CAREBOOK TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(unaudited) (expressed in thousands of Canadian dollars)

CAREBOOK TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2024 AND 2023

Index to the Interim Condensed Consolidated Financial Statements

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements	**3**
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss	**4**
Interim Condensed Consolidated Statements of Financial Position	**5**
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)	**6**
Interim Condensed Consolidated Statements of Cash Flows	**7**
Notes to the Interim Condensed Consolidated Financial Statements	**8**

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, 2024 and 2023 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 months ended March 31, 2024 and 2023
(Unaudited, expressed in $000s CAD, except for number of shares and per share amounts)

	Note		March 31, 2024		March 31, 2023
REVENUE	3	$	3,593	$	2,518
Cost of revenue		$	679	$	255
Gross profit		**$**	**2,914**	**$**	**2,263**
EXPENSES					
Sales and marketing	4	$	403	$	315
Research and development	4	$	1,686	$	1,445
General and administrative	4	$	960	$	924
Loss from operations		**$**	**(135)**	**$**	**(421)**
Finance costs	5	$	382	$	372
Other income	17	$	(6)	$	(14)
Net loss before taxes		**$**	**(511)**	**$**	**(779)**
Income tax expense (recovery)		**$**	**(162)**	**$**	**(320)**
Net loss		**$**	**(349)**	**$**	**(459)**
Total comprehensive loss		**$**	**(349)**	**$**	**(459)**
Weighted average number of basic and diluted common shares			102,752,356		80,946,800
Basic and diluted loss per share		$	-	$	(0.01)

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, 2024 and December 31, 2023

(Unaudited, expressed in $000s CAD)

	Note		March 31, 2024		December 31, 2023
ASSETS					
Current Assets					
Cash and cash equivalents		$	406	$	695
Trade and other receivables	6	$	2,836	$	891
Prepaid expenses		$	228	$	237
Current portion of net investment in sublease	10	$	109	$	109
Total current assets		**$**	**3,579**	**$**	**1,932**
Non-Current Assets					
Net investment in sublease	10	$	398	$	425
Intangible assets	7	$	4,959	$	5,328
Total non-current assets		**$**	**5,357**	**$**	**5,753**
Total Assets		**$**	**8,936**	**$**	**7,685**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	8	$	2,099	$	2,412
Contract liabilities		$	3,936	$	2,609
Current portion of lease liabilities	9	$	102	$	99
Revolving Facility	11	$	766	$	586
Term Loan Facility	11	$	1,108	$	1,254
Tax liabilities		$	14	$	14
Total current liabilities		**$**	**8,025**	**$**	**6,974**
Non-Current Liabilities					
Non-current portion of contract liabilities		$	599	$	156
Lease liabilities	9	$	400	$	426
Convertible debt	11	$	6,173	$	5,922
Deferred tax liabilities		$	711	$	873
Total non-current liabilities		**$**	**7,883**	**$**	**7,377**
SHAREHOLDERS' EQUITY					
Share capital	12	$	45,926	$	45,926
Contributed surplus	12	$	14,300	$	14,257
Warrants reserve	12	$	9	$	9
Equity component of convertible debentures	11	$	792	$	792
Accumulated deficit	12	$	(67,999)	$	(67,650)
Total shareholders' Equity (Deficit)		**$**	**(6,972)**	**$**	**(6,666)**
Total Liabilities and Shareholders' Equity		**$**	**8,936**	**$**	**7,685**

Approved by the Board of Directors on May 14th, 2024:

(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 three months ended March 31, 2024 and 2023

(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, 2023		**77,752,356**	**$ 43,479**	**$ 2,008**	**$ 572**	**$ 11,917**	**$ (64,335)**	**$ (6,359)**
Share based compensation	12	-	$ -	$ -	$ -	$ 46	$ -	$ 46
Issuance of shares	12	12,500,000	$ 1,250	$ -	$ -	$ -	$ -	$ 1,250
Share Issuance Costs	12	-	$ (45)	$ -	$ -	$ -	$ -	$ (45)
Net loss		-	$ -	$ -	$ -	$ -	$ (459)	$ (459)
At March 31, 2023		**90,252,356**	**$ 44,684**	**$ 2,008**	**$ 572**	**$ 11,963**	**$ (64,794)**	**$ (5,567)**
At January 1, 2024		**102,752,356**	**$ 45,926**	**$ 9**	**$ 792**	**$ 14,257**	**$ (67,650)**	**$ (6,666)**
Share based compensation	12	-	$ -	$ -	$ -	$ 43	$ -	$ 43
Net loss		-	$ -	$ -	$ -	$ -	$ (349)	$ (349)
At March 31, 2024		**102,752,356**	**$ 45,926**	**$ 9**	**$ 792**	**$ 14,300**	**$ (67,999)**	**$ (6,972)**

