AVANTE CORP.
(Formerly AVANTE LOGIXX INC.)

Condensed Interim Consolidated Financial Statements

Unaudited for the three and six-month periods ended September 30, 2023 and 2022

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
The condensed interim consolidated financial statements of Avante Corp. for the three and six-month periods ended September 30, 2023 are the responsibility of the Company's Management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company. The condensed interim consolidated financial statements have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

TABLE OF CONTENTS

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 AND MARCH 31, 2023

	Sep 30, 2023	Mar 31, 2023
ASSETS	*Unaudited*	
CURRENT		
Cash and cash equivalents	$ 4,908,737	$ 10,114,383
Accounts receivable (note 8)	6,331,707	5,601,479
Inventories (note 9)	1,122,223	929,375
Contract assets (note 6b)	338,901	482,029
Prepaid expenses	518,813	192,681
	13,220,381	17,319,947
NON-CURRENT ASSETS		
Property, plant & equipment (note 10)	1,987,776	2,442,680
Capitalized commissions (note 11)	1,627	4,355
Deferred tax assets (note 18)	659,696	719,878
Intangible assets (note 12)	1,625,682	1,860,290
Goodwill (note 12)	2,971,997	2,971,997
Long term notes receivable	-	264,183
Deposit on acquisition of North Star Support Group S.R.L. (note 26)	2,591,499	-
	9,838,277	8,263,383
	$ 23,058,658	**$ 25,583,330**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	3,362,364	4,196,532
Bank indebtedness (note 14)	-	500,000
Obligations under lease (note 15)	423,632	569,792
Contract liabilities (note 6b)	1,479,095	2,139,672
	5,265,091	7,405,996
NON-CURRENT LIABILITIES		
Obligations under lease (note 15)	802,331	1,064,220
Deferred tax liability (note 18)	277,901	332,024
	1,080,232	1,396,244
TOTAL LIABILITIES	**6,345,323**	**8,802,240**
SHAREHOLDERS' EQUITY		
Share capital (note 16a)	30,257,952	30,138,388
Contributed surplus (note 16b)	2,325,349	2,340,769
Accumulated deficit	(15,869,966)	(15,698,067)
	16,713,335	16,781,090
TOTAL EQUITY	**16,713,335**	**16,781,090**
TOTAL EQUITY & LIABILITIES	**$ 23,058,658**	**$ 25,583,330**

Contingencies (note 25)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD:

Signed "Emmanuel Mounouchos" Director *Signed "Daniel Argiros" Director*

See accompanying notes to the condensed interim consolidated financial statements

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE THREE AND SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

	For the three-month period ended		For the six-month period ended	
	Sep 30, 2023 *Unaudited*	**Sep 30, 2022**	**Sep 30, 2023** *Unaudited*	**Sep 30, 2022**
Revenues from continuing operations (note 6a)	$ 5,338,726	$ 4,934,349	$ 10,749,166	$ 9,502,114
Cost of sales	3,221,413	3,012,995	6,592,912	5,585,808
Gross profit	2,117,313	1,921,354	4,156,254	3,916,306
Operating expenses				
Salaries, benefits and commissions	1,109,319	723,568	1,988,191	1,633,044
Administration	685,991	936,290	1,450,512	1,568,224
Depreciation on capital assets (note 10)	199,168	185,331	400,748	342,208
Amortization on intangible assets (note 12)	117,304	88,554	234,608	177,109
Merchant transaction fees and bank charges	88,277	74,854	179,064	159,373
Share based payments (note 16b)	99,836	(80,093)	(27,763)	(688,910)
	2,299,895	1,928,504	4,225,360	3,191,048
Income (loss) before other income and expenses and reorganization and acquisition costs	(182,582)	(7,150)	(69,106)	725,258
Other (income) expenses				
Miscellaneous income	(82,173)	(34,461)	(287,681)	(147,683)
Interest expense	64,859	78,235	120,591	151,500
Foreign exchange loss	6,995	1,242	11,867	3,034
	(10,319)	45,016	(155,223)	6,851
Income (loss) before reorganization and acquisition costs	(172,263)	(52,166)	86,117	718,407
Reorganization and acquisition costs (note 22)	249,511	355,440	396,074	1,327,507
Income (loss) before income taxes	(421,774)	(407,606)	(309,957)	(609,100)
Provision for income taxes				
Deferred income tax expense (recovery) (note 18)	(25,576)	19,077	6,059	47,164
Net income (loss) from continuing operations for the period	(396,198)	(426,683)	(316,016)	(656,264)
Net income from discontinued operations for the period net of tax (note 24)	144,117	-	144,117	3,734,155
Net income (loss) for the period	$ (252,081)	$ (426,683)	$ (171,899)	$ 3,077,891
Basic and diluted loss per share from continuing operations (note 5)	($0.015)	($0.016)	($0.012)	($0.025)
Basic and diluted income per share from discontinued operations	$0.005	$0.000	$0.005	$0.141
Basic and diluted loss per share	($0.010)	($0.016)	($0.007)	$0.116
Weighted average number of shares outstanding for basic and diluted calculation	26,504,868	26,489,438	26,497,110	26,489,438

See accompanying notes to the condensed interim consolidated financial statements

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at April 1, 2022	**$30,138,388**	**$1,643,982**	**($15,730,377)**	**$16,051,993**
Income for the period	-	-	3,077,891	3,077,891
Share based payments	-	273,931	-	273,931
Vested share options cancelled	-	(908,922)	-	(908,922)
Share options expired	-	(11,063)	-	(11,063)
Balance at September 30, 2022 (Unaudited)	**$30,138,388**	**$997,928**	**($12,652,486)**	**$18,483,830**
Balance at April 1, 2023	**$30,138,388**	**$2,340,769**	**($15,698,067)**	**$16,781,090**
Income for the period	-	-	(171,899)	(171,899)
Share based payments	-	(27,764)	-	(27,764)
Issuance of common shares	119,564	12,344	-	131,908
Balance at September 30, 2023 (Unaudited)	**$30,257,952**	**$2,325,349**	**($15,869,966)**	**$16,713,335**

See accompanying notes to the condensed interim consolidated financial statements

AVANTE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

	For the three-month period ended		For the six-month period ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Operating activities	*Unaudited*		*Unaudited*	
Comprehensive income for the period	$ (252,081)	$ (426,683)	$ (171,899)	$ 3,077,891
Gain on disposal of capital assets	(110,906)	-	(110,906)	-
Share based payments	99,841	(80,093)	(27,763)	(688,910)
Interest on bank loans and leases	-	46,100	173,587	113,721
Depreciation on capital assets (note 10)	199,168	185,333	400,748	342,209
Amortization on intangible assets (note 12)	117,305	88,554	234,608	177,109
Amortization on capitalized commission (note 11)	-	2,941	2,728	5,865
Amortization of deferred financing	-	334,951	-	334,951
Provision for income tax	(25,576)	27,497	6,059	55,584
Net income (loss) from discontinued operations (note 24)	-	-	-	(3,734,155)
	27,751	178,600	507,162	(315,736)
Net change in non-cash working capital:				
Accounts receivable	101,784	(881,134)	(466,045)	(1,218,089)
Inventories	(14,150)	(116,884)	(192,848)	(26,780)
Contract assets (note 6b)	(130,371)	88,002	143,128	61,986
Prepaid expenses	(301,529)	104,412	(326,132)	118,799
Accounts payable and accrued liabilities	(1,324,347)	179,056	(834,168)	(2,165,611)
Contract liabilities (note 6b)	(341,760)	(441,952)	(660,577)	(672,447)
	(2,010,373)	(1,068,500)	(2,336,642)	(3,902,142)
Cash used in continuing operations	(1,982,622)	(889,900)	(1,829,480)	(4,217,878)
Net cash flows attributable to discontinued operations	-	82,804	-	(6,973,661)
Net cash used in operating activities	(1,982,622)	(807,096)	(1,829,480)	(11,191,539)
Financing activities				
Proceeds from loans	-	-	500,000	-
Principal loan payments	-	-	(1,000,000)	(9,200,000)
Principal lease payments (note 15)	(181,465)	(129,086)	(321,807)	(262,092)
Interest on bank loans, convertible debenture, and leases	-	(46,100)	(173,587)	(113,721)
Cash from (used in) continuing operations	(181,465)	(175,186)	(995,394)	(9,575,813)
Net cash flows attributable to discontinued operations	-	-	-	7,730,604
Net cash from (used in) financing activities	(181,465)	(175,186)	(995,394)	(1,845,209)
Investing activities				
Deposit on acquisition, net of cash (note 26)	(1,739,592)	-	(1,739,592)	-
Loan to North Star Support Group S.R.L. (note 26)	(720,000)	-	(720,000)	-
Net proceeds from sale of subsidiary (note 24)	-	-	-	23,733,248
Purchase of capital assets (note 10)	(24,279)	(235,296)	(38,207)	(246,101)
Disposal of capital assets (note 10)	128,075	97,630	117,027	211,351
Additions to Leases	282	(54,833)	-	(67,818)
Cash from (used in) continuing operations	(2,355,514)	(192,499)	(2,380,772)	23,630,680
Net cash flows attributable to discontinued operations	-	-	-	(37,305)
Net cash from (used in) investing activities	(2,355,514)	(192,499)	(2,380,772)	23,593,375
Increase (decrease) in cash during the period	(4,519,601)	(1,174,781)	(5,205,646)	10,556,627
Cash and cash equivalents, beginning of period	9,428,338	12,085,490	10,114,383	354,082
Cash and cash equivalents, end of period	$ 4,908,737	$ 10,910,709	$ 4,908,737	$ 10,910,709

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF BUSINESS

Avante Corp., formerly Avante Logixx Inc. (the "Company") develops security technologies, products and solutions for personal and condominium protective services, monitoring and control applications. As of June 1, 2022, all of these activities are conducted through one subsidiary, Avante Security Inc. ("Avante Security"), which is 100% owned. The Company's common shares are listed on the TSX Venture Exchange under the symbol XX.V (OTC: ALXXF).

