331)	(517,553)
Loans receivable net	16,727,876	17,194,843
Loans receivable maturing in less than 12 months	16,507,353	16,154,854
Loans receivable maturing in more than 12 months	220,523	1,039,989
	16,727,876	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 the summary of significant accounting policies.

(In Canadian dollars)

7 - 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 December 31, 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%	60.9%	1.0%	2.0%

December 31, 2023	%	Gross Carrying Amount	Allowance for Credit Loss	Net Carrying Amount
Stage 1: Not overdue <= 30 Days	94.0%	16,250,606	(3,235)	16,247,371
Stage 2: Overdue 30–90 days	0.0%	–	–	–
Stage 3: Overdue> 90 days	6.0%	1,035,601	(555,096)	480,505
	100.0%	17,286,207	(558,331)	16,727,876

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 December 31, 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	–	–	(67,977)	(67,977)
Net remeasurement	–	–	132,150	132,150
Foreign exchange and other	(1)	–	(17,296)	(17,297)
Loss allowance as at December 31, 2023	–	–	553,828	553,828

	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	(7)	(487)	(5,535)	(6,029)
Net remeasurement	–	–	187	187
Transfers				
- to lifetime ECL credit-impaired	–	(80)	80	–
Foreign exchange and other	(2)	(31)	(351)	(384)
Loss allowance as at December 31, 2023	15	–	1,268	1,283

	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	283	–	–	283
Foreign exchange and other	(155)	–	–	(155)
Loss allowance as at December 31, 2023	3,220	–	–	3,220

(In Canadian dollars)

7 - 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

8 - DEBTORS AND DEPOSITS MADE FOR TRANSACTIONS ON PLATFORMS

8.1 Debtors

	2023 December 31	**2022** December 31
Sales tax receivable	1,138,050	1,013,910
Advances to companies	325,038	141,679
Accounts receivable	9,143,500	17,315,127
Subscriptions receivable from non-controlling interests (note 27)	1,291,770	1,002,356
Promissory notes (1)	216,102	247,425
Subscriptions receivable of convertible debentures (note 15.5)	10,000	2,010,000
Prepayments to third party subcontractors (2)	1,942,720	6,418,931
	14,067,180	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 year ended December 31, 2023, a former board member (that resigned in August 2022) provided services to the Company amounting to $43,000 in order to fully repay the balance of his promissory note payable to the Company. As at December 31, 2023, the aggregate outstanding principal amount due for said loans is $216,102 (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 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)

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

8.2 Deposits made for transactions on platforms

	2023 December 31	**2022** December 31
Deposits made for transactions on platforms with guarantee (1)	24,388,453	26,339,312
Deposits made for transactions on platforms	493,695	500,565
Deposits made for transactions on platforms before expected credit loss	24,882,148	26,839,877
Less expected credit loss (ECL)	(3,429,673)	–
Deposits made for transactions on platforms after expected credit loss	21,452,475	26,839,877
Deposits made for transactions on platforms, short-term	10,669,761	26,839,877
Deposits made for transactions on platforms, long-term	10,782,714	–
	21,452,475	26,839,877

(1) As per agreements signed with third parties, subsidiaries of the Company have provided deposits to facilitate capital support from a financial institution in mainland China.

The financial institution provides 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.

The deposits made for transactions on plateforms are provided as security and collateral to the financial institution that provides financing solutions to the Company's customers.

The Company classifes the deposits made for transaction on platforms as long term when it expects to recover the deposits twelve months after the reporting period.

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 December 31, 2023, an expense of $6,787,471 (December 31, 2022 - an expense of $1,557,953) was recorded as expected credit loss in the consolidated statements of comprehensive profit and loss.

9 - OTHER CURRENT ASSETS

	2023 December 31	**2022** December 31
Other current assets (1)	7,733,174	–
	7,733,174	–

(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 15, the Company had funds from convertible debentures recorded in other current assets amounting to $7,733,174 as at December 31, 2023. The funds from convertible debentures were still in process of being transferred to the Company from a bank account in China owned by a Director and officer of the Company and were under the control of a Company's holding subsidiary as at December 31, 2023.

(In Canadian dollars)

10 - PROPERTY AND EQUIPMENT

	Right-of-Use Assets	IT & Office Equipment	Leasehold Improvement	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	254,944	414,881	405,059	–	1,074,884
Balance as at December 31, 2023	5,371,610	696,923	405,059	215,463	6,689,055
Accumulated amortization					
Balance as at January 1, 2023	1,830,798	156,195	–	150,421	2,137,414
Depreciation	616,533	101,050	28,705	38,270	784,558
Exchange differences	256,416	(745)	–	2,088	257,759
Balance as at December 31, 2023	2,703,747	256,500	28,705	190,779	3,179,731
Net carrying amount as at December 31, 2023	2,667,863	440,423	376,354	24,684	3,509,324
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, 2022	1,830,798	156,195	–	150,421	2,137,414
Net carrying amount as at December 31, 2022	3,219,943	125,847	–	65,042	3,410,832

11 - INVESTMENTS

	2023 December 31	**2022** December 31
Associate company (1)	–	66,836
Other equity investments (2,3)	1,183,005	981,500
	1,183,005	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 year ended December 31, 2023, Tenet recognized $51,314 as a loss on investment in associate company (December 31, 2022 - a loss of $34,253) in relation to DEYUAN. Due to the financial situation of DEYUAN, the Company recorded an impairment of $13,582 as at December 31, 2023 which brought down the balance of this investment to $Nil when combining the foreign exchange conversion loss impact of $1.940.

(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 year ended December 31, 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 fair market value of the equity investment is $251,505 as at December 31, 2023 (December 31, 2022 - $490,750).

(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 year ended December 31, 2023, the Company injected an additional $492,500 into the investment as part of the commitment agreement per the shareholding agreement. The fair market value of the equity investment is $931,500 as at December 31, 2023 (December 31, 2022 - $490,750).

The movement during the year ended December 31, 2023 and 2022, relating to the other equity investments, were as follows:

	2023 December 31	**2022** December 31
Balance at the beginning of the year	981,500	–
Investment by the Company	–	981,500
Return of capital (AXS)	(212,980)	–
Capital injection (AVS)	492,500	–
Foreign exchange	(78,015)	–
Balance at the end of the year	1,183,005	981,500

(In Canadian dollars)

12 - INTANGIBLE ASSETS AND GOODWILL

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

	Loan Servicing Agreement	Gold River Platform (1)	System Integration Platform *(Formerly called Cubeler Interface)*	Cubeler Platform	Other ERP Platforms (1)	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	–	5,293,855	301,224	–	854,688	613,654	–	7,063,421
Balance as at December 31, 2023	1,430,000	19,114,001	2,597,846	24,924,238	6,477,629	10,501,156	5,287,000	70,331,870
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	143,000	4,111,428	448,988	1,132,545	1,815,734	1,038,408	230,230	8,920,333
Impairment loss on intangible	–	716,314	–	9,060,356	687,138	2,498,141	1,880,444	14,842,393
Exchange differences	–	307,967	56,259	–	158,673	100,583	–	623,482
Balance as at December 31, 2023	715,000	9,823,803	1,692,598	24,924,238	3,744,424	9,459,156	5,284,168	55,643,387
Net carrying amount as at December 31, 2023	715,000	9,290,198	905,248	–	2,733,205	1,042,000	2,832	14,688,483
Gross carrying amount								
Balance as at January 1, 2022	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, 2022	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

(1) Gold River Plateform and Other ERP Plateforms include the intangible assets of the Steelchain CGU.

