CAREBOOK TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

CAREBOOK TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

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Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2022 and 2021 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of Carebook Technologies Inc. (the "Company"). These interim condensed consolidated financial statements have not been reviewed by the Company's independent auditor.

CAREBOOK TECHNOLOGIES INC.
INTERIM CONSDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended March 31, 2022 and 2021
(Expressed in $000s CAD, except for number of shares and per share amounts)

	Note	March 31, 2022		March 31, 2021	
				(restated)	
REVENUE	4	$	2,397	$	863
				$	-
Cost of revenue		$	164	$	74
Gross profit		**$**	**2,233**	**$**	**789**
				$	-
EXPENSES				$	-
Sales and marketing	5	$	876	$	476
Research and development	5	$	1,683	$	1,446
General and administrative	5	$	1,342	$	926
Loss from operations		**$**	**(1,668)**	**$**	**(2,059)**
Transaction costs		$	-	$	111
M&A costs		$	-	$	71
Finance costs	6	$	272	$	16
Net loss before taxes		**$**	**(1,940)**	**$**	**(2,257)**
Income tax expense (gain)		$	(137)	$	-
Net loss		**$**	**(1,803)**	**$**	**(2,257)**
Total comprehensive loss		**$**	**(1,803)**	**$**	**(2,257)**
Weighted average number of basic and diluted common shares			47,752,356		30,510,648
Basic and diluted loss per share		$	(0.04)	$	(0.07)

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

CAREBOOK TECHNOLOGIES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2022 and 2021
(Expressed in $000s CAD)

	Note		March 31, 2022		December 31, 2021
ASSETS					
Current Assets					
Cash and cash equivalents	7	$	1,067	$	1,455
Trade and other receivables	8	$	1,040	$	1,376
Prepaid expenses		$	368	$	307
Deferred financing costs	13	$	41	$	118
Total current assets		**$**	**2,516**	**$**	**3,256**
Non-Current Assets					
Property and equipment, net	9	$	362	$	389
Right-of-use assets	12	$	521	$	549
Goodwill	10	$	11,111	$	11,111
Intangible assets	10	$	9,703	$	10,135
Deferred tax assets		$	153	$	153
Total non-current assets		**$**	**21,850**	**$**	**22,337**
Total Assets		**$**	**24,366**	**$**	**25,593**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	4,876	$	4,227
Contract liabilities	4	$	2,342	$	2,112
Current portion of lease liabilities	12	$	116	$	102
Revolving Facility	13	$	3,000	$	3,000
Term Loan Facility	13	$	4,000	$	4,000
Tax liabilities		$	15	$	15
Total current liabilities		**$**	**14,349**	**$**	**13,456**
Non-Current Liabilities					
Non-current portion of holdbacks payable		$	-	$	456
Non-current portion of contingent consideration		$	801	$	801
Lease liabilities	12	$	678	$	721
Loan Agreements	13	$	1,000	$	1,000
Deferred tax liabilities		$	2,609	$	2,746
Total non-current liabilities		**$**	**5,088**	**$**	**5,724**
SHAREHOLDERS' EQUITY					
Share capital	14	$	39,067	$	39,067
Contributed surplus	14	$	9,547	$	9,228
Warrants reserve	14	$	4,635	$	4,635
Accumulated deficit	14	$	(48,320)	$	(46,517)
Total shareholders' equity		**$**	**4,929**	**$**	**6,413**
Total Liabilities and Shareholders' Equity		**$**	**24,366**	**$**	**25,593**

Approved by the Board of Directors on May 30, 2022:

(s) Josh Blair — Director

(s) Stuart M. Elman — Director

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

CAREBOOK TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

For the three months ended March 31, 2022 and 2021

(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, 2021		**30,552,098**	**$**	**23,660**	**$**	**2,421**	**$**	**7,987**	**$**	**(27,228)**	**$**	**6,840**
Stock-based compensation	14	-	$	-	$	-	$	234	$	-	$	234
Net loss from operations (restated)		-	$	-	$	-	$	-	$	(2,257)	$	(2,257)
At March 31, 2021 (Restated)		**30,552,098**		**23,660**		**2,421**		**8,221**	**$**	**(29,485)**	**$**	**4,817**
At January 1, 2022		**47,752,356**	**$**	**39,067**	**$**	**4,635**	**$**	**9,228**	**$**	**(46,517)**	**$**	**6,413**
Stock-based compensation	14		$	-	$	-	$	319	$	-	$	319
Net loss from operations			$	-	$	-	$	-	$	(1,803)	$	(1,803)
At March 31, 2022		**47,752,356**	**$**	**39,067**	**$**	**4,635**	**$**	**9,547**	**$**	**(48,320)**	**$**	**4,929**