Avante Security provides premium security services for residential and condominium customers in Toronto and Muskoka, Ontario through the use of advanced technology and a focus on client service. Avante Security's business provides a complete offering ranging from system design, sales, installations, and monitoring to services such as alarm response and patrols, personal protection, house staff training, and secure transportation. Avante Security has a specialized skillset in high-rise security integration, monitoring and electronic building management. It also provides consulting and installation of automation and security solutions for the high-end residential market. Avante Security's signature offerings are its Rapid Alarm Response services, and its Intelligent Perimeter Protection Video Analytics. Avante Security also provides extensive offerings, which include Closed Circuit Television ("CCTV"), access controls and security services for travelling executives. Avante Security uses its proprietary two-way wireless communication technology for security and in other market segments for various remote control and monitoring functions.

Logixx Security provided security services for enterprise customers across Canada. Services include protective services (also known as guarding) as well as security system design, sales, installations, and monitoring and alarm response. The Company sold its entire ownership interest in Logixx Security on June 1, 2022 (Note 24).

The address of the Company's corporate office is 1959 Leslie Street, Toronto, Ontario, Canada. The Company is domiciled in Canada and was incorporated in Canada.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein. Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions and do not include all matters normally disclosed in the Company's annual audited consolidated financial statements and are therefore referred to as condensed.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2023.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended September 30, 2023, and 2022 are not necessarily indicative of the results to be expected for the full year.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2023.

2. BASIS OF PRESENTATION (CONTINUED)

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended March 31, 2023, except as described below:

Amendments to IAS 1 and IFRS Practice Statement 2

Amendments to IAS 1 “Presentation of financial statements” (“IAS 1”) and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about their accounting policy disclosures.

The amendments had no impact on the Company's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Company's annual consolidated financial statements.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared using the historical cost convention. The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency, including all subsidiaries.

The preparation of these condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements, are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and other entities that the Company controls (subsidiaries). Control exists when the Company is exposed or has the existing rights to variable returns and the current ability to direct activities that significantly affect the entities’ returns. Consolidation of the subsidiaries begins on the date on which control is obtained and ends when control of the entity ceases to exist. The Company assesses control on an ongoing basis.

The financial statements of the Company and subsidiaries are prepared as of the same dates and periods. The condensed interim consolidated financial statements are prepared using uniform accounting policies by all companies in the Company. Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's composition is made of the subsidiaries listed below.

	Ownership interest held at	
Name of entity	**Sep 30, 2023**	**Mar 31, 2023**
Avante Security Inc.	100%	100%

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the condensed interim consolidated statements of income and comprehensive income. In these financial statements, the financial results of Logixx Security are treated as discontinued operations along with assets and liabilities held for sale as of March 31, 2022, as the Company had executed a definitive agreement to sell Logixx Security to a third party on March 30, 2022 and this ultimately resulted in the sale of the Company's entire ownership interest in Logixx Security on June 1, 2022.

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognized.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

New Standards and Interpretations

IAS 1: Presentation of Financial Statements

In January 2020, IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 - Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. Effective for interim reporting periods beginning on or after April 1, 2023, the Company has adopted these amendments.

IFRS 3: Business Combinations

On May 14, 2020 the IASB published an amendment to IFRS 3 Business Combinations, and is effective on or after January 1, 2022, with earlier application permitted. The amendment has an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company did not have a business combination in this fiscal period, but will adopt the amendment for future business combinations.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued narrow-scope amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact to the Company.

IAS 12: Income Taxes

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. Effective for interim reporting periods beginning on or after April 1, 2023, the Company has adopted these amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

There have been no material revisions to the nature and number of estimates and judgments made in prior periods.

Judgements

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these consolidated financial statements are discussed below:

1. **Allowance for doubtful accounts receivable and contract assets**

The Company has exercised judgement in quantifying the allowance for doubtful accounts receivable. While it is possible that certain accounts receivable considered good may turn doubtful at a later date, there are no indicators that they would at the present time.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

2. Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may be materially different than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. Judgement is used to evaluate whether a deferred tax asset can be recovered based on the Company's assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

3. Provision for impairment of inventories

The provision for impairment of inventories requires estimation and judgement to assess the lower of cost and net realizable value. The provision is assessed by taking into account recent sales, aging of inventories, historical costs and other factors that affect inventory obsolescence.

4. Intangible assets and goodwill

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment and in identifying the Company's cash generating units ("CGUs").

5. Revenue and contract assets

There is judgement in determining the timing of revenue recognition pertaining to electronic installation services, where the entire contract is one performance obligation and is recognized over time using the percentage of completion basis. Timing of revenue recognition may differ from when customers are invoiced, which could result in contract assets or contract liabilities being recognized.

6. Segment Reporting

The Company has exercised judgement in identifying its reportable segments and applying the related aggregation criteria required under IFRS 8. With the sale of Logixx Security on June 1, 2022, the Company now has one reportable segment consisting of Avante Security. Avante Security focuses on providing security services to ultra-high net worth residential customers in the central Toronto and Muskoka regions of Ontario.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year include accrued liabilities. These estimates are created based on management's assumptions, based on current circumstances, and management believes represent a reasonable basis upon which to estimate the future liability. With respect to intangibles, acquired through business combinations, the Company determines fair values using such estimates as discount rates, capitalization rates, growth rates and terminal capitalization rates. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. With respect to goodwill impairment testing, the Company determines value in use and fair value less costs of disposal using such estimates as cash flows and discount rates. These estimates are reviewed periodically by management.

Share-based payments and derivative liabilities are determined by the Black-Scholes option pricing model, which is used by the Company to determine the fair value of stock options and was used by the Company to determine the fair value of the convertible debentures-derivative liability until conversion to common shares occurred on February 16, 2022. Significant estimates are used in the calculation of the input variables in the Black-Scholes model, which include: risk free interest rate (based on government bonds), expected stock price volatility, expected life, and expected dividend yield.

The fair value of the Company's unvested performance share units prior to cancellation during April 2022 was determined by a Monte Carlo valuation model and the significant estimates used to estimate the price of the Company's common shares on the vesting date which included: the current price of the Company's common shares as of the period end date, the risk free interest rate over the remaining life of the performance units, the expected stock price volatility, the number of trading days between the valuation date and the vesting date and the expected return on the Company's common shares during the remaining vesting period of the performance units.

5. EARNINGS (LOSS) PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings (loss) per share computations for the period ended:

	For the three-month period ended	
	Sep 30, 2023	Sep 30, 2022
Basic and diluted loss per share from continuing operations	$ (0.015)	$ (0.016)
Basic and diluted earnings per share from discontinued operations	0.005	-
Basic and diluted loss per share	(0.010)	(0.016)
Net income (loss) - basic and fully diluted from continuing operations	(396,198)	(426,683)
Net income (loss) - basic and fully diluted from discontinued operations	144,117	-
Total net loss - basic and fully diluted	(252,081)	(426,683)
Weighted average number of shares outstanding for basic and diluted calculation	26,504,868	26,489,438

5. EARNINGS (LOSS) PER SHARE (CONTINUED)

	For the six-month period ended Sep 30, 2023	Sep 30, 2022
Basic and diluted loss per share from continuing operations	$ (0.012)	$ (0.025)
Basic and diluted earnings per share from discontinued operations	0.005	0.141
Basic and diluted earnings/(loss) per share	(0.007)	0.116
Net income (loss) - basic and fully diluted from continuing operations	(316,016)	(656,264)
Net income (loss) - basic and fully diluted from discontinued operations	144,117	3,734,155
Total net income/(loss) - basic and fully diluted	(171,899)	3,077,891
Weighted average number of shares outstanding for basic and diluted calculation	26,497,110	26,489,438

Potential common shares are antidilutive when their conversion to common shares increases earnings per share or decreases loss per share from continuing operations. Antidilutive common shares are excluded from weighted average number of shares outstanding for the purposes of calculating the diluted earnings per share.

6. REVENUE RECOGNITION

a) Disaggregation of Revenue

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services. Standard 30-day payment terms apply to the majority of accounts receivable for the Company. Segment revenues by service type for the three months ended September 30, 2023 and 2022 were as follows:

	For the three-month period ended	
Revenue	**Sep 30, 2023**	**Sep 30, 2022**
	Total	**Total**
Protective Services	$ 2,301,576	$ 2,287,909
Monitoring and managed services	1,148,322	1,049,896
Electronic services	1,888,828	1,596,544
Total Revenue	**$ 5,338,726**	**$ 4,934,349**

All revenue earned in the three months ending September 30, 2023, and 2022, is attributed to the Avante Security division.

