CAREBOOK TECHNOLOGIES INC.

Audited Annual Consolidated Financial Statements

December 31, 2021 and 2020

CAREBOOK TECHNOLOGIES INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Index to the Annual Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders and the Board of Directors of Carebook Technologies Inc.

Opinion

We have audited the consolidated financial statements of Carebook Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholder's equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Company has incurred significant operating losses and negative cash flow from operations, resulting in an accumulated deficit of $46.5 million as at December 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by $10.2 million. As stated in Note 2.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

/s/ Deloitte LLP[1]

Montreal, Quebec

May 1st, 2022

---

[1] CPA auditor, CA, public accountancy permit No. A118581

CAREBOOK TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2021 and 2020
Audited (Expressed in $000s CAD, except for number of shares and per share amounts)

	Note		December 31, 2021		December 31, 2020
REVENUE	4	$	5,735	$	3,530
				$	-
Cost of revenue		$	613	$	291
Gross profit		**$**	**5,122**	**$**	**3,239**
				$	-
EXPENSES				$	-
Sales and marketing	5	$	2,023	$	1,937
Research and development	5	$	7,560	$	4,853
General and administrative	5	$	5,864	$	3,921
Loss from operations		**$**	**(10,325)**	**$**	**(7,472)**
Net unrealized (gains) losses on derivatives at FVPL	16	$	-	$	(1,110)
Transaction costs	6	$	340	$	1,457
Reverse acquisition costs	20	$	-	$	2,523
M&A costs	6	$	551	$	102
Finance costs	2	$	733	$	449
Change in fair value of warrants	15	$	569	$	-
Impairment	11	$	7,170	$	-
Net loss before taxes		**$**	**(19,688)**	**$**	**(10,893)**
Income tax expense (gain)	7	**$**	**(399)**	**$**	**-**
Net loss		**$**	**(19,289)**	**$**	**(10,893)**
Total comprehensive loss		**$**	**(19,289)**	**$**	**(10,893)**
Weighted average number of basic and diluted common shares			38,904,801		23,945,749
Basic and diluted loss per share		$	(0.50)	$	(0.45)

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

CAREBOOK TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2021 and December 31, 2020
Audited (Expressed in $000s CAD)

	Note		December 31, 2021		December 31, 2020
ASSETS					
Current Assets					
Cash and cash equivalents	8	$	1,455	$	3,628
Trade and other receivables	9	$	1,376	$	245
Prepaid expenses		$	307	$	111
Deferred financing costs	14	$	118	$	-
Total current assets		**$**	**3,256**	**$**	**3,984**
Non-Current Assets					
Property and equipment, net	10	$	389	$	372
Right-of-use assets	13	$	549	$	466
Goodwill	3, 11	$	11,111	$	4,370
Intangible assets	11	$	10,135	$	-
Deferred tax assets	7	$	153	$	-
Total non-current assets		**$**	**22,337**	**$**	**5,208**
Total Assets		**$**	**25,593**	**$**	**9,192**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	12	$	4,227	$	1,313
Contract liabilities	4	$	2,112	$	298
Current portion of lease liabilities	13	$	102	$	66
Revolving Facility	14	$	3,000	$	-
Term Loan Facility	14	$	4,000	$	-
Tax liabilities	7	$	15	$	-
Total current liabilities		**$**	**13,456**	**$**	**1,677**
Non-Current Liabilities					
Non-current portion of holdbacks payable		$	456	$	-
Non-current portion of contingent consideration		$	801	$	-
Lease liabilities	13	$	721	$	675
Loan Agreements	14	$	1,000	$	-
Deferred tax liabilities	7	$	2,746	$	-
Total non-current liabilities		**$**	**5,724**	**$**	**675**
SHAREHOLDERS' EQUITY					
Share capital	15	$	39,067	$	23,660
Contributed surplus	15	$	9,228	$	7,987
Warrants reserve	15	$	4,635	$	2,421
Accumulated deficit	15	$	(46,517)	$	(27,228)
Total shareholders' equity		**$**	**6,413**	**$**	**6,840**
Total Liabilities and Shareholders' Equity		**$**	**25,593**	**$**	**9,192**

Approved by the Board of Directors on May 1, 2022:

(s) Josh Blair ________________________ Director

(s) Stuart M. Elman ________________________ Director

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

Audited (Expressed in $000s CAD, except for number of shares)

	Note	Share capital		Warrants reserve	Contributed surplus	Accumulated deficit	Total shareholders' equity (deficit)
		#	$	$	$	$	$
At January 1, 2020		**21,667,081**	**$ 8,116**	**$ -**	**$ 5,240**	**$ (16,337)**	**$ (2,981)**
Issuance of common shares		321,187	$ 650	$ -	$ -	$ -	$ 650
Exchange of preferred shares for common shares		900,000	$ -	$ -	$ -	$ -	$ -
Private placement	20	8,400,000	$ 18,992	$ 2,008	$ -	$ -	$ 21,000
Broker warrants related to the private placement	20	-	$ (492)	$ 492	$ -	$ -	$ -
Secondary	20	(2,132,000)	$ (5,330)	$ -	$ -	$ -	$ (5,330)
Share issuance costs in relation to private placement	20	-	$ (1,294)	$ (137)	$ -	$ -	$ (1,431)
Reverse takeover transaction	20	1,294,361	$ 2,912	$ 58	$ -	$ -	$ 2,970
Stock-based compensation	15	71,450	$ 106	$ -	$ 2,747	$ -	$ 2,853
Net loss from operations		-	$ -	$ -	$ -	$ (10,893)	$ (10,893)
At December 31, 2020		**30,522,079**	**$ 23,660**	**$ 2,421**	**$ 7,987**	**$ (27,228)**	**$ 6,840**
At January 1, 2021		**30,522,098**	**$ 23,660**	**$ 2,421**	**$ 7,987**	**$ (27,228)**	**$ 6,840**
Issuance of shares to InfoTech	3	4,132,232	$ 4,918	$ -	$ -	$ -	$ 4,918
Issuance of shares to CoreHealth	3	1,509,207	$ 1,570	$ -	$ -	$ -	$ 1,570
Issuance of shares from Offering	23	11,280,000	$ 11,280	$ -	$ -	$ -	$ 11,280
Share Issuance Costs	15		$ (852)	$ -	$ -	$ -	$ (852)
Lender Warrants	15		$ -	$ 136	$ -	$ -	$ 136
Offering Broker Warrants	15, 23		$ (247)	$ 247	$ -	$ -	$ -
Offering Warrants	15, 23		$ (1,427)	$ 1,427	$ -	$ -	$ -
Exercising of Replacement Principal Warrants	15	308,819	$ 165	$ (165)	$ -	$ -	$ -
Extension of life on Principal Replacement Warrants	15		$ -	$ 569	$ -	$ -	$ 569
Stock-based compensation	15		$ -	$ -	$ 1,241	$ -	$ 1,241
Settlement of CoreHealth shareholders' loan			$ -	$ -	$ -	$ -	$ -
Net loss from operations			$ -	$ -	$ -	$ (19,289)	$ (19,289)
At December 31, 2021		**47,752,356**	**$ 39,067**	**$ 4,635**	**$ 9,228**	**$ (46,517)**	**$ 6,413**

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

CAREBOOK TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWs
For the years ended December 31, 2021 and 2020
Audited (Expressed in $000s CAD)

	Note		December 31, 2021		December 31, 2020
Cash flows from (used in) operating activities					
Net loss		$	(19,289)	$	(10,893)
Adjustments for non-cash items:					
Income tax	7	$	(399)	$	-
Stock based compensation	15	$	1,241	$	2,747
Change in the fair value of warrants	15	$	569	$	2,421
Depreciation	10	$	114	$	408
Amortization of intangible assets	11	$	1,018	$	-
Amortization of deferred financing costs		$	189	$	-
Gain (loss) on embedded derivative		$	-	$	(1,110)
Accretion of long-term debt		$	-	$	59
Accretion of lease liability		$	-	$	6
Interest expense		$	733	$	361
Impairment	11	$	7,170	$	-
Changes in non-working capital items:					
Trade and other receivables	9	$	(1,131)	$	(232)
Prepaid expenses		$	(196)	$	(53)
Accounts payable and accrued liabilities	12	$	905	$	975
Contract liabilities	4	$	1,814	$	(36)
Net cash from (used in) operating activities		**$**	**(7,262)**	**$**	**(5,346)**
Cash flows from (used in) investing activities					
Purchases of property and equipment	10	$	(131)	$	(56)
Addition of intangible assets	11	$	(43)	$	-
Acquisition of InfoTech	3	$	(7,899)	$	-
Acquisition of CoreHealth	3	$	(4,143)	$	-
Net cash from (used in) investing activities		**$**	**(12,216)**	**$**	**(56)**
Cash flows from (used in) financing activities					
Issuance (repayment) of advances due to related parties		$	-	$	(850)
Issuance of shares	3, 15	$	11,280	$	22,168
Share issuance costs		$	(851)	$	(1,294)
Secondary repayment	15, 23	$	-	$	(5,330)
Payments of principal on lease liabilities		$	(84)	$	(7)
Lease inducements and prepayments, net		$	-	$	(48)
Interest paid		$	(733)	$	(726)
Issuance (repayment) of Revolving Facility	14	$	3,000	$	-
Issuance (repayment) of Term Loan Facility	14	$	4,000	$	-
Issuance (repayment) of Loan Agreements	14	$	1,000	$	-
Deferred financing costs	14	$	(307)	$	-
Issuance (repayment) of Term Note	14	$	-	$	(2,500)
Issuance (repayment) of Convertible Debt	14	$	-	$	(2,500)
Net cash from (used in) financing activities		**$**	**17,305**	**$**	**8,913**
Net increase (decrease) in cash and cash equivalents		$	(2,173)	$	3,511
Cash and cash equivalents - beginning of period		$	3,628	$	117
Cash and cash equivalents - end of period		**$**	**1,455**	**$**	**3,628**

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

Note 1 - General Information

Carebook Technologies Inc. (the "Company" or "Carebook") was incorporated on July 11, 2018 under the *Business Corporations Act (British Columbia)* ("BCBCA") under the name Pike Mountain Minerals Inc. ("Pike").

On October 1, 2020, the Company (then known as Pike), together with its wholly-owned subsidiary 12235978 Canada Ltd. ("Subco"), concluded a three-cornered amalgamation with Carebook Technologies (2020) Inc., formerly known as Carebook Technologies Inc. ("Carebook 2020"), to complete an arm's length reverse takeover transaction (the "RTO"). In connection with the closing of the RTO on October 1, 2020 (described in Note 20 - Reverse Takeover Transaction), the Company changed its name to "Carebook Technologies Inc."

For accounting purposes, it has been determined that Pike was the accounting acquiree and Carebook 2020 was the accounting acquirer since the former shareholders of Carebook 2020 now control the Company, based on the guidance of IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer (See Note 20 - Reverse Takeover Transaction).

These consolidated financial statements are prepared as a continuation of the financial statements of Carebook 2020, but reflecting the continuation of the equity instruments of Pike as a result of the RTO. As a result, comparative information included herein from the year ended December 31, 2020 is solely that of Carebook 2020. For simplicity, transactions undertaken by Carebook 2020, during the first three quarters of 2020, are referred to as being undertaken by the Company. Also for simplicity, for all periods prior to October 1, 2020, references to the Company are references to Carebook 2020, unless the context requires otherwise.

On April 6, 2021, the Company acquired 100% of the shares of InfoTech Inc. ("InfoTech"). InfoTech was incorporated in 1984. On August 6, 2021 the Company acquired 100% of the shares of CoreHealth Technologies Inc. ("CoreHealth"), which was incorporated in 2004.

The registered and executive office of the Company is 1400-2045 rue Stanley, Montréal, Québec, Canada, H3A 2V4.

The principal activities of the Company consist of the development and commercialization of a complete end-to-end digital health platform that features assessment, reporting, and targeted solutions offered through an array of selected partners and resellers, and its primary customers are large employers across a variety of industries.

The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol CRBK, on the OTC Markets under the symbol CRBKF, and on the Open Market of the Frankfurt Stock Exchange under the symbol PMM1.

Note 2 – Summary of Significant Accounting Policies

2.1 Basis of presentation and going concern

Basis of presentation

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company operates in a single reporting segment. Prior to the acquisitions of InfoTech and CoreHealth, all revenues were generated in Canada. During the year, the Company generated revenue primarily in the United States and Canada, with some revenue generated in Europe, Latin America and Asia. All non-current assets are held in Canada.

The Company's Board of Directors approved these annual consolidated financial statements on May 1, 2022. These annual consolidated financial statements have been prepared in accordance with the following significant accounting policies that have been applied consistently to all the periods presented.

Basis of consolidation

The Company consolidates all controlled subsidiaries. These annual consolidated financial statements include the accounts of Carebook Technologies Inc. and its wholly-owned subsidiaries, Carebook Technologies (US), Inc., InfoTech Inc., and CoreHealth Technologies Inc. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances are eliminated upon consolidation.

Functional and presentation currency

The functional currency of the Company is the Canadian dollar. All figures are presented in thousands of Canadian dollars ("$000s CAD") unless they refer to share or per share figures, including other securities, such as warrants and options, which are also not presented in $000s, or it is otherwise specified.

Going concern

The annual consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

During 2018, the Company signed a five-year software development contract with a major client. In addition to this agreement, licensing and other revenue streams have been acquired. Despite the addition of InfoTech and CoreHealth's client base and revenue, there is no guarantee that future revenue will generate sufficient income to offset operating expenses of the Company.

In March 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic. In response to the WHO declaration and continuing spread of COVID-19, several social distancing measures were taken by the Company and third parties including governments, regulatory authorities, businesses, and customers that could negatively impact the Company's operations and financial results in future periods. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with future operating assumptions and expectations as compared to prior periods.

