

CAREBOOK TECHNOLOGIES INC.

Audited Annual Consolidated Financial Statements

December 31, 2020 and 2019

CAREBOOK TECHNOLOGIES INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Carebook Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholder's equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company has incurred significant operating losses and negative cash flow from operations, resulting in an accumulated deficit of \$27.2 million as at December 31, 2020. These events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

- Management's Discussion and Analysis

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

inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

/s/ Deloitte LLP¹

Montreal, Quebec

April 21st, 2021

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

Carebook Technologies Inc.

Annual Consolidated Financial Statements for the years ended December 31, 2020 and 2019

(Expressed in \$000s CAD)

CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	Note	December 31, 2020	December 31, 2019
REVENUE	3	\$ 3,530	\$ 4,286
Cost of revenue		\$ 291	\$ 146
Gross profit		\$ 3,239	\$ 4,140
EXPENSES			
Sales and marketing	4,5	\$ 1,937	\$ 530
Research and development	4,5	\$ 4,853	\$ 4,194
General and administrative	4,5	\$ 3,921	\$ 1,292
Loss from operations		\$ (7,472)	\$ (1,876)
Loss (gain) on embedded derivatives	18	\$ (1,110)	\$ 732
Transaction costs	23	\$ 1,457	\$ -
Reverse acquisition costs	23	\$ 2,523	\$ -
M&A costs		\$ 102	\$ -
Finance costs		\$ 449	\$ 506
Net loss		\$ (10,893)	\$ (3,114)
Total comprehensive loss		\$ (10,893)	\$ (3,114)
Basic and diluted loss per share		\$ (0.45)	\$ (0.15)
Weighted average number of basic and diluted common shares		23,945,749	21,220,656

The accompanying notes are an integral part of these financial statements.

Carebook Technologies Inc.

Annual Consolidated Financial Statements for the years ended December 31, 2020 and 2019
(Expressed in \$000s CAD)

CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	Note	December 31, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents	8	\$ 3,628	\$ 117
Trade and other receivables	9	\$ 245	\$ 4
Prepaid expenses		\$ 111	\$ 58
Total current assets		\$ 3,984	\$ 179
Non-Current Assets			
Property and equipment, net	10	\$ 372	\$ 408
Right-of-use leased assets	13	\$ 466	\$ 357
Goodwill	11	\$ 4,370	\$ 4,370
Advances to shareholder	21	\$ -	\$ 10
Total non-current assets		\$ 5,208	\$ 5,145
Total Assets		\$ 9,192	\$ 5,324
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12	\$ 1,313	\$ 340
Contract liabilities	3	\$ 298	\$ 333
Advances due to related parties	21	\$ -	\$ 850
Current portion of lease liabilities	13	\$ 66	\$ 45
Term note payable	14	\$ -	\$ 2,500
Total current liabilities		\$ 1,677	\$ 4,068
Non-Current Liabilities			
Lease liabilities	13	\$ 675	\$ 584
Convertible debt	14	\$ -	\$ 2,181
Accrued interest	14	\$ -	\$ 362
Derivative liability	18	\$ -	\$ 1,110
Total non-current liabilities		\$ 675	\$ 4,237
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	15	\$ 23,660	\$ 8,116
Warrant reserve	17	\$ 2,421	\$ -
Contributed surplus	16	\$ 7,987	\$ 5,240
Accumulated deficit		\$ (27,228)	\$ (16,337)
Total shareholders' equity (deficit)		\$ 6,840	\$ (2,981)
Total Liabilities and Shareholders' Equity		\$ 9,192	\$ 5,324

Approved by the Board on April 21, 2021:

/s/ Josh Blair
Director

/s/ Stuart M. Elman
Director

The accompanying notes are an integral part of these financial statements.

Carebook Technologies Inc.

Annual Consolidated Financial Statements for the years ended December 31, 2020 and 2019

(Expressed in \$000s CAD)

CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	Note	Share Capital		Warrants reserve	Contributed surplus	Accumulated deficit	Total shareholders' equity (deficit)
		#	\$	\$	\$	\$	\$
At January 1, 2019		21,121,984	\$ 7,013	\$ -	\$ 5,240	\$ (13,223)	\$ (970)
Net loss			\$ -	\$ -	\$ -	\$ (3,114)	\$ (3,114)
Issuance of common shares		545,116	\$ 1,103	\$ -	\$ -	\$ -	\$ 1,103
At December 31, 2019		21,667,100	\$ 8,116	\$ -	\$ 5,240	\$ (16,337)	\$ (2,981)
At January 1, 2020		21,667,100	\$ 8,116	\$ -	\$ 5,240	\$ (16,337)	\$ (2,981)
Issuance of common shares	15	321,187	\$ 650	\$ -	\$ -	\$ -	\$ 650
Exchange of preferred shares for common shares	15	900,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private placement	15, 17, 23	8,400,000	\$ 18,992	\$ 2,008	\$ -	\$ -	\$ 21,000
Broker warrants related to the private placement	17, 23		\$ (492)	\$ 492	\$ -	\$ -	\$ -
Secondary	15, 23	-2,132,000	\$ (5,330)	\$ -	\$ -	\$ -	\$ (5,330)
Share issuance costs in relation to private placement	17, 23		\$ (1,294)	\$ (137)	\$ -	\$ -	\$ (1,431)
Reverse takeover transaction	15, 17, 23	1,294,361	\$ 2,912	\$ 58	\$ -	\$ -	\$ 2,970
Stock-based compensation	16	71,450	\$ 106	\$ -	\$ 2,747	\$ -	\$ 2,853
Net loss from operations			\$ -	\$ -	\$ -	\$ (10,893)	\$ (10,893)
At December 31, 2020		30,522,098	\$ 23,660	\$ 2,421	\$ 7,987	\$ (27,228)	\$ 6,840

The accompanying notes are an integral part of these financial statements.

Carebook Technologies Inc.

Annual Consolidated Financial Statements for the years ended December 31, 2020 and 2019
(Expressed in \$000s CAD)

CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	Note	December 31, 2020	December 31, 2019
Cash flows from (used in) operating activities			
Net loss		\$ (10,892)	\$ (3,114)
Adjustments for non-cash items:			
Stock based compensation	16	\$ 2,747	\$ -
Warrant reserve	17	\$ 2,421	
Depreciation		\$ 408	\$ 140
Amortization of intangible assets	11	\$ -	\$ 650
Gain (loss) on embedded derivative	18	\$ (1,110)	\$ 732
Accretion of long-term debt		\$ 59	\$ 61
Accretion of lease liability		\$ 6	\$ -
Interest expense		\$ 361	\$ 445
Changes in non-working capital items:			
Trade and other receivables	9	\$ (232)	\$ 88
Prepaid expenses		\$ (53)	\$ (43)
Accounts payable and accrued liabilities	12	\$ 974	\$ (313)
Contract liabilities		\$ (36)	\$ -
Net cash from (used in) operating activities		\$ (5,346)	\$ (1,354)
Cash flows from (used in) investing activities			
Purchases of property and equipment	10	\$ (56)	\$ (49)
Net cash from (used in) investing activities		\$ (56)	\$ (49)
Cash flows from (used in) financing activities			
Issuance of shares	15	\$ 22,168	\$ 1,103
Share issuance costs	15,23	\$ (1,294)	
Secondary repayment	15,23	\$ (5,330)	
Issuance (repayment) of advances due to related parties	21	\$ (850)	\$ 600
Issuance (repayment) of term note	14	\$ (2,500)	\$ -
Issuance (repayment) of convertible debt	14	\$ (2,500)	\$ -
Interest paid		\$ (726)	\$ (233)
Payments of principal on lease liabilities		\$ (7)	\$ (40)
Lease inducements and prepayments, net	13	\$ (48)	\$ -
Net cash from (used in) financing activities		\$ 8,913	\$ 1,430
Net increase in cash and cash equivalents		\$ 3,511	\$ 27
Cash and cash equivalents - beginning of year		\$ 117	\$ 90
Cash and cash equivalents - end of year		\$ 3,628	\$ 117