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

CAREBOOK TECHNOLOGIES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2022 and 2021
(Expressed in $000s CAD)

	Note	March 31, 2022		March 31, 2021 (Restated)	
Cash flows from (used in) operating activities					
Net loss		$	(1,803)	$	(2,257)
Adjustments for non-cash items:					
Share-based compensation	14	$	319	$	234
Depreciation	9	$	28	$	49
Amortization of intangible assets	10	$	461	$	-
Amortization of deferred financing costs		$	77	$	-
Interest expense		$	195	$	-
Changes in non-working capital items:					
Trade and other receivables	8	$	336	$	(168)
Prepaid expenses		$	(58)	$	(42)
Accounts payable and accrued liabilities	11	$	284	$	(275)
Contract liabilities	4	$	230	$	(8)
Net cash from (used in) operating activities		**$**	**(68)**	**$**	**(2,467)**
Cash flows from (used in) investing activities					
Purchases of property and equipment	9	$	-	$	(15)
Addition of intangible assets	10	$	(29)	$	-
Acquisition of InfoTech	3	$	(88)	$	-
Net cash from (used in) investing activities		**$**	**(117)**	**$**	**(15)**
Cash flows from (used in) financing activities					
Payments of principal on lease liabilities	12	$	(46)	$	(8)
Lease inducements and prepayments, net		$	-	$	(16)
Interest paid		$	(157)	$	-
Net cash from (used in) financing activities		**$**	**(203)**	**$**	**(24)**
Net increase (decrease) in cash and cash equivalents		$	(388)	$	(2,505)
Cash and cash equivalents - beginning of period		$	1,455	$	3,628
Cash and cash equivalents - end of period		**$**	**1,067**	**$**	**1,123**

The accompanying notes are an integral part of the interim condensed 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 (See Note 20 - Reverse Takeover Transaction of the Company’s annual audited consolidated financial statements for the year ended December 31, 2021), 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 of the Company’s annual audited consolidated financial statements for the year ended December 31, 2021).

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.

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.

Effective as of September 15, 2021, the Company continued out of the jurisdiction of the *Business Corporations Act (British Columbia)* and into the jurisdiction of the *Canada Business Corporations Act*.

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 complete end-to-end digital health platforms that feature assessments, reporting, and targeted solutions offered through an array of selected partners and resellers, or directly to its primary end customers which are large employers across a variety of industries and pharmacies.

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 interim condensed 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 interim condensed consolidated financial statements on May 30, 2022. These interim condensed 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 interim condensed 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.

Restatement of comparative information

The interim Condensed Consolidated Statement of Loss and Comprehensive Loss and the Statement of Cash Flow for the three-month period ended March 31, 2021 are being restated as the Company incorrectly capitalized internally generated development costs associated with its pharmacy business, once the IAS 38 Intangible Assets criteria were no longer met. Therefore, the amount of research and development expenses, which were previously reported at $1,069 on the Condensed Consolidated Statement of Loss and Comprehensive Loss and Note 4 Expenses by Function, were increased by $377 as if development costs incurred in the first quarter of 2021 were never capitalized, which includes impact of the amortization of capitalized development costs. Similarly, the amount of $377 presented on the line Addition of Intangible Assets on the Investing Activities section of the Statement of Cash Flow was reduced to zero. As a consequence, Net Loss from Operations presented in the Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficit) was reduced by the same amount and it is now being presented at $2,257. The impact of the restatement described above is summarized below:

(Expressed in $000s CAD)