(In Canadian dollars)

12 - INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The carrying value of the goodwill components by CGU as at December 31, 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	(17,238,835)	(8,329,255)	(1,041,707)	(26,609,797)
Balance as at December 31, 2023	–	–	–	–
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

12.1 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.

Indicators of impairment - Heartbeat

As at December 31, 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.

Impairment review - Heartbeat

As at December 31, 2023, the goodwill, recoverable amounts and related carrying values of the Heartbeat CGU were assessed to be as follows:

	Intangible assets included in CGU	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Heartbeat CGU	3,540,141	17,238,835	1,056,917	20,793,893	(19,736,976)

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 22% 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)

12.1 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.

Management is not aware of any reasonable change in key assumptions that would significantly vary the recoverable amount for the valuation.

Indicators of impairment - Cubeler

As at December 31, 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.

Impairment review - Cubeler

As at December 31, 2023, the goodwill, recoverable amounts and related carrying values of the Cubeler CGU were assessed to be as follows:

	Intangible assets included in CGU	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Cubeler CGU	10,940,800	8,329,255	399,730	19,669,785	(19,270,055)

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.

Management is not aware of any reasonable change in key assumptions that would significantly vary the recoverable amount for the valuation.

Impairment review - Steelchain

As at December31, 2023, the goodwill, recoverable amounts and related carrying values of the Steelchain CGU were assessed to be as follows:

	Intangible assets included in CGU	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Steelchain CGU	1,760,869	1,041,707	4,460,000	6,905,159	(2,445,159)

The recoverable amount of the Steelchain'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 Steelchain's CGU fair value less cost to sell model, considers a post-tax discount rate of 22% that reflects current market conditions and the specific risks to the CGU.

(In Canadian dollars)

12 - INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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 experience, 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 Steelchain CGU's recoverable amount estimate is sensitive to the discount rate due to uncertainties in the forecast. A 2% discount rate increase would result to an additonal impairment loss of $285,000 for recognized intangibles in the Steelchain CGU.

Management is not aware of any other reasonable change in key assumptions that would significantly vary the recoverable amount for the valuation.

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

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 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. As result, an impairment of $4,218,826 was recognized through the consolidated statements of comprehensive profit and loss, based on a recoverable amount of $9,807,232 at that time. There was no impairment on Goodwill.

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 December 31, 2022, the recoverable amounts of the intangible assets in the Heartbeat CGU were reassessed to be as follows:

	Recoverable amount	Impairment
Heartbeat Technology	4,065,478	(4,218,826)
Heartbeat Tradename	15,156	–

Stage 2 impairment review - Heartbeat

As at December 31, 2022, 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	22,701,461	22,183,343	–

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% discount rate increase would result in a recognized goodwill impairment loss of $400,436 instead of $Nil. 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 December 31, 2022, 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 December 31, 2022, the recoverable amounts and impairment of the intangible assets in the Cubeler CGU were assessed to be as follows:

	Recoverable amount	Impairment
Cubeler Platform	10,192,900	(2,735,229)
Cubeler Tradename	2,464,320	–

(In Canadian dollars)

12.2 - Impairment testing - Goodwill and other intangible assets for the prior year (CONTINUED)

Stage 2 impairment review - Cubeler

As at December31, 2022, 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	44,027,145	19,121,271	54,819,162	(35,697,890)

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 42.0% 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.

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.

The Cubeler 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 $39,356,964 instead of $35,697,890. 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 and Stage 1 impairment review - Steelchain

As at December 31, 2022, there were no events or changes in circumstances indicating that the carrying amount of individual intangible assets may not be recoverable.

Stage 2 impairment review - Steelchain

As at December31, 2022, the goodwill, recoverable amounts and related carrying values of the Steelchain CGU were assessed to be as follows:

	Goodwill included in CGU	Recoverable amount	Carrying value	Impairment
Steelchain CGU	1,041,707	2,432,096	1,814,658	–

The recoverable amount of the Steelchain'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 Steelchain's CGU fair value less cost to sell model, considers a post-tax discount rate of 17.2% 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 experience, and market-level margins.

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)

13 - ACCOUNTS PAYABLE, ADVANCES AND ACCRUED LIABILITIES

	2023 December 31	2022 December 31
Trade accounts payable and accruals	10,111,460	6,267,506
Advances received from a company owned by a Director, no interest (1)	917,742	–
Advances from third-party customers, no interest	39,534	170,084
Contract liabilities with third-party customers, no interest (2,3)	2,019,404	4,488,857
Interest payable on debentures (note 15)	394,639	–
Provision for legal settlement (note 31.8)	1,632,000	–
	15,114,779	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 $1,667,742 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 corporate clients for supply chain bundle service fee.

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

	2023 December 31	2022 December 31
Balance at the beginning of the year	4,488,857	8,022,948
Increase in contract liabilities during the year	31,095,212	90,988,953
Revenue recognized for balances included in Contract liabilities balance at the beginning of the year	(2,386,304)	(6,927,483)
Revenue recognized for Contract liabilities originated during the year	(30,937,481)	(87,441,774)
Other	(12,632)	(26,330)
Exchange differences	(228,248)	(127,457)
Balance at the end of the year	2,019,404	4,488,857

14 - LEASE LIABILITIES

	2023 December 31	2022 December 31
Balance at the beginning of the year	3,116,191	1,747,984
Amounts arising from business combination	–	88,038
Adjustment	65,925	–
Additions	254,944	1,784,757
Accretion interest	286,485	177,021
Lease payments	(866,880)	(691,454)
Effect of exchange rate change on obligation	(68,829)	9,845
Balance at the end of the year	2,787,836	3,116,191
Current Portion	309,000	493,852
Non-current Portion	2,478,836	2,622,339

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

As at December 31, 2023	**Payments due by period**			
	1 year	2 - 5 years	Beyond 5 years	Total
Lease payments	730,978	2,295,301	2,046,277	5,072,556

As at December 31, 2022	**Payments 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)

15 - DEBENTURES

The carrying value of the debentures as at December 31, 2023 and 2022, was as follows:

	2023 December 31	2022 December 31
Debenture issuance of December 23, 2022 (note 15.1)	563,388	2,109,903
Debenture issuance of January 31, 2023 (note 15.2)	363,344	–
Debenture issuance of August 1, 2023 (note 15.3)	1,757,317	–
Debenture issuance of August 18, 2023 (note 15.4)	5,221,201	–
Debenture issuance of September 8, 2023 (note 15.5)	480,543	–
Debentures	8,385,793	2,109,903
Debentures, short-term	563,388	–
Debentures, long-term	7,822,405	2,109,903
	8,385,793	–

As at December 31, 2023, $394,639 of interest payable on debentures is recorded in accounts payable, advances and accrued liabilities (December 31, 2022 - $Nil).

