

**Datametrex AI Limited**

Condensed Interim Consolidated Financial Statements  
September 30, 2022  
(Unaudited)  
(Canadian dollars)

**Notice to Reader**

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# Datametrex AI Limited

## Condensed Interim Consolidated Statements of Financial Position

As of September 30, 2022 and December 31, 2021

(Canadian dollars)

	September 30, 2022	December 31, 2021
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,236,575	15,400,166
Trade and loan receivables	13,035,647	5,664,154
Inventory	397,982	-
Marketable securities (note 9)	720,741	2,585,222
Prepaid expenses and other assets	447,161	125,670
<b>Total current assets</b>	<b>26,838,106</b>	<b>23,775,212</b>
<b>Right-of-use asset</b> (note 7)	<b>148,404</b>	<b>227,289</b>
<b>Property and equipment</b> (note 4)	<b>610,461</b>	<b>71,465</b>
<b>Intangible assets</b> (notes 5 and 13)	<b>23,313,620</b>	<b>15,594,329</b>
<b>Goodwill</b> (notes 5 and 13)	<b>2,972,348</b>	<b>2,972,348</b>
<b>Total assets</b>	<b>53,882,939</b>	<b>42,640,643</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 11 and 12)	4,625,438	4,699,689
Deferred revenue	-	28,980
Income taxes payable	4,001,148	2,699,199
Current portion of lease liability (note 7)	83,489	104,193
Loan payable (note 8)	30,000	30,000
Provisions and contingent consideration (notes 11, 12 and 13)	1,875,000	1,875,000
<b>Total current liabilities</b>	<b>10,615,075</b>	<b>9,437,061</b>
<b>Long-term lease liability</b> (note 7)	<b>64,915</b>	<b>119,579</b>
<b>Deferred income taxes</b>	<b>594,978</b>	<b>594,978</b>
<b>Total liabilities</b>	<b>11,274,968</b>	<b>10,151,618</b>
<b>Shareholders' equity</b>		
Share capital (note 10)	55,419,907	47,771,587
Reserves (note 10)	8,149,978	8,310,315
Foreign currency translation reserve	(162,293)	(1,745)
Deficit	(20,799,621)	(23,591,132)
<b>Total shareholders' equity</b>	<b>42,607,971</b>	<b>32,489,025</b>
<b>Total liabilities and shareholders' equity</b>	<b>53,882,939</b>	<b>42,640,643</b>

Description of business and organization (note 1)

Subsequent event (note 15)

Signed "Paul Haber" Director

Signed "Marshall Gunter" Director

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

# Datametrex AI Limited

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
For the three and nine months ended September 30, 2022 and 2021  
(Canadian dollars, except share and per share amounts)

	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<b>Revenue</b>				
AI and Technology	977,537	1,911,456	3,781,009	3,249,020
Health Security	8,225,357	8,842,364	23,763,329	36,998,991
Other	-	67,877	-	67,877
	<b>9,202,894</b>	<b>10,821,697</b>	<b>27,544,338</b>	<b>40,315,888</b>
<b>Direct costs</b>	<b>(3,989,249)</b>	<b>(7,799,859)</b>	<b>(12,355,296)</b>	<b>(21,006,704)</b>
<b>Gross profit</b>	<b>5,213,645</b>	<b>3,021,838</b>	<b>15,189,042</b>	<b>19,309,184</b>
<b>Expenses</b>				
Salaries, benefits and consulting fees	1,108,070	542,564	3,359,459	1,866,078
Office and general	727,616	208,934	1,470,785	963,612
Other operating expenses	840,541	218,359	2,847,290	437,164
Share based compensation (notes 10 and 11)	-	-	-	3,270,440
Depreciation and amortization (notes 4, 5 and 7)	544,029	643,941	1,799,202	1,364,775
	<b>3,220,256</b>	<b>1,613,798</b>	<b>9,476,736</b>	<b>7,902,069</b>
<b>Income before undernoted items</b>	<b>1,993,389</b>	<b>1,408,040</b>	<b>5,712,306</b>	<b>11,407,115</b>
Share of loss from equity investee	-	-	-	(13,142)
Loss on dilution of investment in equity investee	-	-	-	(52,088)
Unrealized gain (loss) on marketable securities (note 9)	103,623	(621,740)	(1,804,481)	1,240,526
Loss on sale of marketable securities (note 9)	-	-	(640)	-
Loss on extinguishment of accounts payable	-	-	-	(265,062)
Interest and accretion	(1,369)	(386)	(3,380)	(11,868)
Other income	56,601	-	255,614	716
Foreign exchange gain	1,597	(10,062)	3,144	(12,450)
<b>Income (loss) before income taxes</b>	<b>2,153,841</b>	<b>775,852</b>	<b>4,162,563</b>	<b>12,293,747</b>
<b>Income tax expense</b>	<b>(1,191,919)</b>	<b>(605,558)</b>	<b>(1,371,052)</b>	<b>(1,712,968)</b>
<b>Net income (loss)</b>	<b>961,922</b>	<b>170,294</b>	<b>2,791,511</b>	<b>10,580,779</b>
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation adjustment	(1,088)	54,065	(160,548)	63,994
<b>Comprehensive income (loss)</b>	<b>960,834</b>	<b>224,359</b>	<b>2,630,963</b>	<b>10,644,773</b>
<b>Weighted average number of common shares - basic</b>	<b>412,176,147</b>	<b>355,166,034</b>	<b>356,103,763</b>	<b>312,300,052</b>
<b>Weighted average number of common shares - diluted</b>	<b>412,176,147</b>	<b>356,287,758</b>	<b>356,103,763</b>	<b>314,439,972</b>
<b>Basic earnings (loss) per share</b>	<b>0.002</b>	<b>0.001</b>	<b>0.008</b>	<b>0.034</b>
<b>Diluted earnings (loss) per share</b>	<b>0.002</b>	<b>0.001</b>	<b>0.007</b>	<b>0.034</b>

