

Vitalhub Corp.
Unaudited Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2021 and 2020

Vitalhub Corp.

For the three and nine months ended September 30, 2021 and 2020

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Vitalhub Corp.
Interim Condensed Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited)
(in Canadian Dollars)

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 15,704,130 | 23,391,946 |
| Accounts receivable, net of expected credit loss (Note 5) | 5,143,707 | 3,240,259 |
| Inventory | 388,257 | 312,175 |
| Lease receivable | - | 5,225 |
| Prepaid expenses | 463,760 | 434,734 |
| | 21,699,854 | 27,384,339 |
| Non-current assets | | |
| Property and equipment (Note 6) | 507,478 | 394,405 |
| Intangible assets (Note 7) | 20,371,735 | 14,549,560 |
| Right-of-use assets (Note 13) | 778,065 | 885,408 |
| Goodwill (Note 8) | 28,116,724 | 20,868,384 |
| | 71,473,856 | 64,082,096 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 9) | 3,706,074 | 4,081,494 |
| Loans payable (Note 11) | 39,802 | 42,409 |
| Income taxes payable | 3,010 | 33,587 |
| Contingent consideration (Note 4) | 2,076,543 | 1,649,516 |
| Lease liabilities (Note 13) | 246,145 | 204,675 |
| Deferred revenue | 9,574,039 | 6,091,196 |
| | 15,645,613 | 12,102,877 |
| Long term liabilities | | |
| Deferred revenue | 93,089 | 123,540 |
| Deferred tax liability | 790,801 | 804,191 |
| Loans payable (Note 11) | 3,240 | 29,160 |
| Lease liabilities (Note 13) | 600,736 | 711,645 |
| | 17,133,479 | 13,771,413 |
| Shareholders' equity | | |
| Share capital (Note 12 (b)) | 60,639,397 | 55,683,203 |
| Share-based payment reserve (Note 12 (c)) | 2,382,723 | 1,315,592 |
| Warrant reserve (Note 12 (d)) | 543,450 | 990,032 |
| Accumulated other comprehensive (loss) income | (176,399) | 29,781 |
| Deficit | (9,048,794) | (7,707,925) |
| | 54,340,377 | 50,310,683 |
| | 71,473,856 | 64,082,096 |