Total issuance costs and deferred tax recorded in the consolidated statements of changes in equity related to convertible debentures issued in 2023 were respectively $84,717 and $985,580.

The carrying value of the conversion option as at December 31, 2023 and 2022, were as follows:

	2023 December 31	2022 December 31
Debenture conversion component issuance of December 23, 2022 (note 15.1) (amended in 2023)	46,240	–
Debenture conversion component issuance of January 31, 2023 (note 15.2)	33,840	–
Conversion option (note 15.6)	80,080	–
Conversion option, short-term	46,240	–
Conversion option, long-term	33,840	–
	80,080	–

(In Canadian dollars)

15 - DEBENTURES (CONTINUED)

15.1 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.

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 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 $5,000,000, the whole in accordance with the terms and conditions set forth in an amending agreement with each of the Holders. As such, subsequenty to the debenture issuance of August 18, 2023 (refer to note 15.4), the debentures are convertible at a price of 0.25$ per common share.

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.

On October 24, 2023, $400,000 of convertible debentures were converted into common shares of the Company. At the date of conversion, these debentures had an amortized cost totalling $316,463. The Company issued 1,600,000 common shares to the debenture holder and recorded $316,463 in share capital.

The movement during the year ended December 31, 2023 and 2022, relating to those debentures, was as follows:

	2023 December 31	**2022** December 31
Balance at the beginning of the year	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 year	2,109,903	2,093,772
Conversion of debentures	(1,760,357)	–
Interest and accretion of debentures	165,114	14,085
Amortization of financing issuance costs	48,728	2,046
Balance at the end of the year	563,388	2,109,903
Debenture, short-term	563,388	–
Debenture, long-term	–	2,109,903
	563,388	2,109,903

As at December 31, 2023, $5,667 of interest payable on debenture is recorded in accounts payable, advances and accrued liabilities (December 31, 2022 - $Nil).

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 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 December 31, 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)

15 - DEBENTURES (CONTINUED)

15.2 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.

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 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 $5,000,000, the whole in accordance with the terms and conditions set forth in an amending agreement with each of the Holders. As such, subsequenty to the debenture issuance of August 18, 2023 (refer to note 15.4), the debentures are convertible at a price of 0.25$ per common share.

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 year ended December 31, 2023, relating to those debentures, was as follows:

	2023 December 31
Balance at the beginning of the year	–
Addition	3,510,000
Issuance costs allocated to the debenture component	(232,162)
Equity component of convertible debentures	(353,172)
Contributed surplus for the warrants	(504,901)
Balance at inception or beginning of the year	2,419,765
Conversion of debentures	(2,162,311)
Interest and accretion of debentures	74,885
Amortization of financing issuance costs	31,005
Balance at the end of the year	363,344

As at December 31, 2023, $3,917 of interest payable on debentures is recorded in accounts payable, advances and accrued liabilities.

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 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)

15 - DEBENTURES (CONTINUED)

15.3 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 $238,838 and $668,090 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 $1,673,174 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 year ended December 31, 2023, relating to those debentures, was as follows:

	2023 September 30
Balance at the beginning of the year	–
Addition	2,598,000
Issuance costs allocated to the debenture component	(17,898)
Equity component of convertible debentures	(238,838)
Contributed surplus for the warrants	(668,090)
Balance at inception or beginning of the year	1,673,174
Interest and accretion of debentures	81,657
Amortization of financing issuance costs	2,486
Balance at the end of the year	1,757,317

As at December 31, 2023, $89,569 of interest payable on debenturesis recorded in accounts payable, advances and accrued liabilities.

As at December 31, 2023, the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $1,800,000 (December 31, 2022 - $Nil).

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 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.

(In Canadian dollars)

15 - DEBENTURES (CONTINUED)

15.4 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 $666,241 and $1,952,366 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 $5,006,393 was computed as the present value of future principal and interest, discounted at a rate of 30%.

The movement during the year ended December 31, 2023, relating to those debentures, was as follows:

	2023 December 31
Balance at the beginning of the year	–
Addition	7,625,000
Equity component of convertible debentures	(666,241)
Contributed surplus for the warrants	(1,952,366)
Balance at inception or beginning of the year	5,006,393
Interest and accretion of debentures	214,808
Balance at the end of the year	5,221,201

As at December 31, 2023, $273,514 of interest payable on debentures is recorded in accounts payable, advances and accrued liabilities.

As at December 31, 2023, the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $5,233,174 (December 31, 2022 - $Nil).

15.5 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 $64,915 and $181,218 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 $463,867 was computed as the present value of future principal and interest, discounted at a rate of 30%.

The movement during the year ended December 31, 2023, relating to those debentures, was as follows:

	2023 December 31
Balance at the beginning of the year	–
Addition	710,000
Equity component of convertible debentures	(64,915)
Contributed surplus for the warrants	(181,218)
Balance at inception or beginning of the year	463,867
Interest and accretion of debentures	16,675
Balance at the end of the year	480,543

As at December 31, 2023, $21,972 of interest payable on debentures is recorded in accounts payable, advances and accrued liabilities.

As at December 31, 2023, the balance of subscriptions receivable of convertible debentures from this issuance recorded in the debtors was $10,000 (December 31, 2022 - $Nil).

As at December 31, 2023,the balance of convertible debentures funds raised from this issuance recorded in the other current assets was $700,000 (December 31, 2022 - $Nil).

(In Canadian dollars)

15 - DEBENTURES (CONTINUED)

15.6 Conversion option

	2023 December 31
Balance at the beginning of the year	–
Addition (1)	1,530,744
Change in fair value	(742,258)
Conversion of debentures	(708,406)
Balance at the end of the year	80,080
Conversion option, short-term	46,240
Conversion option, long-term	33,840
	80,080

(1) Following the amendment of the conversion terms of the convertible debentures as mentioned in note 15.1 and 15.2, the Company reclassified the conversion option (net of related issuances costs) of the debentures from equity to a liability in the Consolidated Statements of Financial position for the year ended December 31, 2023. The Company also recognized the difference between the carrying amount of the equity instrument and the fair value of the newly recognized conversion option liability approximating $437,820 as a debit into deficit and the residual equivalent net impact as a credit into Capital Stock within the consolidated statement of changes in equity for the year ended December 31, 2023. The fair value of the conversion options on April 19, 2023, being the date that the amendment took effect, was $1,530,744.