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

# Datametrex AI Limited

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2022 and 2021

(Canadian dollars, except for number of shares)

	<u>Common Shares</u>		Reserves	Deficit	Foreign currency translation reserve	Total
	Number	Amount \$				
<b>Balance – January 1, 2021</b>	268,207,270	30,695,409	5,249,497	(32,681,256)	(17,293)	3,246,357
Net income for the period	-	-	-	10,580,779	-	10,580,779
Shares issued from exercise of options (note 10)	13,697,000	1,425,990	-	-	-	1,425,990
Shares issued for business acquisition	64,411,764	12,750,000	-	-	-	12,750,000
Foreign exchange translation	-	-	-	-	63,994	63,994
Share based compensation (note 10)	8,850,000	1,560,500	1,709,940	-	-	3,270,440
<b>Balance – September 30, 2021</b>	<b>355,166,034</b>	<b>46,431,899</b>	<b>6,959,437</b>	<b>(22,100,477)</b>	<b>46,701</b>	<b>31,337,560</b>
<b>Balance – January 1, 2022</b>	<b>355,166,034</b>	<b>47,771,587</b>	<b>8,310,315</b>	<b>(23,591,132)</b>	<b>(1,745)</b>	<b>32,489,025</b>
Net income for the period	-	-	-	2,791,511	-	2,791,511
Shares issued for business acquisition	66,666,667	9,333,333	-	-	-	9,333,333
Shares issued on exercise of options (note 10)	1,250,000	355,337	(160,337)	-	-	195,000
Shares returned and cancelled	(17,807,500)	(2,040,350)	-	-	-	(2,040,350)
Foreign exchange translation	-	-	-	-	(160,548)	(160,548)
<b>Balance – September 30, 2022</b>	<b>405,275,201</b>	<b>55,419,907</b>	<b>8,149,978</b>	<b>(20,799,621)</b>	<b>(162,293)</b>	<b>42,607,971</b>

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

# Datametrex AI Limited

## Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<b>Cash flows provided by operating activities</b>		
Net income	2,791,511	10,580,779
Adjustments to reconcile net loss to operating cash flow		
Depreciation of property and equipment (note 4)	71,016	36,926
Amortization of intangible assets (note 5)	1,614,042	1,307,255
Amortization of right-of use asset (note 7)	78,885	20,594
Accretion on lease liability (note 7)	2,365	560
Loss (gain) on dilution of investment in equity investee (note 9)	-	52,088
Loss (gain) on settlement of debt	-	265,062
Share of loss from equity investee (note 9)	-	13,142
Share based compensation (note 10)	-	3,270,440
Loss on sale of marketable securities	640	-
Unrealized gain (loss) on marketable securities (note 9)	1,804,481	(1,240,526)
Net change in operating assets and liabilities (note 6)	<u>(6,892,248)</u>	<u>(5,910,132)</u>
	<u>(529,308)</u>	<u>8,396,188</u>
<b>Cash flows used in investing activities</b>		
Purchase of property and equipment (note 4)	(610,829)	(28,314)
Proceeds from sale of marketable securities	59,360	-
Issuance of loan receivables	-	(10,000)
	<u>(551,469)</u>	<u>(38,314)</u>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from (repayment of) loan payable (note 8)	-	(750,627)
Principal payments of lease liability (note 7)	(77,733)	(17,638)
Proceeds from exercise of share options	195,000	1,425,990
Shares repurchased	(2,040,350)	-
	<u>(1,923,083)</u>	<u>657,725</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(159,731)</u>	<u>63,032</u>
<b>Increase in cash and cash equivalents</b>	<b>(3,163,591)</b>	<b>9,078,631</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>15,400,166</b>	<b>1,971,987</b>
<b>Cash and cash equivalents, end of period</b>	<b>12,236,575</b>	<b>11,050,618</b>
<b>Supplementary information</b>		
Interest paid	-	1,506
Income taxes paid	-	-