Segment revenues by type of service for the six months ended September 30, 2023 were as follows:

	For the six-month period ended					
Revenue	**Sep 30, 2023**			**Sep 30, 2022**		
	Avante Security	**Elimination**	**Total**	**Avante Security**	**Elimination**	**Total**
Protective Services	$ 5,118,273	-	$ 5,118,273	$ 4,410,222	-	$ 4,410,222
Monitoring and managed services	2,229,607	-	2,229,607	2,049,631	-	2,049,631
Electronic services	3,401,286	-	3,401,286	3,043,231	(970)	3,042,261
Total Revenue	**$ 10,749,166**	**$ -**	**$ 10,749,166**	**$ 9,503,084**	**$ (970)**	**$ 9,502,114**

6. REVENUE RECOGNITION (CONTINUED)

(b) Contract Assets and Liabilities

		Sep 30, 2023		Mar 31, 2023
Work-in-progress - contracts in process	$	338,901	$	482,029

Timing differences between invoicing, cash collection, and revenue recognition results in accounts receivable and also results in unbilled work-in-progress (contract assets), and deferred revenue (contract liabilities) on the consolidated statement of financial position. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to the performance of obligations and related revenue recognition, resulting in accounts receivable with standard payment terms of ‘Net 30 Days’ for these types of contracts. For certain contracts, the Company receives customer payment prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue (contract liabilities).

Contract liabilities balance at March 31, 2022	$	2,252,203
Additions during the year		12,056,924
Recognized during the year		(12,169,455)
Contract liabilities balance at March 31, 2022 to be recognized in fiscal year 2023		2,139,672
Contract liabilities balance at March 31, 2023	$	2,139,672
Additions during the period		5,499,938
Recognized during the period		(6,160,515)
Contract liabilities balance at September 30, 2023 to be recognized in fiscal year 2024		1,042,753
Contract liabilities balance at September 30, 2023 to be recognized after fiscal year 2024		436,342
Contract liabilities balance at September 30, 2023	**$**	**1,479,095**

7. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

On March 30, 2022, the Company entered into a definitive share purchase agreement (the “SPA”) with SSC Security Services Corp. (“SSC”) pursuant to which SSC agreed to acquire all of the Company’s ownership interest in Logixx Security. Under the terms of the SPA, the Company would receive $23,950,000 in cash including repayment of intercompany loans of $7,802,074 less reimbursement of SSC’s costs related to a prior transaction agreement of $750,000 plus or minus closing working capital compared to an agreed minimum threshold. On June 1, 2022, the Company sold Logixx Security to SSC under the SPA and received $23,733,248, net of the expense reimbursement and estimated working capital surplus. In addition, the Company will receive the benefit of Logixx Security’s collected accounts receivable since closing that was older than 90 days old as of closing (approximately $1.1 million), net of a 5% collection fee payable to SSC, and the parties will settle any surplus or deficiency between the closing working capital balance estimated before closing versus the final closing working capital amount. The Company anticipates collecting the outstanding amounts by SSC in accordance with the SPA by March 31, 2024.

The estimated total amount due from SSC is included within non-trade receivables within “Accounts receivable” on the condensed interim consolidated statements of financial position as at September 30, 2023 and consists of the unpaid portion of the cost of agreed transition services provided by the Company to SSC since the closing of the transaction as well as estimates for the potential excess working capital delivered at closing and Logixx Security accounts receivable older than 90 days at closing (net of SSC’s collection fee) that the Company anticipates will be collected by SSC in accordance with the SPA.

As at March 31, 2022, the assets and liabilities of Logixx Security were classified as assets held for sale and liabilities directly associated with assets classified as held for sale. The Logixx Security financial results for the three months ended June 30, 2022 net of eliminations, have been presented as discontinued operations on the condensed interim consolidated statement of income and comprehensive income. Unless otherwise specified, all other notes to the condensed interim consolidated financial statements include amounts from both continuing and discontinued operations.

8. ACCOUNTS RECEIVABLE

The accounts receivable on the financial statements are net of allowance for doubtful accounts of $192,220 as at September 30, 2023 (March 31, 2023: $160,716). Changes in the allowance for doubtful accounts during the period were as follows:

	Sep 30, 2023	Mar 31, 2023
Allowance for doubtful accounts - opening balance	$ 160,716	$ 115,958
Net increase during the period	31,504	44,758
Allowance for doubtful accounts - closing balance	$ 192,220	$ 160,716

As at September 30, 2023 and March 31, 2023, the aging of the Company's accounts receivables was as follows:

	Balance Due	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade receivables	$4,481,098	$1,843,636	$489,851	$193,805	$1,953,806
Unbilled trade receivables	531,526	486,037	-	7,451	38,038
Non-trade receivables	693,946	693,946	-	-	-
Allowance for doubtful accounts	(160,716)	-	-	-	(160,716)
Current portion vendor take back loan	55,625	55,625	-	-	-
Balance at March 31, 2023	**$5,601,479**	**$3,079,244**	**$489,851**	**$201,256**	**$1,831,128**
Trade receivables	5,195,043	$1,608,647	$326,877	$377,621	$2,881,898
Unbilled trade receivables	550,574	519,556	-	2,578	28,440
Non-trade receivables	778,310	778,310	-	-	-
Allowance for doubtful accounts	(192,220)	-	-	-	(192,220)
Balance at September 30, 2023	**$6,331,707**	**$2,906,513**	**$326,877**	**$380,199**	**$2,718,118**

The consolidated entity has recognized a loss of $31,504 from continuing operations at September 30, 2023 (September 30, 2022: $31,500) in profit or loss in respect of the expected credit losses for the six months then ended. As at September 30, 2023, there was $2,910,338 (March 31, 2023: $1,991,844) of accounts receivable outstanding for over 90 days of which management did not consider $2,718,118 (March 31, 2023: $1,831,128) impaired. As of September 30, 2023, non-trade receivables include the estimated amount due from SSC in respect of the Company's sale of Logixx Security (note 7) as well as the finance receivable due from the sub-tenant of the Company's former corporate office lease expiring in January 2024.

9. INVENTORIES

	Sep 30, 2023	Mar 31, 2023
Inventory	$ 1,122,223	$ 929,375

All inventory is considered finished goods. Inventory expensed to cost of sales during the three and six months ended September 30, 2023, amounted to $747,466 and $1,284,167 continuing operations respectively and $nil discontinued operations (September 30, 2022: Continuing operations $501,326 and $1,101,796 for the three and six-month periods, $135,450 discontinued operations).

10. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Equipment, furniture and fixtures	Leasehold improvements	Computer software	Right-of-use asset	Vehicles	Uniforms	Buildings	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at March 31, 2023	**$ 486,256**	**$ 677,052**	**$ 723,044**	**$ 345,418**	**$ 1,636,640**	**$ 59,014**	**$ 115,043**	**$ 473,300**	**$ 4,515,767**
Additions from continuing operations	18,647	6,596	-	-	84,731	-	12,964	-	122,938
Disposals from continuing operations	-	-	-	-	(247,675)	-	-	-	(247,675)
Balance at September 30, 2023	**504,903**	**683,648**	**723,044**	**345,418**	**1,473,696**	**59,014**	**128,007**	**473,300**	**4,391,030**
Accumulated depreciation									
Balance at March 31, 2023	**380,082**	**434,051**	**723,044**	**326,370**	**59,524**	**22,163**	**44,236**	**83,617**	**2,073,087**
Depreciation from continuing operations for the period	16,375	24,674	-	12,333	316,854	5,528	15,518	9,466	400,748
Disposals from continuing operations	-	-	-	-	(70,581)	-	-	-	(70,581)
Balance at September 30, 2023	**396,457**	**458,725**	**723,044**	**338,703**	**305,797**	**27,691**	**59,754**	**93,083**	**2,403,254**
Carrying Amounts									
Balance at March 31, 2023	**106,174**	**243,001**	**-**	**19,048**	**1,577,116**	**36,851**	**70,807**	**389,683**	**2,442,680**
Balance at September 30, 2023	**$ 108,446**	**$ 224,923**	**$ -**	**$ 6,715**	**$ 1,167,899**	**$ 31,323**	**$ 68,253**	**$ 380,217**	**$ 1,987,776**