Condensed Consolidated Statement of Loss and Comprehensive Loss

	For the three month period ending March 31, 2021 Restated	2021 As originally presented
Research and development	$ 1,446	$ 1,069

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficit)

	For the three month period ending March 31, 2021 Restated	2021 As originally presented
Net Loss from Operations	$ (2,257)	$ (1,880)

Interim Condensed Consolidated Statement of Cash Flow

	For the three month period ending March 31, 2021 Restated	2021 As originally presented
Addition of intangible assets	$ -	$ (377)

Going concern

The interim condensed 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's and CoreHealth's clients 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 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 March 31, 2022, the Company's current liabilities exceeded its current assets by $11,833. The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $48,320 as at March 31, 2022 ($46,517 at December 31, 2021). 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 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021), 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 and equity financings in the past as described in Note 14 - Borrowings, Note 20 – Reverse Takeover Transaction and Note 23 - The Offering of the Company’s annual audited consolidated financial statements for the year ended December 31, 2021, and completed an equity financing in May 2022 as described in Note 19 – 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 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 outflow reduction 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 March 31, 2022, total estimated staff restructuring costs for the employees terminated subsequently to the period end is $89. These costs are expected to be fully incurred during the second quarter of 2022.

These interim condensed 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 Significant accounting policies

The significant accounting policies used in preparing these interim condensed consolidated financial statements are the same as those disclosed in Note 2 - Summary of Significant Accounting Policies of the Company’s annual audited consolidated financial statements for the year ended December 31, 2021.

2.3 Significant judgments and estimates

The preparation of the Company’s interim condensed 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. The main significant judgments and estimates related to the preparation of the interim condensed consolidated financial statements are presented below:

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.

Provisions

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

As at March 31, 2022, 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 interim condensed consolidated statements of financial position and will be revised each quarter until the actual liability is settled.

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 interim condensed 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 March 31, 2022 and December 31, 2021 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, and trade and other receivables 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

(Expressed in $000s CAD)

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, Credit Facilities and Loan Agreements are classified as and subsequently measured at amortized cost using the effective interest method

Refer to Note 13 - Borrowings and Note 15 - Financial Instruments for more information.

Note 3 - Business Combinations

As disclosed on Note 3 - Business Combinations of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, the purchase price allocations for the acquisitions of InfoTech and CoreHealth have been completed during the fourth quarter of 2021.

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 quarter ended March 31, 2022, are as follows:

		March 31, 2022
Revenue from InfoTech	$	661
Revenue from CoreHealth	$	1,224
Net Loss from InfoTech	$	(197)
Net Income from CoreHealth	$	645

Payment related to the acquisitions

During the quarter ended March 31, 2022, the Company paid $88 to the former shareholders of InfoTech related to the adjustment relating to working capital payable associated with the acquisition. See Note 3 - Business Combinations of the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

Note 4 - Revenue

The Company's revenue by service offering for three-month periods ended March 31, 2022 and 2021 were:

		March 31, 2022		**March 31, 2021**
Revenue consists of the following:				
Software as a service (SaaS)	$	1,552	$	146
Software development	$	820	$	728
Revenue share	$	(4)	$	(11)
Other revenue	$	29	$	-
Total revenue	**$**	**2,397**	**$**	**863**

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

(Expressed in $000s CAD)

	March 31, 2022		December 31, 2021	
Balance as of January 1	$	2,112	$	297
Decrease from satisfied performance obligations	$	(2,372)	$	(5,653)
Increase from changes as a result of the measures in progress	$	2,602	$	6,213
Increase from acquisition of InfoTech	$	-	$	315
Increase from acquisition of CoreHealth	$	-	$	940
Balance at end of period	**$**	**2,342**	**$**	**2,112**
Of which current	$	2,342	$	2,112
Of which non-current	$	-	$	-

Note 5 - Operating Expenses by Function

The Company's operating expenses are broken down by function for three-month periods ended March 31, 2022 and 2021 as follows:

Sales and marketing expenses consisted of the following for the three-month periods ended:

	March 31, 2022		March 31, 2021	
Labour & employee benefits	$	827	$	442
Stock based compensation	$	27	$	6
Marketing	$	13	$	28
Business development	$	9	$	-
Total sales and marketing expenses	**$**	**876**	**$**	**476**