The fair value of the conversion option was calculated using the Black & Scholes pricing model with the following assumptions:

Amendement date	**April 19, 2023**
Number of options subject to the amendement	3,550,000
Share price at the date of the amendement	0.59
Risk-free interest rate	3.88%
Volatility (1)	111% - 115%
Dividend	0%
Exercise price at the date of amendement	$0.25
Vesting period	Not applicable
Expected life	614 to 653 days
Fair value of the amended coversion options	**1,530,744**

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

16 - BONDS

On May 29, 2020, the Company issued 400 units of secured corporate bonds at $1,000 per unit. Each unit sold was comprised of a $1,000 face value bond, 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 are 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, 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 December 31, 2023, is $23,333 (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. Interest expense has been accrued as per the initial terms of the bonds, up to the period ended December 31, 2023.

The movement during the year ended December 31, 2023, and the year ended December 31, 2022, relating to these bonds, were as follows:

	2023 December 31	**2022** December 31
Balance at the beginning of the year	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 year	400,000	373,547

17 - 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 January 18, 2024, will result in loan forgiveness of 30% ($30,000), 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.

18 - PROMISSORY NOTES PAYABLE

During the fourth quarter of 2023, the Company entered into loan agreements totalling $1,410,000 with third party investors at an interest rate of 10% and maturing between March 31, 2024 and June 30, 2024.

19 - LOAN PAYABLE

During the fourth quarter of 2023, the Company entered into a loan agreement totalling $739,935 with an insurance provider (Directors and Officers insurance) at an effective annual interest rate of 8.97% payable in eleven instalments and maturing in October 24, 2024. This loan was a non-cash transaction, directly with the insurance provider.

The balance outstanding of the loan as at December 31, 2023 was $675,145.

20 - SHAREHOLDERS' EQUITY

20.1 Authorized share capital

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

20.2 Description of the shareholders' equity operations during the current year

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 year ended December 31, 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 year ended December 31, 2023 and as mentioned in note 15.1, 15.2 and 15.6, $5,440,000 convertible debentures were converted into 12,640,000 common shares. The Company recorded a total of $4,631,074 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 $1,667,742 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.

20.3 Description of the shareholders' equity operations during the prior year

a) During the year ended December 31, 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 year ended December 31, 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)

20 - SHAREHOLDERS' EQUITY (CONTINUED)

20.4 Warrants

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

	December 31, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	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	(2,142,858)	0.18	(2,259,500)	0.90
Outstanding and exercisable, end of year	55,054,996	0.66	17,748,213	3.22

As at December 31, 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:

	December 31, 2023		December 31, 2022	
	Number	Exercise price	Number	Exercise price
Expiration date				
May, 2023	–	-	3,000	2.00
May, 2023	–	-	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	

(In Canadian dollars)

21 - 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 December 31, 2023, and December 31, 2022, are summarized as follows:

	December 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of year	3,871,025	2.02	4,689,250	1.93
Granted	27,163	0.95	333,542	2.90
Exercised (1)	–	–	(117,500)	2.10
Expired	(293,750)	1.00	(462,500)	1.87
Forfeited	(225,340)	2.65	(571,767)	3.20
Outstanding at the end of year	3,379,098	2.04	3,871,025	2.02
Exercisable at the end of year	3,318,669	2.04	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 December 31, 2023.

Maturity date	Range of exercise price	Number of options	Weighted average remaining contractual life (years)
February 2, 2024	1.00	37,500	1 months
May 1, 2024	1.00	50,000	4 months
May 27, 2024	1.00	447,500	4 months
September 5, 2024	1.00	10,000	8 months
November 1, 2024	1.10	50,000	0 year and 10 months
December 11, 2024	1.00	5,000	0 year and 11 months
June 11, 2025	1.00	745,500	1 years and 5 months
October 28, 2025	1.50	1,075,000	1 years and 9 months
November 6, 2025	2.70	50,000	1 years and 10 months
March 22, 2026	5.50	55,000	2 years and 2 months
July 7, 2026	4.10	700,000	2 years and 6 months
October 28, 2026	11.50	25,000	2 years and 9 months
January 1, 2027	7.50	18,774	3 years and 0 months
February 1, 2027	5.60	6,093	3 years and 1 months
April 1, 2027	4.16	9,736	3 years and 3 months
May 1, 2027	5.13	2,707	3 years and 4 months
July 1, 2027	1.65	1,971	3 years and 6 months
August 1, 2027	1.41	26,831	3 years and 7 months
October 1, 2027	1.24	4,189	3 years and 9 months
November 1, 2027	1.02	3,023	3 years and 10 months
December 1, 2027	0.85-3.59	28,110	3 years and 11 months
February 1, 2028	0.95	27,163	4 years and 1 months
		3,379,098	

(In Canadian dollars)

21 - 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 year ended December 31, 2023, the Company recorded an $490,789 related to share-based payments (period ended December 31, 2022 - $2,188,570) to the consolidated statements of comprehensive profit and loss and contributed surplus.

21.1 Share-based payments granted to directors and employees during current 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	**February 1, 2023**
Number of options granted	27,163
Share price at the date of grant	0.90
Risk-free interest rate	2.93%
Volatility (1)	113%
Dividend	0%
Exercise price at the date of grant	$0.95
Vesting period	2 years
Expected life	5 years
Fair value of the options granted	**19,600**

(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)

21 - SHARE-BASED PAYMENTS (CONTINUED)

21.2 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.

21.3 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**

(In Canadian dollars)

22 - INCOME TAXES

Significant tax expense (income) components

The significant tax expense (income) components are detailed as follows:

	2023 December 31	2022 December 31
Current tax expense		
Current taxes	122,301	1,731,481
Change in estimate related to prior period	(1,631,111)	–
Total current tax expense	(1,508,810)	1,731,481
Deferred tax expense (income)		
Origination and reversal of temporary differences	(13,499,753)	(7,582,383)
Change in estimate related to prior period	1,631,111	
Change in unrecognized temporary differences	11,931,927	2,301,656
Total deferred tax income	63,285	(5,280,727)
Total tax expense (income)	(1,445,525)	(3,549,246)

Relationship between expected tax expense and tax expense (income)

The relationship between the expected tax expense calculated on the basis of the combined federal and provincial tax rate in Canada and the tax expense presented on the consolidated statements of comprehensive income is as follows:

	2023 December 31	2022 December 31
Loss before income taxes	(79,772,867)	(56,562,431)
Expected tax expense (income) calculated on the basis of the combined federal and provincial tax rate in Canada of 26.5% (26.5% in 2022)	(21,139,810)	(14,989,044)
Adjustments for the following		
Share-based payments	105,925	449,392
Difference in foreign tax rate	296,985	(137,513)
Other non-deductible expenses	62,615	(658,595)
Impairment of goodwill	7,051,596	9,459,941
Change in unrecognized temporary differences	11,931,927	2,301,656
Adjustment of prior deferred tax assets	245,510	35,308
True up	–	(10,282)
Realisation of unrecognized losses		
Other	(273)	(108)
Tax expense (income)	(1,445,525)	(3,549,246)

Unrecognized temporary differences

The Company has the following temporary differences and tax losses for which no deferred tax was recognized:

			December 31, 2023
	Federal	Provincial	Foreign
Unrecognized deductible temporary differences			
Property and equipment	2,491,216	2,491,216	–
Financing and share issue costs	2,767,537	2,767,537	–
Scientific research and development expenses	1,747,356	–	–
Non-capital losses	54,340,853	54,292,667	17,881,179
Accounts payable, accruals and other	–	–	9,328,938
	61,346,962	59,551,420	27,210,117

			December 31, 2022
	Federal	Provincial	Foreign
Unrecognized deductible temporary differences			
Property and equipment	2,515,548	2,515,548	
Financing and share issue costs	4,397,726	4,397,726	
Scientific research and development expenses	1,747,356	1,747,356	
Non-capital losses	40,385,417	42,330,408	5,934,132
	49,046,047	50,991,038	5,934,132

(In Canadian dollars)

22 - INCOME TAXES (CONTINUED)

Movement of the foreign deferred tax assets (liabilities) in 2023

	2023 January 1	Non-cash transaction	Business acquisition	Results	2023 December 31
Loans receivable	611,208	–	–	(547,840)	63,368
Accounts receivable	–	–	–	(1,631,111)	(1,631,111)
Intangible assets	(775,091)	–	–	619,320	(155,771)
Non-capital losses	431,242	–	–	(431,242)	–
Accounts payable, advances and accrued liabilities	55,993	–	–	–	55,993
Right-of-use asset	(339,435)	(63,736)	–	152,108	(251,063)
Lease liability	326,180	63,736	–	(102,443)	287,473
	310,097	–	–	(1,941,208)	(1,631,111)

Movement of the foreign deferred tax assets (liabilities) in 2022

	2022 January 1	Adjustment of prior year	Business acquisition	Results	2022 December 31
Loans receivable	134,842	–	–	476,366	611,208
Accounts receivable	(465,831)	(10,788)	–	476,619	–
Intangible assets	(1,771,329)	–	(302,642)	1,298,879	(775,092)
Non-capital losses	314,604	–	–	116,638	431,242
Accounts payable, advances and accrued liabilities	55,993	–	–	–	55,993
Right-of-use asset	–	(466,407)	–	126,972	(339,435)
Lease liability	–	428,624	–	(102,443)	326,180
	(1,731,721)	(48,571)	(302,642)	2,393,031	310,097

Movement of the canadian deferred tax liabilities in 2023

	2023 January 1	Non-cash transaction	Charged to equity	Results	2023 December 31
Property and equipment	(533,261)	40,830	–	98,056	(394,375)
Intangible assets	(3,289,735)	–	–	3,298,481	8,746
Lease liabilities	538,340	(40,830)	–	201,451	698,961
Non-capital losses	2,387,832	18,238	–	(1,900,736)	505,334
Loans payable	(142,471)	(18,238)	(838,628)	142,384	(856,953)
Accounts payable, advances and accrued liabilities	–	–	–	38,287	38,287
	(1,039,295)	–	(838,628)	1,877,923	–

Movement of the canadian deferred tax liabilities in 2022

	2022 January 1	Non-cash transaction	Business acquisition	Results	2022 December 31
Property and equipment	(46,788)	(518,789)	–	32,316	(533,261)
Intangible assets	(4,256,488)	–	–	966,753	(3,289,735)
Lease liabilities	44,677	518,789	–	(25,126)	538,340
Non-capital losses	454,595	–	–	1,933,237	2,387,832
Loans payable	–	–	(171,558)	29,087	(142,471)
	(3,804,004)	–	(171,558)	2,936,267	(1,039,295)

As at December 31, 2023, the Company has non-capital losses that are available to reduce income taxes in future years and for which no deferred tax asset has been recognized in the consolidated statements of financial position. These losses expire in the following years:

	Federal	Provincial	Foreign
2024	–	–	196,935
2025	–	–	78,011
2026	–	–	2,195,195
2027	–	–	4,230,898
2028	–	–	11,180,140
2029	–	–	–
2030	–	–	–
2031	–	–	–
2032	1,627,852	1,582,280	–
2033	506,261	495,001	–
2034	961,557	963,040	–
2035	1,339,690	3,334,281	–
2036	1,581,746	1,575,100	–
2037	2,153,868	2,157,330	–
2038	1,151,230	1,152,584	–
2039	1,704,998	1,708,917	–
2040	5,728,275	5,732,384	–
2041	6,549,631	6,549,181	–
2042	15,417,343	13,424,167	–
2043	15,618,402	15,618,402	–
	54,340,853	54,292,667	17,881,179

23 - 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 $47,882,021 as at December 31, 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)

24 - FINANCIAL INSTRUMENTS

24.1 Classification of financial instruments

As at December 31, 2023, the carrying amount of financial assets and financial liabilities were as follows:

			December 31, 2023
	Assets and liabilities carried at fair value	Assets and liabilities carried at amortized cost	Total carrying value
Financial assets			
Cash	–	1,191,558	1,191,558
Restricted Cash	–	23,333	23,333
Debtors	–	12,929,130	12,929,130
Deposits made for transactions on platforms	–	21,452,475	21,452,475
Loans receivable	–	16,727,876	16,727,876
Deposit	–	81,304	81,304
Other equity investments	1,183,005	–	1,183,005
Other current assets	–	7,733,174	7,733,174
	1,183,005	60,138,850	61,321,855
Financial liabilities			
Accounts payable, advances and accrued liabilities	–	13,842,992	13,842,992
Bonds	–	400,000	400,000
CEBA Loan	–	100,000	100,000
Debentures	–	8,385,793	8,385,793
Conversion option	80,080	–	80,080
Contingent consideration payable	1,271,905	–	1,271,905
Promissory note payable	–	1,410,000	1,410,000
Loan payable	–	675,145	675,145
	1,351,985	24,813,930	26,165,915

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, advances 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

24.2 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, 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)

24 - FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Financial risks

24.3.1 Credit & Liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failling to pay for its obligation. Credit risk for the Company is mostly on Loans receivable, Debtors and Deposits made for transactions on plateform (refer to note 8.1 & 8.2). The credit risk is not significant for other financial instruments.

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:

			December 31, 2023
	Current		Long-term
	Within 6 months	6 to 12 months	More than 12 months
Accounts payable, advances and accrued liabilities	13,842,992	–	–
Bonds	423,333	–	–
Contingent consideration payable	421,000	421,000	663,000
CEBA loan	100,000	–	–
Debentures	–	680,000	11,403,000
Promissory note payable	1,410,000	–	–
Loan payable	399,039	276,106	–
	16,596,364	1,377,106	12,066,000

			December 31, 2022
	Current		Long-term
	Within 6 months	6 to 12 months	More than 12 months
Accounts payable, advances 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

24.4 Finance costs

The breakdown of Finance costs during the year ended December 31, 2023 and 2022 is as follows:

	2023 December 31	2022 December 31
Interest on lease liabilities (note 14)	286,485	177,021
Interest on debentures and bonds	727,044	40,000
Accretion on debentures and bonds	568,769	47,424
Interest, loan payable	5,531	–
Interest, promissory note payable	23,444	–
Total interest expense	1,611,273	264,445
Interest income	(27,483)	(94,896)
Miscellaneous	338,352	24,484
Total Finance costs	1,922,142	194,033

24.5 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, deposits, other current assets, 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, promissory note payable and loan payable are recognized at its cost which approximate its fair value;
- The fair value of contingent consideration payable related to the acquisition of Steelchain (note 6) 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.
- The fair value of conversion option is determined using the Black & Scholes and Binomial pricing models.

