CAREBOOK TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(unaudited) (expressed in thousands of Canadian dollars)

CAREBOOK TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE and NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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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 and nine-month periods ended September 30, 2023 and 2022 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 CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in $000s CAD, except for number of shares and per share amounts)

		THREE MONTHS ENDED		NINE MONTHS ENDED	
	Note	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
REVENUE	3	$ 3,484	$ 2,066	$ 8,702	$ 6,798
Cost of revenue		$ 554	$ 251	$ 1,512	$ 745
Gross profit		**$ 2,930**	**$ 1,815**	**$ 7,190**	**$ 6,053**
EXPENSES					
Sales and marketing	4	$ 264	$ 530	$ 650	$ 2,167
Research and development	4	$ 2,015	$ 2,075	$ 4,942	$ 6,169
General and administrative	4	$ 1,003	$ 762	$ 3,022	$ 3,202
Loss from operations		**$ (352)**	**$ (1,552)**	**$ (1,424)**	**$ (5,485)**
M&A costs		$ -	$ 17	$ -	$ 17
Finance costs	5	$ 362	$ 293	$ 1,113	$ 855
Impairment	8	$ -	$ -	$ 178	$ -
Other income	19	$ (4)	$ -	$ (215)	$ -
Net loss before taxes		**$ (710)**	**$ (1,862)**	**$ (2,500)**	**$ (6,357)**
Income tax expense (recovery)		**$ (320)**	**$ (137)**	**$ (960)**	**$ (410)**
Net loss		**$ (390)**	**$ (1,725)**	**$ (1,540)**	**$ (5,947)**
Total comprehensive loss		**$ (390)**	**$ (1,725)**	**$ (1,540)**	**$ (5,947)**
Weighted average number of basic and diluted common shares		102,752,356	77,752,356	93,193,532	62,642,062
Basic and diluted loss per share		$ (0.00)	$ (0.02)	$ (0.02)	$ (0.09)

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 September 30, 2023 and December 31, 2022
(Unaudited, expressed in $000s CAD)

	Note	September 30, 2023		December 31, 2022	
ASSETS					
Current Assets					
Cash and cash equivalents	6	$	542	$	740
Trade and other receivables	7	$	3,421	$	767
Prepaid expenses		$	58	$	263
Total current assets		**$**	**4,021**	**$**	**1,770**
Non-Current Assets					
Property and equipment	8	$	23	$	244
Right-of-use assets	11	$	59	$	436
Net investment in sublease	12	$	561	$-	
Intangible assets	9	$	5,698	$	6,806
Total non-current assets		**$**	**6,341**	**$**	**7,486**
Total Assets		**$**	**10,362**	**$**	**9,256**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	10	$	1,941	$	3,161
Contract liabilities		$	4,382	$	2,138
Current portion of lease liabilities	11	$	147	$	120
Revolving Facility	13	$	2,466	$	1,661
Term Loan Facility	13	$	1,417	$	2,500
Tax liabilities		$	9	$	10
Total current liabilities		**$**	**10,362**	**$**	**9,590**
Non-Current Liabilities					
Non-current portion of contract liabilities		$	186	$	278
Lease liabilities	11	$	469	$	580
Non-current portion of interest payable		$	274	$-	
Convertible debt	13	$	3,807	$	3,646
Deferred tax liabilities		$	560	$	1,521
Total non-current liabilities		**$**	**5,296**	**$**	**6,025**
SHAREHOLDERS' EQUITY					
Share capital	14	$	45,926	$	43,479
Contributed surplus	14	$	14,072	$	11,917
Warrants reserve	14	$	9	$	2,008
Equity component of convertible debentures	13	$	572	$	572
Accumulated deficit	14	$	(65,875)	$	(64,335)
Total shareholders' Equity (Deficit)		**$**	**(5,296)**	**$**	**(6,359)**
Total Liabilities and Shareholders' Equity		**$**	**10,362**	**$**	**9,256**

Approved by the Board of Directors on November 9th, 2023:

(s) Alasdair Younie	***(s) Stuart M. Elman***
Director	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 nine months ended September 30, 2023 and 2022

(Unaudited, expressed in $000s CAD, except for number of shares)

	Note	Share capital		Warrants reserve	Equity component of convertible shares	Contributed surplus	Accumulated deficit	Total shareholders' equity (deficit)
		#	$	$	$	$	$	$
At January 1, 2022		**47,752,356**	**$ 39,067**	**$ 4,635**	**$ -**	**$ 9,228**	**$ (46,517)**	**$ 6,413**
Stock-based compensation	14	-	$ -	$ -	$ -	$ 171	$ -	$ 171
Issuance of warrants to Shareholder		-	$ -	$ 9	$ -	$ -	$ -	$ 9
Expiration of lender warrants		-	$ -	$ (136)	$ -	$ 136	$ -	$ -
Issuance of shares	14	30,000,000	$ 4,491	$ -	$ -	$ -	$ -	$ 4,491
Net loss		-	$ -	$ -	$ -	$ -	$ (5,947)	$ (5,947)
At September 30, 2022		**77,752,356**	**$ 43,558**	**$ 4,508**	**-**	**9,535**	**$ (52,464)**	**5,137**
At January 1, 2023		**77,752,356**	**$ 43,479**	**$ 2,008**	**$ 572**	**$ 11,917**	**$ (64,335)**	**$ (6,359)**
Share based compensation	14	-	$ -	$ -	$ -	$ 156	$ -	$ 156
Issuance of shares	14	25,000,000	$ 2,500	$ -	$ -	$ -	$ -	$ 2,500
Share Issuance Costs	14	-	$ (53)	$ -	$ -	$ -	$ -	$ (53)
Expiration of lender warrants	14	-	$ -	$ (1,999)	$ -	$ 1,999	$ -	$ -
Net loss		-	$ -	$ -	$ -	$ -	$ (1,540)	$ (1,540)
At September 30, 2023		**102,752,356**	**$ 45,926**	**$ 9**	**$ 572**	**$ 14,072**	**$ (65,875)**	**$ (5,296)**