	Computer equipment	Equipment, furniture and fixtures	Leasehold improvements	Computer software	Right-of-use asset	Vehicles	Uniforms	Buildings	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at March 31, 2022	**$ 482,056**	**$ 634,310**	**$ 737,145**	**$ 345,418**	**$ 1,622,744**	**$ -**	**$ 68,881**	**$ 473,300**	**$ 4,363,854**
Additions from continuing operations	20,591	-	-	-	430,944	208,679	16,831	-	677,045
Disposals from continuing operations	(26,642)	-	(24,752)	-	(1,146,140)	(3,635)	-	-	(1,201,169)
Balance at September 30, 2022	**476,005**	**634,310**	**712,393**	**345,418**	**907,548**	**205,044**	**85,712**	**473,300**	**3,839,730**
Accumulated depreciation									
Balance at March 31, 2022	**333,622**	**388,352**	**738,497**	**282,302**	**803,766**	**-**	**14,937**	**64,685**	**2,626,161**
Depreciation from continuing operations for the period	22,401	23,645	(8,876)	26,903	249,169	6,923	12,578	9,465	342,208
Disposals from continuing operations	-	-	(14,747)	-	(824,032)	18,537	-	-	(820,242)
Balance at September 30, 2022	**356,023**	**411,997**	**714,874**	**309,205**	**228,903**	**25,460**	**27,515**	**74,150**	**2,148,127**
Carrying Amounts									
Balance at March 31, 2022	**148,434**	**245,958**	**- 1,352**	**63,116**	**818,978**	**-**	**53,944**	**408,615**	**1,737,693**
Balance at September 30, 2022	**$ 119,982**	**$ 222,313**	**-$ 2,481**	**$ 36,213**	**$ 678,645**	**$ 179,584**	**$ 58,197**	**$ 399,150**	**$ 1,691,603**

Depreciation expense included in the interim consolidated statement of loss and comprehensive loss is $199,168 (September 30, 2022: $185,331) for the three-month period ended September 30, 2023. The six-month period ended September 30, 2023 included $400,748 of depreciation expense (September 30, 2022: $342,208).

The Company carries two categories of right-of-use assets: vehicles and property. At September 30, 2023 the carrying amount of vehicles under lease was $469,695 (March 31, 2023: $798,350), with $117,103 of depreciation included in continuing operations for the three-month period ended September 30, 2023 (three months ended September 30, 2022: $89,551). For the six-month period ended September 30, 2023 $236,292 is included in depreciation expense (September 30, 2022: $175,723).

The right-of-use asset property had a carrying amount of $698,203 at September 30, 2022 (March 31, 2023: $778,765). Depreciation in the amount of $40,281 is included in continuing operations for the three months ended September 30, 2023 (three months ended September 30, 2022: $34,004). For the six-month period ended September 30, 2023 $80,562 is included in depreciation expense (September 30, 2022: $73,446).

The interim consolidated statement of loss and comprehensive loss for fiscal year 2024 did not contain any depreciation expenses from discontinued operations. Depreciation expenses from discontinued operations for fiscal year 2023 were accounted for in Net income from discontinued operations (please refer to Note 24).

All assets of the Company, including its Accounts Receivables, Inventories and Property, Plant and Equipment, have been pledged as general security against the senior secured credit facilities established with the Company's bank (Note 14). Gains and losses on disposals are booked in the miscellaneous (income) expense line on the condensed interim consolidated statement of income and comprehensive income.

11. CAPITALIZED COMMISSION

Commissions on long-term contracts (12 months in length or longer) are capitalized at the initiation of the contract and amortized over the length of the contract as revenue is recognized. The unamortized amount of commission on long-term contracts as of September 30, 2023 was $1,627 (March 31, 2023: $4,355), with $2,728 amortized in the three-month period ended September 30, 2023 from continuing operations and from discontinued operations $nil (September 30, 2022: $2,941 continuing operations, $nil discontinued operations) and $2,728 for the six-month period ended September 30, 2023 from continuing operations and from discontinued operations $nil (September 30, 2022: $5,865 continuing operations, $38,671 discontinued operations).

12. GOODWILL AND INTANGIBLE ASSETS

A. INTANGIBLE ASSETS

	Trade Name	Customer relationships	Order backlog	Total
	$	$	$	$
Cost				
Balance at March 31, 2023	$80,873	$4,755,673	$262,000	$5,098,546
Balance at September 30, 2023	**80,873**	**4,755,673**	**262,000**	**5,098,546**
Amortization				
Balance at March 31, 2023	$80,873	$2,895,383	$262,000	$3,238,256
Amortization from continuing operations for the period	-	234,608	-	234,608
Balance at September 30, 2023	**80,873**	**3,129,991**	**262,000**	**3,472,864**
Carrying amounts				
Balance at March 31, 2023	**$ -**	**$ 1,860,290**	**$ -**	**$ 1,860,290**
Balance at September 30, 2023	**$ -**	**$ 1,625,682**	**$ -**	**$ 1,625,682**

	Trade Name	Customer relationships	Order backlog	Total
	$	$	$	$
Cost				
Balance at March 31, 2022	$80,873	$4,180,673	$262,000	$4,523,546
Balance at September 30, 2022	**80,873**	**4,180,673**	**262,000**	**4,523,546**
Amortization				
Balance at March 31, 2022	$80,873	$2,502,831	$262,000	$2,845,704
Amortization from continuing operations for the period	-	177,109	-	177,109
Balance at September 30, 2022	**80,873**	**2,679,940**	**262,000**	**3,022,813**
Carrying amounts				
Balance at March 31, 2022	**$ -**	**$1,677,842**	**$ -**	**$1,677,842**
Balance at September 30, 2022	**$ -**	**$1,500,733**	**$ -**	**$1,500,733**

On December 1, 2022 the Company acquired the customer list of C & B Alarms Ltd (“C&B Alarms”) pursuant to an Asset Purchase Agreement between the Company and C & B Alarms Ltd. (“C&B”) in the Muskoka region. The total purchase price was $575,000, $431,250 was paid in cash, the Company held back $143,750 of the purchase price against certain representations and warranties. The full amount of the acquisition was allocated to the intangible asset Customer Relationships on the Consolidated Statement of Financial Position as of March 31, 2023.

Intangible amortization expense for the three months ended September 30, 2023 with respect to continuing operations is $117,304 (September 30, 2022: $88,554), and $234,608 for the six-month period ended September 30, 2023 (September 30, 2022: $177,109). The interim consolidated statement of loss and comprehensive loss for fiscal year 2024 did not contain any amortization expenses from discontinued operations. Amortization expenses from discontinued operations for fiscal year 2023 were accounted for in Net income from discontinued operations (Note 24).

12. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

B. GOODWILL

Balance at March 31, 2022	**$ 2,971,997**
Balance at March 31, 2023	**$ 2,971,997**
Balance at September 30, 2023	**$ 2,971,997**

The above intangible assets and goodwill were acquired upon the acquisitions of the businesses of INTO Electronics Inc. at August 22, 2014, LVS Inc. at April 1, 2015, Architronics Limited ("Architronics") at March 1, 2017 and Watermark Security Inc. at August 1, 2018.

The key assumptions used to calculate the fair value of these intangible assets include discount rates, growth rates and margins. The cost of goodwill is calculated as the excess of purchase price of the acquired business over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separate identifiable cash flows. For the year ended March 31, 2022, that the Company had two CGU's consisting of Avante Security and Logixx Security consistent with how the Company managed its operations at that time. With the sale of Logixx Security on June 1, 2022, the Company had one CGU consisting of Avante Security at March 31, 2023 and still has one CGU at September 30, 2023.

Amortization

The amortization of tradenames, customer relationships, order backlog and non-compete agreement is included in amortization on intangible assets on the condensed interim consolidated statements of income and comprehensive income.

13. BUSINESS ACQUISITIONS

Acquisition of Veridin Systems Canada Inc. (rebranded and amalgamated with Logixx Security Inc. at December 2, 2019)

On September 17, 2018, the Company acquired all the outstanding shares of Veridin Systems Canada Inc. ("Veridin") pursuant to a share purchase agreement between the Company and 1245893 Ontario Inc. and Vision Dynamics CCTV Inc. ("Vendors") of Veridin, for an aggregate purchase price of $2,436,410, $1,900,746 paid in cash and the issuance of 238,095 (1,190,476 pre-stock consolidation) common shares in the capital of the Company to 1245893 Ontario Inc.

Within an escrow account, the Company held back $94,923 of the purchase price against certain representations and warranties. The parties are engaged in litigation processes to settle the amounts owing between the parties.

Acquisition of Intelligarde International Inc. (renamed Logixx Security Inc. as of June 21, 2019)

On November 30, 2018, the Company acquired all the outstanding shares of Intelligarde International Inc. ("Intelligarde" – currently doing business as Logixx Security Inc.). The total consideration paid for the outstanding shares of Intelligarde is $4,801,370 paid in cash subject to a post-closing working capital adjustment.

The Company held back $712,500 of the purchase price in an off-balance sheet escrow account against certain representations and warranties of the vendors. There is $530,159 remaining in the account as of September 30, 2023 ($530,159 as of March 31, 2023). The parties are engaged in litigation processes to settle the amounts owing between the parties.