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

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

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### 1 Description of business and organization

Datametrex AI Limited (the “Company”) is a technology company focused on collecting, analyzing and presenting structured and unstructured data using machine learning and artificial intelligence. The Company also started health security businesses, including COVID-19 related services, concierge medical services and telemedicine services.

The Company is a publicly traded corporation, incorporated in the province of Ontario and its head office is located at 2300 Yonge Street, Suite 2802, Toronto, Ontario, M4P 1E4, Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “DM” and on the Frankfurt Stock Exchange under the trading symbol “D4G”.

Beginning in March 2020, the Governments of Canada and the United States, as well as other foreign governments instituted emergency measures as a result of the COVID-19 virus outbreak. The virus has had a major impact on North America and international securities and currency markets, and consumer activity which may impact the Company's financial position, its results of future operations and its future cash flows significantly. As a result, the Company entered into agreements securing the rights to import COVID-19 test kits from manufacturers in South Korea. The Company provides COVID-19 related services on the Canadian and international market. COVID-19 has had a significant impact on the Company’s financial position, its results of operations and its cash flows for the year ended December 31, 2021 and for the nine months ended September 30, 2022. However, the Company is unable to predict how COVID-19 will affect the Company’s ability to generate positive financial results and cash flows and its ability to raise capital in the future, as the need for COVID-19 test kits may not be as great going forward, depending on the nature and number of variants that occur.

### 2 Significant accounting policies

#### Basis of presentation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting of International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 to the Company’s consolidated financial statements for the year ended December 31, 2021. These interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2021. The accounting policies have been applied consistently in these interim financial statements, unless otherwise indicated.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company’s Board of Directors on November 22, 2022. The consolidated financial statements are presented in Canadian dollars which is also the Company’s functional currency.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### Basis of consolidation

The condensed interim consolidated financial statements include the accounts of all entities controlled by the Company, which are referred to as subsidiaries, and references to the Company include references to such subsidiaries. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company's wholly owned operating subsidiaries include:

Name of the entity	Jurisdiction of incorporation	Functional currency	Principal activity
Datametrex Limited	Canada	Canadian Dollar	Inactive
9172-8766 Quebec Inc. ("Nexalogy")	Canada	Canadian Dollar	AI and Technology
Datametrex Korea Limited ("Datametrex Korea")	Korea	Korean Won	AI and Technology
Medi-Call Inc. ("Medi-Call")	Canada	Canadian Dollar	Health Care
Datametrex Electric Vehicle Solutions Inc. ("EVS")	Canada	Canadian Dollar	AI and Technology

Intercompany balances and transactions are eliminated upon consolidation and preparation of these consolidated financial statements.

### Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect the applications of accounting policies regarding certain types of assets, liabilities, revenues, and expenses in the preparation of these consolidated financial statements. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. These estimates and judgments are based on management's historical experience, best knowledge of current events or conditions and activities that the Company may undertake in the future. Actual results could differ materially from these estimates.

### Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these consolidated financial statements are discussed below:

a) **Business combinations, control and significant influence**

The Company uses judgment in determining the entities that it controls and therefore, consolidates or has significant influence over and therefore accounts for on an equity basis. The Company controls an entity when the Company has existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company has significant influence when the Company has the power to participate in the financial and operating policy decisions of the investee, but does not control nor has joint control of that investee's policies.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

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b) **Intangible assets and goodwill**

Management is required to use judgment in determining the economic useful lives of identifiable intangible assets. Judgment is also required to determine the frequency with which these assets are to be tested for impairment. The Company uses judgment in determining the grouping of assets to identify its Cash Generating Units (“CGUs”) for purposes of testing for impairment of intangible assets and goodwill. In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate.

c) **Income taxes**

In calculating current and deferred income taxes, the Company uses judgment when interpreting the tax rules where the Company operates. The Company also uses judgment in classifying transactions and assessing probable outcomes of claimed or accrued deductions, which considers expectations of future operating results, the timing and reversal of temporary differences and possible audits of income tax filings by tax authorities.

d) **Share based compensation**

In calculating grant valuations, various inputs and assumptions are used with respect to expected option life, risk free interest rate, dividend yield and expected volatility.

### Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the changes affects both.

a) **Accrued liabilities, provisions and contingent consideration**

Certain estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next fiscal year include accrued liabilities, provisions and contingent consideration. These estimates are based on management’s assumptions, based on current circumstances, that management believes are a reasonable basis upon which to estimate the future liabilities. Specifically for provisions, that the amount of the estimate is reliable and that management has determined that there is an expectation that future outflows of assets will be necessary to cover the provided for amounts.

b) **Fair value of intangible assets and goodwill**

With respect to intangible assets acquired and goodwill recognized in a business combination, the Company determines fair values using such estimates such as discounts rates, growth rates and terminal capitalization rates. These estimates take into account any material change to the assumptions that occur when reviewed annually by management.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### 3 Segment information

For the nine months ended September 30, 2022 and the year ended December 31, 2021, the Company has two operating and reportable segments being: (1) AI and Technology; and (2) Health Care.

	Health Care \$	AI and Technology \$	Consolidated totals \$
<b>For the nine months ended September 30, 2022</b>			
<b>Revenue</b>	<b>23,763,329</b>	<b>3,781,009</b>	<b>27,544,338</b>
<b>Gross profit</b>	<b>12,290,148</b>	<b>2,898,894</b>	<b>15,189,042</b>
<b>Segment income (loss)</b>	<b>3,609,518</b>	<b>(818,007)</b>	<b>2,791,511</b>
For the nine months ended September 30, 2021			
Revenue	37,066,868	3,249,020	40,315,888
Gross profit	18,466,941	842,243	19,309,184
Segment income (loss)	10,767,549	(186,770)	10,580,779
<b>As at September 30, 2022</b>			
<b>Segment assets</b>	<b>37,843,446</b>	<b>16,039,493</b>	<b>53,882,939</b>
<b>Segment liabilities</b>	<b>9,404,746</b>	<b>1,870,222</b>	<b>11,274,968</b>
As at December 31, 2021			
Segment assets	36,242,036	6,398,607	42,640,643
Segment liabilities	8,404,539	1,747,079	10,151,618

The Company operates in two geographic locations, being Canada and Korea. Geographical information is summarized as follows:

	Canada \$	Korea \$	Total \$
<b>For the nine months ended September 30, 2022</b>			
<b>Revenue from external customers</b>	<b>26,425,188</b>	<b>1,119,150</b>	<b>27,544,338</b>
<b>Non-current assets</b>	<b>26,170,115</b>	<b>874,718</b>	<b>27,044,833</b>
<b>For the nine months ended September 30, 2021</b>			
Revenue from external customers	38,405,715	1,910,173	40,315,888
Non-current assets	16,591,452	257,886	16,849,338

# Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

## 4 Property and equipment

	Computer equipment and machinery \$	Office equipment and furniture \$	Total \$
<b>Cost</b>			
Balance at December 31, 2020	966,124	33,602	999,726
Additions	28,314	2,500	30,814
Write-off of fully depreciated assets	(766,004)	-	(766,004)
<b>Balance at December 31, 2021</b>	<b>228,434</b>	<b>36,102</b>	<b>264,536</b>
Additions	610,829	-	610,829
Effect of foreign exchange	-	(3,377)	(3,377)
<b>Balance at September 30, 2022</b>	<b>839,263</b>	<b>32,725</b>	<b>871,988</b>
<b>Accumulated depreciation</b>			
Balance at December 31, 2020	893,279	14,860	908,139
Depreciation	42,855	6,481	49,336
Write-off of fully depreciated assets	(766,004)	-	(766,004)
Effect of foreign exchange	-	1,600	1,600
<b>Balance at December 31, 2021</b>	<b>170,130</b>	<b>22,941</b>	<b>193,071</b>
Depreciation	66,686	4,330	71,016
Effect of foreign exchange	-	(2,560)	(2,560)
<b>Balance at September 30, 2022</b>	<b>236,816</b>	<b>24,711</b>	<b>261,527</b>
<b>Carrying amounts</b>			
Balance at December 31, 2021	58,304	13,161	71,465
<b>Balance at September 30, 2022</b>	<b>602,447</b>	<b>8,014</b>	<b>610,461</b>

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### 5 Goodwill and other intangible assets