Research and development expenses consisted of the following for the three-month periods ended:

	March 31, 2022		March 31, 2021 Restated	
Labour & employee benefits	$	933	$	1,215
Stock based compensation	$	41	$	27
Research and development	$	232	$	184
Depreciation & amortization	$	477	$	20
Total research and development expenses	**$**	**1,683**	**$**	**1,446**

General and administrative expenses consisted of the following for the three-month periods ended:

	March 31, 2022		March 31, 2021	
Labour & employee benefits	$	594	$	255
Stock based compensation	$	50	$	201
Rent	$	72	$	34
Professional fees	$	455	$	274
General and administrative	$	132	$	133
Depreciation	$	39	$	29
Total general and administrative expenses	**$**	**1,342**	**$**	**926**

(Expressed in $000s CAD)

Note 6 – Finance Costs

The components of finance costs within the interim condensed consolidated statements of loss and comprehensive loss for the three months ended March 31, 2022 and 2021 were as follows:

		March 31, 2022		March 31, 2021
Finance costs consist of the following:				
Amortization of deferred financing costs	$	77	$	-
Amortization of holdbacks	$	38	$	-
Credit Facilities	$	112	$	-
Loan Agreements	$	27	$	-
Lease liabilities	$	17	$	16
Other	$	1	$	-
Total finance costs	**$**	**272**	**$**	**16**

Note 7 – Cash and cash equivalents

		March 31, 2022		December 31, 2021
Cash and cash equivalents	$	1,067	$	1,455

As at March 31, 2022 and December 31, 2021, all cash and cash equivalents represented cash in banks and on hand.

Note 8 - Trade and Other Receivables

The Company had $1,040 and $1,376 in trade and other receivables as at March 31, 2022 and December 31, 2021, respectively. These receivables consisted of sales tax receivables, trade receivables for unpaid client invoices, and receivables from government agencies.

		March 31, 2022		December 31, 2021
Sales tax receivable	$	210	$	176
Trade receivables	$	974	$	1,201
Impairment allowance	$	(158)	$	(138)
Other receivables	$	14	$	137
Total trade and other receivables	**$**	**1,040**	**$**	**1,376**

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.

As at the acquisition date of CoreHealth during the third quarter of 2021, CoreHealth recognized an impairment allowance of $138 for a customer who filed for bankruptcy. An additional impairment allowance of $20 was recognized in the first quarter of 2022 for other customers.

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 March 31, 2022.

Currency concentrations

As at March 31, 2021, the Company had no outstanding trade receivables transacted in currencies other than the Company's functional currency (Canadian dollars). As at March 31, 2022, there were trade receivables totaling $540 ($000s USD), which were converted to $675 in the Company's functional currency.

Note 9 - 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, 2021	$ 258	$ 49	$ 65	$ -	$ -	$ 372
Additions	$ -	$ -	$ 14	$ -	$ -	$ 14
Additions through acquisitions	$ 49	$ 13	$ 38	$ 4	$ 16	$ 119
Disposals	$ -	$ (1)	$ (1)	$ -	$ -	$ (1)
Depreciation expense	$ (40)	$ (23)	$ (49)	$ (2)	$ (1)	$ (114)
Balance as at December 31, 2021	$ 267	$ 39	$ 67	$ 2	$ 15	$ 389
Cost	$ 400	$ 147	$ 271	$ 4	$ 16	$ 837
Less accumulated depreciation	$ (133)	$ (108)	$ (204)	$ (2)	$ (1)	$ (448)
Balance as at December 31, 2021	**$ 267**	**$ 39**	**$ 67**	**$ 2**	**$ 15**	**$ 389**
Balance as at January 1, 2022	$ 267	$ 39	$ 67	$ 2	$ 15	$ 390
Depreciation expense	$ (10)	$ (6)	$ (12)	$ -	$ -	$ (28)
Balance as at March 31, 2022	$ 257	$ 33	$ 55	$ 2	$ 15	$ 362
Cost	$ 400	$ 147	$ 271	$ 4	$ 16	$ 838
Less accumulated depreciation	$ (143)	$ (114)	$ (216)	$ (2)	$ (1)	$ (476)
Balance as at March 31, 2022	**$ 257**	**$ 33**	**$ 55**	**$ 2**	**$ 15**	**$ 362**

As at March 31, 2022, 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 March 31, 2022 and 2021. As disclosed on Note 2.3 Significant accounting policies of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, an impairment analysis is performed at each annual reporting period.