14. BANK INDEBTEDNESS

Current and non-current bank indebtedness was comprised of the following as at September 30, 2023 and March 31, 2023:

	Sep 30, 2023			Mar 31, 2023		
	Current Portion	**Long-Term Portion**	**Total**	**Current Portion**	**Long-Term Portion**	**Total**
Line of credit	$ -	$ -	$ -	$ 500,000	$ -	$ 500,000
Total credit facilities	**$ -**	**$ -**	**$ -**	**$ 500,000**	**$ -**	**$ 500,000**

On June 30, 2021, the Company entered into a senior secured credit agreement with a bank that fully replaced the Company's senior secured banking arrangements and mortgage provided by its former bank. On June 1, 2022, the Company replaced that with a new credit agreement. The June 30, 2021 credit agreement provided an $8,000,000 revolving credit facility ("Facility A"), a $10,000,000 non-revolving term loan facility ("Facility B") and a $3,000,000 delayed-draw non-revolving term loan credit facility ("Facility C"), each with a three-year maturity date ending May 19, 2024. The Company had the ability to draw upon Facility A that was subject to a borrowing base consisting of eligible cash, accounts receivable, and inventory. The Company was permitted to draw upon Facility B in two tranches; Tranche 1 had a limit of $6,000,000 and Tranche 2 had a limit of $4,000,000. The ability to draw on Tranche 2 expired on July 31, 2021 reducing the available limit to zero. Facility C was available until December 31, 2022, to fund delayed purchase price payments or other funding requirements applicable to future permitted acquisitions. Repayment of drawings under the term loan and delayed-draw credit facilities occurred at the rate of 2.50% per quarter with the remaining balance due on the maturity date.

On June 1, 2022, the Company applied proceeds from the sale of Logixx Security on June 1, 2022 to permanently repay the credit facilities pursuant to the June 30, 2021 Credit Agreement. As of June 1, 2022, the Company entered into amended credit facilities with the same bank consisting of a $2 million revolving credit facility, together with credit card facilities for each of Avante Corp. and Avante Security, supported by a first fixed security interest in favour of the bank over all assets of Avante Corp. and Avante Security. Such credit arrangements are provided by the bank on a demand basis, and the revolver is subject to a borrowing base consisting of 75% of eligible accounts receivable and 50% of inventory, minus priority payables. The provision of the credit facilities is subject to a minimum consolidated current ratio of 1.20 as of March 31, 2023, and thereafter, and the Company was in compliance with that covenant as of September 30, 2023. The agreement further stipulates that the advances cannot exceed 75% of accounts receivable and 50% of inventory less priority payables; Avante corp. is in compliance with these requirements as of September 30, 2023. Drawings under the revolver are permitted by way of letters of credit (at 2.00% per annum), prime rate advances (at the bank's prime rate plus 0.50%) and bankers' acceptances (stamping fee of 2.00%). As of September 30, 2023, the Company drew $500,000 and subsequently repaid the amount.

The Company incurred deferred financing fees of $452,417 in connection with the June 30, 2021 credit agreement and the prior credit facilities also had applicable deferred financing fees. The remainder of these costs in the amount of $295,795 were written-off.

On July 7, 2022, the Company executed an unsecured Loan Agreement with affiliates of Fairfax Financial Holdings Limited ("Fairfax"), who collectively own 19.99% of the Company's common shares. This note should be read in conjunction with the related-party transactions Note 21 to fully understand the nature and impact of the Loan Agreement with Fairfax affiliates.

Interest on bank loans expensed in the condensed interim consolidated statement of income and comprehensive income for the six months ended September 30, 2023 is $9,074 in continuing operations and $nil in discontinued operations (six months ended September 30, 2022: $44,204 continuing operations, $nil discontinued operations).

15. OBLIGATIONS UNDER LEASE

The Company's lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate. Vehicle lease and property lease liabilities as of the respective period ends were as follows:

	Vehicle lease liability		Property lease liability		Total liability	
Balance at March 31, 2022	**$**	**595,685**	**$**	**245,062**	**$**	**840,747**
Additions during the period from continuing operations		732,879		805,620		1,538,499
Disposals during the period from continuing operations		(208,455)		(17,337)		(225,792)
Principal payments from continuing operations		(322,350)		(197,092)		(519,442)
Balance at March 31, 2023	**$**	**797,759**	**$**	**836,253**	**$**	**1,634,012**
Current obligations under lease		381,206		188,586		569,792
Long-term obligations under lease		416,553		647,667		1,064,220
Balance at March 31, 2023	**$**	**797,759**	**$**	**836,253**	**$**	**1,634,012**
Additions during the period from continuing operations		84,731		-		84,731
Disposals during the period from continuing operations		(170,973)		-		(170,973)
Principal payments from continuing operations		(219,615)		(102,192)		(321,807)
Balance at September 30, 2023	**$**	**491,902**	**$**	**734,061**	**$**	**1,225,963**
Current obligations under lease		267,574		156,058		423,632
Long-term obligations under lease		224,328		578,003		802,331
Balance at September 30, 2023	**$**	**491,902**	**$**	**734,061**	**$**	**1,225,963**

The Company leased certain vehicles with a value of $491,902 (March 31, 2023: $797,759), at an effective annual rate of interest of 18.15% (March 31, 2023: 12.06%). The payment terms include blended monthly payments of $45,401 plus applicable taxes (March 31, 2023: $73,228) for 48 to 60 months ending between October 2023 and July 2027, with an aggregate buy out obligation of $nil as of September 30, 2023 (March 31, 2023: $78,700). Interest expense from these leases, included in the condensed interim consolidated statements of loss and comprehensive loss for the three and six-month periods ended September 30, 2023 was $26,562 and $58,509 (September 30, 2022: $25,780 and $48,088) continuing operations. Interest expense from the leases discontinued operations for the three and six-month periods is $nil (September 30, 2022: $13,398 for three and six months).

Various office properties with a value of $734,061 (March 31, 2023: $836,253), are leased with blended monthly payments of $21,796 plus applicable taxes (March 31, 2023: $21,796). An incremental borrowing rate of 7.2% is used. The property leases end between December 2023 and January 2028. Interest expense from these leases, included in the condensed interim consolidated statement of loss and comprehensive loss for the three and six-month periods ended September 30, 2023 was $13,261 and $27,104 continuing operations (September 30, 2022: $2,097 and $4,830). Interest expense from the leases discontinued operations for the three and six-month periods is $nil (September 30, 2022: $558).

16. SHAREHOLDERS' EQUITY

[a] Share capital issued and outstanding

Unlimited common shares		Number of Shares		Amount
Balance at March 31, 2022	$	26,489,438	$	30,138,388
Balance at March 31, 2023	$	26,489,438	$	30,138,388
Issue of shares on acquisition of North Star Support Group		154,301		131,156
Share issue costs				(11,592)
Balance at September 30, 2023	$	26,643,739	$	30,257,952

During the three months ended September 30, 2023, the company issued 154,301 new common shares of Avante Corp. valued at $0.93 per share. The shares were issued to the vendors of North Star Support Group (NNSG) to fund the acquisition, which closed on October 1, 2023. Filing and legal costs related to the share issuance were $11,592.

[b] Share options

The Company has an incentive Share Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to ten years. No amounts are paid or payable by the recipient on receipt of the option.

Options for Directors vest when granted, while vesting of options for non-directors is as follows: 33.33% on the first anniversary; 33.33% on the second anniversary; and the remainder on the third anniversary following the grant date. For the chairman of the Board vesting of the options is as follows: 25% of the option will vest on the first anniversary; 25% on the second anniversary; 25% on the third anniversary; and the remainder on the fourth anniversary following the grant date.

On September 29, 2015, the shareholders of the Company approved an amendment to the stock option plan whereby it reverted to a 10% rolling stock option plan. This plan is approved annually by the shareholders of the Company and was again approved by the shareholders on September 29, 2022. Accordingly, the Company has a total of 1,066,041 options available to be issued as at September 30, 2023, with the maximum term remaining at 10 years (March 31, 2023: 1,165,610).

	Number of Options	Weighted Average Exercise Price
Balance at March 31, 2022	**1,293,333**	**$1.98**
Options forfeited during the period	(1,330,000)	$1.79
Options expired during the period	(30,000)	$1.30
Option granted during the period	1,550,000	$0.93
Balance at March 31, 2023	**1,483,333**	**$1.05**
Option granted during the period	115,000	**$0.88**
Balance at September 30, 2023	**1,598,333**	**$1.04**

16. SHAREHOLDERS' EQUITY (CONTINUED)

During the three and six months ended September 30, 2023 115,000 share options were issued to a member of the board of directors and an employee and the strike price was $0.88, no share options were forfeited. During the six months ended September 30, 2022, 1,350,000 share options were issued to members of the board of directors, including the Chief Executive Officer, the Chief Financial Officer and the strike prices were $0.88 for 500,000 options, $0.97 for 200,000 options, $1.07 for 200,000 options, $1.18 for 200,000 options and $0.80 for 250,000 options. During the six months ended September 30, 2022, 1,186,667 share options were forfeited and 30,000 share options expired. None of the outstanding options were exercised in the six months ended September 30, 2023 or during the year ended March 31, 2023.

Using the Black-Scholes pricing model, the Company recognized $146,207 net of $nil for forfeited options for the six months ended September 30, 2023 (six months ended September 30, 2022: $646,053 net of $919,984 for forfeited options).