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, 2024 and 2023
(Unaudited, expressed in $000s CAD)

	Note		March 31, 2024		March 31, 2023
Cash flows from (used in) operating activities					
Net loss		$	(349)	$	(459)
Adjustments for non-cash items:					
Income tax expense (recovery)		$	(162)	$	(318)
Share based compensation	12	$	43	$	46
Depreciation		$	-	$	47
Amortization of intangible assets	7	$	369	$	370
Accretion of convertible debt	11	$	82	$	54
Interest expense	5	$	300	$	162
Finance Income	17	$	(3)	$	-
Gain on capital assets disposals	17	$	-	$	(14)
Changes in non-cash working capital items:					
Trade and other receivables	6	$	(1,945)	$	(1,731)
Prepaid expenses		$	9	$	49
Accounts payable and accrued liabilities	8	$	(297)	$	(368)
Contract liabilities		$	1,770	$	1,055
Net cash from (used in) operating activities		**$**	**(183)**	**$**	**(1,107)**
Cash flows from (used in) investing activities					
Disposal of property and equipment		$	-	$	20
Payments from net investment in sublease		$	30	$	-
Net cash from (used in) investing activities		**$**	**30**	**$**	**20**
Cash flows from (used in) financing activities					
Issuance of shares and warrants	12	$	-	$	1,250
Share issuance costs	12	$	-	$	(45)
Payments of principal on lease liabilities	9	$	(23)	$	(30)
Interest paid	5	$	(147)	$	(162)
Issuance of Revolving Facility	11	$	2,351	$	3,478
Repayment of Revolving Facility	11	$	(2,171)	$	(2,973)
Repayment of Term Loan Facility	11	$	(146)	$	(583)
Net cash from (used in) financing activities		**$**	**(136)**	**$**	**935**
Net increase (decrease) in cash and cash equivalents		$	(289)	$	(152)
Cash and cash equivalents - beginning of period		$	695	$	740
Cash and cash equivalents - end of period		**$**	**406**	**$**	**588**

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 Material Accounting Policies

2.1 Basis of presentation and going concern

Basis of presentation

These 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 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, 2023.

The Company's Board of Directors approved these interim condensed consolidated financial statements on May 14th, 2024. 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 March 31, 2024, the Company's current liabilities exceeded its current assets by $4,446 ($5,042 at December 31, 2023). The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $67,999 as at March 31, 2024 ($67,650 at December 31, 2023). 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.

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.

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 regularly 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 Material accounting policies

The material 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, 2023.

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, 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, 2023.

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 11 - Borrowings and Note 13 - Financial Instruments for more information.

(Unaudited, expressed in $000s CAD)

Note 3 - Revenue

The Company's revenue by service offering for the three-month periods ended March 31, 2024 and 2023 were:

		March 31, 2024		March 31, 2023
Revenue consists of the following:				
Software as a service (SaaS)	$	2,297	$	1,516
Implementation and configuration	$	202	$	239
Software development	$	1,054	$	724
Other revenue	$	40	$	39
Total revenue	**$**	**3,593**	**$**	**2,518**

The Company has a large contract with one customer which generated approximately $1,295 of revenue (SaaS - $241 and Software development - $1,054) during the three months ended March 31, 2024, compared to $911 of revenue (SaaS - $187 and Software development - $724) from the same customer during the three months ended March 31, 2023.