The COVID-19 pandemic, including the spread of a novel strain of coronavirus occurred in 2021, has resulted in no negative impact on the Company's existing revenue. However, the broad economic slowdown due to COVID-19 has impacted the Company's business development and global expansion initiatives. While the Company remains in active conversations with potential clients globally, the travel restrictions, cancelled trade shows/conferences, and other impacts of COVID-19 have slowed the

Company's sales activities. Additionally, potential clients have lengthened their sales cycle, as they focus on dealing with COVID-19.

As at December 31, 2021, the Company's current liabilities exceeded its current assets by $10,200. The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $46,517 as at December 31, 2021 ($27,228 at December 31, 2020). To date, the Company has incurred significant costs relating to the development of its technology and service offerings, recruitment of key personnel, and establishing a market for the Company's services. The Company expects to incur further losses in the development of its business in the near-term and given the funds required for its monthly burn rate, as well as other obligations related to the acquisitions (see Note 3 Business Combination), the Company's working capital may be insufficient to meet its obligations. Therefore, the Company must rely on debt and equity financing to finance its operations, meet its working capital needs, service the repayment of debt and fund its growth initiatives, including its mergers and acquisitions ("M&A").

The going concern expectation is based on certain assumptions and estimates such as the ability of the Company to generate revenue from current and prospective customers, meet general and administrative expense requirements, and the ability of the Company to raise capital through equity issuances or debt financing.

While the Company has been successful in securing debt financing in the past as described in Note 14 - Borrowings, raised equity financing in October 2020 as described in Note 20 – Reverse Takeover Transaction, secured credit facilities in April 2021 as described in Note 14 - Borrowings, successfully completed a private placement offering in August 2021 as described in Note 23 - The Offering, secured additional debt financing in December 2021 as described in Note 14 - Borrowings, and announced a new equity financing in April 2022 as described in Note 24 – Subsequent Events, the Company's ability to successfully raise additional funds is dependent on several factors outside the Company's control and largely unknown particularly due to the state of the global economy as a result of the COVID-19 pandemic. As such, there can be no assurance that these initiatives will be successful or sufficient. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management evaluates alternatives to secure additional financing so that the Company can continue to operate as a going concern.

Furthermore, management received confirmation of certain approved financing, grants and subsidies during 2020 and 2021, and continues to evaluate the Company's eligibility with respect to the programs made available by the Canadian and provincial governments. The Company expects that these programs will provide additional sources of cash flow to the Company. There is no guarantee however that the Company will receive additional government funds under the programs that the Company is currently evaluating.

Additionally, other actions were taken by management as part of the cash outflows reductions strategy. On November 1, 2021, the Company announced certain cost reduction initiatives. The cost reductions included a staff restructuring, which resulted in the temporary layoff of 23 employees. As at the date hereof, 6 employees were recalled, 7 resigned and 10 were terminated by the end of the recall period. As of December 31, 2021, total estimated staff restructuring costs for the employees terminated in 2021 and for the remaining employees in temporary layoff is $252. These costs are expected to be fully incurred over the next 6 months.

These annual consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and statement of financial position classifications that would be necessary if the going concern assumption was determined to be inappropriate. These adjustments could be material.

2.2 New and amended IFRS standards and interpretations

Effective for the current year ending December 31, 2021

The following revised standards are effective for annual periods beginning on January 1, 2021, and have been adopted in the current period:

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform Phases 1 and 2

In September 2019, the IASB amended some of its requirements to address the uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORS"). The amendments issued focused on the accounting effects of uncertainty in the period leading up to the reform. The amendments impact IFRS 9 Financial instruments, IAS 39 Financial instruments: Recognition and measurement and IFRS 7 Financial instruments: Disclosures. The Company adopted these amendments on January 1, 2020 and determined there was no impact on its annual consolidated financial statements.

In August 2020, the IASB issued amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The Company adopted these amendments on January 1, 2021, and determined there was no impact on its annual consolidated financial statements.

Impact of the initial application of COVID-19-Related Rent Concessions beyond June 30, 2021— Amendment to IFRS 16

In May 2020, the IASB issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. In March 2021, the IASB issued COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022. The Company has evaluated the impact of this standard and determined that there will be no impact on its financial statements upon adoption.

New and revised IFRS Standards in issue but not effective as at December 31, 2021

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after

January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company anticipates that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify 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, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards, three of which will apply to the Company:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2

Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the guidance on implementing IAS 8, which accompanies the standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:

    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

2.3 Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated for balance sheet accounts using exchange rates in effect as at each balance sheet date and for revenue and expense accounts using an average exchange rate each month during the year. Non-monetary assets and liabilities are translated at historical exchange rates. Foreign exchange gains or losses that relate to these commercial transactions are included in the consolidated statements of loss and comprehensive loss based on the type of transaction. Currently, the Company does not engage in derivative contracts to mitigate its foreign exchange risk.

Revenue recognition

Contracts with the Company's customers generally represent software licenses and related software development.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company accounts for a contract or a group of contracts when the following criteria are met: the parties to the contract have approved the contract in which their rights, their obligations and the payment terms have been identified, the contract has commercial substance, and the collectability of the consideration is probable.

A contract modification is a change in the scope or price of an existing revenue-generating customer contract. The Company accounts for a contract modification as a separate contract when the scope of the contract increases because of the addition of promised performance obligations and the price of the contract increases by an amount of consideration that reflects its standalone selling prices. When the contract is not accounted for as a separate contract, the Company recognizes an adjustment to revenue on the existing contract on a cumulative catch-up basis as at the date of the contract modification or, if the remaining goods and services are distinct, the Company recognizes the remaining consideration prospectively.

Revenue is recognized when or as the Company satisfies a performance obligation by transferring a promise of good or service to the customer and is measured at the amount of consideration the Company expects to be entitled to receive, including variable consideration, such as, discounts, volume rebates, service-level penalties, and incentives. Variable consideration is estimated using either the expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur. In making this judgment, management will mostly consider all information available at the time (historical, current, and forecasted), the Company's knowledge of the client or the industry, the type of services to be delivered and the specific contractual terms of each arrangement.

If an arrangement involves the provision of multiple performance obligations, the total arrangement value is allocated to each performance obligation based on its relative stand-alone selling price. When estimating the stand-alone selling price of each performance obligation, the Company—whenever possible—identifies and uses observable prices, which are established using the Company's prices for the same or similar deliverables. When observable prices are not available, the Company estimates stand-alone selling prices based on its best estimate. The best estimate of the stand-alone selling price is the price at which the Company would normally expect to offer the services or products and is established by considering a number of internal and external factors including, but not limited to, geographies, the Company's pricing policies, internal costs, and margins. Additionally, in certain circumstances, the Company may apply the residual approach when estimating the stand-alone price of software license products and development services, for which the Company has not yet established a market price or has not previously sold on a standalone basis.

Performance obligations in the Company's contracts generally consist of licensing of software as a service provided to customers and long-term software development activities. Revenue is recognized over time for annual software licenses and development services, as customers simultaneously receive and consume the benefits as the Company performs, the customer controls the service as it is created or enhanced, and the Company has an enforceable right to payment for performance completed to date. For a certain development arrangement, the Company primarily uses budgeted costs, primarily directly related labour costs or labour hours, to measure the progress towards completion. This method relies on estimates of total expected costs to complete the service, which are compared to costs incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Factors considered in the estimates include changes in scope of the contracts, delays in reaching milestones, complexities in project delivery, availability and retention of qualified information technology professionals, and/or the ability of the subcontractors to perform their obligation within agreed upon budget and timeframes. Management regularly reviews underlying estimates of total expected costs.

There is not a significant length of time between invoicing and when payment is due; hence, none of the Company's contracts contained terms that would result in the existence of a significant financing component. The Company's standard terms of payment for most customers are typically 30 to 60 days after invoicing, while certain development services are paid to the Company in advance of the contracted services.

Amounts received in advance of the performance of services are classified as contract liabilities. Refer to Note 4 – Revenue for details on the Company's contract liabilities.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. At the end of each reporting period, the Company revises its estimate of the number of awards expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

(Expressed in $000s CAD)

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the supplier.

Finance costs

Interest expense on short- and long-term financing is recorded at the relevant rates on the various borrowing agreements. The components of finance costs within the annual consolidated financial statements of loss and comprehensive loss for the years ended December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
Finance costs consist of the following:				
Term Note payable	$	-	$	123
Convertible Debt	$	-	$	262
Amortization of deferred financing costs	$	189	$	-
Amortization of holdbacks	$	84	$	-
Credit Facilities	$	389	$	-
Lease liabilities	$	67	$	60
PME MTL Term Loans	$	-	$	3
Other	$	4	$	1
Total finance costs	**$**	**733**	**$**	**449**

Grants and incentives

The Company is provided with certain government grants and other incentives through programs offered by the federal and provincial governments, as well as local agencies, and investment funds. The programs vary by requirements and conditions—including capital investments, minimum headcount, employee wages levels, location, and certain research and development activities, among other criteria—and incentives provided, such as cash refunds, tax abatements, and specialized funding. Depending on the nature of the programs and the form of consideration given, the Company recognizes the benefits upon compliance with the relevant program requirements and assurance of receipt. Most consideration received is netted against the applicable expense (e.g., labour and employee benefits, software development costs, etc.) in the consolidated statements of loss and comprehensive loss.

In response to the COVID-19 pandemic, certain governmental and regulatory bodies, as well as local business development funds, have provided grants and other subsidies for businesses based on meeting specific criteria and in support of particular initiatives, including maintaining employment thresholds and development within certain industries. The Company has endeavored to attain subsidies related to COVID-19 measures, as well as other business and industry incentives, for which it qualifies.

Income taxes

The Company is subject to income taxes in Canada and certain provinces therein. The Company follows the liability method of accounting for income taxes. Taxable profit differs from profit as reported in the consolidated statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Investment tax credits

The Company incurs research and development expenditures, which are eligible for investment tax credits. The recorded investment tax credits are based on management's estimates expected to be recovered and are subject to audit by taxation authorities.

Investment tax credits for research and development are reflected as a reduction in the expenses to which they relate. In September 2020, SR&ED tax credits relating to 2018 were recorded in the amount of $26. In September 2021, SR&ED tax credits relating to 2019 were accrued in the amount of $46 and the credits were received in August 2021. The amounts of expected recovery in connection with R&D activities performed in 2020 and 2021 have not been accrued as of the reporting date due to uncertainty surrounding the amounts expected to be recovered.

Property and equipment

Recognition and measurement

Property and equipment acquired by the Company are recorded at cost, which comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to the initial recognition, property and equipment are measured at cost less accumulated depreciation and impairment, if any.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the assets and are recognized within the consolidated statements of loss and comprehensive loss.

Subsequent costs

Enhancements and replacements are capitalized as additions to property and equipment only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured with reliability. Ongoing regular maintenance costs related to property and equipment are expensed as incurred.

Depreciation

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

- Leasehold improvements – The lesser of the useful life of the asset or the term of the lease;
- Furniture and office equipment – 5 years; and

- Computer equipment – 3 years.

Intangible assets

Recognition, measurement, and amortization

Expenditures related to research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the annual consolidated financial statements of loss and comprehensive loss as incurred, net of related tax credits.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Costs incurred on development projects are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete and use the intangible asset;
- There is an ability to use the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development assets are depreciated using the straight-line method over their estimated useful life of 3 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in business combination are amortized using the straight-line method over their useful life, which may be between 6 and 10 years.

Impairment tests for property and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying value of its property and equipment, including its right-of-use assets, and intangible assets with finite useful lives, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Goodwill

Recognition and measurement

Goodwill represents the excess of the consideration transferred to the previous owners over the fair value of the net identifiable assets of the acquired businesses.

Impairment tests for goodwill

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently if there is an indication of impairment. The net carrying amount of the cash-generating unit is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less cost of disposal. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

Value-in-use calculations use cash flow projections based on financial budgets approved by management and usually covering a five-year period. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The value-in-use is the sum of discounted cash flows over the projected period and the terminal value. Discount rates are determined based on the weighted-average cost of capital of the Company.

The fair value represents the price that would be received for the cash-generating unit, in an orderly transaction, from a market participant. This value is estimated on the basis of available and relevant market data or a discounted cash flow model reflecting market participant assumptions.

Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to the carrying amount of the other assets of the Company on a pro rata basis.

Financial instruments

Financial instruments are classified into several categories, as discussed below: amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL"). Only loans, receivables, investments in debt instruments and other similar assets can qualify for measurement at amortized cost or FVOCI. The critical issues in these assessments are whether:

- The objective of the entity's business model is to hold assets only to collect cash flows, or to collect cash flows and to sell (the "Business Model Test"), and
- The contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding (the "SPPI Test").

The Business Model Test may be performed at the portfolio level. If the Business Model Test is met, the designation of the instrument will generally be as amortized cost. If the SPPI test is met (as may be the case with securitization of receivables), then the asset is measured at FVOCI. The unrealized gains and losses, net of applicable income taxes, on financial assets designated as measured at FVOCI are reported in other comprehensive loss. However, interest income earned and realized gains and losses on the sale of financial assets measured at FVOCI are recorded in the net income (loss).

Impairment on financial instruments classified as amortized cost or FVOCI are determined using the expected credit loss model, which is a measure of credit risk, and considers that credit losses may be established on Day 1 of the recognition of a financial instrument asset using probability weighted outcomes. Expected credit losses are calculated by: (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events.

Financial instruments may be designated on initial recognition as FVPL if any of the following criteria are met: i) embedded derivatives that are clearly and closely related, if the host contract is measured in FVPL; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Gains and losses related to periodic revaluations of financial assets and liabilities designated as FVPL are recorded in net income (loss).