In calculating the share-based compensation expense, the Company used the assumptions as listed below as at the date of grants in the prior years and there were no grants awarded in six months ended September 30, 2023:

	Fiscal 2024	Fiscal 2023
Risk-free interest rate	1% - 3.90%	1% - 3.62%
Expected volatility	51.05% - 92.11%	51.05% - 92.11%
Expected time until exercise	5 years	5 years
Expected dividend yield	NIL	NIL
Expected forfeiture	0-5%	0-5%
Share price	$0.77 - $1.18	$0.77 - $1.18

The expected price volatility is based on the historic volatility (based on the expected life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The following table summarizes stock options vested and outstanding at September 30, 2023:

Grant Date	Number of Options Outstanding	Remaining Years	Number of Options Vested	Exercise Price	Expiry Date
2018-10-02	133,333	0.01	133,333	2.25	2023-10-02
2022-04-28	200,000	3.58	200,000	0.88	2027-04-28
2022-04-28	200,000	3.58	-	0.97	2027-04-28
2022-04-28	200,000	3.58	-	1.07	2027-04-28
2022-04-28	200,000	3.58	-	1.18	2027-04-28
2022-04-28	100,000	3.58	100,000	0.88	2027-04-28
2022-09-26	250,000	3.99	83,333	0.80	2027-09-26
2022-10-11	200,000	3.99	200,000	0.77	2027-09-26
2023-07-31	100,000	4.41	100,000	0.88	2028-02-27
2023-07-31	15,000	4.68	-	0.88	2028-06-05
	1,598,333	3.50	816,666		

1. Expiry date extended in accordance with the share option plan.

17. PERFORMANCE SHARE UNITS

On November 25, 2020, the Company's Board of Directors established a performance share unit ("**PSU**") compensation program, which as of April 8, 2022 was terminated. That program provided for a cash payment to eligible participants equal to the number of PSUs granted multiplied by the Company's volume weighted average share price ("**VWAP**") in effect during the thirty days prior to a future valuation date scaled downwards for vesting criteria linked to that VWAP in effect during the thirty days prior to the valuation date.

On November 25, 2020, the Company announced that the Chief Executive Officer was awarded 200,000 performance stock units payable on March 31, 2023 at the Corporation's 30-day volume weighted share price in effect on that date, scaled downward to 0% payout if that VWAP was less than $3.39 per share, 50% payout if great than or equal to $3.39 per share, 75% payout if greater than or equal to $3.75 per share or 100% payout if greater than or equal to $4.00 per share. Such award, if any, would have been settled in cash within 150 days following March 31, 2023.

In each fiscal year end thereafter, the Company used Monte-Carlo simulation valuation techniques to estimate the potential future value that might exist as of March 31, 2023 in respect of issued but unvested PSU grants. Such estimate was then discounted based on the risk-free interest rate as of the valuation date. Other assumptions included in the fair value of the unvested PSU grants included:

- The Company's share price on the valuation date;
- The remaining number of trading days from the valuation date until the vesting date of March 31, 2023;
- The average expected annual return on the Company's shares as of the valuation date; and
- The expected volatility of the price of the Company's common shares as of the valuation date.

The present value of such estimated potential liability was recalculated by the Company every fiscal quarter end. Within accounts payable and accrued liabilities on the consolidated statement of financial position, the Company reflected the net present value of the potential obligation, prorated by the number of months that have elapsed since the date of grant versus the total number of months from the PSU grant date to the maturity date. The difference between the statement of financial position liability amounts at the balance sheet date versus the fiscal period's opening liability was reflected as an expense, or recovery, within share based payments on the consolidated statements of income (loss) and comprehensive income (loss).

At March 31, 2022, the present value of the estimated potential liability was $42,857. However, the PSU's had no value following the departure in April 2022 of the one executive benefiting from the PSU grant. No expense or recovery is reflected in profit or loss in the six month period ended September 30, 2023 (year ended March 31, 2023: a recovery of $42,857).

18. INCOME TAXES

In prior annual fiscal years, the Company incurred non-capital losses for income tax purposes. Those losses are available to the Company to reduce the current portion of income taxes payable, if any. Income tax expense is recognized based on management's estimate of tax rates of 26.5% expected to be in effect for the Company's full financial year.

For the six months ending September 30, 2023, the Company recognized $6,059 deferred income tax expense from continuing operations and expense of $nil from discontinued operations (six months ended September 30, 2022: expense of $47,164 continuing operations and expense of $nil from discontinued operations). The deferred tax assets are attributable to previously unused non-capital tax loss carry forwards that it estimates will be used against taxable income for the year ended March 31, 2024 and future taxable periods.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

[a] Risk management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receive quarterly reports from the Company's management, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are primarily comprised of two types of risk: foreign currency risk and interest rate risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. This risk was more significant for the Company prior to its sale of Logixx Security on June 1, 2022 as significant revenue streams within that segment were settled in U.S. dollars.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has an available revolving credit facility limit, provided on a demand basis, from its bank of $2,000,000 (as of June 1, 2022) and an unsecured term loan facility from its largest shareholder of $10,000,000 (as of July 7, 2022) but neither credit arrangement was utilized as of September 30, 2023.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

During late June 2022 the Company began investing surplus funds in one-year, cashable guaranteed investment certificates issued by its bank at fixed interest rates, so interest rate risk to rising market interest rates now exists in respect of such investments offset by the Company's ability to cash the guaranteed investment certificate and reinvest the proceeds following the initial one month non-redeemable period.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For credit risk on accounts receivable see Note 8. Financial instruments, which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, guaranteed investment certificates, accounts receivables, and amounts due from the purchasers of Logixx Security. The carrying amounts of financial assets represent the maximum credit exposure. The Company has gross credit exposure at September 30, 2023 relating to cash of $nil (March 31, 2023: $500,000) and guaranteed investment certificates of $4,294,974 (March 31, 2023: $9,164,850). All cash and guaranteed investment certificates are held in or with Canadian banks which have credit ratings of A+ and Aa2 from rating agencies Standard & Poor's and Moody's respectively. The Company has performed a sensitivity analysis on changes in the credit risk associated with these banks and considers this risk to be minimal for all cash assets based on changes that are reasonably possible at the reporting date.

The company has settled the outstanding balance with City Wide Locksmith's. The original vendor take back was for $450,000 originating on October 31, 2020. CWL made annual payments in accordance to the parameters set out in the VTB. Interest charges ranged between 3-4%. CWL cleared the remaining balance on June 15, 2023. The Company extended a 10% discount on the remaining balance for the accelerated payment for a net amount received of $322,350.

For credit risk on accounts receivable see Note 8.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of approximately 90 days. To achieve this objective, the Company prepares annual financial budgets and updates short-term liquidity requirements at least monthly based on revised estimates. Further, the Company utilizes delegated authorizations for varying expenditure levels and types to further manage expenditure. The Company also monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the Company's contractual maturities (representing undiscounted contractual cash flows including interest) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
At March 31, 2023	**$ 4,908,066**	**$ 520,181**	**$ 419,054**	**$ 877,892**	**$ -**	**$ 6,725,193**	**$ 6,330,544**
Accounts payable and accrued liabilities	3,362,364		-	-	-	3,362,364	3,362,364
Obligations under lease	186,478	359,960	361,437	515,320	-	1,423,195	1,225,964
At September 30, 2023	**$ 3,548,842**	**$ 359,960**	**$ 361,437**	**$ 515,320**	**$ -**	**$ 4,785,559**	**$ 4,588,328**

Contractual amounts reflect undiscounted principal payments and future interest payments. Carrying amount excludes interest, is discounted, includes any residual value.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The working capital as at September 30, 2023 was $7,955,338 compared to $9,913,951 at March 31, 2023.

d) Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the Black-Scholes option pricing model. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The balance sheet carrying amounts for cash and cash equivalents, accounts receivable, notes receivable, accounts payable and accrued liabilities, bank indebtedness and vehicle loans and finance leases, and the prior year end's derivative liabilities approximate fair value due to their short-term nature.

e) Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value or disclosed at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments at fair value are level 1.

20. CAPITAL MANAGEMENT

The Company defines its cash, guaranteed investment certificates, common shares and stock options as capital. The Company's objectives when maintaining capital are:

- To preserve the ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.
- To ensure adequate return for the shareholders by pricing of services that is adjusted to the level of risk in the business activity.

To support business activity and maximize shareholder value, the Company takes into consideration various factors, including the growth of the business-related infrastructure and the up-front cost of developing new services. The Company's officers and senior management are responsible for managing the capital and do so through monthly meetings and regular review of financial information. The Board of Directors is responsible for overseeing this process. The Company manages capital with the objective of maintaining adequate capital resources through the optimization of the cash flows from operations and capital transactions. As of June 1, 2022 and July 7, 2022, the Company's new senior secured credit facility provided on a demand basis and its new unsecured term loan facility, respectively, are both subject to financial covenants, draw conditions and other terms that must be complied with in order for such sources of financing to be used by the Company (Note 14). The Company has complied with all the terms of both facilities as at September 30, 2023 and March 31, 2023.

21. RELATED PARTY TRANSACTIONS

The Company entered into a contract effective May 1, 2018 with a private company controlled by a significant shareholder (and subsequent to March 30, 2022 an officer) to provide consulting services for the Company. The Company incurred $nil of expense in the three-month period ended September 30, 2023 (September 30, 2022: $15,531) and $nil of expense in the six months ended September 30, 2023 (six months ended September 30, 2022: $58,946). The balance outstanding payable by the Company at September 30, 2023 is $nil (March 31, 2023: $nil).