(In Canadian dollars)

24 - 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, conversion option and contingent consideration payable are level 3 under the fair value hierarchy.

25 - 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 COO, the CEO of the China operations and the members of the Board. Their remuneration includes the following expenses:

	2023 December 31	**2022** December 31
Salaries and fringe benefits	1,431,013	1,465,082
Share-based payments	269,116	1,535,822
	1,700,129	3,000,904

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

As at December 31, 2023, and 2022 the consolidated statement of financial position includes the following amounts with related parties:

	2023 December 31	**2022** December 31
Promissory notes, with interest (1)	216,102	206,300
Advances received from a Director, no interest (2)	10,000	–
Other current assets, no interest (3)	2,500,000	–
Debtors, subscriptions receivable of convertible debentures, no interest (note 8.1 and 15.5)	10,000	–
Total amounts owed to the Company by related parties	2,736,102	206,300
Advances received from a company owned by a Director, no interest (4)	917,742	–
Debentures , with interest (3)	1,777,410	–
Debentures, interest payable (5)	106,041	–
Total amount owed to related parties by the Company	2,801,193	–

(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 $Nil as at December 31, 2023, resigned and ceased to be a related party. During the year ended December 31, 2023, the former board member (that resigned in August 2022) provided services to the Company amounting to $43,000 in order to fully repay the balance of his promissory note payable to the Company. In addition, on October 18th, 2023, a personnal Company where Liang Qiu is a shareholder made a short-term loan of $50,000 to the Company at no interest which was subsequently paid back on November 6th, 2023. As at December 31, 2023, the aggregate outstanding principal amount due to related parties for said loans is $216,102 (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 board member.

(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 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 at the time of the closing date) for gross proceeds of$2,598,000 (including $2,000,000 to related parties) as described in note 15.3. 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 15.5. As at December 31, 2023, out of the total $2,710,000 of convertible debentures sold to related parties, $200,000 were collected by the Company in Canada during 2023 and $2,500,000 are recorded in other current assets (note 9) and $10,000 are recorded in Debtors (note 8.1). The amortized cost of the debentures due to related parties (including subscribers that became related parties after the closing date) totalling $1,777,410 are recorded in Debentures (note 15). During the period ending December 31, 2023, no interest were paid or received by the Company to related parties for debentures.

25 - 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 $1,667,742 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 December 31, 2023, the aggregate outstanding principal amount due to the Director by a subsidiary of the Company regarding this loan is $917,742 (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 received from a company owned by a Director is recorded in accounts payable, advances and accrued liabilities (note 13).

(5) As at December 31, 2023, $106,041 of debentures, interest payable due to related parties are recorded in accounts payable, advances and accrued liabilities (note 15).

26 - 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)

26 - SEGMENT REPORTING (CONTINUED)

The segment information years ended December 31, 2023, and 2022, are as follows:

					December 31, 2023
	Fintech Platform	Financial Services	Other	Elimination	Total
Revenues (1)					
Financial service revenue from external customers	–	1,256,017	–	–	1,256,017
Fees and sales from external customers	9,842,577	694,798	–	–	10,537,375
Supply chain services	30,293,253	–	–	–	30,293,253
Inter-segment	4,824,948	18,968	2,332,081	(7,175,997)	–
Total revenues	44,960,778	1,969,783	2,332,081	(7,175,997)	42,086,645
Expenses					
Depreciation and amortization	9,391,516	116,234	290,184	–	9,797,934
Finance costs	149,330	24,337	1,748,475	–	1,922,142
Change in fair value of contingent consideration	110,984	–	–	–	110,984
Change in fair value of debentures conversion options	–	–	175,008	–	175,008
Impairment charge	41,452,190	–	–	–	41,452,190
Cost of service, supply chain	28,571,434	–	–	–	28,571,434
Loss on legal settlement		–	1,632,000	–	1,632,000
All other expenses	30,663,399	1,295,515	13,414,903	(7,175,997)	38,197,820
Total expenses	110,338,853	1,436,086	17,260,570	(7,175,997)	121,859,512
Profit (loss) before tax	(65,378,075)	533,697	(14,928,489)	–	(79,772,867)
Income tax (recovery)	(793,731)	(24,206)	(627,588)	–	(1,445,525)
Net profit (loss)	(64,584,344)	557,903	(14,300,901)	–	(78,327,342)
Non-controlling interest	(1,855,515)	360,148	–	–	(1,495,367)
Net profit (loss) attributable to:					
Owners of the parent	(62,728,829)	197,755	(14,300,901)	–	(76,831,975)
Segmented assets	42,561,907	18,987,981	20,372,832	–	81,922,720

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

					December 31, 2022
	Fintech Platform	Financial Services	Other	Elimination	Total
Revenues (1)					
Financial service revenue from external customers	–	1,790,081	–	–	1,790,081
Fees and sales from external customers	18,089,499	664,871	–	–	18,754,370
Supply chain services	89,384,690	–	(50,626)	–	89,334,064
Inter-segment	6,524,588	357,402	259,472	(7,141,462)	–
Total revenues	113,998,777	2,812,354	208,846	(7,141,462)	109,878,515
Expenses					
Depreciation and amortization	7,263,963	161,092	73,301	–	7,498,356
Finance costs	131,518	35,909	26,606	–	194,033
Change in fair value of contingent consideration	(591,220)	–	–	–	(591,220)
Impairment charge	42,651,945	–	–	–	42,651,945
Cost of service, supply chain	82,691,068	–	–	–	82,691,068
All other expenses	29,191,978	1,627,914	10,318,334	(7,141,462)	33,996,764
Total expenses	161,339,252	1,824,915	10,418,241	(7,141,462)	166,440,946
Profit (loss) before tax	(47,340,475)	987,439	(10,209,395)	–	(56,562,431)
Income tax (recovery)	(3,893,717)	490,289	(145,818)	–	(3,549,246)
Net profit (loss)	(43,446,758)	497,150	(10,063,577)	–	(53,013,185)
Non-controlling interest	(275,640)	354,900	–	–	79,260
Net profit (loss) attributable to:					
owners of the parent	(43,171,118)	142,250	(10,063,577)	–	(53,092,445)
Segmented assets	110,436,539	19,663,600	11,167,328	–	141,267,467

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

(In Canadian dollars)

26 - SEGMENT REPORTING (CONTINUED)