The Company's revenue by geographic region for the years ended March 31, 2024 and 2023 were as follows:

		March 31, 2024		March 31, 2023
Canada	$	1,473	$	1,031
USA	$	1,839	$	1,353
Other Countries	$	281	$	134
Total revenue	**$**	**3,593**	**$**	**2,518**

(Unaudited, expressed in $000s CAD)

Note 4 - Operating Expenses by Function

The Company's operating expenses are broken down by function for the three-month periods ended March 31, 2024 and 2023 as follows:

Sales and marketing expenses consisted of the following for the:

	Three Months Ended March 31,	
	2024	**2023**
Labour & employee benefits	$ 325	$ 275
Share based compensation	$ 8	$ 3
Marketing	$ 70	$ 37
Total sales and marketing expenses	**$ 403**	**$ 315**

Research and development expenses consisted of the following for the:

	Three Months Ended March 31,	
	2024	**2023**
Labour & employee benefits	$ 1,200	$ 688
Share based compensation	$ 10	$ 17
Licenses, subscriptions and other	$ 107	$ 359
Depreciation & amortization	$ 369	$ 381
Total research and development expenses	**$ 1,686**	**$ 1,445**

General and administrative expenses consisted of the following for the:

	Three Months Ended March 31,	
	2024	**2023**
Labour & employee benefits	$ 408	$ 507
Share based compensation	$ 24	$ 24
Rent	$ 13	$ 60
Professional fees	$ 247	$ 155
General and administrative	$ 268	$ 138
Depreciation	$ -	$ 40
Total general and administrative expenses	**$ 960**	**$ 924**

Share-based compensation for the three months ended March 31, 2024 of $43 includes $1 related to cost of revenue, and thus not included in the table above. Share-based compensation for the three months ended March 31, 2023 of $46 includes $2 related to cost of revenue, and thus not included in the table above.

In January 2024, the Company received approval for $186 in research and development investment tax credits from the Quebec government. The Company has recognized $186 for the investment tax credits which offsets research and development labor costs during the three months ended March 31, 2023.

In March 2023, the Company received approval for $512 in research and development investment tax credits from the Quebec government. The Company has recognized $512 for the investment tax credits which offsets research and development labor costs during the three months ended March 31, 2023.

(Unaudited, expressed in $000s CAD)

Note 5 – 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, 2024 and 2023 were as follows:

		March 31, 2024		March 31, 2023
Finance costs consist of the following:				
Interest on Credit Facilities	$	41	$	137
Interest on Convertible Debt	$	245	$	156
Accretion on Convertible Debt	$	82	$	54
Lease liabilities	$	11	$	16
Other	$	3	$	9
Total finance costs	**$**	**382**	**$**	**372**

Note 6 - Trade and Other Receivables

The Company had $2,836 in trade and other receivables as at March 31, 2024 and $891 in trade and other receivables as at December 31, 2023. These receivables consisted of trade receivables for unpaid client invoices, and receivables from government agencies.

		March 31, 2024		December 31, 2023
Trade receivables	$	2,779	$	1,012
Expected credit losses	$	(169)	$	(125)
Other receivables	$	226	$	4
Total trade and other receivables	**$**	**2,836**	**$**	**891**

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 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. 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. However, an additional impairment allowance of $44 was recognized during the three months ended March 31, 2024 for specific customers that may be uncollectible in the future based on their outstanding balances extending beyond the agreed payment terms.

The Company had $11 of trade receivables direct write-offs during the three months year ended March 31, 2024 (Nil of trade receivables direct write-offs during the three months ended March 31, 2023).

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

(Unaudited, expressed in $000s CAD)

Note 7 - Intangible Assets

Changes in intangible assets were as follows:

	Trademark	Technology	Intellectual Property	Customer Relationships	Total Intangible Assets
Balance as at January 1, 2023	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806
Amortization	$ (281)	$ (1,155)	$ -	$ (42)	$ (1,478)
Balance as at December 31, 2023	$ 975	$ 4,038	$ -	$ 315	$ 5,328
Cost	$ 1,832	$ 7,375	$ 1,950	$ 432	$ 11,589
Less accumulated depreciation or impairment losses	$ (857)	$ (3,337)	$ (1,950)	$ (117)	$ (6,261)
Balance as at December 31, 2023	**$ 975**	**$ 4,038**	**$ -**	**$ 315**	**$ 5,328**
Balance as at January 1, 2024	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806
Amortization	$ (70)	$ (289)	$ -	$ (10)	$ (369)
Balance as at March 31, 2024	**$ 1,186**	**$ 4,904**	**$ -**	**$ 347**	**$ 6,437**
Cost	$ 1,832	$ 7,375	$ -	$ 432	$ 9,639
Less accumulated depreciation or impairment losses	$ (927)	$ (3,626)	$ -	$ (127)	$ (4,680)
Balance as at March 31, 2024	**$ 905**	**$ 3,749**	**$ -**	**$ 305**	**$ 4,959**

As at March 31, 2024 and December 31, 2023, the Company concluded that there were no indications of impairment on any of its CGUs.