The Company entered into a contract with a private company controlled by a significant shareholder and, prior to April 9, 2022, an officer of the Company to provide services for the Company. For the three months ended September 30, 2023 the Company incurred $nil (September 30, 2022: $240) for these services. For the six months September 30, 2023 the Company incurred $nil (six months ended September 30, 2022: $1,880). The balance outstanding payable by the Company at September 30, 2023 is $nil (March 31, 2023: $nil).

The Company provides service to and receives service from a private company controlled by a significant shareholder and, prior to April 9, 2022, an officer of the Company. In the three months ended September 30, 2023 the Company billed $5,200 and incurred $11,632 of expense for services (three months ended September 30, 2022: $5,800 billed and $14,543 expensed). In the six months ended September 30, 2022 the Company billed $13,000 and incurred $26,324 of expense for services (six months ended September 30, 2022: $17,256 billed and $28,501 expensed). The outstanding accounts receivable balance at September 30, 2023 is $23,021 (March 31, 2023: $8,331) and outstanding accounts payable balance at September 30, 2023 is $4,423 (March 31, 2023: $nil).

The Company provides service to and receives service from a private company controlled by a significant shareholder and, prior to April 9, 2022, an officer of the Company. In the three and six months ended September 30, 2023, no services were provided or received. The outstanding accounts receivable balance at September 30, 2023 is $nil (March 31, 2023: $1,806) and outstanding accounts payable balance at September 30, 2023 is $nil (March 31, 2023: $nil).

The Company entered into a contract with a private company controlled by a former director to provide services for the Company. For the three and six months ended September 30, 2023, the Company incurred $nil (three and six months ended September 30, 2022: $nil and $5,000 respectively) for these services. The balance outstanding payable by the Company at September 30, 2023, is $nil (March 31, 2023: $nil).

On July 7, 2022, the Company executed an unsecured Loan Agreement with affiliates of Fairfax Financial Holdings Limited that also collectively own 19.99% of the Company's common shares. Pursuant to the Loan Agreement, the Company is permitted to draw, on a non-revolving basis, up to $10 million of loans until July 7, 2027 for terms to maturity ending on July 7, 2027, at an interest rate of 5.0% that can be paid by the Company in cash or in kind. A standby fee of 0.5% per annum is charged by Fairfax on the unused portion of the term loan facility, and the fee is recorded within the interest expense on the interim consolidated statement of income (loss) and comprehensive income (loss) in the amount of $25,000 (six months ended September 30, 2022: $nil).

The Loan Agreement ranks junior to the senior secured credit facilities provided by the Company's bank, but are guaranteed on an unsecured basis by the subsidiary of the Company.

Pursuant to the Loan Agreement, the Company's consolidated senior indebtedness (excluding drawings under the Term Loan and net of permitted cash balances) shall not exceed 3.5 times Adjusted EBITDA (as defined in the Loan Agreement) on a rolling four quarter basis. In addition, further drawings under the Loan Agreement are conditional on the Company's existing Chief Executive Officer being involved in the day-to-day operations of the Company. To date, there have not been any drawings advanced under the Loan Agreement.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration of Directors and Officers was as follows:

		For the six-month period ended		
Directors and Officers Remuneration		**Sep 30, 2023**		**Sep 30, 2022**
Salaries, short term employee benefits	$	265,385	$	288,498
Bonus		269,833		-
Director fees		100,000		90,011
Share based payments		(38,313)		19,939
	$	596,905	$	398,448

Share based payments incurred during the six months ended September 30, 2023, include a reversal of a prior stock based compensation due to cancellation of awards to related party.

Directors are eligible for an annual allowance of $5,000 towards security services from the Company.

Effective July 7, 2022, the Company's largest shareholder provided an unsecured $10 million term loan facility to the Company (Note 14), but no drawings have been made under that facility. That shareholder appointed a Director to the Company's Board of Directors as of July 18, 2022.

22. REORGANIZATION AND ACQUISITION COSTS

The Company incurred reorganization and acquisition costs in the amount in continuing operations of $249,511 and $nil in discontinued operations for the three months ended September 30, 2023 (three months ended September 30, 2021: $355,440 continuing operations, $nil discontinued operations), and in the amount in continuing operations of $396,074 and $nil in discontinued operations for the six months ended September 30, 2022 (six months ended September 30, 2022: $1,327,507 continuing operations, $22,636 discontinued operations). These costs incurred during the six months ended September 30, 2023 included $248,624 software development and consulting fees and $147,451 legal and consulting fees related to NSSG acquisition. During the six months ended September 30, 2022 reorganization and acquisition costs included $315,729 of bank and legal fees related to the terminated prior credit agreement dated June 30, 2021, $(206,744) transactions costs related to prior year moved to gain on sale of subsidiary, and $1,218,522 of professional fees paid to consultants, financial and legal advisors, fees related to business amalgamations, rebranding and reorganization expenses including severance expense.

23. SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing their performance. The Company's chief operating decision maker is the Chief Executive Officer. Prior to June 1, 2022, the Company operated in two reportable segments described below and accounted for intersegment sales as if they were to external customers.

With the sale of Logixx Security on June 1, 2022, Logixx Security is treated as a discontinued operation. Logixx Security provides security services for enterprise customers across Canada. Services include protective services (also known as guarding) as well as security system design, sales, installations, and monitoring and alarm response.

Avante Security provides premium security services for residential customers in Toronto and Muskoka, Ontario through the use of advanced technology and a focus on client service. Avante Security's business provides a complete offering ranging from system design, sales, installations, and monitoring to services such as alarm response and patrols, personal protection, house staff training, and secure transportation.

Segment statements of income (loss) and comprehensive income (loss) for the three months ending September 30, 2023 are included below:

	For the three-month period ended September 30, 2023			
	Avante Security	Corporate	Intersegment eliminations	Total
Revenues	$ 5,338,726	$ -	-	$ 5,338,726
Cost of sales	3,221,413	-	-	3,221,413
Gross profit	2,117,313	-	-	2,117,313
Operating expenses				
Salaries, benefits and commissions	685,645	423,674	-	1,109,319
Administration	832,468	(146,477)	-	685,991
Depreciation on capital assets	152,736	46,432	-	199,168
Amortization on intangible assets	-	117,304	-	117,304
Merchant transaction fees and bank charges	84,061	4,216	-	88,277
Share based payments	-	99,836	-	99,836
	1,754,910	544,985	-	2,299,895
Income (loss) before other income and expenses	362,403	(544,985)	-	(182,582)
Other (income) expenses				
Miscellaneous (income) expense	(596)	(81,577)	-	(82,173)
Interest expense	39,823	25,036	-	64,859
Foreign exchange (gain) loss	6,995	-	-	6,995
Total other (income) expenses	46,222	(56,541)	-	(10,319)
Income (loss) before reorganization, and acquisition costs	316,181	(488,444)	-	(172,263)
Reorganization and acquisition costs	93,774	155,737	-	249,511
Income (loss) before income taxes	222,407	(644,181)	-	(421,774)
Provision for income taxes				
Deferred income tax expense (recovery)	(31,143)	5,567	-	(25,576)
	(31,143)	5,567	-	(25,576)
Net income (loss) for the year from continuing operations	253,550	(649,748)	-	(396,198)
Total comprehensive income (loss) from continuing operations for the period	**$ 253,550**	**$ (649,748)**	**$ -**	**$ (396,198)**

23. SEGMENT REPORTING (CONTINUED)

Segment statements of income (loss) and comprehensive income (loss) for the comparative three months ending September 30, 2022 are included below:

	For the three-month ended September 30, 2022			
	Avante Security	**Corporate**	**Intersegment eliminations**	**Total**
Revenues	$ 4,934,349	$ -	-	$ 4,934,349
Cost of sales	3,012,995		-	3,012,995
Gross profit	1,921,354	-	-	1,921,354
Operating expenses				
Salaries, benefits and commissions	432,965	290,603	-	723,568
Administration	650,477	285,813	-	936,290
Depreciation on capital assets	168,780	16,551	-	185,331
Amortization on intangible assets	-	88,554	-	88,554
Merchant transaction fees and bank charges	69,592	5,262	-	74,854
Share based payments	-	(80,093)	-	(80,093)
	1,321,814	606,690	-	1,928,504
Income (loss) before other income and expenses	599,540	(606,690)		(7,150)
Other (income) expenses				
Miscellaneous (income) expense	46,842	(81,303)	-	(34,461)
Interest expense	26,695	51,540	-	78,235
Foreign exchange (gain) loss	1,242	-	-	1,242
Loss in fair value of derivative liability	-	-	-	-
Total Other (income) expenses	74,779	(29,763)	-	45,016
Income (loss) before reorganization, and acquisition costs	524,761	(576,927)	-	(52,166)
Reorganization and acquisition costs	55,690	299,750	-	355,440
Income (loss) before income taxes	469,071	(876,677)	-	(407,606)
Provision for income taxes				
Current income tax expense (recovery)	-	-	-	-
Deferred income tax expense (recovery)	59,077	(40,000)	-	19,077
Net Income (loss) for the period	409,994	(836,677)	-	(426,683)
Total comprehensive income (loss) from continuing operations for the period	**$ 409,994**	**$ (836,677)**	**$ -**	**$ (426,683)**