Note 10 - Intangible Assets and Goodwill

Changes in intangible assets were as follows:

	Capitalized Development	Trademark	Technology	Intellectual Property	Others	Goodwill
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**
Balance as at January 1, 2022	$ 39	$ 1,967	$ 7,665	$ -	$ 464	$ 11,111
Additions	$ 29	$ -	$ -	$ -	$ -	$ -
Amortization	$ (6)	$ (91)	$ (352)	$ -	$ (12)	$ -
Disposals	$ -	$ -	$ -	$ -	$ -	$ -
Balance as at March 31, 2022	$ 62	$ 1,876	$ 7,313	$ -	$ 452	$ 11,111
Cost	$ 73	$ 2,180	$ 8,440	$ 1,950	$ 490	$ 11,111
Less accumulated depreciation	$ (11)	$ (304)	$ (1,127)	$ (1,950)	$ (38)	$ -
Balance as at March 31, 2022	**$ 62**	**$ 1,876**	**$ 7,313**	**$ -**	**$ 452**	**$ 11,111**

The addition of goodwill, trademark, technology and other intangible assets (customers' relationship) are derived from the business combinations completed in 2021, as described in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. As part of the acquisition process, 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.

(Expressed in $000s CAD)

As disclosed on Note 11 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, impairment losses amounting to $7,170 were recognized for the pharmacy ($4,370) and health risk assessment ($2,800) cash-generating units.

Note 11 - Accounts Payable and Accrued Liabilities

As at March 31, 2022 and December 31, 2021, the accounts payable and accrued liabilities consisted of the following:

		March 31, 2022		December 31, 2021
Trade payables	$	1,032	$	795
Employee entitlements	$	193	$	252
Current portion of holdbacks	$	1,923	$	1,429
Contingent consideration payable	$	698	$	569
Other payables and accrued liabilities	$	1,030	$	1,182
Total accounts payable and accrued liabilities	**$**	**4,876**	**$**	**4,227**

Note 12 - 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.

(Expressed in $000s CAD)

Changes in ROU Assets

The following table represents the changes in ROU assets for the periods ended March 31, 2022 and December 31, 2021:

Cost of right-of-use assets		**March 31, 2022**		**December 31, 2021**
Balance at January 1	$	762	$	597
Additions	$	-	$	165
Balance at end of period	**$**	**762**	**$**	**762**
Less accumulated amortization	$	241	$	213
Net book value at end of period	**$**	**521**	**$**	**549**

Lease Liabilities

The following table outlines the maturity of the contractual payments due under the Company's lease arrangements as at March 31, 2022 and December 31, 2021:

		March 31, 2022		**December 31, 2021**
Less than 1 year	$	179	$	181
1 to 5 years	$	640	$	653
More than 5 years	$	177	$	212
Total	**$**	**996**	**$**	**1,046**
Less: impact of discounting	$	202	$	223
Total lease liabilities	**$**	**794**	**$**	**823**
Of which non-current	$	678	$	721
Of which current	$	116	$	102

The expenses relating to variable lease payments not included in the measurement of lease obligations were $42 and $35 for the quarters ended March 31, 2022 and 2021, respectively. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space lease. For the quarters ended March 31, 2022 and 2021, expenses relating to short-term and low-value leases were $30 and nil, respectively. For the quarters ended March 31, 2022 and 2021, total cash outflows for leases and other rents were $85 and $65, respectively.