The accompanying notes are an integral part of these 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, Pike, together with its wholly-owned subsidiary 12235978 Canada Ltd. ("Subco"), concluded a three-cornered amalgamation with Carebook Technologies (2020) Inc., formerly known as Carebook Technologies Inc. ("Carebook 2020"), to complete an arm's length reverse takeover transaction (the "RTO"). In connection with the closing of the RTO on October 1, 2020 (described in Note 23 - Reverse Takeover Transaction), the Company changed its name to "Carebook Technologies Inc."

For accounting purposes, it has been determined that Pike was the accounting acquiree and Carebook 2020 was the accounting acquirer since the shareholders of Carebook 2020 now control Carebook Technologies Inc., based on the guidance of IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer (Note 23 - Reverse Takeover Transaction).

These consolidated financial statements are prepared as a continuation of the financial statements of Carebook 2020, but reflecting the continuation of the equity instruments of Pike as a result of the RTO. As a result, comparative information included herein from the year ended December 31, 2019 is solely that of Carebook 2020. For simplicity, transactions undertaken by Carebook 2020, during 2019 and the first three quarters of 2020, are referred to as being undertaken by the Company in these consolidated financial statements. Also for simplicity, for all periods prior to October 1, 2020, references to the "Company" are references to Carebook 2020, unless the context requires otherwise.

The registered office of the Company is 1700-666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8 and its executive office is situated at 1400-2045 rue Stanley, Montréal, Québec, Canada, H3A 2V4.

The principal activities of the Company consist of the development and commercialization of a mobile health management system for individuals, their families, pharmacies, insurers, employers, and clinics. 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 Frankfurt Stock Exchange under the symbol PMM1.

NOTE 2 - Summary of Significant Accounting Policies

2.1. Basis of presentation

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

The Company's Board of Directors approved these annual consolidated financial statements on April 21, 2021. These annual consolidated financial statements have been prepared in accordance with the following significant accounting policies that have been applied consistently to all the periods presented.

The Company operates in a single reporting segment. All revenues were principally generated in Canada during the periods covered herein. All non-current assets are held in Canada.

All figures are presented in thousands of Canadian dollars ("\$000s CAD") unless they refer to share or per share figures, or it is otherwise specified.

The Company's financial position, cash flows, liquidity position, and borrowing facilities are described in the annual consolidated financial statements in Note 8 — Cash and Cash Equivalents, Note 14 — Borrowings, and Note 18 — Risk Management.

2.2. Going concern

The annual consolidated financial statements are prepared on the assumption that the Company is a going concern and will continue to operate for the foreseeable future. The going concern basis 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 December 31, 2020 and December 31, 2019, the Company had a working capital of \$2.3M and a working capital deficit of \$3.9 million, respectively. The Company has incurred significant operating losses and negative cash flow from operations, resulting in an accumulated deficit of \$27.2 million as at December 31, 2020. The Company has incurred significant costs related to the development of its technology and service offerings, recruitment of personnel and establishment of 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, the Company's working capital may be insufficient to meet its obligations.

The going concern expectation is based on certain assumptions and estimates such as the ability of the Company to successfully continue the development of its solution, generate revenue from current and prospective customers, meet general and administrative expense requirements, and the ability of the Company to continue to raise capital through equity issuances or debt financing. During 2018, the Company signed a five-year software development contract; however, licensing and other revenue streams are still being developed, and there is no guarantee that future revenue will generate sufficient income to offset operating expenses.

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

The pandemic caused by the spread of a novel strain of coronavirus, COVID-19, has resulted in no negative impact on the Company's existing revenue. However, the broad economic slowdown due to COVID-19 has impacted the Company's business development and global expansion initiatives. While the Company remains in active conversations with potential clients globally, the travel bans, cancelled trade shows/conferences, and other impacts of COVID-19 have slowed the Company's sales activities. Additionally, potential clients have lengthened their sales cycle, as they focus on dealing with COVID-19.

While the Company has been successful in securing debt financing in the past as described in Note 14 - Borrowings, and raised equity financing in October 2020 as described in Note 23- Reverse Takeover Transaction, the raising of additional funds is dependent on several factors outside the Company's control and largely unknown particularly due to the state of the global economy as a result of the COVID-19 pandemic. As such, there can be no assurance that these initiatives will be successful or sufficient. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Furthermore, management received

confirmation of certain approved financing and subsidies during 2020, and continues to evaluate the Company's eligibility with respect to various subsidies recently made available by the Canadian government to businesses, which is expected to provide additional sources of cash flow to the Company in 2021.

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

2.3. New and amended IFRS standards and interpretations

Effective for the current year ending December 31, 2020

The following revised standards are effective for annual periods beginning on January 1, 2020, or January 1, 2021, and have been adopted in the current period::

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

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

Amendment to IFRS 16 - COVID-19-Related Rent Concessions

In May 2020, the IASB issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The Company has evaluated the impact of this standard and determined that there will be no impact on its financial statements upon adoption.

Amendments to IFRS 3 - Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 - Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of “obscuring” material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term “material” to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on March 29, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

New and revised IFRS Standards in issue but not effective as at December 31, 2020

The adoption of the Standards listed below have not been applied in the current period:

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

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

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

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

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

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

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements to IFRS Standards 2018–2020

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

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

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

IFRS 9 Financial Instruments

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

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

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

IFRS 16 Leases

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

2.4. Principles governing the preparation of the annual consolidated financial statements

The accounting policies set out below have been applied consistently to all periods presented in these annual consolidated financial statements unless otherwise indicated.

These annual consolidated financial statements include all of the assets, liabilities, equity, revenues, expenses, and cash flows of Carebook.

Basis of measurement

The annual consolidated financial statements are prepared under the historical cost basis unless otherwise noted in these annual consolidated financial statements.

Cash-generating units

The reporting unit, corresponding to the Company's sole operating site and the lowest level of the Company's internal reporting, has been identified as its cash-generating unit.

Foreign currency translation

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

Revenue recognition

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

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

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

Revenue is recognized when or as the Company satisfies a performance obligation by transferring a promise of good or service to the customer and is measured at the amount of consideration the Company expects to be entitled to receive, including variable consideration, such as, discounts, volume rebates, service-level penalties, and incentives. Variable consideration is estimated using either the

expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur. In making this judgment, management will mostly consider all information available at the time (historical, current, and forecasted), the Company's knowledge of the client or the industry, the type of services to be delivered and the specific contractual terms of each arrangement.

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

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

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

Amounts received in advance of the performance of services are classified as contract liabilities. Refer to Note 3 – Revenue for details on the Company's contract liabilities.