23. SEGMENT REPORTING (CONTINUED)

Segment statements of loss and comprehensive loss for the six-month period ending September 30, 2023 are included below:

	For the six-month period ended September 30, 2023			
	Avante Security	**Corporate**	**Intersegment eliminations**	**Total**
Revenues	$ 10,749,166	$ -	$ -	$ 10,749,166
Cost of sales	6,592,912		-	6,592,912
Gross profit	4,156,254	-	-	4,156,254
Operating expenses				
Salaries, benefits and commissions	1,173,326	814,865	-	1,988,191
Administration	1,708,123	(257,611)	-	1,450,512
Depreciation on capital assets	371,462	29,286	-	400,748
Amortization on intangible assets	-	234,608	-	234,608
Merchant transaction fees and bank charges	170,644	8,420	-	179,064
Share based payments	-	(27,763)	-	(27,763)
	3,423,555	801,805	-	4,225,360
Income (loss) before other income and expenses	732,699	(801,805)	-	(69,106)
Other (income) expenses				
Miscellaneous (income) expense	(104,661)	(183,020)	-	(287,681)
Interest expense	85,613	34,978	-	120,591
Foreign exchange (gain) loss	11,867	-	-	11,867
Total other (income) expenses	(7,181)	(148,042)	-	(155,223)
Income (loss) before reorganization, and acquisition costs	739,880	(653,763)	-	86,117
Reorganization and acquisition costs	220,094	175,980	-	396,074
Income (loss) before income taxes	519,786	(829,743)	-	(309,957)
Provision for income taxes				
Deferred income tax expense (recovery)	6,059	-	-	6,059
	6,059	-	-	6,059
Net income (loss) for the year from continuing operations	**$ 513,727**	**$ (829,743)**	**$ -**	**$ (316,016)**
Total comprehensive income (loss) from continuing operations for the period	**$ 513,727**	**$ (829,743)**	**$ -**	**$ (316,016)**

23. SEGMENT REPORTING (CONTINUED)

Segment statements of income (loss) and comprehensive income (loss) for the comparative six months ending September 30, 2022 are included below:

	For the six-month ended September 30, 2022			
	Avante Security	**Corporate**	**Intersegment eliminations**	**Total**
Revenues	$ 9,503,084	$ -	$ (970)	$ 9,502,114
Cost of sales	5,661,412		(75,604)	5,585,808
Gross profit	3,841,672	-	74,634	3,916,306
Operating expenses				-
Salaries, benefits and commissions	902,722	730,322	-	1,633,044
Administration	1,353,902	214,322	-	1,568,224
Depreciation on capital assets	303,640	38,568	-	342,208
Amortization on intangible assets	-	177,109	-	177,109
Merchant transaction fees and bank charges	140,284	19,089	-	159,373
Share based payments	-	(688,910)	-	(688,910)
	2,700,548	490,500	-	3,191,048
Income (loss) before other income and expenses	1,141,124	(490,500)	74,634	725,258
Other (income) expenses				-
Miscellaneous (income) expense	(40,792)	(106,891)	-	(147,683)
Interest expense	49,752	101,748	-	151,500
Foreign exchange (gain) loss	3,028	6	-	3,034
Loss in fair value of derivative liability	-	-	-	-
Total Other (income) expenses	11,988	(5,137)	-	6,851
				-
Income (loss) before reorganization, and acquisition costs	1,129,136	(485,363)	74,634	718,407
				-
Reorganization and acquisition costs	55,690	1,271,817	-	1,327,507
				-
Income (loss) before income taxes	1,073,446	(1,757,180)	74,634	(609,100)
Provision for income taxes				-
Current income tax expense (recovery)	-	-	-	-
Deferred income tax expense (recovery)	132,170	(85,006)	-	47,164
Net Income (loss) for the period	941,276	(1,672,174)	74,634	(656,264)
Total comprehensive income (loss) from continuing operations for the period	**$ 941,276**	**$ (1,672,174)**	**$ 74,634**	**$ (656,264)**

23. SEGMENT REPORTING (CONTINUED)

Segment assets and liabilities as at September 30, 2023 and March 31, 2023 are as follows:

Segment assets are as follow:	**Avante Security**	**Corporate**	**Total**
As at March 31, 2023	$ 6,729,083	$ 18,854,247	$ 25,583,330
As at Sep 30, 2023	$ 6,622,208	$ 16,436,450	$ 23,058,658
Segment liabilities are as follow:			
As at March 31, 2023	$ 5,851,933	$ 2,950,307	$ 8,802,240
As at Sep 30, 2023	$ 4,845,205	$ 1,500,118	$ 6,345,323

24. DISCONTINUED OPERATIONS

Logixx Security:

On March 30, 2022, the Company entered into a definitive share purchase agreement (the "SPA") with SSC Security Services Corp. ("SSC") pursuant to which SSC agreed to acquire all of the Company's ownership interest in Logixx Security. Under the terms of the SPA, the Company would receive $23,950,000 in cash including repayment of intercompany loans of $7,802,074 less reimbursement of SSC's costs related to a prior transaction agreement of $750,000 plus or minus closing working capital compared to an agreed minimum threshold. On June 1, 2022, the Company sold Logixx Security to SSC under the SPA and received $23,733,248, net of the expense reimbursement and estimated working capital surplus. In addition, after approximately 90 days following the closing date, the Company will receive the benefit of Logixx Security's collected accounts receivable since closing that was older than 90 days old as of closing, net of a 5% collection fee payable to SSC, and the parties will settle any surplus or deficiency between the closing working capital balance estimated before closing versus the final closing working capital amount.

Gross cash proceeds of sale	$ 23,733,248
Estimated working capital adjustment	579,764
SSC break fee	750,000
Total consideration	25,063,012
Less:	
Intercompany loans payment	7,802,075
Transaction costs	428,444
Net proceeds of sale	**16,832,493**
Assets	
Total current assets	17,979,906
Total non-current assets	12,141,531
Total assets	**30,121,437**
Liabilities	
Total current liabilities	15,559,895
Total non-current liabilities	1,233,822
Total liabilities	**16,793,717**
Total net assets	13,327,720
Gain on disposal, before tax	**$ 3,504,773**

The gain or loss on the sale of Logixx Security will be finalized when the purchaser and the Company determine the final post closing adjustments to the purchase price, which is expected to occur during September to October 2023. Based on information available at this time, the Company does not expect the gain on disposal to be subject to tax.

24. DISCONTINUED OPERATIONS (CONTINUED)

Logixx Security financial results during the three months ended June 30, 2022 were as follows:

	For the three-month period ended
	June 30, 2022
	Unaudited
Revenues from discontinued operations	$ 12,278,154
Cost of sales	10,549,156
Gross profit	1,728,998
Operating expenses	
Salaries, benefits and commissions	740,714
Administration	458,029
Depreciation on capital assets	143,028
Amortization on intangible assets	81,290
Merchant transaction fees and bank charges	7,353
	1,430,414
Income (loss) before other income and expenses	298,584
Other (income) expenses	
Miscellaneous (income) expense	28,867
Interest expense	10,983
Foreign exchange (gain) loss	6,716
Total Other (income) expenses	46,566
Income (loss) before reorganization, and acquisition costs	252,018
Reorganization and acquisition costs	22,636
Income (loss) before income taxes	229,382
Provision for income taxes	
Current income tax expense (recovery)	-
Deferred income tax expense (recovery)	-
	-
Net income from discontinued operations for the period	229,382
Gain/Loss on disposal	3,504,773
Net income from discontinued operations	3,734,155

25. CONTINGENCIES

From time to time, the Company may become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees and vendors of businesses acquired by the Company. Depending on the nature or duration of any potential proceedings or claims, the Company may incur substantial costs and expenses, be required to devote significant management time and resources to the matters and suffer adverse judgements or outcomes in respect of these claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in the Company's consolidated financial statements, the Company does not believe that any of the claims to which the Company is currently a party will have a material adverse effect on the Company's profitability or financial condition; however, the Company cannot provide any assurance to that effect.

26. SUBSEQUENT EVENTS

On October 1, 2023 Avante Corp., via its subsidiary Avante International Inc., acquired a 55% stake in North Star Support Group S.R.L. (“NSSG”), a globally esteemed risk management and security company. The comprehensive purchase cost amounted to $1,871,500, with payment structured as a blend of $1,728,000 in cash and the issuance of 154,301 common shares in the Company. NSSG will be consolidated with effect from October 1, 2023.

The acquisition was undertaken to strengthen the Group's presence in the global security market by utilizing NSSG's worldwide client base for cross-selling its services and technology to NSSG's Fortune 500 clients.

As part of the transaction, Avante Corp. entered into a shareholder’s agreement with respect to NSSG and a loan agreement with NSSG. Pursuant to the loan agreement, Avante will, indirectly through the Purchaser, advance to NSSG a loan in principal amount of up to $1,440,000 for a term of 4 years, bearing interest at a rate equal to the Bank of Canada Prime Rate plus 1%, and repayable in 8 quarterly equal repayments starting on the date that is 24 months after the date of each drawdown under the loan.