(Expressed in $000s CAD)

Note 13 – Borrowings

13.1 Analysis by nature

	As at March 31, 2022				
		Carrying Amount		Fair Value	Effective Rate
Revolving Facility	$	3,000	$	3,000	8.41%
Term Loan Facility	$	4,000	$	4,000	4.91%
Lease liability	$	116	$	116	
Total short-term borrowings	**$**	**7,116**	**$**	**7,116**	
Loan Agreements	$	1,000	$	1,000	10.00%
Lease liability	$	678	$	678	8.69%
Total long-term borrowings	**$**	**1,678**	**$**	**1,678**	
Total borrowings	**$**	**8,794**	**$**	**8,794**	
Of which non-current	$	1,678			
Of which current	$	7,116			

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

13.2 Movements in borrowings

		2022		2021
Balance as at January 1,	$	8,823	$	741
Interest - Credit Facilities and Loan Agreements	$	140	$	-
Interest payments	$	(140)	$	-
Repayment of lease liability	$	(29)	$	(15)
Balance as at March 31,	**$**	**8,794**	**$**	**726**

13.3 Main features of borrowings

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 19 - Subsequent Events. As at March

31, 2022, the amount drawn on the Revolving Facility was $3,000 and the amount drawn on the Term Loan Facility was $4,000. Prior to the third amendment to the Credit Agreement as disclosed on Note 19 – 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 subsequent to the period ending March 31, 2022.

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 ("The Offering") 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 and the acquisition of CoreHealth, please refer to Note 23 - The Offering and Note 3 - Business Combinations of the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

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 March 31, 2022, the outstanding amount owed on the Revolving Facility was $3,000, at an effective interest rate of 8.4% and the borrowing base was $3,102.

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 March 31, 2022 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 March 31, 2022, 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 $41 presented on the Condensed Consolidated Statement of Financial Position 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, as per this amendment, the interest rate on the Revolving Facility remained at a rate based on CDOR plus a margin of 8.0% and, prior to the third amendment that occurred in April 2022, would decrease to CDOR plus a margin of 3.25% conditional upon the successful completion of a surplus equity injection of $2,720.

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 19 – 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 Limited ("UIL"), 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.

(Expressed in $000s CAD)

Note 14 - Equity Instruments

Authorized

Unlimited common shares without par value.

Issued and Outstanding Common Shares

As at March 31, 2022, the issued share capital comprises 47,752,356 common shares. The issued share capital was the same as at December 31, 2021.

	March 31, 2022			December 31, 2021		
	Shares		**Amounts**	**Shares**		**Amounts**
Common shares	47,752,356	$	39,067	47,752,356	$	39,067
Total shares issued and outstanding	**47,752,356**	**$**	**39,067**	**47,752,356**	**$**	**39,067**

14.1 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 Shares"). 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 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

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, 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 was 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 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 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 vest over a period of one year. At the same time, the Company issued 827,934 stock options to its employees that expire 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 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 vest in equal instalments on an annual basis over three years.

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.

No stock options were granted during the first quarter of 2022. During the first quarter of 2022, there was a forfeiture of 132,083 stock options due to employee turnover. This resulted in a net recovery of $38.

In addition to the above, the Company reviewed its outstanding number of stock options as of March 31, 2022 and concluded that 135,459 options that were considered to be forfeited as of December 31, 2020 were actually outstanding. Those options were added back to the final position of outstanding options as of March 31, 2022.

As at March 31, 2022, the number of stock options outstanding is 5,794,494.

14.2 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 18 - Related Party Transactions of the Company's annual audited consolidated financial statements for the year ended December 31, 2021 for more information on the warrant life extension.

As part of the private placement financings, described in Note 20 - Reverse Takeover Transaction of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, 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 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, 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 units of Carebook 2020 (“Carebook Units”) at an exercise price equal to $2.50 per Carebook Unit.

As part of the RTO, described in Note 20 of the Company’s annual audited consolidated financial statements for the year ended December 31, 2021, 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 Carebook Units 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 during the third quarter of 2021.

As part of the transactions under the Credit Facilities described in Note 13, 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 subsequent to the period ending March 31, 2022.

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 March 31, 2022 was 14,173,660.