All of the Company's sales are from two service groups (software licenses and software development) and to two customer types (healthcare providers and suppliers) within the same geographic area (Canada). Contract types, contract duration and sales channels are also consistent. Therefore, management believes that disaggregation of revenue by service offerings to customers would provide additional insight into the future recognition of revenue and cash flows. Refer to Note 3 – Revenue.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are

expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. At the end of each reporting period, the Company revises its estimate of the number of awards expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

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

Finance costs

Interest expense on short- and long-term financing is recorded at the relevant rates on the various borrowing agreements. The components of finance costs within the consolidated statements of loss and comprehensive loss for the years ended December 31 2019 and 2020 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finance costs consist of the following:		
Term note payable	\$ 123	\$ 168
Convertible debt	\$ 262	\$ 273
Interest expense on lease liabilities	\$ 60	\$ 64
Term loan	\$ 3	\$ -
Other	\$ 1	\$ 1
Total finance costs	<u>\$ 449</u>	<u>\$ 506</u>

Grants and incentives

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

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

Income taxes

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

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

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

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

Investment tax credits

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

Investment tax credits for research and development are reflected as a reduction in the expenses to which they relate. In 2019, tax credits relating to 2017 were recorded in the amount of \$20. In June 2020, tax credits relating to 2018 were recorded in the amount of \$26. The amounts of expected recovery in connection with 2019 and 2020 activities have not been accrued due to uncertainty around amounts expected to be recovered.

Property and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

- **Leasehold improvements** – The lesser of the useful life of the asset or the term of the lease;
- **Furniture and office equipment** – 5 years; and
- **Computer equipment** – 3 years.

Intangible assets

Recognition, measurement, and amortization

Certain costs related to intellectual property developed and/or acquired were recognized and recorded at cost. These intangible assets are amortized on a straight-line basis over estimated finite useful lives of three years. Amortization expenses for intangible assets are recorded in the consolidated statements of loss and comprehensive loss.

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

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

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

As at December 31, 2020, these criteria were not all met and as such development expenditures were expensed as incurred, net of related tax credits.

Impairment tests for property and equipment and intangible assets

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

No impairment losses have been recognized in the consolidated statements of loss and comprehensive loss.

Goodwill

Recognition and measurement

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

Impairment tests for goodwill

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

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

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

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

No impairment losses have been recognized in the consolidated statements of loss and comprehensive loss.

Financial instruments

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

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

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

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

Financial instruments may be designated on initial recognition as FVPL if any of the following criteria are met: i) embedded derivatives that are clearly and closely related, if the host contract is measured in FVPL; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing

the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Gains and losses related to periodic revaluations of financial assets and liabilities designated as FVPL are recorded in net income (loss).

(i) Classification and measurement

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

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

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

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

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

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

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

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

(ii) Impairment of financial assets

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

(iii) Fair value

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

(iv) Offsetting financial instruments

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

Leases

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Convertible debt

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

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

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

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

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

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

Trade and other receivables

Recognition and measurement

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

Impairment

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

Cash and cash equivalents

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

Accounts payable and accrued liabilities

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

Provisions

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

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

A provision for loss-making (onerous) contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Company under those contracts. The Company has considered the least net costs of exiting any loss-making contracts and has assessed the profitability (revenue net of unavoidable costs) of the contracts over their lifetime. The Company did not record any provisions for onerous contracts as at December 31, 2020 and December 31, 2019.

Share capital

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

Fair value measurements

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

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted market prices that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are both significant to the fair value measurement and unobservable.

Earnings per share

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

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

Related party transactions

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

Segment reporting

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

Presentation of annual consolidated financial statements

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

2.5. Judgments in applying accounting policies and key sources of estimation uncertainty

Certain amounts included in the annual consolidated financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the annual consolidated financial statements. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the items presented below.

Assessment of revenue recognition under IFRS 15

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

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

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

Fair value of financial instruments and share-based payments

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

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

Income taxes

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

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

Provisions

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

During the year ending December 31, 2020, the Company received a claim for wrongful termination from a former executive. The claim seeks a severance payment equal to 6-months base salary, and an amount for stock options and commissions. The Company is defending the action and expects that litigation will continue into the foreseeable future unless settled. A reasonable estimate has been determined for the severance claim, as such, the Company has accrued this amount as a labour and employee benefits expense in the period. The amount is not disclosed herein so as not to prejudice the Company in the ongoing dispute.

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

Useful lives of property and equipment

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

To date, there have been no changes to the estimated useful lives of property and equipment.

Going concern

Determining whether there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern requires management to exercise its judgment in particular about its ability to obtain future financing and projected future cash flows. Significant judgments related to the Company's ability to continue as a going concern are disclosed in Note 2.2.

NOTE 3 - Revenue

The Company's revenue by service offering for the years ended December 31, 2019 and 2020 were:

	December 31, 2020	December 31, 2019
Revenue consists of the following:		
Software as a service (SaaS)	\$ 426	\$ 72
Software development	\$ 3,147	\$ 4,250
Revenue share	\$ (43)	\$ (36)
Total revenue	\$ 3,530	\$ 4,286

As described in Note 20 - Commitments, the Company has certain revenue share obligations. The revenue share commitment had been expensed in prior periods, but has been reclassified and recorded net of revenue, as reflected in the table above.

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

	2020	2019
Balance as at January 1,	\$ 333	\$ 333
Decrease from satisfied performance obligations	\$ (3,487)	\$ (4,000)
Increase from changes as a result of the measures in progress	\$ 3,451	\$ 4,000
Balance as at December 31,	\$ 297	\$ 333
Of which current	\$ 297	\$ 333
Of which non-current	\$ -	\$ -

The Company's minimum performance commitments to its customers remain through 2023. The Company expects to recognize a minimum revenue of approximately \$2.7 million, \$2.0 million, and \$0.3 million in the years ending December 31, 2021, 2022, and 2023, respectively, for partial and fully unsatisfied performance obligations under its fixed fee arrangements.

NOTE 4 - Labour and Employee Benefits

Labour and employee benefits for the years ending December 31, 2019 and 2020 consisted of the following:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wages and salaries		
Cost of revenue labour	\$ 206	\$ 131
Sales and marketing labour	\$ 1,239	\$ 453
Research and development labour	\$ 3,609	\$ 2,887
General and administrative labour	\$ 1,110	\$ 619
Stock based compensation	\$ 2,853	\$ -
Grants and tax credits	\$ (528)	\$ (20)
Registered retirement savings plan	\$ 111	\$ 107
Other employee-related benefits	\$ 193	\$ 205
Total labour and employee benefit expenses	\$ 8,793	\$ 4,382

The Company received approval for the *National Research Council of Canada's* Industrial Research Assistance Program ("IRAP"), which reimburses the Company for salary costs (excluding benefits, bonuses, and other compensation) equal to the lower of \$437 or the actual costs incurred during the period beginning April 1, 2020 through June 24, 2020. These contributions are meant to promote and aid in financing the innovation projects and activities of small and medium size start-up companies that are unable to access other existing COVID-19 support. As at December 31, 2020, the Company has received cash payments totaling \$415 related to the IRAP grant, which were recorded as a reduction to labour and employee benefits expenses in the consolidated statements of loss and comprehensive loss.

In April 2020, the Company was approved for a joint grant with a third-party technology firm for a patient-centric artificial intelligence research project, whereby certain admissible project expenses will be reimbursed to the companies by the grantor—a Quebec nonprofit organization— up to \$285. The Company's maximum potential reimbursements would equal \$143 for project expenses. As at December 31, 2020, the Company has received \$72 under this program.