(i) Classification and measurement

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are classified either at: (a) amortized cost, (b) FVOCI, or (c) FVPL. The classification depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing the financial assets. The classification of financial assets is determined at initial recognition. Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, when the contractual right to receive the cash flows is transferred or when the contractual rights to receive the cash flows are retained but the Company assumes a contractual obligation to pay the cash flows to one or more recipients.

Long-term debt is recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Transaction costs relating to long-term debt are amortized in finance costs in the consolidated statements of loss and comprehensive loss.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statements of loss and comprehensive loss using the effective interest rate method.

Based on initial classification, financial assets and liabilities are thereafter measured at fair value or amortized cost.

The classification of financial instruments held by the Company is as follows:

- Derivatives not designated in hedge relationships that qualify for hedge accounting in accordance with IAS 39, "Financial Instruments" ("IAS 39"), are classified and subsequently measured at FVPL and measured at their fair value determined upon available market data. Profit or losses on derivatives are recorded in loss (gain) in embedded derivatives in the consolidated statements of loss and comprehensive loss.
- Cash and cash equivalents, trade and other receivables, and advance to shareholders are classified as and subsequently measured at amortized cost using the effective interest method. These financial assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows provided they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and are carried at amortized cost using the effective interest rate method, less any impairment. These assets are classified as current or non-current assets based on their maturity date.
- Accounts payable and accrued liabilities, contract liabilities, advances due to related parties, Term Note, PME MTL Term Loans, Credit Facilities and Loan Agreements are classified as and subsequently measured at amortized cost using the effective interest method.

(ii) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired and whether the credit risk on a financial asset has increased significantly since initial recognition.

(iii) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Relevant market prices are used to determine fair values where available.

(iv) Offsetting financial instruments

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

Leases

Right-of-use assets

The Company recognizes right-of-use ("ROU") assets at the commencement date of the lease. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in an index or a rate, or a change in the assessment of whether the purchase, extension or termination options will be exercised.

The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the implicit interest rate in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Company also applies the low-value asset recognition exemption to leases of assets with a value below $5. Lease payments on short-term leases and low-value asset leases are recognized as expense on a straight-line basis over the lease term.

Convertible debt

Prior to the completion of the RTO, financial instruments issued by the Company consisted of a convertible debt that could be converted to share capital based on the occurrence of certain events, and the number of shares to be issued can vary with changes in their fair value.

The liability component of the convertible debt is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is considered an embedded derivative since its economic characteristics and risks are not fixed or closely related to those of the host instrument. Embedded derivatives are treated as a separate derivative. The equity conversion options are measured at fair value as a liability with subsequent changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. Subsequent to the issuance in 2018, the Company has revalued the embedded derivative component at each reporting period in accordance with IFRS. It has since been reversed out, as the debt was repaid in full without an equity conversion.

Interest, dividends, losses, and gains relating to the financial liability are recognized in the consolidated statements of loss and comprehensive loss. Distributions to the equity holders are recognized in equity, net of any tax benefit.

Refer to Note 14 - Borrowings for more information related to the Convertible Debt.

Trade and other receivables

Recognition and measurement

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provisions for impairment.

Impairment

An impairment allowance of trade receivables is established at the time of the sales transaction based on objective evidence of lifetime expected credit losses (“ECL”), which is a probability weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive discounted at the original effective interest rate. Because ECL considers the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due. The Company employs a provision matrix based on trade receivables of similar characteristics and credit quality of the customer. The probabilities of ECL are calculated using historical experience and forecasts of future economic conditions applied to the receivables based on categories within its aging schedule. The expense (income) related to the increase (decrease) of the impairment allowance is recognized in the consolidated statements of loss and comprehensive loss, and subsequent recoveries of amounts previously written off are credited in the consolidated statements of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank accounts and on hand, short-term deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, less bank overdrafts that are repayable on demand, provided there is a right of offset.

Accounts payable and accrued liabilities

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less.

Provisions

Provisions are recorded for the best estimate of expenditures required to settle liabilities of uncertain timing or amount when management determines that a legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and such amounts can be reasonably estimated. Provisions are measured at the present value of the expected expenditures to be required to settle the obligation.

The ultimate cost to settle such liabilities is at times uncertain, and cost estimates can vary in response to many factors. The settlement of these liabilities could materially differ from recorded amounts. In addition, the expected timing of expenditures can also change. As a result, there could be significant adjustments to provisions, which could result in additional charges or recoveries affecting future financial results.

A provision for loss-making (onerous) contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Company under those contracts. The Company has considered the least net costs of exiting any loss-making contracts and has assessed the profitability (revenue net of unavoidable costs) of the contracts over their lifetime. The Company did not record any provisions for onerous contracts as at December 31, 2021 and December 31, 2020.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing net loss by the basic weighted-average number of outstanding common shares.

The Company has two categories of potential dilutive securities: stock options and common share purchase warrants. Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive. As a result of net losses incurred, all potentially dilutive securities have been excluded from the calculation of diluted loss per share because including them would be anti-dilutive; therefore, basic and diluted number of shares is the same at each reporting period. All outstanding stock options and warrants could potentially be dilutive in the future.

Related party transactions

Transactions with related parties that are executed in the normal course of operations are recorded at fair value.

Segment reporting

The Company reports segment information in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the Company's operating segments. The Company operates as a single reportable segment.

Presentation of annual consolidated financial statements

The annual consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency, and are expressed in $000s. The figures are rounded to the nearest thousand.

2.4 Significant judgments and estimates

The preparation of the Company's annual consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reporting amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at each reporting date. The outcome of these uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assessment of revenue recognition under IFRS 15

During the period, management assessed the various performance obligations present in each contract in effect and if revenue was to be recognized at a point in time or over a period of time. Judgment was used to determine the identification of those performance obligations, allocation of the transaction price to the performance obligation, and accounting for the consideration payable by the customer.

Impairment tests for property and equipment, intangible assets, and goodwill

The determination of fair value and value-in-use of the cash-generating unit depends on a number of assumptions, in particular market data, estimated future cash flows, and the discount rate. These assumptions are subject to risk and uncertainty. Any material changes in these assumptions could result in a significant change in the recoverable value of the Company's property and equipment, intangible assets, and goodwill.

Fair value of financial instruments and share-based payments

The fair value remeasurement of the derivative liability is based on numerous assumptions and estimates that may have a significant impact on the amount recognized as a financial liability. The impact of material changes in assumptions and the review of estimates is recognized in the consolidated statements of loss and comprehensive loss in the period in which the changes occur or the estimates are reviewed, as required.

Management estimates the fair value of share-based payments, using various assumptions such as the volatility, common share value, forfeiture rates and discount rates used in the Black-Scholes valuation model. These assumptions are subject to risk, variability, and uncertainty. Any material changes in these assumptions could result in a significant change in the grant date fair value of the share-based payment awards and expenses recognized.

Income taxes

Significant judgment is sometimes required in determining the accrual for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Management judgment is required to determine the extent to which deferred tax assets can be recognized. In assessing the recognition of deferred tax assets, management considers whether it is probable that the deferred tax assets will be utilized. The deferred tax assets will be ultimately utilized to the extent that sufficient taxable profits will be available in the years in which the temporary differences become deductible. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account the scheduled reversals of taxable and deductible temporary differences, past, current, and expected future performance deriving from the budget, the business plan and tax planning strategies. Deferred tax assets are not recognized in the jurisdictions where it is not probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized.

Provisions

Provisions for the following are considered on an ongoing basis: (a) legal and other potential claims; and (b) onerous contracts.

During 2020, the Company received a claim for wrongful termination from a former employee. The claim sought a severance payment, and an amount for stock options and commissions. In July 2021, the Company and the former employee reached a settlement and a severance payment of $79 has since been paid to the complainant.

As at December 31, 2021, there were no provisions for onerous contracts nor legal and other potential claims.

Any amounts for provisions represent management's best estimates of the expenditure required to settle the obligation at the date of the annual consolidated statements of financial position and will be revised each quarter until the actual liability is settled.

Useful lives of property and equipment and finite-life intangible assets

Property and equipment and finite-life intangible assets represent a significant proportion of the Company's total assets. Determining the useful lives of intangible assets requires management to exercise reasonable judgment with respect to the period over which a capital asset is expected to be available for use by the Company based on its experience with similar assets. Management reviews the estimated useful lives at each financial year end and adjusts prospectively, if appropriate.

Changes in technology or the Company's intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

Capitalization of internally generated intangible assets

Expenses incurred to build Carebook's platforms during the development phase are capitalized as an internally generated intangible asset when the criteria are met as per IAS 38. Management uses significant judgments to assess whether specific individual projects should be eligible for capitalization. Costs incurred during the research phase are expensed in the period in which they were incurred.

Share-based payments

The calculation of the fair value of stock options and warrants granted requires management to make estimates and assumptions about expected volatility, expected life, and expected forfeiture rates, which could affect the Company's results if the current estimates change.

Going concern

Determining whether there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern requires management to exercise its judgment in particular about its ability to obtain future financing and projected future cash flows and liabilities. Significant judgments related to the Company's ability to continue as a going concern are disclosed in Note 2.1.

2.5 Fair value measurement

Fair value accounting guidance establishes a framework for measuring fair value and expands disclosure about fair value measurements. The framework is intended to enable the reader of the annual consolidated financial statements to assess the inputs used to develop those measurements by establishing the hierarchy for ranking the quality and reliability of the information used to determine fair values.

The fair value hierarchy consists of three broad levels described below:

Level 1: Quoted market prices in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted market prices that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3: Inputs that are both significant to the fair value measurement and unobservable.

The classification of financial instruments held by the Company as at December 31, 2021 and 2020 is as follows:

- Derivatives not designated in hedge relationships that qualify for hedge accounting in accordance with IAS 39, "Financial Instruments" ("IAS 39"), are classified and subsequently measured at fair value through profit or loss ("FVPL") and measured at their fair value determined upon available market data. Profit or losses on derivatives are recorded in loss (gain) in embedded derivatives in the consolidated statements of loss and comprehensive loss.
- Cash and cash equivalents, trade and other receivables, and advance to shareholders are classified as and subsequently measured at amortized cost using the effective interest rate method. These financial assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows provided they give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding and are carried at amortized cost using the effective interest rate method, less any impairment. These assets are classified as current or non-current assets based on their maturity date.
- Accounts payable and accrued liabilities, contract liabilities, advances due to related parties, Term Note, PME MTL Term Loans, Credit Facilities and Loan Agreements are classified as and subsequently measured at amortized cost using the effective interest method

Refer to Note 14 - Borrowings and Note 16 - Financial Instruments for more information.

Note 3 - Business Combinations

A - InfoTech Inc.

Description of the business combination

On April 6, 2021, the Company acquired 100% of the outstanding shares of InfoTech, a global web-based service used by many Global Fortune 500 companies in over 100 countries that is translated into 26 languages. The aggregate purchase price for the acquisition is $14,000, subject to customary adjustments for working capital, debt and cash, consisting of a combination of:

- A cash payment of $9,000 (subject to customary post-closing adjustments and a $1,000 holdback to secure against potential post-closing indemnification claims); and
- Issuance at closing of $5,000 worth of common shares of the Company at a price of $1.21 per common share of the Company. This represented a total of 4,132,232 common shares of the Company.

The cash consideration for the acquisition was financed using the proceeds from the Company's $9,000 debt financing which closed on April 6, 2021. This acquisition meets the definition of a business combination under IFRS 3, Business Combinations.

The acquisition of InfoTech marked Carebook's entry into the employer vertical through the addition of the interactive health risk assessment *Wellness Checkpoint*® to the Company's offering.

(Expressed in $000s CAD)

Assets acquired and liabilities assumed as at the acquisition date

The purchase price allocation was completed during the fourth quarter of 2021. The final and preliminary allocations are presented below:

	Preliminary allocation	**Final allocation**
	$	**$**
Assets		
Current assets		
Cash and cash equivalents	765	765
Trade and other receivables	1,151	1,120
Prepaid expenses	541	541
	2,457	2,426
Non-current assets		
Property and equipment, net	62	62
Right-of-use leased assets	9	9
Identifiable intangible assets	-	4,670
Goodwill	12,983	9,674
Total	15,511	16,841
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	664	663
Contract liabilities	235	315
Current portion of lease liabilities	4	4
	903	982
Non-current liabilities		
Lease liabilities	5	5
Future income taxes	40	40
Deferred tax liabilities	-	1,244
Total	948	2,271
Identifiable net assets acquired	14,563	14,570
Less cash acquired	(765)	(765)
Fair value of net assets acquired, less cash acquired	13,798	13,805

The application of IFRS requires management to determine the fair value of the net assets acquired and liabilities assumed (with certain exceptions). As of December 31, 2021, assessment of fair value of net assets acquired and liabilities assumed is complete.

Trade receivables acquired as part of the acquisition have a fair value of $983 and the Company expects to collect the entire amount during the next 12 months. The gross contractual value of these trade receivables is $1,021. Other receivables acquired have a fair value of $137 which is equal to their gross contractual value. The other receivables are expected to be collected during the next 12 months.

Fair value of consideration transferred:

Total consideration	
Cash consideration transferred (net of cash acquired of $765)	7,899
Share capital issued	4,918
Adjustment relating to working capital payable to sellers	88
Holdback payable	900
	13,805

Acquisition-related costs

The acquisition-related costs totaled $339 as at December 31, 2021, and they are included in M&A costs in the annual consolidated statements of loss and comprehensive loss.

Determination of fair value

As at the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at the acquisition-date fair value.

Trade and other receivables, prepaid expenses, and accounts payable and accrued liabilities arising from a business combination are recognized at their fair value, which is not substantially different from their gross contractual value and expected receipts and disbursements.