Note 15 - Financial Instruments

15.1 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 March 31, 2022 and December 31, 2021 the Company’s financial assets and liabilities were as follows:

(Expressed in $000s CAD)

	March 31, 2022		December 31, 2021	
	At Carrying Value or Amortized Cost		**At Carrying Value or Amortized Cost**	
Cash and cash equivalents	$	1,067	$	1,455
Trade & other receivables	$	1,040	$	1,376
Total financial assets	**$**	**2,107**	**$**	**2,831**
Trade payables	$	1,032	$	795
Borrowings	$	8,000	$	8,000
Total financial liabilities	**$**	**9,032**	**$**	**8,795**

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.

15.2 Fair values

The carrying values of the Company's 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.

15.3 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.

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

There were no transfers into or out of Level 1, Level 2, or Level 3 during the quarters ended March 31, 2022 and 2021.

As at March 31, 2022 there are no financial instruments classified as Level 2 and Level 3.

Note 16 - 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.

16.1 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 the first quarter of 2021, there was no debt other than the lease liability. In the first quarter of 2022, the interest rate risk stems from the Credit Facilities and 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 $21 in the Company's loss for the quarter ended March 31, 2022 (nil for the quarter ended March 31, 2021).

(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 quarters ended March 31, 2022 and 2021.

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 the first quarter of 2022 levels would have had an impact of +/- $67 on net loss.

16.2 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 15 - Financial Instruments. The Company did not hold any collateral as security as at March 31, 2022 and 2021.

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 the first quarter of 2021. This risk has been mitigated to some extent by the acquisitions of InfoTech and CoreHealth, as the primary customer now represents approximately 21% of the Company's revenue for quarter ended March 31, 2022.

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.

16.3 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 first quarter of 2022, no financing and investing activities took place, except for the payment of the adjustment relating to working capital payable associated with the acquisition of InfoTech – see Note 3 – Business Combination of the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

Note 17 - Commitments

Capital expenditure and purchase commitments

As at March 31, 2022 and 2021, the Company had no future commitments for purchases of property and equipment and intangible assets.

Note 18 - Related Party Transactions

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

	March 31, 2022	December 31, 2021
Payable to related party		
Payables to shareholders	$ 74	$ 55
Loan Agreements (Note 13)	$ 1,000	$ 1,000
	$ 1,074	**$ 1,055**

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 quarter ended March 31, 2022, total expenses related to the services of the CFO were $49. In April 2021, this agreement was extended for an additional six months, and was subsequently extended through May 2022.

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.

Note 19 - Subsequent Events

Extension and amendment of Credit Facilities

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, which was subsequently extended to June 15, 2022, after which the outstanding amount under the Term Loan Facility will be $3,000. As at the date hereof, the Term Loan Facility has been fully drawn and the Company accessed less than $300 of the Revolving Facility, so a balance of approximately $2,700 is available. 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 maximum gross proceeds that could have been raised by the Company under the Rights Offering was $4,500. A maximum of 30,000,000 common shares could have been 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.

On May 17, 2022, the Company announced the completion of the Rights Offering, which resulted in the issuance of 17,107,749 common shares of the Company at a price of $0.15 per share for proceeds to the Company of approximately $2,570. A total of 9,910,664 common shares were issued pursuant to the basic subscription privilege of the Rights Offering. Of these, 9,304,325 common shares were issued to insiders of Carebook and 606,339 common shares were issued to all other persons. A total of 7,197,085 common shares were issued pursuant to the additional subscription privilege of the Rights Offering. Of these, 6,978,982 common shares were issued to insiders of Carebook and 218,103 common shares were issued to all other persons.

<u>Stand-by Commitment Agreement</u>

In connection with the Rights Offering, the Company entered into a stand-by commitment agreement dated April 11, 2022 (the "Stand-by Commitment Agreement") with UIL (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.

In accordance with the terms Stand-by Commitment Agreement presented above, the Company issued 12,892,251 additional common shares to UIL, at a price of $0.15 per share, for additional proceeds to the Company of approximately $1,930, resulting in the Company receiving aggregate proceeds of $4,500 under the Rights Offering. UIL was also issued 193,383 Warrants pursuant to the Stand-by Commitment Agreement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.16 per share at any time within 24 months of their issuance.

Following the closing of the Rights Offering on May 17, 2022 and including the common shares issued to UIL pursuant to the Stand-by Commitment Agreement, the Company had 77,752,356 common shares issued and outstanding.