	Goodwill	Trademark	Non-competition agreements and others	Patents and developed technologies	Customer relationships	Total intangibles
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at December 31, 2020	2,972,348	400,000	14,530,337	2,501,010	1,262,000	18,693,347
Acquisition – Concierge (note 13)	-	-	750,000	-	-	750,000
Acquisition – Medi-Call (note 13)	-	-	-	14,690,566	-	14,690,566
Disposition – Concierge (note 14)	-	-	(750,000)	-	-	(750,000)
<b>Balance at December 31, 2021</b>	<b>2,972,348</b>	<b>400,000</b>	<b>14,530,337</b>	<b>17,191,576</b>	<b>1,262,000</b>	<b>33,383,913</b>
Acquisition – EVS (note 13)	-	-	-	9,333,333	-	9,333,333
<b>Balance at September 30, 2022</b>	<b>2,972,348</b>	<b>400,000</b>	<b>14,530,337</b>	<b>26,524,909</b>	<b>1,262,000</b>	<b>42,717,246</b>
<b>Accumulated amortization</b>						
Balance at December 31, 2020	-	-	14,423,422	1,556,033	392,595	16,372,050
Amortization	-	-	56,604	1,234,730	126,200	1,417,534
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>14,480,026</b>	<b>2,790,763</b>	<b>518,795</b>	<b>17,789,584</b>
Amortization	-	-	42,450	1,476,942	94,650	1,614,042
<b>Balance at September 30, 2022</b>	<b>-</b>	<b>-</b>	<b>14,522,476</b>	<b>4,267,705</b>	<b>613,445</b>	<b>19,403,626</b>
<b>Carrying amounts</b>						
Balance at December 31, 2021	2,972,348	400,000	50,311	14,400,813	743,205	15,594,329
<b>Balance at September 30, 2022</b>	<b>2,972,348</b>	<b>400,000</b>	<b>7,861</b>	<b>22,257,204</b>	<b>648,555</b>	<b>23,313,620</b>

### Nexalogy

As at September 30, 2022, patents, developed technologies, and non competition agreements had remaining useful lives of 0.14 years (December 31, 2021 - 0.89 years), and customer relationships had remaining useful lives of 5.14 years (December 31, 2021 - 5.89 years). Trademarks and other intangibles include indefinite life trademarks in the amount of \$400,000 (December 31, 2021 - \$400,000) relating to the Nexalogy brand which the Company intends to continue marketing and strengthening for the foreseeable future. The goodwill and indefinite life trademarks are both a result of the Nexalogy acquisition.

### Medi-Call

As at September 30, 2022, developed technologies had remaining useful lives of 8.72 years (December 31, 2021 – 9.47 years).

### EVS

During the nine months ended September 30, 2022, the Company acquired EVS resulting in an increase in intangible asset of \$9,333,333 (note 13). At September 30, 2022, the intangible asset is yet to be amortized.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### 6 Net change in operating assets and liabilities

	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<b>Cash flows provided by (used in)</b>		
Trade and loan receivables	(7,371,493)	(7,229,137)
Inventory	(397,982)	-
Prepaid expenses and other assets	(321,491)	82,761
Accounts payable and accrued liabilities and provisions	(74,251)	1,241,662
Income taxes payable	1,301,949	-
Deferred revenue	(28,980)	(5,418)
	<u>(6,892,248)</u>	<u>(5,910,132)</u>

### 7 Right-of-use asset and lease liability

The Company's leases are related to the lease of building space. During the year ended December 31, 2020, the Company recognized the right-of-use assets according to a new lease contract. The new lease contract contained a non-refundable deposit in the amount of \$4,406, and \$2,203 was applied for the rent of the first month during the lease term. The lease expires in November 2022.

During the year ended December 31, 2021, the Company entered into a new lease contract for its office on Yonge Street in Toronto. The lease expires in September 2024.

#### Right-of-use asset

	\$
<b>Balance at December 31, 2020</b>	<u>49,605</u>
Addition	220,320
Amortization charge for the year	(42,636)
<b>Balance at December 31, 2021</b>	<u>227,289</u>
Amortization charge for the year	(78,885)
<b>Balance at September 30, 2022</b>	<u>148,404</u>

#### Lease liability

	\$
<b>Balance at December 31, 2020</b>	<u>46,089</u>
Addition	220,320
Accretion on lease liability	912
Lease payments	(43,549)
<b>Balance at December 31, 2021</b>	<u>223,772</u>
Accretion on lease liability	2,365
Lease payments	(77,733)
<b>Balance at September 30, 2022</b>	<u>148,404</u>
<b>Classified as current</b>	<b>83,489</b>
<b>Classified as non-current</b>	<u><b>64,915</b></u>

When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate of 3.45%.

# Datametrex AI Limited

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During the nine months ended September 30, 2022, rent expense related to an office premises lease, which was exempt from lease accounting due to its short-term nature, was \$67,250 (2021 - \$51,592). The rent expense associated with this lease is included within office and general in profit or loss.