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 nine months ended September 30, 2023 and 2022
(Unaudited, expressed in $000s CAD)

	Note	September 30, 2023		September 30, 2022	
Cash flows from (used in) operating activities					
Net loss		$	(1,540)	$	(5,947)
Adjustments for non-cash items:					
Income tax expense (recovery)		$	(960)	$	(410)
Share based compensation	14	$	156	$	171
Depreciation	8,11	$	98	$	221
Amortization of intangible assets	9	$	1,108	$	1,405
Amortization of deferred financing costs		$	-	$	211
Accretion of convertible debt	13	$	161	$	-
Interest expense	5	$	952	$	574
Gain on net investment in sublease	11,12	$	(196)	$	-
Finance Income	12	$	(5)	$	-
Loss (Gain) on capital asset disposal	8	$	(14)	$	-
Impairment	8	$	178	$	-
Changes in non-cash working capital items:					
Trade and other receivables	7	$	(2,654)	$	(1,022)
Prepaid expenses		$	205	$	167
Accounts payable and accrued liabilities	10	$	(1,013)	$	717
Contract liabilities		$	2,152	$	1,333
Net cash from (used in) operating activities		**$**	**(1,372)**	**$**	**(2,580)**
Cash flows from (used in) investing activities					
Purchases of property and equipment	8	$	(6)	$	-
Payments from net investment in sublease	12	$	49	$	-
Addition of intangible assets	9	$	-	$	(29)
Disposal of property and equipment	8	$	20	$	-
Acquisition of InfoTech		$	-	$	(551)
Acquisition of Corehealth	10	$	(500)	$	-
Net cash from (used in) investing activities		**$**	**(437)**	**$**	**(580)**
Cash flows from (used in) financing activities					
Issuance of shares and warrants	1,14	$	2,500	$	4,500
Share issuance costs	14	$	(53)	$	-
Payments of principal on lease liabilities	11	$	(84)	$	(88)
Interest paid	5	$	(474)	$	(574)
Issuance (repayment) of Revolving Facility	13	$	805	$	(1,544)
Issuance (repayment) of Term Loan Facility	13	$	(1,083)	$	(1,333)
Issuance (repayment) of Convertible debt	13	$	-	$	1,000
Deferred Financing costs		$	-	$	(94)
Net cash from (used in) financing activities		**$**	**1,611**	**$**	**1,867**
Net increase (decrease) in cash and cash equivalents		$	(198)	$	(1,293)
Cash and cash equivalents - beginning of period		$	740	$	1,455
Cash and cash equivalents - end of period		**$**	**542**	**$**	**162**

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, 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.

These interim condensed 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 office of the Company is located at 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 IAS 34, Interim financial reporting using accounting policies consistent with International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board (''IASB'') and interpretations issued by the International Financing Reporting Interpretations Committee (''IFRIC''). These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and notes thereto prepared for the year ended December 31, 2022.

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 November 9th, 2023. 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 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. All of the Company's subsidiaries have head offices located in Canada except for Carebook Technologies (US), Inc., whose head office is located in the United States. 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 and its subsidiaries is the Canadian dollar except for Carebook Technologies (US), Inc., where the functional currency is the US 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 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.

As at September 30, 2023, the Company's current liabilities exceeded its current assets by $6,341. The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $65,875 as at September 30, 2023 ($64,335 at December 31, 2022). 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 past acquisitions, 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 and raising equity in the past as described in Note 13 – Borrowings and Note 14 – Equity Instruments., 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 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.

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, 2022.

New standards, amendments and interpretations recently adopted by the Company

ISA 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (“ISA 12”).

On May 7, 2021, the IASB issued amendments to IAS 12 that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change to IAS 12 is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The impact of adopting these amendments on the Company’s financial statements was not significant.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

In February 2021, the IASB issued amendments to IAS 8, in which it introduces the definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023. The impact of adopting these amendments on the Company’s financial statements was not significant.

IAS 1, Presentation of Financial Statements, Changes in accounting policies (“IAS 1”)

Effective January 1, 2023 amendments to IAS 1, Presentation of Financial Statements helps companies provide useful accounting policy disclosures. The key amendments to IAS 1 require companies to disclose material accounting policies rather than significant policies and clarifies that accounting policies relating to immaterial transactions need not to be disclosed and not all accounting policies that relate to material transactions are material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. The impact of adopting these amendments on the Company's financial statements was not significant.

IAS 1, Classification of liabilities as current or non-current ('ISA 1")

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements", to clarify how to classify debt and other liabilities as either current or non-current. Specifically, the amendments clarify the definition of a right to defer settlement and specify that the conditions that exist at the end of the reporting period are those that are to be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the definition of "settlement" of a liability. In October 2022, revised amendments in respect of non-current liabilities with covenants were issued. The amendments are effective for fiscal years beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted.

The Company is currently assessing the impact of these amendments on its consolidated financial statements.

2.3 Significant judgements 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. There have been no changes in significant judgments and estimates from those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022.

2.4 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.

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

(Unaudited, expressed in $000s CAD)

Note 3 - Revenue

The Company's revenue by service offering for the three-month and nine-month periods ended June 30, 2023 and 2022 were:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue consists of the following:				
Software as a service (SaaS)	$ 2,187	$ 1,229	$ 5,265	$ 4,227
Software development	$ 1,254	$ 800	$ 3,314	$ 2,463
Revenue share	$ -	$ (1)	$ -	$ (11)
Other revenue	$ 42	$ 38	$ 123	$ 119
Total revenue	**$ 3,484**	**$ 2,066**	**$ 8,702**	**$ 6,798**

Note 4 - Operating Expenses by Function

The Company's operating expenses are broken down by function for the three-month and nine-month periods ended September 30, 2023 and 2022 as follows:

Sales and marketing expenses consisted of the following for the:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Labour & employee benefits	$ 183	$ 514	$ 483	$ 2,277
Share based compensation	$ 6	$ (34)	$ 13	$ (229)
Marketing	$ 75	$ 40	$ 154	$ 90
Business development	$ -	$ 10	$ -	$ 29
Total sales and marketing expenses	**$ 264**	**$ 530**	**$ 650**	**$ 2,167**