The Company also received \$26 and \$20 in refundable SR&ED tax credits during the years ending December 31, 2020 and 2019. These tax credits pertain to the claims filed for the 2018 and 2017 taxation years, respectively.

NOTE 5 - Operating Expenses by Function

Operating expenses for the years ended December 31, 2019 and 2020 consisted of the following:

	December 31, 2020	December 31, 2019
Cost of Revenue	\$ 99	\$ -
Sales and marketing		
Marketing	\$ 82	\$ 8
Business development	\$ 15	\$ 37
Research and development	\$ 602	\$ 1,102
General and administrative		
Rent	\$ 142	\$ 117
Professional fees	\$ 640	\$ 180
General and administrative	\$ 550	\$ 110
Travel and team	\$ 78	\$ 127
Total operating expenses	\$ 2,208	\$ 1,681

NOTE 6 - Depreciation and Amortization Expenses

Depreciation and amortization expenses for the years ended December 31, 2019 and 2020 are as follows:

	December 31, 2020	December 31, 2019
Depreciation	\$ 408	\$ 140
Amortization of intangible assets	\$ -	\$ 650
Total depreciation and amortization expenses	\$ 408	\$ 790

NOTE 7 - Income Taxes

As described in Note 2.4, a detailed assessment was performed based on expected future performance and taxable income. The recovery of income taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (26.6% in 2019) as a result of the following:

	December 31, 2020	December 31, 2019
(Loss) income before taxes	\$ (10,893)	\$ (3,114)
Combined tax rates	26.5%	26.6%
Income tax recovery	\$ (2,887)	\$ (828)
Adjustments		
Non-deductible expenses	\$ 1,123	\$ 454
Change in estimates	\$ (348)	\$ -
Origination and reversal of temporary differences	\$ 2,112	\$ 374
Income tax provision	\$ -	\$ -

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

	December 31, 2020	December 31, 2019
Federal non-capital losses carryforward	\$ 4,028	\$ 11,038
Quebec non-capital losses carryforward	\$ 4,506	\$ 11,516
Property and equipment	\$ 12,656	\$ -
Financing fees	\$ 2,743	\$ -
SR&ED Investment tax credits	\$ 94	\$ 94

The components of deferred income taxes as at December 31, 2019 and 2020 are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences		
Property and equipment	\$ 3,281	\$ (56)
Right-of-use leased asset	\$ (124)	\$ (102)
Other	\$ 924	\$ 106
Non-capital losses carried forward	\$ 1,122	\$ 3,032
Unclaimed investment tax credits	\$ 69	\$ 94
	\$ 5,272	\$ 3,074

As at December 31, 2020 and 2019, the Company had Canadian federal tax loss carryforwards of approximately \$4.0 million and \$11.2 million, respectively, and Canadian provincial tax loss carryforwards of approximately \$4.5 million and \$11.7 million, respectively, available to be used to offset future taxable

income. The non-capital losses, if unused, expire in 2039. As at December 31, 2020 the Company had unutilized SR&ED investment tax credits of \$94 that begin expiring in 2037.

NOTE 8 - Cash and Cash Equivalents

As at December 31, 2020 and December 31, 2019, all cash and cash equivalents represented cash in banks and on hand. During the third and fourth quarters of 2020, Carebook secured private placement financings for aggregate gross proceeds of \$21,000 comprised of: (i) the issuance of 6,932,000 Carebook Subscription Receipts (as defined below) at a price of \$2.50 per Carebook Subscription Receipt for aggregate gross proceeds of \$17,330, (ii) the issuance of 400,000 Carebook Units (as defined below) to certain members of Carebook management or affiliates thereof at a price of \$2.50 per Carebook Unit for aggregate gross proceeds of \$1,000, and (iii) the issuance of 1,068,000 Carebook Units to certain arm's length investors at a price of \$2.50 per Carebook Unit for aggregate gross proceeds of \$2,670. The \$17,330 gross proceeds from the issuance of Carebook Subscription Receipts were held in trust until the completion of the RTO. In its unaudited condensed interim financial statements for the three and nine months ended September 30, 2020 and 2019, the Company presented the \$21,000 aggregate gross proceeds as restricted cash. On October 1, 2020, the Company completed the RTO. Each Carebook Subscription Receipt and each Carebook Unit was exchanged, upon completion of the RTO, into one common share of the Company and one half of a common share purchase warrant.

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 3,628	\$ 117
Total cash and cash equivalents	\$ 3,628	\$ 117

NOTE 9 - Trade and Other Receivables

The Company had \$245 in trade and other receivables as at December 31, 2020 and \$4 in other receivables as at December 31, 2019. These receivables consisted of sales tax receivables and reimbursements from the provincial government related to the *RL-1 Summary - Summary of Source Deductions and Employer Contributions*.

	December 31, 2020	December 31, 2019
Sales tax receivable	\$ 210	\$ -
Other receivables	\$ 35	\$ 4
Total trade and other receivables	\$ 245	\$ 4

Impairment allowance

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

No impairment allowances were recognized during the years ended December 31, 2020 and 2019.

The maximum exposure to credit risk as at the reporting date was the carrying value of trade and other receivables. The Company did not hold any collateral from its customers or debtors as security as at December 31, 2020 and December 31, 2019.

Currency concentrations

As at December 31, 2020 and December 31, 2019, the Company had no outstanding trade receivables transacted in currencies other than the Company's functional currency (Canadian dollars).

NOTE 10 - Property and Equipment

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

	Leasehold Improvements	Furniture	Computer Hardware	Total
Balance as at January 1, 2020	\$ 288	\$ 65	\$ 55	\$ 408
Additions	\$ 4	\$ 4	\$ 48	\$ 56
Disposals	\$ -	\$ -	\$ -	\$ -
Depreciation expense	\$ (34)	\$ (20)	\$ (39)	\$ (93)
Balance as at December 31, 2020	<u>\$ 258</u>	<u>\$ 49</u>	<u>\$ 64</u>	<u>\$ 371</u>
Cost	\$ 352	\$ 135	\$ 220	\$ 707
Less accumulated depreciation	\$ (94)	\$ (86)	\$ (156)	\$ (336)
Balance as at December 31, 2020	\$ 258	\$ 49	\$ 64	\$ 371
Balance as at January 1, 2019	\$ 321	\$ 81	\$ 55	\$ 457
Additions	\$ -	\$ 7	\$ 42	\$ 49
Disposals	\$ -	\$ -	\$ -	\$ -
Depreciation expense	\$ (33)	\$ (23)	\$ (42)	\$ (98)
Balance as at December 31, 2019	<u>\$ 288</u>	<u>\$ 65</u>	<u>\$ 55</u>	<u>\$ 408</u>
Cost	\$ 348	\$ 131	\$ 172	\$ 651
Less accumulated depreciation	\$ (60)	\$ (66)	\$ (117)	\$ (243)
Balance as at December 31, 2019	\$ 288	\$ 65	\$ 55	\$ 408

As at December 31, 2020, the Company did not have any accrued balances for acquired property and equipment within accounts payable and accrued liabilities.

The Company did not recognize any impairments of property and equipment during the years ended December 31, 2020 and 2019.