Contract liabilities from business combinations are recorded at fair value. This corresponds to the future costs to perform the services, the collection of which took place before the acquisition, plus a profit margin. This profit margin is the average margin the Company realizes for the delivery of the same kind of service.

Goodwill is measured as the excess of the total consideration, over the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill arising from the business combination

The goodwill recognized from this business combination is not deductible for tax purposes. Goodwill arises mainly from the synergies with other activities of the Company, the economic value of the expertise of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition, in addition to the value of the acquired intangible assets, for which a valuation was completed.

B - CoreHealth Technologies Inc.

Description of the business combination

On August 6, 2021, the Company acquired 100% of the outstanding shares of CoreHealth, an industry-leading business-to-business enterprise software-as-a-service company. The aggregate purchase price for the acquisition is $9,000, subject to customary adjustments for working capital, debt and cash, consisting of a combination of:

- A cash payment of $7,500 (subject to customary post-closing adjustments, a $1,000 holdback to secure against potential post-closing indemnification claims, and a $1,000 deferred purchase price amount contingent upon achieving certain revenue targets during the 12-month period ending July 2022); and
- Issuance at closing of $1,500 worth of common shares of the Company at a price of $0.99 per common share. This represented a total of 1,509,207 common shares of the Company.

The vendors of CoreHealth will also be entitled to a separate earn-out, to a maximum of $4,000, based on revenue performance for the 12-month period ending January 2023. The earn-out is payable entirely in common shares of the Company at a price based on the greater of: (i) the volume weighted average price on the TSX-V (“VWAP”) for the five trading days immediately preceding the earn-out payment date; and (ii) the discounted market price on the day prior to the earn-out payment date.

The cash consideration for the acquisition was financed using the proceeds from the Company’s $11,280 private placement offering (the “Offering”) which closed on August 5, 2021. This acquisition meets the definition of a business combination under IFRS 3, Business Combinations.

This acquisition of CoreHealth will add an industry leading technology platform that serves over two million members around the world, by powering health and wellness programs for major corporations and organizations.

(Expressed in $000s CAD)

Assets acquired and liabilities assumed as at the acquisition date

The purchase price allocation was completed during the fourth quarter of 2021. The final and preliminary allocations are presented below:

	Preliminary allocation $	**Final allocation $**
Assets		
Current assets		
Cash and cash equivalents	620	620
Trade and other receivables	866	421
Prepaid expenses	114	114
	1,600	1,155
Non-current assets		
Property and equipment, net	57	57
Right-of-use leased assets	156	156
Identifiable intangible assets	-	6,440
Deferred income taxes	85	85
Goodwill	8,794	4,238
Total	10,692	12,131
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	839	839
Contract liabilities	940	940
Current portion of lease liabilities	40	40
	1,819	1,819
Non-current liabilities		
Lease liabilities	115	115
Deferred tax liabilities	-	1,809
Total	1,934	3,743
Identifiable net assets acquired	8,758	8,388
Less cash acquired	(620)	(620)
Fair value of net assets acquired, less cash acquired	8,138	7,768

Immediately after closing, certain acquisition-related transaction costs included in CoreHealth's accounts payable and accrued liabilities, totaling $392, were repaid by the Company.

Trade receivables acquired as part of the acquisition have a fair value of $332 and the Company expects to collect the entire amount during the next 12 months. The gross contractual value of these trade receivables is $478. Other receivables acquired have a fair value of $89 which is equal to their gross contractual value. The other receivables are expected to be collected during the next 12 months.

The application of IFRS requires management to determine the fair value of the net assets acquired and liabilities assumed (with certain exceptions). As of December 31, 2021, assessment of fair value of net assets acquired and liabilities assumed is completed.

(Expressed in $000s CAD)

Fair value of consideration transferred:

Total consideration	
Cash consideration transferred (net of cash acquired of $620)	3,835
Post-closing consideration adjustments for working capital and debt	308
Share capital issued	1,570
Contingent consideration liability	1,155
Holdback payable	900
	7,768

The acquisition includes two contingent consideration arrangements with a total fair value of $1,155 as at the acquisition date. The fair value was determined using the probabilities of revenue targets being met. Contingent consideration varying between nil and $2,091 is to be paid in cash and common shares of the Company to the sellers if certain predetermined revenue targets are achieved by CoreHealth during the 12-month periods ending on July 31, 2022 and January 31, 2023.

Related to the acquisition, an amount varying between nil and $2,909 is payable in cash and in common shares of the Company to certain employees if they are employed by the Company or its affiliates at two milestones of July 31, 2022 and January 31, 2023, and if certain predetermined revenue targets are achieved by CoreHealth. This amount has not been included in the consideration transferred, as it represents compensation for future services; the amount expected to be earned will therefore be recognized as an expense during the 12-month and 18-month periods following the acquisition.

Acquisition-related costs

The acquisition-related costs totaled $146 as at December 31, 2021, and they are included in M&A costs in the Annual Consolidated Statements of Loss and Comprehensive Loss.

Determination of fair value

As at the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at the acquisition-date fair value.

Trade and other receivables, prepaid expenses, and accounts payable and accrued liabilities arising from a business combination are recognized at their fair value, which is not substantially different from their gross contractual value and expected receipts and disbursements.

Contract liabilities from business combinations are recorded at fair value. This corresponds to the future costs to perform the services, the collection of which took place before the acquisition, plus a profit margin. This profit margin is the average margin the Company realizes for the delivery of the same kind of service.

Goodwill is measured as the excess of the total consideration, over the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill arising from the business combination

The goodwill recognized from this business combination is not deductible for tax purposes. Goodwill arises mainly from the synergies with other activities of the Company, the economic value of the expertise of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition, in addition to the value of the acquired intangible assets, for which a valuation was completed.

(Expressed in $000s CAD)

Impact of the business combinations on the Company's financial performance

The impact of the business combinations on the Company's revenue and net loss for the year ended December 31, 2021, are as follows:

		December 31, 2021
Revenue from InfoTech	$	1,535
Revenue from CoreHealth	$	1,371
Net Loss from InfoTech	$	(529)
Net Income from CoreHealth	$	164

If the business combinations had been completed on January 1, 2021, the Company's consolidated revenues for the year ended December 31, 2021, would have been as follows:

	December 31, 2021
Revenue	8,616
Net Loss	(19,661)

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business for the year. However, pro forma information does not account for synergies or historical transactions and is not necessarily indicative of the (loss) profit that the Company would have realized if the acquisition had actually occurred on January 1, 2021, nor of the (loss) profit that may be achieved in the future.

To determine the Company's pro forma consolidated revenues and (loss) profit if InfoTech and CoreHealth had been acquired on January 1, 2021, the Company calculated the revenues according to the fair value of contract liabilities at the acquisition date.

(Expressed in $000s CAD)

Note 4 - Revenue

The Company's revenue by service offering for the years ended December 31, 2021 and 2020 were:

	December 31, 2021		December 31, 2020	
Revenue consists of the following:				
Software as a service (SaaS)	$	3,008	$	426
Software development	$	2,646	$	3,147
Revenue share	$	(45)	$	(43)
Other revenue	$	126	$	-
Total revenue	**$**	**5,735**	**$**	**3,530**

As described in Note 18 - Commitments, the Company has certain revenue share obligations.

The following table outlines the changes in contract liabilities for the periods presented:

	December 31, 2021		December 31, 2020	
Balance at beginning of period	$	297	$	333
Decrease from satisfied performance obligations	$	(5,653)	$	(3,487)
Increase from changes as a result of the measures in progress	$	6,213	$	3,451
Increase from acquisition of InfoTech	$	315	$	-
Increase from acquisition of CoreHealth	$	940	$	-
Balance at end of period	**$**	**2,112**	**$**	**297**
Of which current	$	2,112	$	297
Of which non-current	$	-	$	-

(Expressed in $000s CAD)

Note 5 - Operating Expenses by Function

The Company's operating expenses are broken down by function for years ended December, 2021 and 2020 as follows:

Sales and marketing expenses consisted of the following for the years ended:

	December 31, 2021		December 31, 2020	
Labour & employee benefits	$	2,380	$	1,225
Stock based compensation	$	(517)	$	615
Marketing	$	33	$	82
Business development	$	127	$	15
Total sales and marketing expenses	**$**	**2,023**	**$**	**1,937**

Research and development expenses consisted of the following for the years ended:

	December 31, 2021		December 31, 2020	
Labour & employee benefits	$	4,993	$	3,412
Stock based compensation	$	298	$	800
Research and development	$	1,104	$	602
Depreciation & amortization	$	1,165	$	39
Total research and development expenses	**$**	**7,560**	**$**	**4,853**

General and administrative expenses consisted of the following for the years ended:

	December 31, 2021		December 31, 2020	
Labour & employee benefits	$	2,056	$	1,110
Stock based compensation	$	1,107	$	1,438
Rent	$	203	$	142
Professional fees	$	1,877	$	640
General and administrative	$	501	$	221
Depreciation	$	120	$	370
Total general and administrative expenses	**$**	**5,864**	**$**	**3,921**

In response to the COVID-19 pandemic, certain governmental and regulatory bodies, as well as local business development funds, have provided grants and other subsidies for businesses based on meeting specific criteria and in support of particular initiatives, including maintaining employment thresholds and development within certain industries. The Company has endeavored to attain subsidies related to COVID-19 measures, as well as other business and industry incentives, for which it qualifies.

In connection with the term loan from PME MTL, described in Note 14 - Borrowings, the Company received a $15 grant in February 2020. The grant was used toward research and development labour expenses.

In April 2020, the Company was approved for a joint grant with a third-party technology firm for a patient-centric artificial intelligence research project, whereby certain admissible project expenses will be reimbursed to the companies by the grantor—a Quebec nonprofit organization— up to $285. The Company's maximum potential reimbursements would equal $143 for project expenses. As at December 31, 2021, the Company has received $121 under this program and the grant went against research and development labour and expenses. A final amount of $22 is expected to be recovered upon completion of the project in 2022.

(Expressed in $000s CAD)

During 2021, the Company was approved by the Canadian government for the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy. As at December 31, 2021, the Company was eligible for $779, all of which was recovered as of the date hereof. The wage subsidies were accrued against the corresponding labour accounts and the rent subsidies were accrued against rent expenses.

Note 6 - Transaction and M&A Costs

The Company has incurred non-routine expenses as part of its financing and M&A activities. Non-capitalized costs related to debt and equity financings are recorded as Transaction Costs. Costs related to M&A are recorded as M&A Costs. Transaction and M&A costs for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021		**December 31, 2020**	
Transaction costs	$	340	$	1,457
M&A costs	$	551	$	102
Total transactions and M&A costs for the period	**$**	**891**	**$**	**1,559**

Note 7 – Income tax

As described in Note 2.4, a detailed assessment was performed based on expected future performance and taxable income. The recovery of income taxes attributable to the loss before taxes differs from amounts computed in applying the combined federal and provincial tax rate of 26.5% (26.5% in 2020) as a result of the following:

	December 31, 2021		**December 31, 2020**	
Net loss before taxes	$	(19,688)	$	(10,893)
Combined tax rates		26.5%		26.5%
Income tax recovery	**$**	**(5,217)**	**$**	**(2,887)**
Adjustments				
Non-deductible expenses and other	$	535	$	1,123
Impairment of goodwill	$	1,900	$	-
Change in estimates	$	(185)	$	(348)
Origination and reversal of temporary differences not recognized	$	2,569	$	2,112
Income tax expense (gain)	**$**	**(399)**	**$**	**-**
The company's income tax (recovery) is allocated as follows:				
Current tax expense (gain)	$	15	$	-
Deferred tax expense (gain)	$	(413)	$	-
	$	**(399)**	**$**	**-**

(Expressed in $000s CAD)

The components of deferred income taxes as at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Deferred Tax Assets:		
Property and equipment	$ 3,334	$ 3,281
Lease Liabilities	$ 179	$ 197
Deferred financing costs	$ 877	$ 727
Non-capital losses carryforward	$ 3,325	$ 1,122
SR&ED Expenditures carryforward	$ 240	$ -
SR&ED Investment tax credits	$ 144	$ 69
Right-of-use leased assets	$ (105)	$ (124)
	$ 7,994	**$ 5,272**
Deferred tax assets not recognized	$ (7,841)	$ (5,272)
Deferred tax assets	**$ 153**	**$ -**
Deferred Tax Liabilities:		
Intangible assets	$ (2,746)	$ -
	$ (2,746)	**$ -**

The Company concluded that there is uncertainty regarding the future recoverability of the Company's deferred income tax assets in future periods. Therefore, deferred tax assets have not been recognized in the financial statements with respect to the following deductible temporary differences:

	December 31, 2021	December 31, 2020
Federal non-capital losses carryforward	$ 12,337	$ 4,028
Provincial non-capital losses carryforward	$ 12,767	$ 4,506
Property and equipment	$ 12,833	$ 12,656
Deferred Financing Costs	$ 3,309	$ 2,743
Federal SR&ED Expenditures carryforward	$ 858	$ 94
Provincial SR&ED Expenditures carryforward	$ 970	$ -

As at December 31, 2021 and 2020, the Company had Canadian federal non-capital loss carryforwards of $12,337 and $4,028, respectively, and Canadian provincial non-capital loss carryforwards of $12,767 and $4,506, respectively, available to be used to offset future taxation income. The non-capital losses, if unused expire between 2035 and 2041.

As at December 31, 2021, the Company has unutilized SR&ED investment tax credits carryovers to reduce income tax payable in the future, and in respect of which the Company has not recognized an asset in the amount of $200 which expire between 2037 and 2040.

Note 8 – Cash and cash equivalents

	December 31, 2021		December 31, 2020	
Cash and cash equivalents	$	1,455	$	3,628
Restricted cash	$	-	$	-
Total cash and cash equivalents	**$**	**1,455**	**$**	**3,628**

As at December 31, 2021 and December 31, 2020, all cash and cash equivalents represented cash in banks and on hand.