Research and development expenses consisted of the following for the:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Labour & employee benefits	$ 1,399	$ 1,225	$ 3,159	$ 3,516
Share based compensation	$ 23	$ 38	$ 26	$ 115
Licenses, subscriptions and other	$ 220	$ 338	$ 628	$ 1,110
Depreciation & amortization	$ 373	$ 474	$ 1,129	$ 1,428
Total research and development expense:	**$ 2,015**	**$ 2,075**	**$ 4,942**	**$ 6,169**

General and administrative expenses consisted of the following for the:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Labour & employee benefits	$ 463	$ 327	$ 1,404	$ 1,101
Share based compensation	$ 68	$ 39	$ 113	$ (120)
Rent	$ 28	$ 38	$ 125	$ 115
Professional fees	$ 211	$ 367	$ 613	$ 1,441
General and administrative	$ 219	$ 65	$ 691	$ 511
Depreciation	$ 14	$ (74)	$ 76	$ 154
Total general and administrative expense:	**$ 1,003**	**$ 762**	**$ 3,022**	**$ 3,202**

Share based compensation for the three months ended September 30, 2023 of $98 includes $1 related to cost of revenue, and thus not included in the table above.

(Unaudited, expressed in $000s CAD)

Share based compensation for the nine months ended September 30, 2023 of $156 includes $4 related to cost of revenue, and thus not included in the table above.

In March 2023, the Company received approval for a $512 research and development grant from the Quebec government. The Company has recognized $512 for the grant which offsets research and development labor costs during the nine-month period ended September 30, 2023.

In July 2023, the Company received approval for a $23 research and development grant from Prompt, a trust agency of the Ministry of Economy, Innovation and Energy research group in Quebec. The Company has recognized $23 for the grant which offset research and development labor costs during the nine-month period ended September 30, 2023.

Note 5 – Finance Costs

The components of finance costs within the interim condensed consolidated statements of loss and comprehensive loss for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Finance costs consist of the following:				
Amortization of deferred financing costs	$ -	$ (7)	$ -	$ 148
Accretion on holdbacks payable	$ -	$ -	$ -	$ 69
Interest on credit facilities	$ 132	$ 145	$ 403	$ 395
Interest on Loan Agreements	$ 163	$ 32	$ 478	$ 86
Accretion on Convertible Debt	$ 54	$ -	$ 161	$ -
Lease liabilities	$ 6	$ 22	$ 42	$ 50
Other	$ 7	$ 101	$ 29	$ 107
Total finance costs	**$ 362**	**$ 293**	**$ 1,113**	**$ 855**

Note 6 – Cash and cash equivalents

	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 542	$ 740

As at September 30, 2023 and December 31, 2022, all cash and cash equivalents represented cash in banks and on hand.

Note 7 - Trade and Other Receivables

The Company had $3,421 in trade and other receivables as at September 30, 2023 and $767 in trade and other receivables as at December 31, 2022. These receivables consisted of sales tax receivables, trade receivables for unpaid client invoices, and receivables from government agencies.

(Unaudited, expressed in $000s CAD)

	September 30, 2023		December 31, 2022	
Trade receivables	$	3,436	$	778
Expected credit losses	$	(19)	$	(19)
Other receivables	$	4	$	8
Total trade and other receivables	**$**	**3,421**	**$**	**767**

Expected credit loss

The Company periodically reviews its customers' account aging, credit worthiness, payment histories, and balance trends in order to evaluate trade receivables for impairment and estimate lifetime expected credit losses. 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.

The maximum exposure to credit risk as at the reporting date was the carrying value of trade and other receivables.

Currency concentrations

As at September 30, 2023, there were trade receivables totaling $2,331 denominated in USD. Those trade receivables amount to $3,151 when presented in the Company's functional currency (Canadian dollars). As at December 31, 2022, there were trade receivables totaling $473 denominated in USD. Those trade receivables amount to $641 when presented in the Company's functional currency (Canadian dollars).

Note 8 - 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, 2022	$	267	$	38	$	66	$	2	$	16	$	389
Depreciation expense	$	(52)	$	(29)	$	(50)	$	(1)	$	(15)	$	(147)
Balance as at December 31, 2022	$	215	$	9	$	16	$	1	$	1	$	242
Cost	$	400	$	147	$	272	$	4	$	16	$	839
Less accumulated depreciation	$	(185)	$	(138)	$	(255)	$	(3)	$	(15)	$	(596)
Balance as at December 31, 2022	**$**	**215**	**$**	**9**	**$**	**17**	**$**	**1**	**$**	**1**	**$**	**243**
Balance as at January 1, 2023	$	215	$	9	$	17	$	1	$	1	$	243
Additions	$	-	$	-	$	6	$	-	$	-	$	6
Disposals	$	-	$	(6)	$	-	$	-	$	-	$	(6)
Depreciation expense	$	(18)	$	(3)	$	(19)	$	(1)	$	(1)	$	(42)
Impairment	$	(178)	$	-	$	-	$	-	$	-	$	(178)
Balance as at September 30, 2023	$	19	$	-	$	4	$	-	$	-	$	23
Cost	$	222	$	-	$	278	$	4	$	16	$	520
Less accumulated depreciation	$	(203)	$	-	$	(274)	$	(4)	$	(16)	$	(497)
Balance as at September 30, 2023	**$**	**19**	**$**	**-**	**$**	**4**	**$**	**-**	**$**	**-**	**$**	**23**

On May 1st, 2023, the sublease for the Montreal office commenced which resulted in an impairment for the leasehold improvements related to the Montreal office as the Company will no longer be benefiting from the office lease. Management recognized an impairment loss of $178 on the leasehold improvements in the interim condensed consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2023.

As at September 30, 2023, and December 31st, 2022 the Company did not have any accrued balances for acquired property and equipment within accounts payable and accrued liabilities.

(Unaudited, expressed in $000s CAD)

As at September 30, 2023 and December 31st, 2022, the Company had no future commitments for purchases of property and equipment and intangible assets as described in note 17.