The amount of contractual commitments for the acquisition of property and equipment is disclosed in Note 20 — Commitments.

NOTE 11 - Intangible Assets and Goodwill

Changes in intangible assets were as follows:

	Intellectual Property	Goodwill
Balance as at January 1, 2020	\$ -	\$ 4,370
Additions	\$ -	\$ -
Disposals	\$ -	\$ -
Balance as at December 31, 2020	\$ -	\$ 4,370
Cost	\$ 1,950	\$ 4,370
Less accumulated depreciation	\$ (1,950)	\$ -
Balance as at December 31, 2020	\$ -	\$ 4,370
Balance as at January 1, 2019	\$ 650	\$ 4,370
Additions	\$ -	\$ -
Disposals	\$ -	\$ -
Balance as at December 31, 2019	\$ 650	\$ 4,370
Cost	\$ 1,950	\$ 4,370
Less accumulated depreciation	\$ (1,950)	\$ -
Balance as at December 31, 2019	\$ -	\$ 4,370

As at December 31, 2020, the recoverable value of Carebook was determined based on its value-in-use. This value is estimated from cash flow projections based on the financial budget approved by management and covering a five-year period. Cash flows beyond this period are estimated using a perpetual long-term growth rate of 5.0% for the subsequent years. The value-in-use is the sum of discounted cash flows over the projected period and the terminal value. Discount rates are determined based on the weighted-average cost of capital of the Company and was estimated at 12%. Based on this assessment, the Company did not recognize an impairment of goodwill. No impairments, transfers, or other adjustments occurred during 2020 and 2019.

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 20 — Commitments.

NOTE 12 - Accounts Payable and Accrued Liabilities

As at December 31, 2020 and 2019 the accounts payable and accrued liabilities consisted of the following:

	December 31, 2020	December 31, 2019
Trade payables	\$ 372	\$ 109
Employee entitlements	\$ 135	\$ 86
Other payables and accrued liabilities	\$ 806	\$ 144
Total accounts payable and accrued liabilities	\$ 1,313	\$ 339

NOTE 13 - Leases

The Company leases office space for use in its operations. 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 ROU asset. The lease provides for additional rent payments that relate to the property taxes levied on the lessor, insurance payments made by the lessor, and operating expenses and common area maintenance expenses charged by the lessor. These amounts are generally determined annually.

In March 2020, the Company amended the building lease to increase the square footage of office space lease utilized. The terms of the additional office space lease remained consistent with the original lease agreement and represented incremental lease payments in consideration for the increased space for use by the Company. The additional office space was deemed a new lease and included in the carrying amounts of the lease liability and ROU asset. The Company also has low-value and short-term leases primarily for printers and office equipment, with terms of one to five years. The Company typically recognizes lease expenses on a straight-line basis over the life of the lease for these assets.

The following table represents the changes in ROU assets for the years ended December 31, 2020 and 2019:

Cost of right-of-use assets	2020	2019
Balance as at January 1,	\$ 431	\$ 431
Additions	\$ 166	\$ -
Balance as at December 31,	\$ 597	\$ 431
Less accumulated amortization	\$ 130	\$ 74
Net book value as at December 31,	\$ 467	\$ 357

The expenses relating to variable lease payments not included in the measurement of lease obligations were \$93 for both of the years ended December 31, 2020 and 2019. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space lease. For the years ended December 31, 2020 and 2019, expenses relating to short-term and low-value leases were \$49 and \$25, respectively. For the year ended December 31, 2020 and 2019, total cash outflows for leases and other rents were \$247 and \$221, respectively.

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

	December 31, 2020	December 31, 2019
Less than 1 year	\$ 127	\$ 104
1 to 5 years	\$ 671	\$ 542
More than 5 years	\$ 211	\$ 291
Total	\$ 1,009	\$ 937
Less: impact of discounting	\$ 268	\$ 309
Total lease obligations	\$ 741	\$ 628
Of which non-current	\$ 675	\$ 584
Of which current	\$ 66	\$ 44

NOTE 14 - Borrowings

14.1 Analysis by nature

	December 31, 2020			
	Carrying Amount	Face Value	Nominal Rate	Effective Rate
Lease liability	\$ 741	\$ 742		9.95%
Total borrowings	\$ 741	\$ 742		
Of which non-current	\$ 675			
Of which current	\$ 66			

	December 31, 2019			
	Carrying Amount	Face Value	Nominal Rate	Effective Rate
Long-term debt	\$ 2,181	\$ 2,500	8.00%	12.09%
Lease liability	\$ 629	\$ 629		9.95%
Accrued interest	\$ 362	\$ 362		
Total borrowings	\$ 3,172	\$ 3,491		
Of which non-current	\$ 3,127			
Of which current	\$ 45			

14.2 Movements in borrowings

	2020	2019
Balance as at January 1,	\$ 2,809	\$ 2,788
Issuance (repayment) of long-term debt	\$ (2,500)	\$ -
Accretion of long-term debt	\$ 319	\$ 61
Incurrence of lease liability	\$ 96	\$ -
Modification of existing lease liability	\$ 59	\$ -
Accretion of lease liability	\$ 6	\$ -
Repayment of lease liability	\$ (47)	\$ (40)
Balance as at December 31,	\$ 741	\$ 2,809

14.3 Main features of borrowings

Convertible Debt

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

See Note 18 – Financial Instruments for more information on the embedded derivative.

Covenants

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

PME MTL Centre-Ville Loans

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

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

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

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

Short-term borrowings – Term note payable

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

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

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

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

As part of the RTO, the stock options held by Persistence Capital Partners II, L.P. and Persistence Capital Partners II (International), L.P. were exchanged for 354,459 and 11,490 stock options of the Company, respectively. These new stock options entitle the holders thereof to purchase a common share of the Company for each stock option held. The number of stock options exchanged reflects the fact that in connection with the RTO, Carebook 2020 completed a split of its common shares on a 1.725-for-one basis.

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

NOTE 15 - Share Capital

As at December 31, 2019, the authorized share capital of Carebook 2020 consisted of an unlimited number, all without par value, of Class A, B, C and D common shares and Class A preferred shares ("Carebook 2020 Preferred Shares").

During 2019, Carebook 2020 issued 315,996 Class A Carebook 2020 Common Shares at \$3.49 per share, resulting in the following breakdown of shares as at December 31, 2019:

December 31, 2019	
	Shares Amounts
Class A common shares	9,060,539 \$ 8,115
Class B common shares	2,500,000 \$ -
Class C common shares	1,000,000 \$ -
Class D common shares	0 \$ -
Total common shares	12,560,539 \$ 8,115
Class A preferred shares	2,250,000 \$ -
Total shares issued and outstanding	14,810,539 \$ 16,230

In July 2020, Carebook 2020 amended its articles of amalgamation to create Class D-1 and D-2 shares. Also in July 2020, Carebook 2020 issued 186,194 Class D-2 Carebook 2020 Common Shares at \$3.49 per share to a related party (or 321,187 common shares of Company post-split), resulting in a total of 12,746,733 Carebook 2020 Common Shares outstanding, and 2,250,000 Carebook 2020 Preferred Shares outstanding.