### 8 Debt

	September 30, 2022 \$	December 31, 2021 \$
Unsecured Canada Emergency Business Account funded by the Government of Canada. During the year ended December 31, 2020, the Company obtained an \$80,000 loan under the Canada Emergency Business Account Program. If the Company repays \$40,000 by December 31, 2023, the \$20,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 24 monthly blended instalments to the maturity date of December 31, 2025. Since there was reasonable assurance that the Company will repay \$40,000 by December 31, 2023, the Company recognized \$20,000 in profit or loss when the loan was granted, which is presented in profit or loss as government grant.	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

### 9 Marketable Securities

The continuity of marketable securities for the nine months ended September 30, 2022 and for the year ended December 31, 2021 is as follows:

	ScreenPro \$	Graph \$	Total \$
<b>Balance, December 31, 2020</b>	-	-	-
Reclassified from investment in equity investee at carrying value	-	624,696	624,696
Unrealized gain on the reclassification date	-	12,639,101	12,639,101
<b>Balance, February 18, 2021 (reclassification date)</b>	-	13,263,797	13,263,797
Received	720,000	-	720,000
Fair value adjustment for the period	-	(11,398,575)	(11,398,575)
<b>Balance, December 31, 2021</b>	720,000	1,865,222	2,585,222
Disposition	(60,000)	-	(60,000)
Fair value adjustment for the period	(561,000)	(1,243,481)	(1,804,481)
<b>Balance, September 30, 2022</b>	<u>99,000</u>	<u>621,741</u>	<u>720,741</u>

During the nine months ended September 30, 2022, the Company sold 300,000 shares of ScreenPro for proceeds of \$59,360 resulting in a loss of \$640.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

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### 10 Share capital and reserves

#### a) Common shares

The Company is authorized to issue an unlimited number of common shares with no par value.

#### For the nine months ended September 30, 2022:

On January 17, 2022, the Company issued 1,000,000 common shares for gross proceeds of \$170,000 upon exercise of stock options.

On June 6, 2022, the Company issued 250,000 common shares for gross proceeds of \$25,000 upon exercise of stock options.

On June 7, 2022, the Company issued 66,666,667 common shares with a fair value of \$9,333,333 in connection with the acquisition of EVS (note 13).

During the nine months ended September 30, 2022, the Company repurchased 17,807,500 common shares of the Company for \$2,040,350. At September 30, 2022 a total of 17,804,500 common shares were returned to treasury and cancelled.

#### For the year ended December 31, 2021:

On February 9, 2021, the Company issued 4,411,764 common shares with a fair value of \$750,000 in connection with the acquisition of Concierge (note 13).

On June 18, 2021, the Company issued 60,000,000 common shares with a fair value of \$10,739,441 in connection with the acquisition of Medi-Call (note 13).

The Company issued 13,697,000 common shares for cash proceeds of \$1,425,990 upon exercise of stock options.

The Company issued 8,850,000 common shares for cash proceeds of \$1,560,500 upon exercise of stock options.

#### b) Share options

The Company's stock option plan (the "Stock Option Plan") is a rolling stock option plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with applicable policies of the TSX Venture Exchange ("TSXV"), grant options to acquire common shares to directors, officers and employees of the Company and its affiliates and to consultants, consultant companies and management company employees, provided that the common shares that may be reserved for issuance under the Stock Option Plan at any point in time will not be greater than 10% of the then issued and outstanding common shares. Options issued pursuant to the Stock Option Plan will have an exercise price determined by the Board of Directors provided that the exercise price will not be less than the greater of \$0.05 per share and the "Discounted Market Price" as defined in the policies of the TSXV. The vesting of the Options is at the discretion of the Board, except in the case of an optionee performing investor relations activities, in which case the Stock Option Plan requires that options vest over a minimum of 12 months with no more than one quarter of such options vesting during any three month period.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

Share options granted by the Company are recorded in “Reserves” in the consolidated statements of financial position as they vest. The following summarizes transactions involving share options issued by the Company:

	Number	Weighted average exercise price \$
<b>Options outstanding at December 31, 2020</b>	<b>22,850,000</b>	<b>0.13</b>
Options granted	8,900,000	0.18
Options exercised*	(22,547,000)	0.13
Options cancelled	(453,000)	0.17
<b>Options outstanding at December 31, 2021</b>	<b>8,750,000</b>	<b>0.17</b>
Options exercised*	(1,250,000)	0.16
Options expired	(4,400,000)	0.17
<b>Options outstanding at September 30, 2022</b>	<b>3,100,000</b>	<b>0.16</b>

\*On exercise of options, the Company transferred \$160,337 from reserves to share capital.

The weighted average remaining life of the options outstanding at September 30, 2022 is 0.37 years (December 31, 2021 – 0.72).