Note 9 - Intangible Assets and Goodwill

Changes in intangible assets and goodwill were as follows:

	Capitalized Development	Trademark	Technology	Intellectual Property	Customer Relationships	Total Intangible Assets	Goodwill
Balance as at January 1, 2022	$ 39	$ 1,967	$ 7,665	$ -	$ 464	$ 10,135	$ 11,111
Amortization	$ (11)	$ (363)	$ (1,407)	$ -	$ (49)	$ (1,830)	$ -
Disposals	$ (28)	$ -	$ -	$ -	$ -	$ (28)	$ -
Impairment	$ -	$ (348)	$ (1,065)	$ -	$ (58)	$ (1,471)	$ (11,111)
Balance as at December 31, 2022	$ -	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806	$ -
Cost	$ -	$ 1,832	$ 7,375	$ 1,950	$ 432	$ 11,589	$ -
Less accumulated depreciation or impairment losses	$ -	$ (576)	$ (2,182)	$ (1,950)	$ (75)	$ (4,783)	$ -
Balance as at December 31, 2022	**$ -**	**$ 1,256**	**$ 5,193**	**$ -**	**$ 357**	**$ 6,806**	**$ -**
Balance as at January 1, 2023	$ -	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806	$ -
Amortization	$ -	$ (211)	$ (866)	$ -	$ (31)	$ (1,108)	$ -
Balance as at September 30, 2023	$ -	$ 1,045	$ 4,327	$ -	$ 326	$ 5,698	$ -
Cost	$ -	$ 1,832	$ 7,375	$ 1,950	$ 432	$ 11,589	$ -
Less accumulated depreciation or impairment losses	$ -	$ (787)	$ (3,048)	$ (1,950)	$ (106)	$ (5,891)	$ -
Balance as at September 30, 2023	**$ -**	**$ 1,045**	**$ 4,327**	**$ -**	**$ 326**	**$ 5,698**	**$ -**

The Company performed an assessment for goodwill impairment as of December 31, 2022 for two of its cash-generating units ("CGU"), being the Infotech CGU and CoreHealth CGU.

The recoverable amount was determined using the value-in-use approach. Under the value-in-use approach, the recoverable amount is calculated based on the present value of five-year future expected cash flows expected to be derived from each CGU.

Recoverable Amount – Key Assumptions

The calculation for the recoverable amount is most sensitive to assumptions relating to discount rates, terminal growth rates, and projected cash flows.

Discount Rate

Discount rates represent the current market assessment of the risks specific to the operating segment. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital ("WACC"). The WACC reflects a target debt-to equity ratio. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of equity considers the risk-free rate, market equity risk premium, size premium and risk specific to the CGUs' underlying assets that have not been considered in the cash flow projections. The risk premiums assigned are evaluated annually based on publicly available market data. The cost of debt is based on the interest- bearing borrowings that the Company is obliged to service. The discount rates used for the Infotech CGU and CoreHealth CGU were 26% and 23.5%, respectively.

Cash Flows

Projections around cash flows are most impacted by management's best estimates regarding future revenue growth considering internal and external available information. Management also reviews the Company's projected revenue growth against expected growth from published reports and industry expectations. Management also estimates expected costs to be incurred considering historical results, planned operations and external information such as market expectations around inflation. Revenue growth rates and operating margins were based on 2023 budget internally approved and presented to the Board and further projected over a five-year forecast period.

(Unaudited, expressed in $000s CAD)

Terminal Growth Rate

Growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans and industry outlook. The Company has applied a rate of 1.7% growth rate to determine the terminal value for each CGU.

Infotech CGU

For the year ended December 31, 2022, the Company concluded that the carrying value of the Infotech CGU was $8,345 higher than the recoverable amount. The Company recognized an impairment loss of $6,874 in the consolidated statement of loss and comprehensive loss. After fully impairing the CGU's goodwill, the excess carrying amount above the recoverable was allocated pro-rata on the basis of the carrying amount of each asset in the unit. As a result, The Company recognized an addition impairment loss of $1,471 in the consolidated statement of loss and comprehensive loss.

CoreHealth CGU

For the year ended December 31, 2022, the Company concluded that the carrying value of the CoreHealth CGU was $4,237 higher than the recoverable amount. The Company recognized an impairment loss of $4,237 in the consolidated statement of loss and comprehensive loss.

Note 10 - Accounts Payable and Accrued Liabilities

As at September 30, 2023 and December 31, 2022 the accounts payable and accrued liabilities consisted of the following:

		September 30, 2023		December 31, 2022
Trade payables	$	692	$	1,358
Employee entitlements	$	199	$	368
Holdbacks payable	$	-	$	500
Contingent consideration payable	$	200	$	200
Current portion of interest payable	$	72	$	68
Other payables and accrued liabilities	$	778	$	667
Total accounts payable and accrued liabilities	**$**	**1,941**	**$**	**3,161**

On June 6, 2023, the Company paid the former shareholders of CoreHealth the sum of $500 representing a portion of the holdback amount that was due in connection with the acquisition.

Note 11 - Leases

<u>Office Leases</u>

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.

(Unaudited, expressed in $000s CAD)

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.

On November 10, 2022, the Company entered into an agreement to sublease (the "Sublease") the entire premises of its Montreal office commencing on May 1, 2023 until the end of the lease on July 31, 2028. On May 1st, 2023, the Company derecognized the ROU asset for the Montreal office at its carrying amount and recognized the net investment for the sublease. The net investment in the sublease consists of the initial direct costs to obtain the sublease and present value of the lease payments from the subtenant on inception. Management recognized a gain of $196 on inception of the sublease in other income in the interim condensed consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2023.

In April 2021, upon the acquisition of InfoTech, 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, upon the acquisition of CoreHealth 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. As at the acquisition date, the gross value remaining on the lease was $154, which was discounted at a rate of 8% when adopting IFRS 16.