Note 9 - Trade and Other Receivables

The Company had $1,376 in trade and other receivables as at December 31, 2021 and $245 in other receivables as at December 31, 2020. These receivables consisted of sales tax receivables, trade receivables for unpaid client invoices, and receivables from government agencies.

	December 31, 2021		December 31, 2020	
Sales tax receivable	$	176	$	210
Trade receivables	$	1,201	$	-
Impairment allowance	$	(138)	$	-
Other receivables	$	137	$	35
Total trade and other receivables	**$**	**1,376**	**$**	**245**

Impairment allowance

The Company periodically reviews its customers' account aging, credit worthiness, payment histories, and balance trends in order to evaluate trade receivables for impairment under the current expected credit loss. Management also considers historical losses and whether changes in general economic conditions and if the industries in which the Company operates are likely to impact the ability of the Company's customers to remain within agreed payment terms or to pay their account balances in full.

No impairment allowances were recognized during 2020. As at the acquisition date, CoreHealth recognized an impairment allowance of $138 for a customer who filed for bankruptcy. No additional impairment allowances were recognized in 2021.

The maximum exposure to credit risk as at the reporting date was the carrying value of trade and other receivables. The Company did not hold any collateral from its customers or debtors as security as at December 31, 2021 and December 31, 2020.

Currency concentrations

As at December 31, 2020, the Company had no outstanding trade receivables transacted in currencies other than the Company's functional currency (Canadian dollars). As at December 31, 2021, there were trade receivables totaling $1,116 ($000s USD), which were converted to $1,415 in the Company's functional currency.

(Expressed in $000s CAD)

Note 10 - Property and Equipment

Property and equipment balances and movements were comprised of the following:

	Leasehold Improvements	Furniture	Computer Hardware	Software	Office Equipment	Total
Balance as at January 1, 2020	$ 288	$ 65	$ 55	$ -	$ -	$ 408
Additions	$ 4	$ 4	$ 48	$ -	$ -	$ 56
Disposals	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation expense	$ (34)	$ (20)	$ (39)	$ -	$ -	$ (93)
Balance as at December 31, 2020	$ 258	$ 49	$ 64	$ -	$ -	$ 371
Cost	$ 352	$ 135	$ 220	$ -	$ -	$ 707
Less accumulated depreciation	$ (94)	$ (86)	$ (156)	$ -	$ -	$ (336)
Balance as at December 31, 2020	**$ 258**	**$ 49**	**$ 64**	**$ -**	**$ -**	**$ 371**
Balance as at January 1, 2021	$ 258	$ 49	$ 64	$ -	$ -	$ 371
Additions	$ -	$ -	$ 14	$ -	$ -	$ 14
Additions acquired through acquisitions	$ 49	$ 13	$ 38	$ 4	$ 16	$ 120
Disposals	$ -	$ (1)	$ (1)	$ -	$ -	$ (2)
Depreciation expense	$ (40)	$ (23)	$ (49)	$ (2)	$ -	$ (114)
Balance as at December 31, 2021	$ 267	$ 38	$ 66	$ 2	$ 16	$ 389
Cost	$ 400	$ 147	$ 271	$ 4	$ 16	$ 838
Less accumulated depreciation	$ (133)	$ (109)	$ (205)	$ (2)	$ -	$ (449)
Balance as at December 31, 2021	**$ 267**	**$ 38**	**$ 66**	**$ 2**	**$ 16**	**$ 389**

As at December 31, 2021, the Company did not have any accrued balances for acquired property and equipment within accounts payable and accrued liabilities.

The Company did not recognize any impairments of property and equipment during the periods ended December 31, 2021 and 2020, but disposed of $2 in computer hardware and furniture expenses during 2021.

The amount of contractual commitments for the acquisition of property and equipment is disclosed in Note 18 — Commitments.

Note 11 - Intangible Assets and Goodwill

Changes in intangible assets were as follows:

	Capitalized Development	Trademark	Technology	Intellectual Property	Others	Goodwill
Balance as at January 1, 2020	$ -	$ -	$ -	$ -	$ -	$ 4,370
Additions	$ -	$ -	$ -	$ -	$ -	$ -
Disposals	$ -	$ -	$ -	$ -	$ -	$ -
Balance as at December 31, 2020	$ -	$ -	$ -	$ -	$ -	$ 4,370
Cost	$ -	$ -	$ -	$ 1,950	$ -	$ 4,370
Less accumulated depreciation or impairment losses	$ -	$ -	$ -	$ (1,950)	$ -	$ -
Balance as at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,370**
Balance as at January 1, 2021	$ -	$ -	$ -	$ -	$ -	$ 4,370
Additions	$ 43	$ -	$ -	$ -	$ -	$ -
Additions through acquisitions	$ -	$ 2,180	$ 8,440	$ -	$ 490	$ 13,911
Amortization	$ (4)	$ (213)	$ (775)	$ -	$ (26)	$ -
Disposals	$ -	$ -	$ -	$ -	$ -	$ -
Impairment	$ -	$ -	$ -	$ -	$ -	$ (7,170)
Balance as at December 31, 2021	$ 39	$ 1,967	$ 7,665	$ -	$ 464	$ 11,111
Cost	$ 43	$ 2,180	$ 8,440	$ 1,950	$ 490	$ 11,111
Less accumulated depreciation or impairment losses	$ (4)	$ (213)	$ (775)	$ (1,950)	$ (26)	$ -
Balance as at December 31, 2021	**$ 39**	**$ 1,967**	**$ 7,665**	**$ -**	**$ 464**	**$ 11,111**

The addition of goodwill, trademark, technology and other intangible assets (customers' relationship) are derived from the business combinations described in Note 3, as intangible assets were identified and measured at their fair values as per IFRS 3. The excess of the purchase price paid over the acquired net assets were recorded as goodwill.

During the fourth quarter of 2021, the Company carried out a review of the recoverable amount for each of its cash-generating units ("CGU"). The Pharmacy and Health Risk Assessment ("HRA") businesses faced challenges during 2021 because of the COVID-19 pandemic (see note 2.1 Basis of presentation and going concern), which led to some disruption to the Company's business development and global expansion initiatives directly related to those businesses, partially restricting the sales process, which resulted in fewer than expected sales in 2021. The company estimates that this disruption will affect at least the next fiscal year with respect to the Pharmacy business. Additionally, the healthcare software sector has experienced a decline in valuations since the time that the HRA business was acquired.

(Expressed in $000s CAD)

As a result, the estimated recoverable amounts of the Pharmacy and HRA CGUs are less than the carrying amount of tangible and intangible assets allocated to those same CGUs. Therefore, an impairment loss associated with the goodwill of the Pharmacy CGU ($4,370) was recognized during the fourth quarter of 2021. As for the HRA CGU, an impairment loss of $2,800 was recognized.

Note 12 - Accounts Payable and Accrued Liabilities

As at December 31, 2021 and 2020 the accounts payable and accrued liabilities consisted of the following:

		December 31, 2021		**December 31, 2020**
Trade payables	$	795	$	372
Employee entitlements	$	252	$	135
Current portion of holdbacks	$	1,429	$	-
Contingent consideration payable	$	569	$	-
Other payables and accrued liabilities	$	1,182	$	806
Total accounts payable and accrued liabilities	**$**	**4,227**	**$**	**1,313**

Note 13 - Leases

Office Lease

The Company leases office space for use in its operations in Montreal. In March 2018, the Company signed its current building lease for an initial term of 10 years with two additional five-year extensions exercisable by the Company. At lease commencement, the extensions were not deemed to be reasonably certain to be exercised by the Company; thus, these extensions were not included in the term for the lease liability and right-of-use ("ROU") asset. The lease provides for additional rent payments that relate to the property taxes levied on the lessor, insurance payments made by the lessor, and operating expenses and common area maintenance expenses charged by the lessor. These amounts are generally determined annually.

In March 2020, the Company amended the Montreal lease to increase the square footage of office space lease utilized. The terms of the additional office space lease remained consistent with the original lease agreement and represented incremental lease payments in consideration for the increased space for use by the Company. The additional office space was deemed a new lease and included in the carrying amounts of the lease liability and ROU asset. The Company typically recognizes lease expenses on a straight-line basis over the life of the lease for these assets.

In April 2021, the Company acquired a lease liability for InfoTech's office space. The term remaining on the lease was less than 1 year as at the acquisition date, therefore the lease liability and ROU asset were not recognized under IFRS 16. Instead, the lease payments are expensed over the lease term. This lease was not renewed for 2022.

In August 2021, the Company acquired a lease liability for CoreHealth's office space with a five-year term ending January 2025, with no renewal option. The lease provides for additional rent payments that relate to the property taxes levied on the lessor, insurance payments made by the lessor, and operating expenses and common area maintenance expenses charged by the lessor. These amounts are generally determined annually. The ROU asset recorded as at the acquisition date for this lease was $156.

(Expressed in $000s CAD)

Lease of Equipment

InfoTech entered into a three-year lease of data back-up equipment in February 2020. As at the acquisition date, the gross value remaining on this lease was $10, which was discounted at a rate of 8% when adopting IFRS 16. The ROU asset recorded as at the acquisition date for this equipment was $9.

Changes in ROU Assets

The following table represents the changes in ROU assets for the periods ended December 31, 2021 and 2020:

Cost of right-of-use assets		**December 31, 2021**		**December 31, 2020**
Balance at beginning of period	$	597	$	431
Additions	$	165	$	166
Balance at end of period	**$**	**762**	**$**	**597**
Less accumulated amortization	$	213	$	130
Net book value at end of period	**$**	**549**	**$**	**467**

Lease Liabilities

The following table outlines the maturity of the contractual payments due under the Company's lease arrangements as at December 31, 2021 and December 31, 2020:

		December 31, 2021		**December 31, 2020**
Less than 1 year	$	181	$	127
1 to 5 years	$	653	$	671
More than 5 years	$	212	$	211
Total	**$**	**1,046**	**$**	**1,009**
Less: impact of discounting	$	223	$	268
Total lease liabilities	**$**	**823**	**$**	**741**
Of which non-current	$	721	$	675
Of which current	$	102	$	66

The expenses relating to variable lease payments not included in the measurement of lease obligations were $113 and $93 for the years ended December 31, 2021 and 2020, respectively. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space lease. For the years ended December 31, 2021 and 2020, expenses relating to short-term and low-value leases were nil and $49, respectively. For the year ended December 31, 2021 and 2020, total cash outflows for leases and other rents were $258 and $247, respectively.

(Expressed in $000s CAD)

Note 14 – Borrowings

14.1 Analysis by nature

	As at December 31, 2021		
	Carrying	**Fair Value**	**Effective Rate**
Revolving Facility	$ 3,000	$ 3,000	8.41%
Term Loan Facility	$ 4,000	$ 4,000	4.91%
Lease liability	$ 102		
Total short-term borrowings	**$ 7,102**	**$ 7,000**	
Loan Agreements	$ 1,000	$ 1,000	10.00%
Lease liability	$ 721	$ 721	8.69%
Total long-term borrowings	**$ 1,721**	**$ 1,721**	
Total borrowings	**$ 8,823**	**$ 8,721**	
Of which non-current	$ 1,721		
Of which current	$ 7,102		

	As at December 31, 2020		
	Carrying	**Fair Value**	**Effective Rate**
Lease liability	$ 741	$ 741	8.69%
Total borrowings	**$ 741**	**$ 741**	
Of which non-current	$ 675		
Of which current	$ 66		

14.2 Movements in borrowings

	2021	**2020**
Balance as at January 1,	$ 741	$ 2,809
Net Issuance of Term Note	$ -	$ (2,500)
Net Issuance of Revolving Facility	$ 3,000	$ -
Net Issuance of Term Loan Facility	$ 4,000	$ -
Issuance of Loan Agreements	$ 1,000	$ -
Accretion of long-term debt	$ -	$ 319
Incurrence of lease liability	$ 165	$ 96
Modification of existing lease liability	$ -	$ 59
Accretion of lease liability	$ -	$ 6
Repayment of lease liability	$ (83)	$ (48)
Balance as at December 31,	**$ 8,823**	**$ 741**

14.3 Main features of borrowings

Convertible Debt

On April 2, 2018, the Company issued an unsecured convertible debt for a principal amount of $2,500 at an annual interest rate of 8%, which had a maturity date in April 2023 (the "Convertible Debt"). Subject to certain prepayment features, the Convertible Debt was convertible into either common shares or the most senior class of issued and outstanding equity securities, at the holder's option, at the end of its five-year term. The conversion option was automatically exercised in the event of a qualified financing or a change of control. The equity conversion options were deemed to be an embedded derivative to the underlying debt instrument with a term contemporaneous with the Convertible Debt. In September, 2020, the Convertible Debt holder signed a waiver of conversion and consent to prepayment of the Convertible Debt. In October 2020, the obligations totaling $3,030, being the principal amount of $2,500 together with $530 of accrued and unpaid interest on such principal amount, were repaid.

See Note 16 – Financial Instruments for more information on the embedded derivative.

Covenants

Prior to repayment of the Convertible Debt in October 2020, the Company was in compliance with all of the covenants related to the Convertible Debt.

PME MTL Centre-Ville Loans

In January 2020, the Company received term loans totaling $200 from the PME MTL Centre-Ville investment funds ("PME MTL Term Loans") – $100 each from the PME MTL Fund and the Fonds local de solidarité Montréal. The PME MTL Term Loans were issued with a term of five years at 8.5% interest, payable monthly until repayment or maturity.