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

	2023 December 31 Non-current Assets	2022 December 31 Non-current Assets
China	29,830,856	41,022,054
Canada	634,497	23,484,742
	30,465,353	64,506,796

27 - NON-CONTROLLING INTERESTS

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

Entities	2023 December 31 % 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 December 31	2022 December 31	2023 December 31	2022 December 31
Asia Synergy Supply Chain Ltd. ("ASSC")	(926,066)	253,415	1,310,148	2,236,215
Asia Synergy Financial Capital Ltd. ("ASFC")	24,973	274,876	11,789,447	11,764,472
Wechain (Nanjing) Technology Service Co., Ltd. ("WECHAIN")	(308,915)	(315,851)	158,515	467,430
Kailifeng New Energy Technology Co., Ltd. ("KALIFENG")	(599,789)	(194,565)	464,854	774,254
Shanghai Xinhuizhi Supply Chain Management Ltd. ("ASAC")	(2,212)	(2,419)	(4,630)	(1,445)
Jiangsu Supairui IOT Technology Co., Ltd. ("ASTH") (1)	(82,956)	(6,416)	(61,906)	21,051
	(1,894,965)	9,040	13,656,428	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 year ended December 31, 2023, and 2022.

(In Canadian dollars)

27 - 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 December 31	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**
Current assets	4,401,151	6,424,095	23,819,886	23,455,754	325,323	371,131	1,353,306	1,005,220	1,833	1,946	69,597	798,065	29,971,096	32,056,212
Non-current assets	1,211	499	729,657	2,100,558	380,658	677,787	692,767	814,914	–	–	158,184	312,026	1,962,477	3,905,783
	4,402,362	6,424,594	24,549,543	25,556,312	705,981	1,048,918	2,046,073	1,820,134	1,833	1,946	227,781	1,110,091	31,933,573	35,961,995
Current liabilities	1,627,332	1,754,224	490,066	820,775	29,346	32,522	156,416	42,514	–	–	102,201	478,393	2,405,361	3,128,429
Non-current liabilities	74,899	30,101	317,988	428,866	363,789	59,053	977,942	178,036	9,315	4,908	509,096	431,944	2,253,029	1,132,908
	1,702,231	1,784,325	808,054	1,249,642	393,135	91,575	1,134,358	220,550	9,315	4,908	611,297	910,338	4,658,390	4,261,337
Equity attributable to owners of the parent	1,363,623	2,327,489	12,270,649	12,245,655	164,985	486,509	483,828	805,857	(4,819)	(1,504)	(247,624)	84,202	14,030,642	15,948,208
Non-controlling interests	1,310,148	2,236,215	11,789,447	11,764,472	158,515	467,430	464,854	774,254	(4,630)	(1,445)	(61,906)	21,051	13,656,428	15,261,978

	ASSC		ASFC		Wechain		Kailifeng		ASAC		ASTH (1)		Total	
	2023 December 31	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**	**2023 December 31**	**2022 December 31**
Revenue	3,210	3,265,045	1,274,985	2,147,483	487,003	761,878	–	–	–	–	337,665	825,206	2,102,863	6,999,612
Profit for the year attributable to the owners of the parent	(866,345)	246,841	374,848	351,917	(323,328)	(314,665)	(649,730)	(200,020)	(2,437)	(2,474)	(343,612)	3,444	(1,810,604)	85,043
Profit for the year attributable to NCIs	(832,372)	237,161	360,148	338,116	(310,648)	(302,325)	(624,250)	(192,176)	(2,342)	(2,377)	(85,903)	861	(1,495,367)	79,260
Profit (loss) for the year	(1,698,717)	484,002	734,996	690,033	(633,976)	(616,990)	(1,273,980)	(392,196)	(4,779)	(4,852)	(429,515)	4,305	(3,305,971)	164,303
Other comprehensive income ("OCI") for the year														
OCI attributable to the owners of the parent	(97,518)	16,918	(348,856)	(65,822)	1,804	(14,078)	25,459	(2,487)	135	(44)	11,788	(29,108)	(407,188)	(94,620)
OCI attributable to NCIs	(93,694)	16,254	(335,175)	(63,240)	1,733	(13,526)	24,461	(2,389)	130	(42)	2,947	(7,277)	(399,598)	(70,220)
OCI for the year	(191,212)	33,172	(684,031)	(129,062)	3,537	(27,604)	49,920	(4,876)	265	(85)	14,735	(36,385)	(806,786)	(164,841)
Total comprehensive income for the year attributable to the owners of the parent	(963,863)	263,759	25,992	286,095	(321,524)	(328,743)	(624,271)	(202,507)	(2,302)	(2,518)	(331,824)	(25,664)	(2,217,792)	(9,577)
Total comprehensive income for the year attributable to NCIs	(926,066)	253,415	24,973	274,876	(308,915)	(315,851)	(599,789)	(194,565)	(2,212)	(2,419)	(82,956)	(6,416)	(1,894,965)	9,040
Total comprehensive profit and loss for the year	**(1,889,929)**	**517,173**	**50,965**	**560,971**	**(630,439)**	**(644,593)**	**(1,224,060)**	**(397,072)**	**(4,514)**	**(4,937)**	**(414,780)**	**(32,080)**	**(4,112,757)**	**(538)**
Net cash used in operating activities	216,524	33,024	1,452,392	948,058	(75,513)	(128,023)	(613,396)	(1,048,325)	(371)	56	(72,450)	(436,498)	907,186	(631,708)
Net cash used in investing activities	(22)	(654)	(561,236)	(130,393)	(52,599)	30,132	42,904	(761,219)	–	–	10	99,901	(570,943)	(762,234)
Net cash from financing activities	–	–	64,719	(37,608)	92,106	(46,391)	591,580	1,796,376	–	1,989	–	432,243	748,405	2,146,610
Foreign exchange differences	(41,861)	(28,171)	–	(407,566)	–	(21,675)	–	12,430	–	(99)	–	(18,696)	(41,861)	(463,777)
	174,641	**4,198**	**955,875**	**372,491**	**(36,006)**	**(165,957)**	**21,088**	**(738)**	**(371)**	**1,946**	**(72,440)**	**76,949**	**1,042,787**	**288,890**

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

27 - NON-CONTROLLING INTERESTS (CONTINUED)

During the year ended December 31, 2023, the Company's subsidiaries, ASDS and AST along with the non-controlling interests 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 $289,415 in KALIFENG (December 31, 2022 - $904,117), $Nil in ASAC (December 31, 2022 - $974) and $Nil in ASTH, (December 31, 2022 - $27,466). As at December 31, 2023 the amount of the NCI's portion of the capital injection agreed for these NCI's that was outstanding was $1,291,770 (December 31, 2022 - $1,002,356).

28 - 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 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.

29 - ECONOMIC DEPENDANCE

The Company generates approximately 63% of its revenues from two customers and partners with one financial institution for capital support when leveraging the Deposits made for transactions on plateforms (refer to note 8.2) . Should these customers or financial institution substantially change its dealings with the Company, management is of the opinion that revenues would be significantly impacted and continued viable operations would be doubtful.