Note 8 - Accounts Payable and Accrued Liabilities

As at March 31, 2024 and December 31, 2023 the accounts payable and accrued liabilities consisted of the following:

	March 31, 2024	December 31, 2023
Trade payables	$ 725	$ 663
Employee entitlements	$ 606	$ 792
Current portion of interest payable	$ 75	$ 92
Other payables and accrued liabilities	$ 693	$ 865
Total accounts payable and accrued liabilities	**$ 2,099**	**$ 2,412**

Note 9 - Leases

Office Lease

The Company leases office space, that was formerly 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. 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. 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.

(Unaudited, expressed in $000s CAD)

Lease Liabilities

The following table outlines the maturity of the contractual payments due under the Company's lease arrangements as at March 31, 2024:

Lease Liabilities		**March 31, 2024**
Less than 1 year	$	140
1 to 5 years	$	457
More than 5 years	$	-
Total	**$**	**597**
Less: impact of discounting	$	95
Total lease liabilities	**$**	**502**
Of which non-current	$	400
Of which current	$	102

For the three months ended March 31, 2024 and 2023, total principal payments on the lease liability were $23 and $30, respectively. The expenses relating to variable lease payments not included in the measurement of lease obligations were $38 and $60 for the three months ended March 31, 2024 and 2023, respectively. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space lease. For the three months ended March 31, 2024 and 2023, expenses relating to short-term and low-value leases were $14 and nil, respectively. For the three months ended March 31, 2024 and 2023, total cash outflows for leases and other rents were $88 and $105, respectively.

(Unaudited, expressed in $000s CAD)

Note 10 – Net Investment in Sublease

In May 2023, the Company subleased the Montreal Office that has been presented as a net investment in the sublease. During the three months ended March 31, 2024, the Company has recognized finance income on the Net investment in sublease of $3 (Nil - 2023). The following table sets out a maturity analysis of the undiscounted lease payments to be received after March 31, 2024:

		March 31, 2024
2024	$	90
2025	$	120
2026	$	125
2027	$	127
2028	$	73
Thereafter	$	-
Total Undiscounted lease receivable	$	535
Unearned finance income	$	28
Net investment in sublease	$	507
Of which non-current	$	398
Of which current	$	109

(Unaudited, expressed in $000s CAD)

Note 11 – Borrowings

11.1 Analysis by nature

	As at March 31, 2024		
	Carrying Amount	**Fair Value**	**Effective Rate**
Revolving Facility	$ 766	$ 766	9.35%
Term Loan Facility	$ 1,108	$ 1,108	9.85%
Total short-term borrowings	**$ 1,874**	**$ 1,874**	
Convertible debt	$ 6,173	$ 6,134	18.54% - 20.57%
Total long-term borrowings	**$ 6,173**	**$ 6,134**	
Total borrowings	**$ 8,047**	**$ 8,008**	
Of which non-current	$ 6,173		
Of which current	$ 1,874		

	As at December 31, 2023		
	Carrying Amount	**Fair Value**	**Effective Rate**
Revolving Facility	$ 586	$ 586	9.52%
Term Loan Facility	$ 1,254	$ 1,254	10.02%
Total short-term borrowings	**$ 1,840**	**$ 1,840**	
Convertible debt	$ 5,922	$ 6,901	18.54% - 20.57%
Total long-term borrowings	**$ 5,922**	**$ 6,901**	
Total borrowings	**$ 7,762**	**$ 8,741**	
Of which non-current	$ 5,922		
Of which current	$ 1,840		

11.2 Movements in borrowings

	March 31, 2024	**March 31, 2023**
Balance as at January 1,	$ 7,762	$ 8,507
Net Issuance (repayment) of Term Note	$ (146)	$ (583)
Net Issuance (repayment) of Revolving Facility	$ 180	$ 505
Accrued Interest on Convertible Debt	$ 169	$ -
Accretion of Convertible Debt	$ 82	$ 53
Balance as at period end	**$ 8,047**	**$ 8,482**

11.3 Main features of borrowings

<u>Credit Facilities</u>

On April 6, 2021, the Company entered into a new credit agreement (the “Credit Agreement”) with a leading Canadian Schedule 1 bank (the "Bank") and one of its affiliates to secure 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”).