The term loan agreement contained certain customary covenants. Concurrent with the PME MTL Term Loans, the Company was awarded a $15 grant from the PME MTL Centre-Ville's Young Business Fund ("YBF"). The PME MTL Term Loans contained no prepayment penalty after the first two years. However, if repaid within the first 24 months, the YBF grant would have to be repaid to PME MTL Centre-Ville at the time of early extinguishment.

In March 2020, PME MTL Centre-Ville issued a six-month moratorium on payments under the PME MTL Term Loans in response to the COVID-19 pandemic. The interest moratorium was determined to be a non-substantial loan modification, as the terms and conditions did not change in a meaningful way and the present value of the contractual cash flows were not materially different due to the changes in the timing of payments.

Following the completion of the RTO, the PME MTL Term Loans totaling $200 were reimbursed together with $1 in interest in October, 2020. The YBF grant of $15 was not required to be repaid.

Short-term borrowings – Term Note payable

In April 2017, the Company entered into a one-year term note with National Bank of Canada with a principal amount of $2,500 (the "Term Note"). The Term Note bore a variable annual interest rate of the prime rate plus 2.75% and had an original maturity in April 2018.

Concurrent with issuance of the Term Note, certain shareholders of the Company, being Persistence Capital Partners II, L.P. and Persistence Capital Partners II (International), L.P. were issued 205,482 and 6,661 warrants of Carebook 2020 ("Carebook 2020 Principal Warrants"), respectively, as consideration for providing a guarantee of repayment to National Bank of Canada for the Term Note. Each such Principal Warrant entitled the holder thereof to purchase a Class A common share of Carebook 2020 for each Principal Warrant held.

The issued Carebook 2020 Principal Warrants were fully vested at the time of the RTO. The Carebook 2020 Principal Warrants related to the guarantee were considered outstanding as at each renewal date and reporting period with no subsequent or incremental consideration exchanged.

In July 2018, the Company renewed the Term Note under the same terms and conditions and an updated maturity of June 2019. In July 2019, the Company renewed the Term Note under the same terms and conditions and an updated maturity of June 2020. In July 2020, the Company renewed the Term Note with an updated maturity through December 31, 2020 and variable annual interest rate of the prime rate plus 3.25%. The other terms and conditions remained unchanged.

As part of the RTO, the Carebook 2020 Principal Warrants held by Persistence Capital Partners II, L.P. and Persistence Capital Partners II (International), L.P. were exchanged for 354,459 and 11,490 replacement principal warrants of the Company ("Replacement Principal Warrants"), respectively. These new Replacement Principal Warrants entitle the holders thereof to purchase a common share of the

Company for each Replacement Principal Warrant held. The number of Replacement Principal Warrants exchanged reflects the fact that in connection with the RTO, Carebook 2020 completed a split of its common shares on a 1.725-for-one basis. There was no change to the exercise value of the originally issued Carebook 2020 Principal Warrants as the strike price and number of underlying common shares were each modified at the same 1.725 to one ratio to reflect the share split.

In November 2020, the Company repaid the Term Note along with $14 of interest.

Credit Facilities

On April 6, 2021, the Company entered into a new credit agreement (the "Credit Agreement") with a leading Canadian Schedule 1 bank and one of its affiliates (together, the "Lenders") under which the Lenders have provided a one-year secured revolving credit facility of up to $7,000 (the "Revolving Facility") as well as a term loan facility of $4,000 (the "Term Loan Facility") (collectively, the "Credit Facilities").

The Credit Facilities had an initial maturity date of April 6, 2022, and any amounts outstanding under the Credit Facilities were due in full at maturity. However, the Company entered into an amendment with the Lenders to extend the term of the Credit Agreement – see Note 24 Subsequent Events. As at December 31, 2021, the amount drawn on the Revolving Facility was $3,000 and the amount drawn on the Term Loan Facility was $4,000. Before the third amendment to the Credit Agreement as disclosed on Note 24 – Subsequent Events, the Credit Facilities were renewable annually, at the sole discretion of the Lenders.

All obligations under the Credit Agreement are secured by a first-ranking lien on substantially all of the Company's consolidated assets, tangible and intangible, present and future. On May 6, 2021, in connection with the closing of the transactions under the Credit Agreement, Carebook issued to one of the Lenders 417,646 warrants to purchase common shares of Carebook. Each such warrant would entitle the Lender to purchase, on or before April 6, 2022, one common share of Carebook at an exercise price of $1.22. The warrants, and the common shares of Carebook issuable upon exercise of the warrants, were subject to a restriction on resale for a period of four months and one day following the issuance of the warrants. These warrants expired subsequently to the period ending December 31, 2021.

In addition to having used the net proceeds of this financing to fund the cash portion of the purchase price for the acquisition of InfoTech, Carebook planned to use the remaining net proceeds of this financing for working capital and general corporate purposes.

An amendment of the Credit Agreement was entered into on August 4, 2021. The amendment was primarily administrative in nature and is described below.

On August 5, 2021, Carebook completed a private placement of common shares of Carebook for aggregate gross proceeds of $11,280 to partially pay down the Revolving Facility, to finance the cash consideration for the acquisition of CoreHealth, and for working capital and general corporate purposes. For more information regarding the Offering (as defined below) and the acquisition of CoreHealth, please refer to Note 23 - The Offering and Note 3 - Business Combinations, respectively.

A second amendment of the Credit Agreement was entered into on December 1, 2021. The amendment was primarily administrative in nature and is described below.

Revolving Facility

Under the Credit Agreement, the Revolving Facility is available for a one year committed term, renewable annually, and bears interest at CDOR plus an applicable margin for Canadian variable loan rates. The initial applicable margin was 8.0%.

Borrowings under the Revolving Facility can be made by way of the following options: i) Canadian variable rate loans at a rate of CDOR plus the applicable margin; ii) bankers' acceptances; or iii) US variable rate loans at a rate of LIBOR plus the applicable margin.

As of August 6, 2021, the Revolving Facility was subject to a borrowing base equal to six times the monthly recurring revenues of Carebook and its subsidiaries, minus all amounts which could give rise to a claim which ranks or is capable of ranking in priority to the Lenders security or otherwise in priority to any claim by the Lenders for repayment of any amounts owing under the Credit Agreement. The amount available under the Revolving Facility decreased from $7,000 to the lesser of the then current borrowing base ($3,408) and $4,000 on August 6, 2021.

As at December 31, 2021, the outstanding amount owed on the Revolving Facility was $3,000, at an effective interest rate of 8.4% and the borrowing base was $3,254.

Term Loan Facility

Under the Credit Agreement, the Term Loan Facility matures on April 6, 2022, and is renewable annually. Loans under the Term Loan Facility can be in the form of variable rate loans in Canadian or US dollars. The Canadian variable rate loans under the Term Loan Facility bear interest at a rate based on CDOR, plus a margin of 4.5%. The US variable rate loans under the Term Loan Facility bear interest at a rate based on the bankers' acceptance rate or LIBOR, plus a margin of 4.5%. The Term Loan Facility was fully drawn to complete the acquisition of InfoTech and $4,000 was outstanding as at December 31, 2021 at an effective interest rate of 4.9%.

Financial Covenants

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including certain limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial covenants to be maintained. As at December 31, 2021, the Company was in compliance with the financial covenants prescribed under the restrictive covenants set out in the Credit Agreement.

Deferred Financing Costs

The deferred financing costs in the amount of $118 include the fair value of the warrants issued to one of the Lenders, legal fees, regulatory filing fees and other finance costs in connection with the Credit Agreement expiring on April 6, 2022. These costs are amortized straight-line over the 12-month term of the Credit Agreement.

Amendments to the Credit Agreement

The Credit Agreement was amended on August 4, 2021. The majority of the amendments were administrative in nature and included the following changes. First, the Credit Agreement was updated to reflect that the Company would be acquiring CoreHealth. Second, the required amount of equity to raise under the Offering, to finance said acquisition and repay certain indebtedness, increased from up to $11,000 to $11,280, and the timeframe in which to raise said equity was changed from 120 to 122 days following the signature of the Credit Agreement. Finally, the interest rate on the Revolving Facility remained at a rate based on CDOR plus a margin of 8.0% and will decrease to CDOR plus a margin of 3.25% conditional upon the successful completion of a surplus equity injection of $2,720.

(Expressed in $000s CAD)

On December 1, 2021, the Credit Agreement was amended for the second time. The amendment was administrative in nature and provided 30 additional days for confirmation that all bank accounts not held with the Lenders were closed.

In April 2022, the Credit Agreement was further amended. Refer to Note 24 – Subsequent Events, for additional details.

Loan Agreements

On December 22, 2021, the Company entered into secured loan agreements (the "Loan Agreements") with SAYKL Investments Ltd. ("SAYKL") and UIL (defined in Note 24), for a total of $1,000 in aggregate gross proceeds. The intended uses of these funds are working capital and general corporate purposes. Interest on the principal amount outstanding under the Loan Agreements is payable quarterly at a rate of CDOR + 10%, and the Loan Agreements have a five-year maturity. The obligations of the Company under the Loan Agreements are subordinated to the Company's obligations under the existing Credit Facilities. To secure the Company's obligations under the Loan Agreements, the Company has agreed to grant to each of SAYKL and UIL a security interest and hypothec in all of the property and undertaking of the Company, subordinated to the security interests granted by the Company to its Lenders.

Note 15 - Equity Instruments

Authorized

Unlimited common shares without par value.

Issued and Outstanding Common Shares

The number of issued and outstanding common shares as at December 31, 2020 was 30,522,098.

In April 2021, as part of the Business Combination with InfoTech, the Company issued 4,132,232 common shares of the Company to the former shareholders of InfoTech at a deemed price of $1.21 per common share. In August 2021, as partial consideration for the acquisition of CoreHealth, the Company issued 1,509,207 common shares of the Company to the former shareholders of CoreHealth at a deemed price of $0.99 per common share. For more information on the Business Combinations with InfoTech and CoreHealth, refer to Note 3.

In June 2021, 452,526 Replacement Principal Warrants were exercised on a cashless basis and exchanged for 308,819 common shares of the Company.

In August 2021, the Company completed the Offering and issued 11,280,000 common shares of the Company to the private placement participants at a deemed price of $1.00 per common share. For more information about the Offering, refer to Note 23.

As at December 31, 2021, the issued share capital comprises 47,752,356 common shares.

	December 31, 2021			December 31, 2020		
	Shares		**Amounts**	**Shares**		**Amounts**
Common shares	47,752,356	$	39,067	30,522,098	$	23,660
Total shares issued and outstanding	**47,752,356**	**$**	**39,067**	**30,522,098**	**$**	**23,660**

15.1 Share based compensation

Prior to the completion of the RTO, Carebook 2020 had issued individual stock options ("Carebook 2020 Options") that entitled key employees to purchase Class A common shares of Carebook 2020 ("Carebook 2020 Common Share"). The Carebook 2020 Options generally expired 10 years after the grant date and typically vested over a period of four years, subject to a non-market performance condition related to the occurrence of a liquidity event. The Carebook 2020 Options were exercisable at the fair value of the shares at the date of grant.

On August 7, 2020, the Company (then known as Pike) and Carebook 2020 entered into the Business Combination Agreement pursuant to which the Company (then known as Pike) and Carebook 2020 agreed to complete the RTO. The RTO is described in Note 20 – Reverse Takeover Transaction.

The RTO represented a liquidity event that satisfied the non-market performance condition of unvested stock options and as such, the recognition of the expense pertaining to the Carebook 2020 Options became estimable as the occurrence of the RTO became probable. The share-based compensation expenses related to these stock options were recognized during the year ended December 31, 2020.

In the third quarter of 2020, there was a forfeiture of stock options due to the termination of an employee that resulted in a net recovery of $93.

In connection with the RTO, the Company adopted a new stock option plan and holders of Carebook 2020 Options received, concurrent with the Amalgamation (as defined below), a vested option to acquire 1.725 common shares of the Company for each Carebook 2020 Common Share underlying the vested portion of the Carebook 2020 Options held by such holder. These options should have expired upon completion of the RTO, but the life of these now fully-vested stock options were extended to their original expiry date. Therefore, in connection with the RTO, an aggregate of 2,678,368 stock options of the Company were granted. There was no change to the exercise value of these stock options as the exercise price and number of underlying common shares were each modified at the same 1.725 to one ratio to reflect the share split. In December 2020, an employee exercised 11,450 stock options.

In October 2020, 385,000 stock options were granted to directors and officers of the Company. The options vest at equal, quarterly intervals over a period of one year and expire 10 years after the grant date.

In December 2020, the Company granted its employees 450,470 stock options. The options expire 10 years after the grant date and will vest over a period of three years.

In January 2021, the Company granted its employees 1,000 stock options. The options expire 10 years after the grant date and will vest over a period of three years.

In May 2021, the Company granted its directors and officers 522,500 stock options. These options expire 10 years after the grant date and will vest over a period of one year. At the same time, the Company issued 827,934 stock options to its employees that will expire in 10 years after the grant date and vest over a period of three years.

During the second quarter of 2021, there was a forfeiture of 314,017 stock options due to employee turnover, most of which had been fully vested and expensed during 2020, which resulted in a net recovery of $178.

In August 2021, the Company granted 234,000 stock options to its employees and an additional 300,250 stock options to its employees in September 2021. These stock options will expire 10 years after the grant date and vest over a three-year period.

During the third quarter of 2021, there was a forfeiture of 305,045 stock options due to employee turnover. This resulted in a net recovery of $116.

In December 2021, the Company granted 1,360,750 stock options to its employees. Each stock option entitles the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.34 per share and expires on December 1, 2031. The stock options will vest in equal installments on an annual basis over three years.

(Expressed in $000s CAD)

During the fourth quarter of 2021, there was a forfeiture of 261,912 stock options due to employee turnover. This resulted in a net recovery of $206.