Changes in ROU Assets

The following table represents the changes in ROU assets for the periods ended September 30, 2023 and December 31, 2022:

Cost of right-of-use assets		**September 30, 2023**		**December 31, 2022**
Balance as at January 1	$	762	$	762
Additions	$	-	$	-
Transfer to net investment in sublease	$	(597)	$	-
Balance at end of period	**$**	**165**	**$**	**762**
Less accumulated amortization	$	106	$	326
Net book value at end of period	**$**	**59**	**$**	**436**

Lease Liabilities

The following table outlines the maturity of the contractual payments due under the Company's lease arrangements as at September 30, 2023 and December 31, 2022:

(Unaudited, expressed in $000s CAD)

Lease Liabilities	**September 30, 2023**		**December 31, 2022**	
Less than 1 year	$	193	$	175
1 to 5 years	$	545	$	618
More than 5 years	$	-	$	72
Total	**$**	**738**	**$**	**865**
Less: impact of discounting	$	122	$	165
Total lease liabilities	**$**	**616**	**$**	**700**
Of which non-current	$	469	$	580
Of which current	$	147	$	120

The expenses relating to variable lease payments not included in the measurement of lease obligations were $142 and $170 for the nine months ended September 30, 2023 and 2022, respectively. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space leases. For the three and months ended September 30, 2023 and 2022, expenses relating to short-term and low-value leases were both nil. For the three months ended September 30, 2023 and 2022, the total cash outflows for leases and other rents were $45 and $57 respectively. For the nine months ended September 30, 2023 and 2022, total cash outflows for leases and other rents were $257 and $327, respectively.

Note 12 – Net investment in sublease

Leases as lessor

In May 2023, the Company has subleased the Montreal Office that has been presented as a net investment in the sublease. During the nine months ended September 30, 2023, the Company has recognized finance income on the lease receivable of $5 (Nil - 2022).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after September 30, 2023:

	September 30, 2023		**December 31, 2022**	
2023	$	120	$	-
2024	$	120	$	-
2025	$	122	$	-
2026	$	127	$	-
2027	$	107	$	-
Thereafter	$	-	$	-
Total Undiscounted lease receivable	$	596	$	-
Unearned finance income	$	35	$	-
Net investment in sublease	$	561	$	-

(Unaudited, expressed in $000s CAD)

Note 13 – Borrowings

13.1 Analysis by nature

	As at September 30, 2023		
	Carrying Amount	Fair Value	Effective Rate
Revolving Facility	$ 2,466	$ 2,466	14.13%
Term Loan Facility	$ 1,417	$ 1,417	14.13%
Lease liability	$ 147	$ 147	8.69%
Total short-term borrowings	**$ 4,030**	**$ 4,030**	
Convertible debt	$ 3,807	$ 3,807	18.54% - 20.57%
Lease liability	$ 469	$ 469	8.69%
Total long-term borrowings	**$ 4,276**	**$ 4,276**	
Total borrowings	**$ 8,306**	**$ 8,306**	
Of which non-current	$ 4,276		
Of which current	$ 4,030		

	As at December 31, 2022		
	Carrying Amount	Fair Value	Effective Rate
Revolving Facility	$ 1,661	$ 1,661	13.49%
Term Loan Facility	$ 2,500	$ 2,500	13.49%
Lease liability	$ 120	$ 120	8.69%
Total short-term borrowings	**$ 4,281**	**$ 4,281**	
Convertible debt	$ 3,646	$ 3,414	18.54% - 20.57%
Lease liability	$ 580	$ 580	8.69%
Total long-term borrowings	**$ 4,226**	**$ 3,994**	
Total borrowings	**$ 8,507**	**$ 8,275**	
Of which non-current	$ 4,226		
Of which current	$ 4,281		

13.2 Movements in borrowings

	September 30, 2023	December 31st, 2022
Balance as at January 1,	$ 8,507	$ 8,823
Net Issuance (repayment) of Term Note	$ (1,083)	$ (1,500)
Net Issuance (repayment) of Revolving Facility	$ 805	$ (1,339)
Net Issuance (repayment) of Convertible Debt	$ -	$ 2,646
Accretion on Convertible debt	$ 161	$ 81
Repayment of lease liability	$ (84)	$ (204)
Balance as at period end	**$ 8,306**	**$ 8,507**

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 which was extended to September 30, 2024. See Note 20 – Subsequent Events.

Any amounts outstanding under the Credit Facilities are due in full at maturity. As at December 31, 2022, the amount drawn on the Revolving Facility was $1,661 and the outstanding balance on the Term Loan Facility was $2,500.

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.

The net proceeds of this financing were used to fund the cash portion of the purchase price for the acquisition of InfoTech, and Carebook used the remaining net proceeds of this financing for working capital and general corporate purposes.

The Credit Agreement was amended on August 4, 2021 and on December 1, 2021. Those amendments were primarily administrative in nature.

On April 7, 2022, the Credit Agreement was amended for a third time. Under the third 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 was extended to November 30, 2022, provided that the Company had to make a mandatory prepayment of $1,000 on the Term Loan Facility by no later than September 15, 2022, and continue repaying the principal outstanding under the Term Loan Facility, at a rate of $83 per month. The applicable margin on each of the Credit Facilities was also increased to 9.0%, effective as of April 7, 2022. As the loan had reached its maturity date, the third amendment was treated as an extinguishment of the original debt.

On May 17, 2022, Carebook completed a Rights Offering - see Note 14 – Equity Instruments for aggregate gross proceeds of $4,500 and repaid $1,000 under the Term Loan Facility, resulting in a permanent reduction of the Term Loan Facility. Furthermore, beginning in June 2022 until September 2023, the Company started repaying the principal outstanding under the Term Loan Facility, at a rate of $83 per month.

Effective July 31, 2022, the Company entered into a fourth amendment to its Credit Facilities with the Lenders. Under the fourth amendment, the maturity date of the Credit Facilities was extended to August 31, 2023, provided that the Company completes a minimum capital raise in the amount of $1,000, makes a mandatory prepayment of $250 on the Term Loan Facility and maintains a minimum cash balance financial covenant. The fourth amendment was treated as a debt modification but as the interest rate did not change the impact of the modification was nil.