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 Credit Agreement was amended a first time on August 4, 2021 and a second time on December 1, 2021. The majority of the amendments were administrative in nature.

On April 7, 2022, the Credit Agreement was amended for the 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 $1,000 per year, in equal monthly installments.

Effective July 31, 2022 the Company entered into a fourth amendment to its Credit Facilities. 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.

Effective August 24, 2023, and September 29, 2023, the Company entered into a fifth and sixth amendments to its Credit Facilities, in order to extend the maturity date of the Credit Facilities to September 30, 2023 and October 31, 2023 respectively.

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

Under the seventh amendment, the Company is to continue repaying the principal amount of the Term Loan 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.

Revolving Facility

The interest rate for the Revolving Facility is the prime rate of the Bank plus an applicable margin. As at March 31, 2024, applicable interest rate on the Revolving Facility was prime rate of the Bank plus 4.3%

As at March 31, 2024, the outstanding amount owed on the Revolving Facility was $766, at an effective interest rate of 9.35% and the borrowing base was $3,000.

As at December 31, 2023, the outstanding amount owed on the Revolving Facility was $586, at an effective interest rate of 9.52% and the borrowing base was $3,000.

Term Loan Facility

The interest rate for the Term Loan Facility is the prime rate of the Bank plus an applicable margin. As at March 31, 2024, applicable interest rate on the Revolving Facility was prime rate of the Bank plus 4.8%.

As at March 31, 2024, $1,108 was outstanding under the Term Loan Facility, at an effective interest rate of 9.85%.

As at December 31, 2023, $1,254 was outstanding under the Term Loan Facility, at an effective interest rate of 10.02%.

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, 2024, the Company was in compliance with the financial covenants prescribed under the restrictive covenants set out in the latest amended Credit Agreement.

Convertible Debt

On September 28, 2022, the Company entered into amended and restated loan agreements (the "$2M Convertible Debt Agreements") with SAYKL Investments Ltd. ("SAYKL") and UIL Limited ("UIL"), pursuant to which the Company agreed with SAYKL and UIL to amend the terms of the previously outstanding loan agreements 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 Agreements, 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 Agreements 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.

Convertible Debt Offering - December 2022

On December 15th, 2022, the Company entered into loan agreements (the "$2.5M Convertible Debt Agreements") 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 Agreements 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 Agreements, 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 Agreements 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.

Convertible Debt Offering - December 2023

On December 6th, 2023, the Company entered into a convertible loan agreement (the "2023 Convertible Debt Agreement") with UIL, pursuant to which the lender extended convertible loans in favour of the Company in the principal amount of $2,000 on December 11, 2023 (the closing date of the transaction). The 2023 Convertible Debt Agreement included a conversion into common shares feature, at a conversion price of $0.10 per common share where the holder shall have the right, at its sole option, at any time after six months of the closing of the transaction up until and upon the maturity date, to convert the principal sum outstanding under the 2023 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 2023 Convertible Debt Agreement to be converted by the conversion price (the "2023 Convertible Debt", and together with the $2.0M Convertible Debt and the $2.5M Convertible Debt, the "Convertible Debt"). 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.

(Unaudited, expressed in $000s CAD)

The following table summarizes the continuity of the Convertible Debt for the periods ended:

	March 31, 2024	March 31, 2023
Balance as at January 1,	$ 5,922	$ 3,646
Accrued Interest on Convertible Debt	$ 169	$ -
Accretion of Convertible Debt	$ 82	$ 53
Balance as at period end	**$ 6,173**	**$ 3,699**

Note 12 - Equity Instruments

Authorized

Unlimited common shares without par value.

Issued and Outstanding Common Shares

The total number of issued and outstanding common shares of the Company as at March 31, 2024 was 102,752,356.