Other than what has been disclosed above, there were no changes in the number of stock options or their fair value, and no other grants, exercises, expirations, or forfeitures occurred during the period.

As at December 31, 2021, the number of stock options outstanding is 5,790,118.

The number and weighted average exercise prices of stock options were as follows:

	2021			2020		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Options outstanding, beginning of year	3,425,658	$	1.49	2,849,578	$	1.21
Granted	3,245,434	$	0.77	835,470	$	1.97
Exercised	-			(71,450)	$	1.24
Forfeited	(880,974)	$	1.31	(187,940)	$	2.02
Expired	0			0		
Options outstanding, end of year	5,790,118	$	1.12	3,425,658	$	1.49
Options exercisable, end of year	3,000,913	$	1.24	2,686,433	$	1.36

Exercise price	Number of Options	Weighted Average Remaining Contractual Life (in years)
$0.37	325,253	3.25
$1.24	1,966,907	5.46
$1.52	450,475	8.94
$1.96	298,029	5.42
$2.50	385,000	8.75
$1.28	500	9.02
$1.40	500	9.04
$1.17	1,350,434	9.40
$0.84	234,000	9.64
$0.89	300,250	9.71
$0.34	1,360,750	9.92

The fair value of each option was estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical volatility of similarly-situated, publicly-traded companies (i.e., small capitalization healthcare technology companies), calculated using the most recent time period equal to the expected life of the options. The risk-free interest rate was based on Bank of Canada yields for a term equal to the expected life of the options at the time of grant. The Company used the expected time to exercise based on the operational expectations to build out the application platform to determine the expected life of the options. All inputs into the Black-Scholes model are estimates made at the time of grant. Actual realized value of each stock option grant could materially differ from these estimates, without impact to future reported net income. The following weighted average assumptions were used to estimate the fair value of stock options granted in the periods presented:

(Expressed in $000s CAD)

	Years Ended December 31,	
	2021	**2020**
Dividend yield	0.0%	0.0%
Risk-free rate	1.3%	0.6%
Expected option life	8	6
Expected volatility	78.3%	70.0%

15.2 Warrants

Prior to the RTO, there were 1,724,475 Carebook 2020 Principal Warrants issued to certain related parties. As with the Carebook 2020 Options described above, the holders of Carebook 2020 Principal Warrants were issued Replacement Principal Warrants at a 1.725-for-one ratio in connection with the RTO. There was no change to the exercise value of the originally issued Carebook 2020 Principal Warrants as the change in strike price and number of underlying common shares of the Company reflect the same 1.725 to one ratio, in accordance with the share split. Post-split, this represented a total of 2,974,740 Replacement Principal Warrants. In July 2021, the expiry date of 2,156,265 Replacement Principal Warrants was extended by two years to July 2023. Refer to Note 19 Related Party Transactions for more information on the warrant life extension.

As part of the private placement financings, described in Note 20 - Reverse Takeover Transaction, Carebook 2020 issued 4,200,000 warrants to purchase Carebook 2020 Common Shares ("Carebook 2020 Warrants"). In connection with the private placement financings described in Note 20 - Reverse Takeover Transaction, the Company also issued 480,000 warrants to purchase Carebook 2020 Common Shares as compensation to the brokers who arranged such private placement financings ("Carebook 2020 Broker Warrants"), which were exercisable to acquire an aggregate of 480,000 Carebook Units (as defined below) at an exercise price equal to $2.50 per Carebook Unit.

As part of the RTO, described in Note 20, the 4,200,000 Carebook 2020 Warrants were exchanged for an equivalent number of warrants to purchase common shares of the Company, each entitling the holder thereof to acquire one common share of the Company at a price of $3.125 for a period of 24 months following the completion of the RTO (a "Replacement Warrant"). In addition, the 480,000 Carebook 2020 Broker Warrants were exchanged for an equivalent number of purchase warrants of the Company, entitling the holder thereof to purchase a unit of the Company at a price of $2.50 per unit and expiring on the date that is 24 months following the completion of the RTO. Each such unit comprises one common share of the Company and one-half of one Replacement Warrant.

Prior to the RTO, the Company also had 338,102 warrants outstanding ("Pike Broker Warrants") which entitled the holder thereof to acquire one common share of the Company at a price of $0.10 until September 16, 2021. In connection with the RTO, such Pike Broker Warrants were exchanged for an equivalent number of warrants at a consolidation ratio of one post-consolidation warrant for every 13.187 pre-consolidation warrants entitling the holder thereof to purchase such number of common shares of the Company as would have resulted if the exercise of the Pike Broker Warrants had taken place prior to the consolidation, and the exercise price per common share of the Company was adjusted accordingly. Post-consolidation, there were 25,639 Pike Broker Warrants issued and outstanding at a price of $1.3187, which expired in the third quarter of 2021.

(Expressed in $000s CAD)

As part of the transactions under the Credit Facilities described in Note 14, on May 6, 2021, the Company issued 417,646 warrants to purchase common shares of the Company to one of the Lenders at an exercise price of $1.22 per common share of the Company. Those warrants expired subsequently to the period ending December 31, 2021.

On June 30, 2021, 452,526 Replacement Principal Warrants were exercised on a cash-free basis and exchanged for 308,819 common shares of the Company.

On August 5, 2021, in conjunction with the Offering, the Company issued 5,640,000 warrants ("Offering Warrants") to purchase common shares of the Company. Each Offering Warrant entitles the holder thereof to acquire one common share of the Company at $1.47 per common share for a period of 24 months from issuance. In addition, as compensation for their services in connection with the Offering, the Company issued to the brokers that arranged the Offering 673,800 broker warrants ("Offering Broker Warrants"). Each Offering Broker Warrant entitles the holder thereof to acquire one common share of the Company at $1.00 per common share for a period of 24 months from issuance.

The total number of issued and outstanding warrants to purchase common shares of the Company as at December 31, 2021 was 14,173,660. Their weighted average exercise price and remaining contractual life is presented below:

	2021			2020		
	Shares		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
Warrants outstanding, beginning of year	7,920,379	$	2.68	2,974,740	$	2.05
Granted	6,731,446	$	1.41	4,945,639	$	3.06
Exercised	(452,526)	$	0.37	0	$	-
Forfeited	-	$	-	0	$	-
Expired	(25,639)	$	1.32	0	$	-
Warrants outstanding, end of year	14,173,660	$	2.15	7,920,379	$	2.68
Warrants exercisable, end of year	14,173,660	$	2.15	7,920,379	$	2.68

Exercise price	**Number of Warrants**	**Weighted Average Remaining Contractual Life** (in years)
$1.24	365,949	0.99
$1.24	2,156,265	1.58
$2.50	480,000	0.75
$3.13	4,440,000	0.75
$1.22	417,646	0.26
$1.00	673,800	1.59
$1.47	5,640,000	1.59

The fair value of each warrant was estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical volatility of similarly-situated, publicly-traded companies (i.e., small capitalization healthcare technology companies), calculated using the most recent time period equal to the expected life of the warrants. The risk-free interest rate was based on Bank of Canada yields for a term equal to the expected life of the warrants at the time of grant. The Company used the expected time to exercise based on the operational expectations to build out the application platform to determine the expected life of warrants. All inputs into the Black-Scholes model are estimates made at the time of grant. Actual realized value of each warrant grant could materially differ from these estimates, without impact to future reported net income. The following weighted average assumptions were used to estimate the fair value of warrants granted in the periods presented:

(Expressed in $000s CAD)

	Years Ended December 31,	
	2021	**2020**
Dividend yield	0.0%	0.0%
Risk-free rate	0.5%	0.2%
Expected warrant life (in years)	1.95	2.00
Expected volatility	67.1%	70.0%

Note 16 - Financial Instruments

16.1 Financial assets and liabilities by categories

The Company's financial assets include cash and cash equivalents and trade and other receivables, and its financial liabilities consisted of trade payables and accrued liabilities, and short-term borrowings. Cash and cash equivalents, trade and other receivables, and advances to shareholders are carried at amortized cost using the effective interest rate method, less any impairment. Accounts payable and accrued liabilities, and short-term borrowings are financial liabilities measured at amortized cost using the effective interest rate method.

As at December 31, 2021 and December 31, 2020 the Company's financial assets and liabilities were as follows:

	December 31, 2021		December 31, 2020	
	At Carrying Value or Amortized Cost		At Carrying Value or Amortized Cost	
Cash and cash equivalents	$	1,455	$	3,628
Trade & other receivables	$	1,376	$	245
Total financial assets	**$**	**2,831**	**$**	**3,873**
Trade payables	$	795	$	372
Borrowings	$	8,000	$	-
Total financial liabilities	**$**	**8,795**	**$**	**372**

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

16.2 Fair values

The carrying values of the Company's Term Loan, Credit Facilities and Loan Agreements were the redemption value at maturity.

The fair values of all of the Company's other financial assets and liabilities approximated their carrying values as a result of their liquidity or short maturity.

16.3 Valuation hierarchy

The Company analyzes its financial instruments measured at fair value and groups them into levels based on the degree to which the fair value was observable.

(Expressed in $000s CAD)

The carrying amounts of cash and cash equivalents, trade and other receivables, advances to shareholders, accounts payable and accrued liabilities, advances due to related parties, and borrowings approximate their fair value because of the short-term maturity and highly liquid nature of these instruments and are considered Level 1.

The Convertible Debt was carried at the present value of the discounted future cash flows using rates currently available for debt of similar terms and maturity, net of unamortized discount and deferred costs, as of the end of the reporting period (Level 3). The carrying value of the Convertible Debt approximates its fair value.

The estimated fair value of the embedded derivative related to the equity conversion option of the Convertible Debt is determined using a discounted cash flow method, which includes assumptions based on unobservable inputs. In light of the methodologies employed to obtain the fair values, the embedded derivative is classified as Level 3 in the fair value hierarchy. The carrying value equaled the estimated fair value of the instrument and was recorded in the annual consolidated statements of financial position.

Prior to the closing of the RTO, the Convertible Debt holder signed a waiver of conversion and consent to prepayment whereby the Convertible Debt holder agreed to be repaid the principal and accrued interest in cash and forgo its equity conversion option upon completion of the RTO. This resulted in the acceleration of the depreciation of the debt to its nominal value and a gain on the reversal of the embedded derivative.

During the years ended December 31, 2021 and 2020, the Company recognized the following changes to this instrument:

		2021		**2020**
Balance as at January 1,	$	-	$	1,110
Net unrealized (gains) losses on derivatives at FVPL	$	-	$	(1,110)
Balance as at December 31,	**$**	**-**	**$**	**-**

The significant unobservable inputs utilized in the estimation of the fair value of the embedded derivative primarily relate to the probability of occurrence of certain financing events as defined within the debt arrangement and estimates and judgments around the estimated forward and spot prices of the convertible shares.

There were no transfers into or out of Level 1, Level 2, or Level 3 during the years ended December 31, 2021 and 2020.

Note 17 - Risk Management

The Company's financial risk management strategy focused on creating and marketing viable software products for sale and distribution and minimizing the cash flow impacts of volatility in interest rates, while maintaining the financial flexibility the Company required in order to successfully execute its business strategies.

Due to the Company's capital structure and the nature of the Company's operations, the Company is exposed to the following financial risks: (i) market risk, including interest rate risk and foreign exchange risk; (ii) credit risk; and (iii) liquidity and capital management risk.

17.1 Market risk

(i) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow risk. This risk is partially offset by cash and cash equivalents earning interest at variable market rates.

Financial assets and liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company is not currently exposed to significant risk with respect to financial assets and liabilities due to their short-term maturities.

With respect to floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in the reference rates such as CDOR or LIBOR, the rate of bankers' acceptances and the Canadian prime rate.

During 2020, the Company's interest rate risk arose principally from the Term Note which was paid. In 2021, the interest rate risk stems from the Credit Facilities and from the Loan Agreements.

All other things being equal, a reasonably possible 1.0% increase in the interest rate applicable to the daily balances of the Credit Facilities and Loan Agreements would have had a negative impact of $56 in the Company's loss for the year ended December 31, 2021 (nil for the year ended December 31, 2020).

(ii) Foreign exchange risk

The Company has minimal risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. However, since completing the acquisitions of InfoTech and CoreHealth, the Company is faced with risk attributable to revenue invoiced and collected in U.S. dollars. InfoTech also invoices and collects some revenue in Euros, but the overall amount is insignificant, and poses a minimal risk to the Company. The Company manages its exposure to currency fluctuations by monitoring its level of cash in foreign currencies. Management did not hedge these exposures during the years ended December 31, 2021 and 2020.

Foreign exchange rate sensitivity

The Company is exposed to changes in currency exchange rates on certain of the Company's operating transactions, when revenue and expense transactions are denominated in a currency other than the Canadian dollar, the Company's functional currency. With the acquisitions of InfoTech and CoreHealth, the Company has an increased exposure to the U.S. dollar. A hypothetical 10% strengthening (weakening) of the U.S. dollar in relation to the Canadian dollar from December 31, 2021 levels would have had an impact of +/- $142 on net loss.

17.2 Credit risk

Credit risk pertains to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk with financial institutions and other parties as a result of cash-in-bank and customer trade receivables arising from the Company's operating activities. The maximum exposure to credit risk at the reporting date was the carrying value of each class of financial asset as described in Note 16 — Financial Instruments. The Company did not hold any collateral as security as at December 31, 2021 and 2020.

Credit risk related to transactions with financial institutions

Credit risk with financial institutions was managed by the Company's finance department. Management was not aware of any significant risks associated with financial institutions as a result of cash and cash equivalents deposits, including short-term investments.

(Expressed in $000s CAD)

Credit risks related to customer trade receivables

Prior to the acquisitions of InfoTech and CoreHealth, the Company's customer base consisted of two primary customers, one of which represented approximately 99% of revenue in 2020 and 2021. This risk has been mitigated to some extent by the acquisitions of InfoTech and CoreHealth, as the primary customer now represents approximately 51% of the Company's pro forma revenues for the year ended December 31, 2021.