Effective August 24, 2023 and September 29, 2023, the Company entered into a fifth and sixth amendments to its Credit Facilities with the Lenders, in order to extend the maturity date of the Credit Facilities to September 30, 2023 and October 31, 2023 respectively. The fifth and sixth amendments were treated as a debt modification but as the interest rate did not change the impact of the modification was nil.

Effective October 19, 2023, the Company entered into a seventh amendment to its Credit Facilities with the Lenders and the maturity date of the Credit Facilities was extended to September 30, 2024. See Note 20 – Subsequent Events.

Revolving Facility

Under the Credit Agreement, the Revolving Facility is available for a one year committed term, renewable annually, and was bearing interest at CDOR plus an applicable margin until the Seventh Amendment, . Commencing on April 7, 2022, the date of the third amendment to the Credit Agreement, the applicable margin was 9.0%. Commencing on October 19, 2023, the date of the seventh amendment, the interest rate for the Credit Facilities changed from CDOR plus an applicable margin to the Prime Rate of the Lender plus an applicable margin. The new applicable interest rate on the Revolving Facility is the Prime Rate of the Lender plus 5.8%. Should the Company complete an additional capital raise for aggregate minimum gross proceeds equal to $2,000 on or before September 30, 2024, then the applicable interest rate on the Revolving Facility shall decrease to the Prime Rate of the Lender plus 4.3%.

Since 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 ("Monthly Recurring Revenues"). As of the seventh amendment the borrowing base was increased to eight times the Monthly Recurring Revenues.

As at September 30, 2023, the outstanding amount owed on the Revolving Facility was $2,466, at an effective interest rate of 14.13% and the borrowing base was $4,068.

Term Loan Facility

Loans under the Term Loan Facility are in the form of variable rate loans in Canadian dollars. The variable rate loans under the Term Loan Facility were bearing interest at a rate based on CDOR, plus a margin of 9.0% until the seventh amendment. Commencing on October 19, 2023, the date of the seventh amendment, the interest rate for the Credit Facilities changed from CDOR plus an applicable margin to the Prime Rate of the Lender plus an applicable margin. The new applicable interest rate on the Term Facility is the Prime Rate of the Lender plus 5.3%. Should the Company complete an additional capital raise for aggregate minimum gross proceeds equal to $2,000 on or before September 30, 2024, then the applicable interest rate on the Term Facility shall decrease to the Prime Rate of the lender plus 4.8%.

As at September 30, 2023, $1,417 was outstanding under the Term Loan Facility, at an effective interest rate of 14.13%.

The Company is to continue repaying the principal amount of the Term Facility in equal monthly consecutive payments of $50 commencing on November 15, 2023. However, if the Monthly Recurring Revenues for the month ending on February 28th, 2024 is less than or equal to $600, the above mentioned equal monthly consecutive payments shall be increased to $83 beginning on March 15, 2024.

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.

Since October 19, 2023, under the seventh amendment, the Credit Facilities are subject to new financial covenants, where the Company must maintain a minimum cash runway and demonstrate minimum revenue growth.

As at the date of these unaudited interim condensed consolidated financial statements the Company was in compliance with all financial covenants and all event of default provisions.

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 were 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.

Amendment to the Loan Agreements

As described in the Convertible Debt section below, on September 28, 2022, the Company entered into amended and restated loan agreements with SAYKL and UIL. Following which the Loan Agreements were reclassified to convertible debt.

Convertible Debt

Convertible Debt Offering- September 2022

On September 28, 2022, the Company entered into an amended and restated loan agreement (the "$2M Convertible Debt Agreement") with SAYKL and UIL, pursuant to which the Company agreed with SAYKL and UIL to amend the terms of the Loan Agreement in order to (i) provide an additional $1,000 to the Company, bringing the aggregate principal amount outstanding to SAYKL and UIL to $2,000 as at September 30, 2022 (the closing date of the transaction), and (ii) add a conversion into common shares feature at a conversion price of $0.175 per common share where the holder shall have the right, at its sole option, at any time up until and upon the maturity date, to convert the principal sum outstanding under the $2M Convertible Debt Agreement, in whole or in part, into that number of fully paid and non-assessable common shares obtained by dividing the outstanding principal sum under the $2M Convertible Debt Agreement to be converted by the conversion price (the "$2M Convertible Debt"). Interest on the $2M Convertible Debt is accrued and paid quarterly. Lastly, the principal amount is due on the maturity date of December 22nd, 2026, if the conversion option is not exercised prior to such date.

The conversion of the loan agreement to a convertible loan based on the amended and restated loan agreement on September 30, 2022, resulted in a substantial modification under IFRS 9. The carrying amount of the Loan Agreement were derecognized at the modification date, and the new convertible debt were recognized at fair value with no impact on the consolidated statement of loss and comprehensive loss. The component parts of the convertible debentures, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument.

At initial recognition of the $2M Convertible Debt, additional net proceeds of $1,000 along with the existing $1,000 from the Loan Agreement were allocated between debt and equity components. The fair value of the debt portion was estimated at $1,672 net of transaction costs of $26.3 using a discounted cash flow model method with an expected life of four years and a discount rate of 20.57%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $297 net of transaction costs of $4.6. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Transaction costs of $31 that relate to the issuance of the $2M Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the $2M Convertible Debt using the effective interest method.

Convertible Debt Offering - December 2022

On December 15th, 2022, the Company entered into a loan agreement (the "$2.5M Convertible Debt Agreement") with MT Sidecar, LP. (a limited partnership controlled by a director of the Company) and UIL, pursuant to which the lenders extended loans in favour of the Company in the principal amount of $1,250 each for an aggregate principal amount outstanding of $2,500 on December 22, 2022 (the closing date of the transaction). The $2.5M Convertible Debt Agreement included a conversion into common shares feature, at a conversion price of $0.15 per common share where the holder shall have the right, at its sole option, at any time up until and upon the maturity date, to convert the principal sum outstanding under the $2.5M Convertible Debt Agreement, in whole or in part, into that number of fully paid and non-assessable common shares obtained by dividing the outstanding principal sum under the $2.5M Convertible Debt Agreement to be converted by the conversion price (the "$2.5M Convertible Debt"). Lastly, the principal amount and accrued interest are due on the maturity date of December 22nd, 2026, if the conversion option is not exercised prior to such date.