30 - COMPARATIVE FIGURES

The presentation of certain comparative figures has been reclassified or modified in order to comply with the basis of presentation adopted in the current year.

In the comparative consolidated statements of comprehensive profit and loss for the year ended December 31, 2022, the Company reclassified $573,995, from salaries and fringe benefits to outsourced services, software and maintenance to better reflect the underlying nature of the expenses.

31 - SUBSEQUENT EVENTS

31.1 Issuance of common shares

On January 3, 2024, the company issued 269,814 common shares to the business managers of the Company's subsidiary Steelchain, in accordance with the amended assets purchase and performance agreement of the Steelchain acquisition effective from October 1, 2022. The payment in shares was for the performance based compensation up to September 30, 2023 totalling $539,628 which was settled in common chares at the minimum price of $2 per share.

31.2 Debenture issuance of August 18, 2023

During the first month of 2024, holders of convertible debentures converted 5,000 units, each carrying a $1,000 face value, at a conversion price of $0.25 per common share. As a result, the Company issued 20,000,000 common shares.

In addition, during the month of January 2024, the holders of these convertible debentures waived their right to receive the interest due to them by the Company up until the conversion dates that occurred between January 5 and 8, 2024 . In total, $192,876 of interests were relinquished including $185,484 earned by the holders during the year and recorded by the Company in accounts payable, advances and accrued liabilities (refer to note 13) as at December 31, 2023.

31.3 CEBA Loan repayment

On January 17, 2024, the company repaid $86,800 of it's CEBA loan (refer to note 17) which included a loan forgiveness of $20,000.

31.4 Debenture issuance of September 8, 2023

On January 31, 2024, the Company received proceeds from the subscriptions receivable of convertible debentures of $10,000 (refer to note 8).

31 - SUBSEQUENT EVENTS (CONTINUED)

31.5 Private placement

Following the press releases on December 12, 2023 and January 29, 2024 in which the Company disclosed its intention to proceed with a series of financings for gross proceeds of up to $10M, the Company announced on February 2, 2024 that it had completed the first tranche closing. The Company sold a total of 1,610 convertible debenture units (the "CD Units") of the Company at a price of $1,000 per CD Unit, for aggregate gross proceeds of $1,610,000. Each CD Unit is comprised of: (i) one 10.0% unsecured convertible debenture of the Company in the principal amount of $1,000; and (ii) 6,666 Common Share purchase warrants. From the date of issue until their Maturity Date, Convertible Debenture holders may elect to convert, in whole or in part, the face value of the Convertible Debentures into Common Shares at a conversion price of $0.15 per Common Share. The unsecured convertible debentures sold in the first tranche closing will mature on February 2, 2027. Each common share purchase warrant sold in the first tranche closing is exercisable to acquire one Common Share at an exercise price of $0.25 until February 2, 2026.

Out of the total funds raised from the convertible debenture units issued on February 2nd, 2024, $150,000 worth of units were given as an exchange to some of the bond holders in order to repay the bonds balance owed to them by the Company (refer to note 16). In addition, $1,110,000 worth of units were given as an exchange to some of the promissory note holders in order to repay the balance owed to them by the Company (refer to note 18).

The Company announced on February 27, 2024 that it had completed a second tranche closing. The Company sold a total of 1,000 convertible debenture units (the "CD Units") of the Company with the same terms as the first tranche. The unsecured convertible debentures sold in the second tranche closing will mature between February 21, 2027 (745 CD units) and February 26, 2027 (255 CD units). Each common share purchase warrant sold in the second tranche closing is exercisable to acquire one Common Share at an exercise price of $0.25 until and between February 21, 2026 and February 26, 2026.

The Company announced on April 17, 2024 that it had completed a third tranche closing. On April 16, 2024, the Company sold a total of 2,015 convertible debenture units (the "CD Units") of the Company (including 475 to an Officer) with the same terms as the first tranche except that each CD Unit sold to the officer of Tenet comes with only 4,000 Common Share purchase warrants (the "Insider Warrants") and the conversion price of the convertible debentures is $0.25 instead of $0.15. The unsecured convertible debentures sold in the third tranche closing will mature on April 16, 2027. Each common share purchase warrant sold in the third tranche closing is exercisable to acquire one Common Share at an exercise price of $0.25, and each Insider warrants is exercisable to acquire one Common Share at an exercise price of $0.50 until April 16, 2026.

Out of the total funds raised from the convertible debenture units issued on April 16, 2024, $20,000 worth of units were given as an exchange to a bond holder in order to repay the bond balance owed to that person by the Company (refer to note 16). In addition, $475,000 worth of units were given as an exchange for advances previously received from a company owned by a Director in order to repay the balance owed to him by the Company (refer to note 13).

For its services in connection with the three tranche closings of the offering mentionned above , the Company has paid to the Agent: (i) a cash commission being an amount equal to 7% of the gross proceeds of the three tranche closing of the offering (at the exception for the CD units sold to insiders which were subject to a reduced commission of 2%); and (ii) 300 non-transferable broker warrants (the "CD Broker Warrants"), being such number of CD Broker Warrants as is equal to 7% of the number of CD Units sold pursuant to the Offering (at the exception for the CD units sold to insiders which were subject to a reduced commission of 2%). Each CD Broker Warrant is exercisable to purchase one CD Unit at an exercise price of $1,000 for a period of two years from the date of its issuance.

31.6 Short-Term advances

From January 1st, 2024 to April 29th, 2024, the Company received a series of short-terms advances from third party investors and through an insider totaling approximately $1,489,938. Out of the total amount received and during the same period, $250,000 was repaid in cash by the Company with an additional $15,000 of finance fees to the benefit of a third party investor. Out of the total funds raised from the convertible debenture units issued on April 16, 2024, $1,060,000 worth of units were given as an exchange to repay some of the short-term advances that were enacted during January 1st, 2024 to April 29th, 2024 as mentionned above.

31.7 Head office, address change

Since March 1st, 2024, the Company changed its head office location from 119 Spadina Avenue, Suite 705, Toronto, Ontario to 82 Richmond St. E.Toronto ON M5C 1P1. Consequently, the Company subleased its prior office space for the residual duration of the initial lease and entered into a new short-term lease agreement.

31.8 Legal settlement

On April 8th, 2024, an agreement was signed to settle a class action lawsuit that was brought against Tenet and two of its executives on November 19, 2021 in the United States District Court for the Eastern District of New York. Despite the fact that the settlement does not include any admission of liability or wrongdoing on the part of the Company or any defendant, the parties have agreed to a settlement of approximately $1,632,000 ($1,200,000 USD) payable in five installments between April 30, 2024, and December 31, 2024. Consequently, a loss on legal settlement for the same amount was recorded in the consolidated statements of comprehensive profit and loss for the year ended Dcember 31, 2023 and a provision for legal settlement was booked, in accounts payable, advances and accrued liabilities within the consolidated statements of financial position as at December 31, 2023.