Payment terms varied, and credit limits were typically established based on internal or external rating criteria, which take into account such factors as the customer's financial condition, credit history, and risk associated with their industry segment. Customer trade receivables represent the majority of the Company's trade and other receivables, so this necessitates the active monitoring and management of the outstanding receivables from customers by the Company. Historically, the Company has a low level of customer default as a result of its historical experience with the Company's customer base and an active credit monitoring function. Collateral is generally not required to be posted by the Company's customers.

17.3 Liquidity and capital management risk

The capital structure of the Company included shareholders' equity (deficit) and borrowings. Management's overriding objectives when managing capital are to have sufficient liquidity to meet its liabilities when due, safeguard the business as a going concern, and create value through market growth and future returns. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. During the second quarter, the Company entered into debt financing which included a condition that the Company raise $11,000 in capital by August 4, 2021 should it wish to proceed with a specific acquisition. In August 2021, the Credit Agreement was amended such that the Company was required to raise $11,280 by August 6, 2021 and complete the acquisition of CoreHealth. The Company met this capital raise obligation through the Offering and the Acquisition (as defined below), which are described in Note 23 - The Offering and Note 3 - Business Combinations, respectively. During the fourth quarter of 2021, the Company entered into the Loan Agreements with investors for a total of $1,000 in aggregate gross proceeds.

Note 18 - Commitments

Capital expenditure and purchase commitments

As at December 31, 2021 and 2020, the Company had no future commitments for purchases of property and equipment and intangible assets..

Note 19 - Related Party Transactions

The table below summarizes the balances receivable and payable from or to related parties:

		December 31, 2021		December 31, 2020
Payable to related party				
Payables to shareholders	$	55	$	-
Loan Agreements	$	1,000	$	-
Payables to shareholders in connection with the acquisition of InfoTech	$	1,043	$	-
Payables to shareholders in connection with the acquisition of CoreHealth	$	2,300	$	-
	$	**4,398**	**$**	**-**

(Expressed in $000s CAD)

Related party agreements

In June 2020, the Company entered into a twelve-month agreement with a related party for the services of their CFO. During the year ended December 31, 2021, total expenses related to the services of the CFO were $193. In April 2021, this agreement was extended for an additional six months, and was subsequently extended through May 2022.

In 2020, the Company entered into an agreement with a related party, which held the exclusive Canadian rights to a leading third party technology required for the development of their virtual care solution.

In connection with the RTO, the Company entered into a Registration Rights Agreement and an Investors Rights Agreement with a related party who, at closing of the RTO, beneficially owned or had control or direction over 16,702,334 common shares of the Company and principal warrants to acquire an additional 2,974,740 common shares of the Company, representing approximately 53.6% of the issued and outstanding common shares of the Company on a non-diluted basis (and approximately 40.6% on a fully-diluted basis) at the time the agreement was signed.

Key management compensation

The Company's key management is comprised of the Board of Directors, the corporate secretary and the executive officers effectively present during 2021. In addition to the Chief Executive Officer, executive officers are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly reporting to the Chief Executive Officer.

The costs reported below are compensation and benefits for key management:

- Short-term employee benefits include their base salary plus bonus;
- Directors' and officers' fees include annual director fees, as well as Board and committees' attendance fees; and
- Share-based compensation includes the portion of the IFRS 2, "Share-based Payment" ("IFRS 2"), expense attributable to key management.

The Company has reviewed the roles that are part of the key management and the comparative information has been restated for the comparative period. Compensation of key management for the years ending December 31 comprised of the following:

	December 31, 2021	December 31, 2020
Director & officer compensation		
Director & officer fees	$ 44	$ 13
Equity incentives	$ 314	$ 481
Executive compensation		
Salaries and employee benefits	$ 1,364	$ 554
Equity incentives	$ 732	$ 431
	$ 2,454	**$ 1,479**

Extension of Warrants

In July 2021, the Company agreed to extend for an additional two-year period the expiry date of 2,156,265 Replacement Principal Warrants expiring July 29, 2021 owned by MedTech Investment L.P., an entity controlled by Dr. Sheldon Elman (Chairman of the Board of Directors of the Company) and Stuart M. Elman (a director of the Company). These Replacement Principal Warrants will therefore expire on July 29, 2023. All other terms and conditions of these Replacement Principal Warrants remain unchanged, including the exercise price of $1.2429 per common share of the Company.

Management's participation in the Offering

Certain officers (collectively, the "Insiders") of Carebook subscribed in the Offering for an aggregate of 60,000 Units (defined below). As related parties of the Company participated in the Offering, their subscriptions were deemed to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on an exemption from the formal valuation and minority shareholder approval requirements set out in MI 61-101, as the fair market value of the Insiders' participation in the Offering did not exceed 25% of the Company's market capitalization calculated in accordance with MI 61-101.

More information on the Offering can be found at Note 23 - the Offering.

Note 20 - Reverse Takeover Transaction

Reverse Takeover Transaction

On October 1, 2020, the Company (then known as Pike) completed a business combination with Carebook 2020 involving a three-cornered amalgamation (the "Amalgamation") of the Company (then known as Pike), Carebook 2020, and Subco, a wholly-owned subsidiary of Pike incorporated under the *Canada Business Corporations Act* for the sole purpose of effecting the Amalgamation.

The business combination resulted in, among other things,

(i) the reverse takeover of the Company by the former securityholders of Carebook 2020,
(ii) the Company changing its name to "Carebook Technologies Inc.",
(iii) the entity resulting from the Amalgamation ("Amalco") becoming a wholly-owned subsidiary of the Company, and
(iv) the listing of the Company's common shares on the TSXV.

These transactions are collectively referred to as the "RTO".

The common shares of the Company began trading on the TSXV on October 6, 2020 under the symbol "CRBK".

Private Placement

In connection with the RTO, Carebook 2020 secured private placement financings for aggregate gross proceeds of $21,000 comprised of: (i) the issuance of 6,932,000 subscription receipts of Carebook 2020 ("Carebook Subscription Receipts") at a price of $2.50 per Carebook Subscription Receipt for aggregate gross proceeds of $17,330, which offering was completed on August 7, 2020, (ii) the issuance of 400,000 units of Carebook 2020 ("Carebook Units") to certain members of Carebook 2020 management or affiliates thereof at a price of $2.50 per Carebook Unit for aggregate gross proceeds of $1,000, which subscriptions were completed concurrently with the closing of the RTO, and (iii) the issuance of 1,068,000 Carebook Units to certain arm's length investors at a price of $2.50 per Carebook Unit for aggregate gross proceeds of $2,670 which subscriptions were completed concurrently with the closing of the RTO. As part of the Amalgamation, each Carebook Subscription Receipt and each Carebook Unit was exchanged for one common share of the Company and one half of one warrant entitling the holder thereof to acquire a common share of the Company.

The Secondary Portion

In connection with the RTO, Carebook 2020 completed an internal reorganization, whereby certain holders of Carebook 2020 Common Shares exchanged their Carebook 2020 Common Shares for Carebook redeemable shares, which were, in accordance with the Amalgamation, exchanged for Amalco redeemable shares, which were then subsequently redeemed by Amalco as a means to enable such Carebook shareholders to achieve liquidity on a portion of their shareholdings of Carebook. All holders of Carebook 2020 Common Shares were provided with an opportunity to participate in the Secondary Portion (the Secondary) on a pro rata basis based on their respective shareholdings, as provided for in the Carebook shareholders' agreement.

Pursuant to the amalgamation agreement governing the Amalgamation, each Amalco redeemable share was automatically redeemed by Amalco at a redemption price of $1.00 per Amalco redeemable share, payment of which was satisfied on October 2, 2020 by Amalco using $5,330 of the proceeds from the private placements described above.

Reverse acquisition of Pike Mountain Minerals Inc. by Carebook

As described above, on October 1, 2020, the former security holders of Carebook 2020 acquired control of the Company by way of the RTO.

The RTO was a reverse acquisition of the Company by the former security holders of Carebook 2020. Since Pike's operations did not meet the definition of a business under IFRS 3, the RTO did not qualify as a business combination and was accounted for under IFRS 2.

The reverse acquisition costs and associated RTO transaction costs were expensed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2020.

Trading on Frankfurt Stock Exchange

Carebook began trading on Open Market of the Frankfurt Stock Exchange under the symbol "PMM1" in October 2020.

Trading on OTC Market

In December 2020, Carebook began trading on the OTC Market under the symbol "CRBKF". As of March 2021, the Company's common shares were eligible for electronic clearing and settlement through The Depository Trust Company ("DTC") in the United States.

Note 21 - Amalgamation

Amalgamation of Carebook Entities

On January 1, 2021, the following companies were amalgamated under the *Business Corporations Act (British Columbia)*:

- The Company;
- Carebook 2020; and
- Carebook Technologies (OPS) Inc. (a wholly owned subsidiary of Carebook 2020)

The amalgamated entity resulting from this amalgamation retained the name Carebook Technologies Inc.

Note 22 - Stock Option Plan Amendment and Continuance

On May 18, 2021, the Board of Directors of the Company approved an amendment to the Stock Option Plan of the Company (the “Stock Option Plan Amendment”) to increase the maximum number of common shares of the Company that may be issued pursuant to the exercise of options under the Stock Option Plan from 5,500,000 to 6,237,779. At the Company’s annual general and special meeting of holders of common shares of the Company held on June 30, 2021 (the “Meeting”), a majority of disinterested shareholders present in person or represented by proxy at the Meeting approved the Stock Option Plan Amendment, which was also approved by the TSXV and is now effective.

At the Meeting, shareholders also authorized, by way of special resolution, the Company to continue out of the Province of British Columbia under the provisions of the *Business Corporations Act (British Columbia)* and into federal jurisdiction under the provisions of the *Canada Business Corporations Act* (the “Continuance”). The Company completed the Continuance on September 15, 2021.

Refer to the Company’s management information circular dated May 18, 2021 and the charter documents for the Continuance dated September 15, 2021 that are filed under the Company’s profile on SEDAR for further details on the Stock Option Plan Amendment and the Continuance.

Note 23 - The Offering

On August 5, 2021 (the “Closing Date’), the Company completed an Offering of 11,280,000 units of the Company at a price of $1.00, for aggregate gross proceeds of $11,280. Each unit consists of one common share of Carebook and one-half of one warrant to purchase a common share of Carebook, for a total of 11,280,000 common shares of the Company and 5,640,000 warrants to purchase common shares of the Company. Each whole warrant entitles the holder thereof to acquire a common share of the Company at an exercise price of $1.47 per common share of the Company for a period of 24 months from issuance. 60,000 units were purchased by management. See Note 19 - Related Party Transactions, above.

In connection with the Offering, the brokers received, as compensation: (i) cash compensation of $674; and (ii) 673,800 broker warrants (the "Broker Warrants"), each Broker Warrant entitling the holder thereof to acquire a common share of the Company at $1.00 for a period of 24 months from issuance. The Company also paid iA Private Wealth Inc. a corporate finance work fee of $50, plus applicable taxes.

The securities issued have a hold period of four months and one day from the Closing Date.

The Company used the net proceeds of the private placement to complete the acquisition of CoreHealth, to partially repay indebtedness, for working capital and for general corporate purposes.

Note 24 - Subsequent Events

Extension and amendment of Credit Facilities extension

On April 6, 2022, the company entered into an agreement with the Lenders to amend its Credit Facilities. Under the amendment, the Revolving Facility became a $3,000 demand revolving facility and the Term Loan Facility became a $4,000 non-revolving term loan facility, subject to mandatory repayment as described below. Moreover, the maturity date of Term Loan Facility has been extended to November 30, 2022, provided that the Company must make a mandatory prepayment of $1,000 on the Term Loan Facility no later than May 31, 2022, after which the outstanding amount under the Term Loan Facility will be $3,000. As at the date hereof, the Credit Facilities have been fully drawn and the Company may not borrow any other borrowings under the Term Loan Facility. The applicable margin on each of the Credit Facilities has also been increased to 9.0%, effective as of April 7, 2022.

Rights Offering and Stand-by Commitment

On April 11, 2022, the Company announced an offering of rights (the "Rights Offering") to holders of its common shares of record at the close of business on April 19, 2022 (the "Record Date"). Pursuant to the Rights Offering, each holder of common shares received one transferable right (a "Right") for each common share held. Every 1.5917452 Rights entitles a holder to purchase one (1) common share at a price of $0.15 per common share (the "Subscription Price"). The maximum gross proceeds that may be raised by the Company under the Rights Offering is $4,500. A maximum of 30,000,000 common shares could be issued pursuant to the Rights Offering, representing 62.8% of the currently issued and outstanding common shares. More information about the Rights Offering may be found in the Rights Offering circular dated April 11, 2022, available on SEDAR under the Company’s profile.

Stand-by Commitment Agreement

In connection with the Rights Offering, the Company has entered into a stand-by commitment agreement dated April 11, 2022 (the "Stand-by Commitment Agreement") with UIL Limited ("UIL" or the "Stand-by Guarantor"), a current significant shareholder of the Company, whereby the Stand-by Guarantor agreed to purchase common shares not otherwise subscribed for under connection the Rights Offering, guaranteeing the Company to receive aggregate gross proceeds of $4,500. Further, pursuant to the Stand-by Commitment Agreement, UIL is entitled to receive warrants to purchase a number of common shares equal to 1.5% of the common shares purchased by it under the Stand-by Commitment Agreement less those common shares to which the Stand-by Guarantor is entitled under its basic subscription privilege and those it subscribes for under its additional subscription privilege. Further details of the Stand-by Commitment Agreement are contained in the Rights Offering circular.