	March 31, 2024		December 31, 2023	
	Shares	**Amounts**	**Shares**	**Amounts**
Common shares	102,752,356	$ 45,926	102,752,356	$ 45,926
Total shares issued and outstanding	**102,752,356**	**$ 45,926**	**102,752,356**	**$ 45,926**

12.1 Share based compensation

In August 2023, the Company granted 8,800,000 stock options to its employees and members of key management. These stock options expire 10 years after the grant date and vest over periods ranging from 2.3 to 3.3 years.

The stock-based compensation expense for the three months ended March 31, 2024 and March 31, 2023 was $43 and $46, respectively.

12.2 Warrants

The total number of issued and outstanding warrants of the Company as at March 31, 2024 was 568,383.

Note 13 - Financial Instruments

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

(Unaudited, expressed in $000s CAD)

As at March 31, 2024 and December 31, 2023 the Company's financial assets and liabilities were as follows:

	March 31, 2024		December 31, 2023	
	At Carrying Value or Amortized Cost		At Carrying Value or Amortized Cost	
Cash and cash equivalents	$	406	$	695
Trade & other receivables	$	2,836	$	891
Total financial assets	**$**	**3,242**	**$**	**1,586**
Accounts payables and accrued liabilities	$	2,099	$	2,412
Borrowings	$	8,047	$	7,762
Total financial liabilities	**$**	**10,146**	**$**	**10,174**

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.

13.2 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, accrued interest, 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 measured at fair value on initial measurement and is subsequently measured at amortized cost using the effective interest rate method. . The key inputs for the valuation for the Convertible Debt include forecasted future cash flows and available interest rates for debt of similar terms and maturity. Convertible Debt is considered Level 3 as these are significant unobservable inputs used to value the financial instrument.

There were no transfers into or out of Level 1, Level 2, or Level 3 during the three months ended March 31, 2024 and 2023.

Note 14 - 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.

14.1 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 quarters ended March 31, 2024 and 2023, the interest rate risk stems from the Credit Facilities and from 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 $20 in the Company's net loss and shareholder's deficit for the quarter ended March 31, 2024 ($21 for the quarter ended March 31, 2023).

(ii) Foreign exchange risk

The Company has risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. The Company 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 months ended March 31, 2024 and 2023.

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 March 31, 2024 levels would have had an impact of +/- $171 on net loss and comprehensive loss and shareholder's deficit.

14.2 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 13 — Financial Instruments. The Company did not hold any collateral as security as at March 31, 2024 and 2023.

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 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.

(Unaudited, expressed in $000s CAD)

14.3 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.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2024:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and Over	Total
Trade and other payables	2,099	2,061	-	-	-	-	2,061
Revolving Facility	766	766	-	-	-	-	766
Term Loan Facility	1,108	1,108	-	-	-	-	1,108
Lease liability	501	140	140	140	140	37	597
Convertible debt	6,173	-	-	6,670	-	-	6,670
Total	10,647	4,075	140	6,810	140	37	11,202

Note 15 - Commitments

As at March 31, 2024 and 2023, the Company had no future commitments for purchases of property and equipment and intangible assets.

Note 16 - Related Party Transactions

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

	Note	March 31, 2024	December 31, 2023
Payable to related party			
Convertible debt	11	$ 6,173	$ 5,521
Total payable to related party		**$ 6,173**	**$ 5,521**

<u>Key management compensation</u>

The Company's key management is comprised of the Board of Directors, the corporate secretary, and the executive officers effectively present during the quarter ended March 31, 2024 and 2023. 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;

(Unaudited, expressed in $000s CAD)

- 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 quarter ended March 31, 2024 and 2023 comprised of the following:

	March 31, 2024		March 31, 2023	
Director & officer compensation				
Director & officer fees	$	6	$	4
Equity incentives	$	6	$	-
Executive compensation				
Salaries and employee benefits	$	500	$	278
Equity incentives	$	30	$	37
	$	**542**	**$**	**319**

Note 17- Other Income

The Company's other income breakdown for the three months ended March 31, 2024 and 2023 was:

	Note	March 31, 2024		March 31, 2023	
Other Income consists of the following:					
Finance income	10	$	3	$	-
Gain on capital asset disposals		$	-	$	14
Interest Income		$	3	$	-
Total Other Income		**$**	**6**	**$**	**14**

Finance income earned from the Montreal sublease was $3 and nil for the three months ended March 31, 2024, and 2023, respectively.