September 30, 2020	
	Shares Amounts
Class A common shares	9,060,539 \$ 8,115
Class B common shares	2,500,000 \$ -
Class C common shares	1,000,000 \$ -
Class D common shares	186,194 \$ 650
Total common shares	\$ 12,746,733 \$ 8,765
Class A preferred shares	2,250,000 \$ -
Total shares issued and outstanding	\$ 14,996,733 \$ 8,765

In connection with the RTO, Carebook 2020 modified its share capital to create a new class of redeemable preferred shares of Carebook 2020 ("Carebook 2020 Redeemable Shares"), which were issued to certain shareholders of Carebook 2020 Shareholders in exchange for a portion of their Carebook 2020 Common Shares in order to implement the Secondary Portion described in Note 23 - Reverse Takeover Transaction.

In connection with the RTO, Carebook effected a split of the Carebook 2020 Common Shares on a 1.725-for-one basis (the "Share Split").

In connection with and prior to implementation of the RTO, the Company, then known as Pike, modified its share capital to consist of an unlimited number of common shares and an unlimited number of preferred shares. In addition, the Company, then known as Pike, implemented a consolidation of all of its issued and outstanding common shares based on a ratio of one post-consolidation share for every 13.187 pre-consolidation shares (the "Consolidation").

As part of the private placement financings described in Note 23 - Reverse Takeover Transaction, which were completed concurrently with the RTO, Carebook 2020 issued 8,522,381 common shares.

In connection with the RTO, Carebook 2020 and Subco amalgamated under the *Canada Business Corporations Act* and the resulting amalgamated entity became a wholly-owned subsidiary of the Company ("Amalco"). Each Carebook 2020 Common Share and Carebook 2020 Preferred Share was cancelled and the former holders of Carebook 2020 Common Shares received one common share of the Company for each Carebook 2020 Common Share held by them while the holders of Carebook 2020 Preferred Shares received one common share of the Company for 2.5 Carebook 2020 Preferred Shares held by them. Other securities of Carebook 2020 were cancelled, and the former holders of such securities received economically equivalent securities of the Company. The Carebook Redeemable Shares were cancelled and replaced with redeemable shares of Amalco ("Amalco Redeemable Shares"), which were redeemed in order to implement the Secondary Portion described in Note 23 - Reverse Takeover Transaction.

In December 2020, an employee of the Company exercised 11,450 stock options and received an equal number of common shares of the Company.

As a result of the transactions described above, a total of 30,522,098 common shares of the Company were issued and outstanding as at December 31, 2020.

December 31, 2020	
	Shares Amounts
Common shares	30,522,098 \$ 23,660
Total common shares	30,522,098 \$ 23,660
Class A preferred shares	0 \$ -
Total shares issued and outstanding	30,522,098 \$ 23,660

Refer to Note 23- Reverse Takeover Transaction for additional details regarding the RTO.

NOTE 16 - Share-Based Compensation

Stock options

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

On August 7, 2020, the Company (then known as Pike) and Carebook 2020 entered into the Business Combination Agreement pursuant to which the Company (then known as Pike) and Carebook 2020 agreed to complete the RTO. The RTO is described in Note 23- Reverse Takeover Transaction.

The RTO represented a liquidity event that satisfied the non-market performance condition of unvested stock options and as such, the recognition of the expense pertaining to the Carebook 2020 Options became estimable as the occurrence of the RTO became probable. The share-based compensation expense related to these stock options are within the interim statements of loss and comprehensive loss for the three and six months ended June 30, 2020.

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

In connection with the RTO, the Company adopted a new stock option plan and holders of Carebook 2020 Options received, concurrent with the Amalgamation (as defined below), a vested option to acquire 1.725 common shares of the Company for each Carebook 2020 Common Share underlying the vested portion of the Carebook 2020 Option(s) held by such holder. The life of these stock options were extended to their original expiry date. Therefore, in connection with the RTO, an aggregate of 2,601,638 stock options of the Company were granted. There was no change to the exercise value of these stock options as the strike price and number of underlying common shares were each modified at the same 1.725 to one ratio to reflect the Share Split.

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

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

Other than what has been disclosed above, there were no changes in the number and weighted average exercise prices of stock options and assumptions used to estimate the fair value of the stock options granted, and no other grants, exercises, expirations, or forfeitures occurred during the year ended December 31, 2020.

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

	2020		2019	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	2,849,578	\$ 1.21	2,635,116	\$ 1.16
Granted	835,470	\$ 1.97	212,941	\$ 1.96
Exercised	-71,450	\$ 1.24	0	\$ -
Forfeited	-187,940	\$ 2.02	0	\$ -
Expired	0		0	\$ -
Options outstanding, end of year	3,425,658	\$ 1.49	2,848,057	\$ 1.19
Options exercisable, end of year	2,686,433	\$ 1.36	2,608,789	\$ 1.09

Exercise price	Number of Options	Weighted Average Remaining Contractual Life (in years)
\$0.37	325,253	4.25
\$1.24	1,966,907	6.46
\$1.52	450,475	9.94
\$1.96	298,029	6.42
\$2.50	385,000	9.75

The fair value of each option was estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical volatility of similarly-situated, publicly-traded companies (i.e., small capitalization healthcare technology companies), calculated using the most recent time period equal to the expected life of the options. The risk-free interest rate was based on Bank of Canada yields for a term equal to the expected life of the options at the time of grant. The Company used the expected time to exercise based on the operational expectations to build out the application platform to determine the expected life of the options. All inputs into the Black-Scholes model are estimates made at the time of grant. Actual realized value of each stock option grant could materially differ from

these estimates, without impact to future reported net income. The following weighted average assumptions were used to estimate the fair value of stock options granted in the periods presented:

	Years Ended December 31,	
	2020	2019
Dividend yield	0.0%	0.0%
Risk-free rate	0.6%	1.2%
Expected option life	6 Years	5 Years
Expected volatility	70.0%	81.4%

NOTE 17 - Warrants

Prior to the RTO, there were 1,724,475 warrants issued by Carebook 2020 to certain related parties (the "Carebook 2020 Principal Warrants"). As with the Carebook 2020 Options described above, the holders of Carebook 2020 Principal Warrants were issued warrants at a 1.725-for-one ratio in connection with the RTO. There was no change to the exercise value of these stock options as the change in strike price and underlying common shares of the Company reflect the same 1.725 to one ratio, in accordance with the Share Split.

As part of the private placement financings, described in Note 23, Carebook 2020 issued 4,200,000 warrants to purchase Carebook 2020 Common Shares ("Carebook 2020 Warrants"). In connection with the private placement financings described in Note 23, the Company issued 480,000 warrants to purchase Carebook 2020 Common Shares as compensation to the brokers who arranged such private placement financings ("Carebook 2020 Broker Warrants"), which were exercisable to acquire an aggregate of 480,000 Carebook Units at an exercise price equal to \$2.50 per Carebook Unit.

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

Prior to the RTO, the Company also had 25,639 warrants outstanding ("Pike Broker Warrants") which entitled the holder thereof to acquire one common share of the Company at a price of \$0.10 until September 16, 2021. In connection with the RTO, such Pike Broker Warrants were exchanged for an equivalent number of warrants entitling the holder thereof to purchase such number of common shares of the Company as would have resulted if the exercise of the Pike Broker Warrants had taken place prior to the Consolidation, and the exercise price per common share of the Company was adjusted accordingly.