The component parts of the $2.5M Convertible Debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument.

At initial recognition of the $2.5M Convertible Debt, net proceeds of $2,500 were allocated between debt and equity components. The fair value of the debt portion was estimated at $1,951 net of transaction costs of $54.7 using a discounted cash flow model method with an expected life of four years and a discount rate of 18.54%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $480 net of transaction costs of $13.5. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Transaction costs of $68 that relate to the issuance of the $2.5M Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method.

The following table summarizes the continuity of the Company's $2M Convertible Debt and $2.5M Convertible Debt (together, the "Convertible Debt") for the periods ended September 30, 2023 and December 31, 2022:

(Unaudited, expressed in $000s CAD)

	September 30, 2023		Decembere 31, 2022	
Balance as at January 1,	$	3,646	$	-
Conversion of Loan Agreement	$	-	$	1,000
Issuance of Convertible Debt	$	-	$	3,500
Equity Component of Convertible Debt	$	-	$	(778)
Convertible Debt Financing Costs	$	-	$	(99)
Accretion on Convertible Debt	$	161	$	23
Balance as at period end	$	3,807	$	3,646

The Convertible Debt transactions for the year ended December 31, 2022 resulted in a deferred tax balance of $206, which is netted against the equity component of convertible debt on the statement of financial position and is unchanged during the three and nine months ended September 30, 2023.

Financial Covenants

The $2.0M Convertible Debt Agreements and the $2.5M Convertible Debt Agreements (the “Convertible Debt Agreements”) contains certain affirmative covenants, negative covenants and certain events of default customary for loans of this nature.

As at the date of these unaudited interim condensed consolidated financial statements the Company was in compliance with all financial covenants and all event of default provisions.

Note 14 - Equity Instruments

Authorized

Unlimited common shares without par value.

Issued and Outstanding Common Shares

As at January 1, 2022, the issued share capital comprised 47,752,356 common shares.

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. 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 entitled a holder to purchase one (1) common share at a price of $0.15 per common share. A maximum of 30,000,000 common shares could have been issued pursuant to the Rights Offering, for maximum gross proceeds under the Rights Offering of $4,500.

In connection with the Rights Offering, holders of Offering Warrants, Offering Broker Warrants, and certain warrants held by related parties of the Company (“Replacement Warrants”), had their strike price reduced from $1.47 to $1.396, $1 to $0.95, and $3.125 to $2.969 respectively, the whole in accordance with the terms of the warrant instruments.

Also 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.

(Unaudited, expressed in $000s CAD)

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.

Also, 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.

On March 8th, 2023, the Company announced the completion of a non-brokered private placement, of units at $0.10 per unit which resulted in the issuance of 12,500,000 common shares of the Company to UIL for gross proceeds to the Company of approximately $1,250. UIL was also issued 187,500 warrants pursuant to the non-brokered private placement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.15 per share at any time within 24 months of their issuance.

On May 15th, 2023, the Company announced the completion of a non-brokered private placement, of units at $0.10 per unit which resulted in the issuance of 12,500,000 common shares of the Company to Permanent Mutual Limited ("PML"), an affiliate of UIL, for gross proceeds of approximately $1,250. PML was also issued 187,500 warrants pursuant to the non-brokered private placement. Each Warrant entitles PML to purchase one (1) common share at a price of $0.15 per share at any time within 24 months of their issuance.

	September 30, 2023		**December 31, 2022**	
	Shares	**Amounts**	**Shares**	**Amounts**
Common shares	102,752,356	$ 45,926	77,752,356	$ 43,479
Total shares issued and outstanding	**102,752,356**	**$ 45,926**	**77,752,356**	**$ 43,479**

14.1 Share based compensation

On June 29, 2022, 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 6,237,779 to 13,995,424. At the Company's annual general and special meeting of holders of common shares of the Company held on June 29, 2022 (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.

In June 2022, the Company granted 250,000 stock options to a member of key management, included in equity incentives in executive compensation in Note 18 – Related Party Transactions. The Company determined the options had a fair value of $24 based on a share price of $.015 per common share. The options vest over 3 years and expire after 10 years. The expense relating to these options for the three ended September 30, 2023 is $2 and nine months ended September 30, 2023 is $8.

On August 25, 2023, the Company granted 1,450,000 stock options to employees and 7,350,000 stock options to members of key management resulting in a total of 8,800,000 stock options granted. The options granted to members of key management are included in equity incentives in Director and officer compensation and equity incentives in executive compensation in Note 18 – Related Party Transactions. The Company determined the options had a fair value of $446 based on a share price of $0.07 per common share. The options vest over 2 and 3 years and expire after 10 years. The expense relating to these options for the three and nine months ended September 30, 2023 is $71.

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.

14.2 Warrants

On May 17, 2022, in conjunction with the Rights Offering and the Stand-by Commitment Agreement, the Company issued 193,383 Warrants to UIL. 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. The fair value of the warrants issued was determined to be $9.

On October 1, 2022, 4,200,000 warrants related to the RTO, as described in Note 1 – General Information, as well as 720,000 warrants that were issued to Brokers as compensation for arranging the RTO expired. This resulted in a $2,500 decrease in the Warrant Reserve balance.

On December 29, 2022, 365,949 warrants that were issued to related parties prior to the RTO expired. This resulted in a nil decrease in the Warrant Reserve balance.

On March 8th, 2023, 187,500 Warrants were issued to UIL in conjunction with the non-brokered private placement. This resulted in a nil increase in the Warrant Reserve balance.

On May 23rd, 2023, 187,500 Warrants were issued to PML in conjunction with the non-brokered private placement. This resulted in a nil increase in the Warrant Reserve balance.

On July 29th, 2023, 2,156,265 Warrants issued that were issued as Replacement Warrants expired. This resulted in a decrease in the Warrant Reserve balance.