### c) Warrants

The following summarizes transactions involving warrants issued by the Company:

	Number	Weighted average exercise price \$
<b>Warrants outstanding at December 31, 2020</b>	-	-
Warrants issued	60,000,000	0.26
<b>Warrants outstanding at December 31, 2021 and September 30, 2022</b>	<b>60,000,000</b>	<b>0.26</b>

On June 18, 2021, the Company issued 60,000,000 share purchase warrants with an exercise price of \$0.26 expiring in 24 months in connection with the acquisition of Medi-Call (note 13). The fair value of these warrants was calculated to be \$3,951,125 using the Black-Scholes option pricing model with the following assumptions: (i) expected warrant life of 2.00 years; (ii) risk free rate of 0.45%; (iii) dividend yield of nil; and (iv) expected volatility of 56.7%. All of these warrants remain outstanding at September 30, 2022.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### 11 Related party transactions and balances

#### a) Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2022 was \$112,120 (December 31, 2021 - \$16,600) due to an officer and a director of the Company.

#### b) Loan receivables

As at September 30, 2022, the Company has a loan receivable from Graph in an amount of \$56,706 (December 31, 2021 - \$56,706). The loan is unsecured, non-interest bearing and repayable on demand.

#### c) Compensation of key management personnel

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company considers key management personnel to include members of the Board of Directors and executive officers of the Company. Compensation to key management personnel is listed below:

	Nine months ended September 30, 2022		Nine months ended September 30, 2021	
	Amount \$	Options vested	Amount \$	Options vested
Cash based compensation	2,461,179	-	469,663	-
Share based compensation	-	-	3,161,949	11,200,000
	<u>2,461,179</u>	<u>-</u>	<u>3,631,612</u>	<u>11,200,000</u>

### 12 Fair values of financial instruments

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented below.

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of management is to set policies that seek to minimize risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. Further details regarding these policies are set out below.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

### Credit risk and economic dependence

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents and trade and loan receivables.

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are maintained with financial institutions of reputable credit and may be redeemed upon demand.

### Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, debt and contingent consideration. The payments for the Company's accounts payable and accrued liabilities are due in less than a year.

The following table sets out the Company's contractual maturities (representing undiscounted contractual cash flows) of financial liabilities and commitments:

	12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
Accounts payable and accrued liabilities	4,625,438	-	-	4,625,438
Loan payable	30,000	-	-	30,000
<b>At September 30, 2022</b>	<b>4,655,438</b>	<b>-</b>	<b>-</b>	<b>4,655,438</b>

### Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

The Company is exposed to market risk from changes in interest rates, in particular the Canadian bank prime rates as certain of the Company's debt instruments have variable interest rates based on the Canadian prime rates, which could affect operating results, financial position and cash flows. The Company manages its exposure to this market risk through its regular operating and financing activities. A 1% change in interest rate would have an immaterial impact on these consolidated financial statements.

The Company is exposed to market risk from changes in foreign exchange rates, in particular the exchange rate between the Canadian Dollar and the Korean Won as certain transactions are denominated in Korean Won, which could affect operating results, financial position and cash flows. The Company manages its exposure to this market risk through its regular operating and financing activities. A 1% change in the exchange rate between the Korean Won and the Canadian Dollar would have an immaterial impact on these consolidated financial statements.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Canadian dollars)

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### Fair values of financial instruments

IFRS 13 - *Fair value measurement*, requires disclosure of a three-level hierarchy (“FV hierarchy”) that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents, trade and loan receivables, accounts payable and accrued liabilities and the loan payable, have relatively short periods to maturity, and as such, the carrying values contained in the consolidated statements of financial position approximate their estimated fair value.

The Company’s marketable securities are measured at fair value in the consolidated statement of financial position in accordance with level 1 of the fair value hierarchy.

The terms of the Nexalogy Contingent Consideration is as follows: (a) baseline of \$200,000 in cash on the first anniversary of the date of closing (November 20, 2018); (b) \$200,000 in cash on the second anniversary of the date of closing (November 20, 2019); (c) \$200,000 in cash on the third anniversary of the date of closing (November 20, 2020), each such payment being conditional on Nexalogy achieving certain revenue targets with a minimum of \$100,000 to a maximum of \$240,000 per anniversary date payment. Up to December 31, 2020, the fair value measurement of the Nexalogy Contingent Consideration was categorized as a Level 3 fair value based on the discounted cash flows valuation method used and the following assumptions: (i) payments of \$200,000 at each of the three anniversary dates based on expected revenue projections; and (ii) a discount rate of 19.80%. The undiscounted range of aggregate payments for the Nexalogy Contingent Consideration over the three anniversary dates is between \$300,000 to \$720,000 depending on the achievement of certain revenue targets.