Approved by the Board

(Signed) Dan Matlow _____

Director

(Signed) Barry Tissenbaum _____

Director

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

Vitalhub Corp.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

| | Three months ended September 30, 2021 | Three months ended September 30, 2020 | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|--|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Term licences, maintenance and support | 5,462,774 | 2,479,513 | 13,960,056 | 6,125,295 |
| Perpetual licences | 328,228 | 101,471 | 906,482 | 840,975 |
| Services | 715,912 | 551,638 | 2,181,515 | 1,683,718 |
| Hardware | 45,281 | 56,856 | 385,339 | 56,856 |
| Other | 66,852 | 2,688 | 300,908 | 4,216 |
| Total revenue | 6,619,047 | 3,192,166 | 17,734,300 | 8,711,060 |
| Cost of sales | 1,174,244 | 618,482 | 3,773,770 | 2,264,839 |
| Gross profit | 5,444,803 | 2,573,684 | 13,960,530 | 6,446,221 |
| Expenses | | | | |
| General and administrative | 1,361,762 | 680,030 | 3,638,214 | 2,019,506 |
| Sales and marketing | 974,506 | 433,933 | 2,646,543 | 896,725 |
| Research and development | 1,875,775 | 859,192 | 4,328,219 | 1,992,248 |
| Depreciation (Note 6) | 42,625 | 29,598 | 117,314 | 82,961 |
| Depreciation of right-of-use assets (Note 13) | 71,006 | 55,495 | 201,769 | 162,341 |
| Stock based compensation (Note 12 (c)) | 484,226 | 101,720 | 1,088,306 | 189,493 |
| Foreign currency loss (gain) | (44,469) | 97,934 | 148,311 | (1,394) |
| | 4,765,431 | 2,257,902 | 12,168,676 | 5,341,880 |
| Income before the undernoted items | 679,372 | 315,782 | 1,791,854 | 1,104,341 |
| Amortization of intangible assets (Note 7) | 637,685 | 541,129 | 1,618,502 | 1,427,604 |
| Business acquisition, restructuring and integration costs (Note 4) | 604,259 | 820,237 | 1,463,345 | 1,075,803 |
| Interest expense and accretion (net of interest income) | (7,292) | (59) | (25,584) | 9,210 |
| Interest income from sublease | - | (404) | - | (1,703) |
| Interest expense from lease liabilities (Note 13) | 20,856 | 18,509 | 64,236 | 58,790 |
| Loss on disposal of property and equipment (Note 6) | (344) | - | 2,153 | - |
| | 1,255,164 | 1,379,412 | 3,122,652 | 2,569,704 |
| Loss before income taxes | (575,792) | (1,063,630) | (1,330,798) | (1,465,363) |
| Provision for income taxes | | | | |
| Current | - | 1,875 | 10,071 | (14,859) |
| | - | 1,875 | 10,071 | (14,859) |
| Net loss | (575,792) | (1,065,505) | (1,340,869) | (1,450,504) |
| Other comprehensive gain (loss) | | | | |
| Foreign currency translation (loss) gain | 31,554 | (62,110) | (206,180) | (57,897) |
| Comprehensive loss | (544,238) | (1,127,615) | (1,547,049) | (1,508,401) |
| Loss per share | | | | |
| Basic | (0.02) | (0.04) | (0.04) | (0.06) |
| Diluted | (0.02) | (0.04) | (0.04) | (0.06) |
| Weighted average number of shares outstanding | | | | |
| Basic | 36,677,405 | 27,237,332 | 36,390,567 | 24,441,888 |
| Diluted | 36,677,405 | 27,237,332 | 36,390,567 | 24,441,888 |

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

Vitalhub Corp.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2021 and 2020
(Unaudited)
(in Canadian Dollars)

| | Number of common shares | Share capital \$ | Share-based payment reserve \$ | Warrant reserve \$ | Accumulated other comprehensive income (loss) \$ | Deficit \$ | Total shareholders' equity \$ |
|---|-------------------------------|------------------------|---|--------------------------|---|--------------------|--|
| Balance, December 31, 2019 | 18,017,912 | 20,371,853 | 933,616 | 917,752 | 1,813 | (5,542,204) | 16,682,830 |
| Shares issued from financing (Note 12 (b)) | 8,506,300 | 14,077,511 | - | 72,280 | - | - | 14,149,791 |
| Shares issued from non-brokered private placement - net (Note 12 (b)) | 1,000,000 | 2,188,250 | - | - | - | - | 2,188,250 |
| Acquisition of Transforming Systems Ltd. (Note 4(b)) | 1,566,827 | 3,112,306 | - | - | - | - | 3,112,306 |
| Stock options exercised (Note 12 (c)) | 147,500 | 263,197 | (101,322) | - | - | - | 161,875 |
| Stock based compensation (Note 12 (c)) | - | - | 189,493 | - | - | - | 189,493 |
| Net loss and comprehensive loss for the period | - | - | - | - | (57,897) | (1,450,504) | (1,508,401) |
| Balance, September 30, 2020 | 29,238,539 | 40,013,117 | 1,021,787 | 990,032 | (56,084) | (6,992,708) | 34,976,144 |
| Balance, December 31, 2020 | 35,106,314 | 55,683,203 | 1,315,592 | 990,032 | 29,781 | (7,707,925) | 50,310,683 |
| Acquisition of S12 Solutions Ltd. (Note 4 (c)) | 229,144 | 654,984 | - | - | - | - | 654,984 |
| Acquisition of Jayex Healthcare Limited. (Note 4 (d)) | 150,078 | 442,790 | - | - | - | - | 442,790 |
| Shares issued for contingent consideration (Note 4 (b)) | 88,888 | 274,264 | - | - | - | - | 274,264 |
| Stock options exercised (Note 12 (c)) | 120,774 | 146,949 | (21,175) | - | - | - | 125,774 |
| Stock based compensation (Note 12 (c)) | - | - | 1,088,306 | - | - | - | 1,088,306 |
| Warrants exercised (Note 12 (d)) | 1,031,250 | 3,437,207 | - | (446,582) | - | - | 2,990,625 |
| Net loss and comprehensive loss for the period | - | - | - | - | (206,180) | (1,340,869) | (1,547,049) |
| Balance, September 30, 2021 | 36,726,448 | 60,639,397 | 2,382,723 | 543,450 | (176,399) | (9,048,794) | 54,340,377 |