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

	2020		2019	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Warrants outstanding, beginning of year	2,974,740	\$ 2.05	2,974,740	\$ 2.05
Granted	4,945,639	\$ 3.06	0	\$ -
Exercised	0	\$ -	0	\$ -
Forfeited	0	\$ -	0	\$ -
Expired	0	\$ -	0	\$ -
Warrants outstanding, end of year	7,920,379	\$ 2.68	2,974,740	\$ 2.05
Warrants exercisable, end of year	7,920,379	\$ 2.68	2,974,740	\$ 2.05

Exercise price	Number of Warrants	Weighted Average Remaining Contractual Life (in years)
\$0.37	452,524	0.50
\$1.24	2,522,216	1.52
\$2.25	25,639	0.71
\$2.50	480,000	1.75
\$3.13	4,440,000	1.75

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

	Years Ended December 31,	
	2020	2019
Dividend yield	0.0%	N/A
Risk-free rate	0.2%	N/A
Expected warrant life	2 Years	N/A
Expected volatility	70.0%	N/A

NOTE 18 - Financial Instruments

18.1 Financial assets and liabilities by categories

The Company's financial assets include cash and cash equivalents, trade and other receivables, and shareholder advances, and its financial liabilities consisted of accounts payable and accrued liabilities, and short-term and long-term borrowings. Cash and cash equivalents, trade and other receivables, and

advances to shareholders are carried at amortized cost using the effective interest rate method, less any impairment. Accounts payable and accrued liabilities, and short-term and long-term borrowings are financial liabilities measured at amortized cost using the effective interest rate method. The embedded derivative is carried at fair value based on observable and unobservable inputs.

As at December 31, 2020 and 2019 the Company's financial assets and liabilities were as follows:

	December 31, 2020			December 31, 2019		
	At Carrying Value or Amortized Cost	At FVPL	Total	At Carrying Value or Amortized Cost	At FVPL	Total
Cash and cash equivalents	\$ 3,628	\$ -	\$ 3,628	\$ 117	\$ -	\$ 117
Trade receivables	\$ 245	\$ -	\$ 245	\$ 4	\$ -	\$ 4
Advances to shareholder	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 10
Total financial assets	\$ 3,873	\$ -	\$ 3,873	\$ 131	\$ -	\$ 131
Trade payables	\$ 372	\$ -	\$ 372	\$ 109	\$ -	\$ 109
Borrowings (short- and long-term)	\$ -	\$ -	\$ -	\$ 6,159	\$ -	\$ 6,159
Accrued interest	\$ -	\$ -	\$ -	\$ 362	\$ -	\$ 362
Derivative liability	\$ -	\$ -	\$ -	\$ -	\$ 1,110	\$ 1,110
Total financial liabilities	\$ 372	\$ -	\$ 372	\$ 6,630	\$ 1,110	\$ 7,740

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.

18.2 Fair values

The carrying values of the Company's term loans and related party advances were the redemption value at maturity.

The embedded derivative within the Convertible Debt has the character of a financial derivative. Accordingly, the fair value of the equity conversion option is re-estimated periodically, and changes in the fair value are recognized within the consolidated statements of loss and comprehensive loss.

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.

18.3 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, advances to shareholders, accounts payable and accrued liabilities, advances due to related parties, and short-term 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 is carried at the present value of the discounted future cash flows using rates currently available for debt of similar terms and maturity, net of unamortized discount and deferred costs, as of the end of the reporting period (Level 3). The carrying value of the Convertible Debt approximates its fair value.

The estimated fair value of the embedded derivative related to the equity conversion option of the Convertible Debt is determined using a discounted cash flow method, which includes assumptions based on unobservable inputs. In light of the methodologies employed to obtain the fair values, the

embedded derivative is classified as Level 3 in the fair value hierarchy. The carrying value equaled the estimated fair value of the instrument and was recorded in the consolidated statements of financial position.

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

During the years ended December 31, 2019 and 2020, the Company recognized the following changes to this instrument:

	2020	2019
Balance as at January 1,	\$ 1,110	\$ 379
Net unrealized (gains) losses on derivatives at FVPL	\$ (1,110)	\$ 731
Balance as at December 31,	<u>\$ -</u>	<u>\$ 1,110</u>

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

There were no transfers into or out of Level 1, Level 2, or Level 3 during the years ended December 31, 2019 and 2020.

NOTE 19 - Risk Management

The Company's financial risk management strategy focused on creating and marketing a viable software product 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.

19.1 Market risk

(i) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments held by the Company and that are subject to variable rates will fluctuate, or the cash flows associated with such instruments will be impacted due to changes in market interest rates. During 2020, the Company's interest rate risk arose principally from its Term Note. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents deposits (including short-term investments) earning interest at variable interest rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The Company was exposed to changes in interest rates on the Company's indebtedness under the Term Note. The Term Note was repaid in November 2020.

(ii) Foreign exchange risk

The Company has minimal risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. The Company manages its exposure to currency fluctuations by monitoring its level of cash in foreign currencies. Management did not hedge these exposures as at December 31, 2020 or 2019.

Foreign exchange rate sensitivity

The Company is exposed to changes in currency exchange rates on certain of the Company's operating transactions. A hypothetical 10% strengthening (weakening) of the U.S. dollar in relation to the Canadian dollar from December 31, 2020 levels would have had an immaterial impact on net loss.

19.2 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 18 — Financial Instruments. The Company did not hold any collateral as security as at December 31, 2020 and 2019.

Credit risk related to transactions with financial institutions

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

Credit risks related to customer trade receivables

The Company's customer base consisted of two primary customers, one of which represented approximately 99% of revenue for both the year ended December 31, 2020 and 2019. Payment terms varied, and credit limits were typically established based on internal or external rating criteria, which take into account such factors as the customer's financial condition, credit history, and risk associated with their industry segment. The high concentration of the Company's customer base represents the totality of its trade receivables, this necessitates the active monitoring and management of the outstanding receivables from customers by the Company. Historically, the Company has an extremely 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.

19.3 Liquidity and capital risk management

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. As at December 31, 2020, the Company was not subject to any externally imposed capital requirements.

NOTE 20 - Commitments

Capital expenditure and purchase commitments

As at December 31, 2020 and 2019, the Company had no future commitments for purchases of property and equipment and intangible assets.

Marketing and distribution agreement

The Company's marketing and distribution agreement with a third party requires the Company to pay a commission on certain revenue-generating contracts. The Company has also entered into agreements with third parties acting as sales agents, which requires the Company to pay a commission of up to 2% of recognized revenue and/or a signing bonus of up to 1% of the total contract value of revenue-generating contracts signed by the sales agents.

NOTE 21 - Related Party Transactions

Related party transactions for the years ended December 31, 2019 and 2020 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Advance to a shareholder	\$ -	\$ 10
Advances due to related parties	\$ -	\$ 850

Advance to a shareholder

The Company loaned \$10 to a certain shareholder bearing interest at 1% annually and maturing on December 31, 2022. This advance was written off during the third quarter of 2020.

Advances due to related parties

Prior to the RTO, the Company received short-term, interest free advances from certain shareholders to cover short term liquidity needs. As at December 31, 2020 and 2019, advances due to related parties totaled \$0 and \$850 respectively. During the first nine months of 2020, the Company required an additional \$1,125 in advances from shareholders to meet its liquidity needs. In October 2020, the Company reimbursed all non-interest-bearing advances from shareholders, totalling \$1,975, in full.

Refer to Note 14 – Borrowings for information on the guarantee of repayment on the Term Note provided by a shareholder.