The fair value measurement was impacted by two significant inputs: the discount rate used and the expected payment amounts. A movement by a factor of 10% in the discount rate and expected payment amounts would result in an approximately 3% and 10% change in the fair value measurement of contingent consideration contained in the consolidated statements of financial position, respectively.

As at December 31, 2020, the fair value of the contingent consideration was \$278,923 and was included in “Provisions and contingent consideration”. During the year ended December 31, 2021, the Company settled the contingent consideration of \$278,923. As such, the balance of contingent consideration at September 30, 2022 and December 31, 2021 is \$nil.

### Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company’s size and status. The Company’s overall strategy remains unchanged from the prior year.

The capital structure of the Company consists of shareholders’ equity, which totaled \$42,607,971 at September 30, 2022 (December 31, 2021 - \$32,489,025). The availability of new capital will depend on many factors including positive stock market conditions, results of operations thereby access to suitable debt products, and the experience of management. The Company is not subject to any external covenants on its capital.

# Datametrex AI Limited

## Notes to Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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### 13 Acquisitions

#### Concierge

On January 19, 2021, the Company entered into a share exchange agreement (the “Definitive Agreement”) with Concierge, an arm’s length private telehealth and medical concierge services company, incorporated under the laws of British Columbia, and the shareholders of Concierge to acquire 100% of Concierge’s issued and outstanding securities. Pursuant to the Definitive Agreement, the Company acquired all the issued and outstanding securities of Concierge for an aggregate purchase price of \$750,000. The Company accounted for this transaction as an asset acquisition and initially recorded an intangible asset of \$750,000 (note 14).

The Company issued 4,411,764 common shares in the capital of the Company to the Concierge shareholders, on a pro-rata basis, at a fair value of \$0.17 per common share for an aggregate purchase price of \$750,000. No finder's fee was payable in connection with this transaction.

#### Ronin

In January 2019, the Company issued a statement of claim in the Ontario Superior Court of Justice against various vendors in connection to the Ronin Blockchain Corp. Transaction (“Ronin Vendors”). Some of the defendants have counterclaimed for shares of the Company allegedly owing under the share purchase agreement, under which the Company acquired Ronin Blockchain Corp. (subsequently dissolved), as well as damages. The action and counterclaim have not proceeded beyond the close of pleadings. On March 12, 2019, the Company entered into a final settlement with a 25% owner of the Ronin Vendors, and issued 2,000,000 common shares in satisfaction of an aggregate of \$100,000 of indebtedness; the shares had a fair value of \$80,000, which was recorded in share capital. As at September 30, 2022 and December 31, 2021, claims against the Company from the remaining Ronin Vendors amounted to a balance of \$1,875,000, which is included in “Provisions and contingent consideration”.

#### Medi-Call

In June 2021, the Company completed the acquisition of Medi-Call, an arm's length privately held telemedicine company, incorporated under the laws of the Province of British Columbia, and issued 60,000,000 units. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.26 per share for a period of 24 months from the date of issuance (note 10). The purchase price had a total fair value of \$14,690,566 calculated as follows: \$10,739,441 related to 60,000,000 common shares of the Company and \$3,951,125 related to 60,000,000 warrants determined by the Black-Scholes option pricing model using the following assumptions: (i) expected warramt life of 2.00 years; (ii) risk free rate of 0.45%; (iii) dividend yield of nil; and (iv) expected volatility of 56.7%.

The acquisition of Medi-Call was accounted as an asset acquisition. The purchase price of \$14,690,566 was allocated to intangible assets at December 31, 2021 (note 5).

#### EVS

In June 2022, the Company completed the acquisition of EVS and issued 66,666,667 common shares valued at \$9,333,333. The acquisition of EVS was accounted as an asset acquisition. The purchase price of \$9,333,333 was allocated to intangible assets at September 30, 2022 (note 5).

# Datametrex AI Limited

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## 14 Asset disposition

On November 15, 2021, the Company closed the sale of Concierge to ScreenPro, pursuant to terms of a share purchase agreement entered into between the Company and ScreenPro (note 9).

Pursuant to the Definitive Agreement, the Company was issued 3,600,000 (36,000,000 pre-split) common shares in the capital of ScreenPro valued at \$720,000. No finder's fee was payable in connection with the transaction.

<b>Proceeds from disposition</b>	<b>\$ 720,000</b>
Carrying amount of the net assets of Concierge	851,036
<b>Loss on disposition</b>	<b>\$ 131,036</b>

## 15 Subsequent event

The Company repurchased 1,698,500 common shares of the Company for \$146,358 under the Normal Course Issuer Bid.