On August 5th, 2023, 5,640,000 Warrants issued in conjunction with the Offering and 673,800 Warrants to brokers that arranged the Offering expired. This resulted in a decrease in the Warrant Reserve balance.

The total number of issued and outstanding warrants to purchase common shares of the Company as at September 30, 2023 was 568,383.

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 consist of trade payables and accrued liabilities, holdbacks payable, contingent consideration payable, interest payable and borrowings. Cash and cash equivalents and trade and other receivables, are carried at amortized cost, less any impairment. Accounts payable and accrued liabilities, holdbacks payable, contingent consideration payable, interest payable, and borrowings are financial liabilities measured at amortized cost using the effective interest rate method.

(Unaudited, expressed in $000s CAD)

As at September 30, 2023 and December 31, 2022 the Company's financial assets and liabilities were as follows:

	September 30, 2023		December 31, 2022	
	At Carrying Value or Amortized Cost		At Carrying Value or Amortized Cost	
Cash and cash equivalents	$	542	$	740
Trade & other receivables	$	3,421	$	767
Total financial assets	**$**	**3,963**	**$**	**1,507**
Trade payables	$	692	$	1,358
Other payables and accrued liabilities	$	977	$	1,027
Holdbacks payable	$	-	$	500
Contingent consideration payable	$	200	$	200
Borrowings	$	7,690	$	7,807
Current portion of interest payable	$	72	$	68
Non-current portion of interest payable	$	274	$	9
Total financial liabilities	**$**	**9,905**	**$**	**10,969**

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 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.

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, interest payable, holdbacks payable, contingent consideration payable 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 transaction costs, as of the end of the reporting period (Level 3).

There were no transfers into or out of Level 1, Level 2, or Level 3 during the quarters ended September 30, 2023 and 2022.

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 three and nine month periods ended September 30, 2023, and 2022, the interest rate risk stems from the Credit Facilities, the Loan Agreements, and the Convertible Debt.

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 three and nine months ended September 30, 2023 ($15 for the three and nine months ended September 30, 2022).

(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 three and nine month periods ended September 30, 2023 and 2022.

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 September 30th, 2023 levels would have had an impact of +/- $217 on net loss and equity.

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 September 30, 2023 and 2022.

(Unaudited, expressed in $000s CAD)

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.

Credit risks related to customer trade receivables

Payment terms are varied, and credit limits are 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 experienced 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 provided 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.

Note 17 - Commitments

As at September 30, 2023 and 2022, 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:

	Note	September 30, 2023		December 31, 2022	
Payable to related party					
Convertible debt	15	$	3,807	$	3,646
Payables to shareholders in connection with the acquisition of Corehealth		$	200	$	700
		$	**4,007**	**$**	**4,346**

Related party agreements

In June 2020, the Company entered into a twelve-month agreement with a related party for the services of their CFO. In April 2021, this agreement was extended for an additional six months, and was subsequently extended through May 2022. During the nine months ended September 30, 2023, total expenses related to the services of the CFO were $nil (nine months ended September 30, 2022 - $37).

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

(Unaudited, expressed in $000s CAD)

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 the three and nine months period ended September 30, 2023 and 2022. 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.

Compensation of key management for the three and nine months period ended September 30, 2023 comprised of the following:

	THREE MONTHS ENDED September 30, 2023		NINE MONTHS ENDED September 30, 2023	
Director & officer compensation				
Director & officer fees	$	7	$	19
Equity incentives	$	16	$	16
Executive compensation				
Salaries and employee benefits	$	241	$	811
Equity incentives	$	48	$	106
Total key management compensation	**$**	**312**	**$**	**952**

Management's participation in the Offerings

Certain officers (collectively, the "Insiders") of Carebook subscribed in the Offering and the Rights Offering for an aggregate of 60,000 Units and 29,175,558 Units respectively, included in Note 14 - Equity Instruments .

Note 19 – Other Income

The Company's other income breakdown for the three-months ended and nine-months ended September 30th, 2023 and 2022 were:

(Unaudited, expressed in $000s CAD)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30 2023	**September 30 20222**	**September 30 2023**	**September 30 20222**
Other Income consists of the following:				
Gain on net investment in sublease	$ -	$ -	$ 196	$ -
Finance income	$ 4	$ -	$ 5	$ -
Gain on capital asset disposals	$ -	$ -	$ 14	$ -
Total Other Income	**$ 4**	**$ -**	**$ 215**	**$ -**

On May 1st, 2023, the Montreal office sublease commenced resulting in a gain on net investment in the sublease for $196 – See Note 11 – Leases.

Finance income earned from the Montreal sublease were $5 and nil for the nine months ended September 30, 2023, and 2020, respectively.

Note 20 – Subsequent Events

Credit Facilities Seventh Amendment

Effective October 19, 2023, the Company entered into a seventh amendment to its Credit Facilities with the Lenders. Under the seventh amendment, the maturity of the date of the Credit Facilities was extended to September 30, 2024 and the Canadian Schedule 1 bank was subrogated to all rights of its affiliate regarding the Term Loan Facility.

Under the most recent amendment, the interest rate for the Credit Facilities changed from CDOR plus an applicable margin to the Prime Rate of the Lender plus an applicable margin. The new applicable interest rate on the Revolving Facility is the Prime Rate of the Lender plus 5.8% and the new applicable interest rate on the Term Facility is the Prime Rate of the Lender plus 5.3%. Should the Company complete an additional capital raise for aggregate minimum gross proceeds equal to $2,000 on or before September 30, 2024, then the applicable interest rate on the Revolving Facility shall decrease to the Prime Rate of the Lender plus 4.3% and the applicable interest rate on the Term Facility shall decrease to the Prime Rate of the Lender plus 4.8%.

The Company is to continue repaying the principal amount of the Term Facility in equal monthly consecutive payments of $50 commencing on November 15, 2023. However, if the Monthly Recurring Revenues for the month ending on February 28th, 2024 is less than or equal to $600, the above mentioned equal monthly consecutive payments shall be increased to $83 beginning on March 15, 2024.

The Credit Facilities are subject to new financial covenants, where the Company must maintain a minimum cash runway and demonstrate minimum revenue growth.