Related party agreements

The Company entered into an agreement with a related party for the services of their CFO. In 2020, total expenses related to the services of the CFO were \$112.

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

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

Key management remuneration

The Company's key management comprises the Board of Directors members, the corporate secretary and the executive management effectively present during 2020. Executive committee members 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 as at December 31 comprised of the following:

	December 31, 2020	December 31, 2019
Director & officer compensation		
Director & officer fees	\$ 13	\$ -
Equity incentives	\$ 481	\$ -
Executive compensation		
Salaries and employee benefits	\$ 554	\$ 365
Equity incentives	\$ 431	\$ -
Management compensation		
Salaries and employee benefits	\$ 982	\$ 707
Equity incentives	\$ 181	\$ -
	\$ 2,641	\$ 1,072

As a result, the aggregate compensation for the Company's key management was principally composed of salaries and long term equity incentive compensation, which totaled \$2,641 and \$1,072 for the years ended December 31, 2020 and 2019, respectively.

NOTE 22 - Articles of Amalgamation

Amendment to Articles of Amalgamation – Class D Shares

On July 2, 2020, Carebook 2020 amended its articles of amalgamation to update for changes in classes of shares authorized for issuance ("Schedule-A Amendment"). The Schedule-A Amendment instituted Class D-1 and D-2 shares for issuance by Carebook 2020 and outlined the stipulations for issuance, maximum shares outstanding, and voting rights related to these two new classes of shares. In addition, the Schedule-A Amendment changed the following related to the articles of amalgamation filed in January 2016:

- 1) Classes of common shares: Class A, Class B, Class C, Class D-1 series, and Class D-2 series;
- 2) Dividend rights: all classes of common shares now have the equal rights to declared dividends and continues to be subordinate to preferred shares, which changed from Class A common shareholders being entitled to the first \$10 dividend declared, and Class B common shareholders being entitled to the second \$10 dividend declared;
- 3) Voting rights: Class A – 1 vote per share, Class B – 1.000000001 votes per share, Class C – 1.0000000001 votes per share, Class D-1 series – 1.00000000001 votes per share, and Class D-2 series - 1.000000000001 votes per share; and
- 4) Preemptive rights: eliminated for all classes of common shares.

NOTE 23 - Reverse Takeover Transaction

Reverse Takeover Transaction

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

The business combination resulted in, among other things,

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

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

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

Private Placement

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

The Secondary Portion

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

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

Reverse acquisition of Pike Mountain Minerals Inc. by Carebook

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

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

The acquisition-date value of the consideration transferred by Carebook 2020 for its interest in the Company of \$3,300 is determined based on the fair value of the equity interest Carebook 2020 would have had to give to the owners of the Company, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares in the annual consolidated statement of financial position.

As the fair value of the Company's identifiable net assets at the reverse acquisition date was \$447 (including cash of \$442, of which \$400 was converted into shares at closing), the excess of consideration transferred over the net assets acquired along with the transaction costs incurred as a result of the RTO is reflected as a reverse acquisition expense in the consolidated statements of loss and comprehensive loss, as follows:

Fair value of consideration transferred to acquire 1,294,361 common shares and 25,639 broker warrants of Pike	\$ 2,970
Acquisition date fair value of net assets acquired	\$ (447)
Reverse acquisition expense	\$ 2,523

The fair value of the consideration transferred to acquire the Company (formerly known as Pike) under the RTO is \$2,970 and determined based on the fair value of the 1,294,361 common shares valued at \$2.25 per share and 25,639 Pike Broker Warrants valued at \$2.25 per Pike Broker Warrant. The fair value per share is the share price of the Company's common shares at the opening of trading on October 6, 2020.

Transaction costs

Transaction costs related to the reverse acquisition of the Company consist of the following:

Listing costs	\$ 53
Professional fees	\$ 1,404
Transaction costs	\$ 1,457

Trading on Frankfurt Stock Exchange

Carebook began trading on the Frankfurt Stock Exchange (the "XETR") under the symbol "PMM1" in October 2020.

Trading on OTC Market

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

NOTE 24 - Subsequent Events

Amalgamation of Carebook Entities

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

- The Company
- Carebook 2020
- Carebook Technologies (OPS) Inc.

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

US Entity of Carebook

In March, 2021, the Company incorporated a wholly-owned subsidiary, Carebook Technologies (US), Inc., under the jurisdiction of the state of Delaware.

Debt Financing

On April 6, 2021 Carebook secured the following credit facilities (together, the "Financing") from a leading Canadian Schedule 1 bank and one of its affiliates (together, the "Lenders"):

- \$7,000 revolving term facility (the "Revolving Facility"); and
- \$4,000 non-revolving term loan facility (the "Term Loan Facility", and together, the "Credit Facilities").

Under the conditions of the agreement governing the Credit Facilities (the "Credit Agreement"), the Revolving Facility will be available for a one year committed term, renewable annually, and bears interest at CDOR plus a variable margin for Canadian variable rate loans. The initial margin will be 8.0% and will be reduced to 4.50% after completion of certain milestones, and further reduced to 3.25% from completion of an offering of Carebook shares of up to \$11,000 (the "Offering"), or a lesser amount depending on certain events. The Revolving Facility is subject to a borrowing base equal to six times the monthly recurring revenues of Carebook and its subsidiaries, minus all amounts which could give rise to a claim which ranks or is capable of ranking in priority to the Lenders' security or otherwise in priority to any claim by the Lenders for repayment of any amounts owing under the Credit Agreement. The amount available under the Revolving Facility will be decreased to C\$4 million upon the earlier of: (i) August 6, 2021 and (ii) completion of the Offering.

The Term Loan Facility will mature on April 6, 2022 and bears interest at CDOR plus a margin of 4.50% for Canadian variable rate loans and was drawn to complete the acquisition of InfoTech (as defined below). Borrowings under the Credit Facilities may be in either Canadian dollars or U.S. dollars at Carebook's election. Interest on the Credit Facilities is payable monthly in arrears.

The Credit Facilities are secured by a first-ranking security interest in all of the present and future property and assets of the Company and certain of its subsidiaries. In connection with the Credit Facilities, Carebook has agreed, subject to acceptance by the TSXV, to issue to the Lenders 417,646 warrants to purchase common shares. Each such warrant will entitle the Lenders to purchase, on or before April 6, 2022, one Carebook Share at an exercise price of C\$1.22, or as otherwise determined and permitted in accordance with the policies of the TSXV rules. The warrants, and the Carebook Shares issuable upon exercise of the warrants, will be subject to a restriction on resale for a period of 4 months and 1 day following the issuance of the warrants. The issuance of the warrants to the Lenders is subject

to prior approval of the TSXV.

In addition to financing the acquisition of InfoTech, Carebook plans to use the proceeds of the Credit Facilities to finance the working capital needs and for general corporate purposes of the Company.

Acquisition of InfoTech Inc. (Employer Vertical):

On November 11, 2020, Carebook announced that it had entered into a letter of intent for the acquisition of InfoTech Inc. ("InfoTech"), an industry-leading B2B enterprise Software-as-a-Service (SaaS) company.

On April 6, 2021 Carebook completed its acquisition of InfoTech. The aggregate purchase price for the acquisition is \$14,000 on a cash free and debt free basis, consisting of a combination of:

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

The combined twelve-month revenue of Carebook's and InfoTech's operations would have been \$7.3 million as at December 31 2020.