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

Vitalhub Corp.
Interim Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Unaudited)
(in Canadian Dollars)

| | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|--|--|--|
| | \$ | \$ |
| Operating activities | | |
| Net loss | (1,340,869) | (1,450,504) |
| Adjustments for: | | |
| Depreciation of property and equipment (Note 6) | 117,314 | 82,961 |
| Depreciation of right-of-use assets (Note 13) | 201,769 | 162,341 |
| Amortization of intangible assets (Note 7) | 1,618,502 | 1,427,604 |
| Unrealized foreign exchange gain | (356,484) | (118,221) |
| Loss on disposal of property and equipment (Note 6) | 2,153 | - |
| Interest expense from lease liabilities (Note 13) | 64,236 | 58,790 |
| Stock based compensation (Note 12 (c)) | 1,088,306 | 189,493 |
| Cash flow from operations before changes in working capital | 1,394,927 | 352,464 |
| Changes in working capital | | |
| Accounts receivable | (1,474,869) | (1,455,672) |
| Inventory | 57,165 | (132,435) |
| Lease receivable | 5,225 | 21,642 |
| Prepaid expenses | 29,148 | 93,199 |
| Accounts payable and accrued liabilities | (1,020,410) | (209,974) |
| Contingent consideration | (413,525) | 130,828 |
| Deferred revenue | 1,184,775 | 1,587,264 |
| Income taxes payable | 32,422 | (790,038) |
| | (205,142) | (402,722) |
| Investing activities | | |
| Purchase of property and equipment (Note 6) | (149,836) | (35,230) |
| Purchase of intangible assets (Note 7) | (36,996) | - |
| Acquisition of Intouch with Health Ltd. (net of cash acquired) (Note 4 (a)) | - | (4,084,332) |
| Acquisition of Transforming Systems Ltd. (net of cash acquired) (Note 4 (b)) | - | (5,272,999) |
| Acquisition of S12 Solutions Ltd. (net of cash acquired) (Note 4 (c)) | (5,634,848) | - |
| Acquisition of Jayex Healthcare Limited. (net of cash acquired) (Note 4 (d)) | (1,508,556) | - |
| Acquisition of Alamac Limited (net of cash acquired) (Note 4 (e)) | (2,942,730) | - |
| | (10,272,966) | (9,392,561) |
| Financing activities | | |
| Principal payments on loans payable (Note 11) | (28,527) | (317,986) |
| Principal payments on lease liabilities (Note 13) | (228,101) | (220,732) |
| Proceeds from issuance of shares - net of issuance costs (Note 12 (b)) | - | 14,149,791 |
| Proceeds from non-brokered private placement - net (Note 12 (b)) | - | 2,188,250 |
| Proceeds from exercise of options (Note 12 (c)) | 125,774 | 161,875 |
| Proceeds from exercise of warrants (Note 12 (d)) | 2,990,625 | - |
| | 2,859,771 | 15,961,198 |
| Effect of foreign exchange rate changes on cash | (69,479) | (42,112) |
| (Decrease) increase in cash | (7,687,816) | 6,123,803 |
| Cash, beginning of the period | 23,391,946 | 1,995,691 |
| Cash, end of the period | 15,704,130 | 8,119,494 |

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

Vitalhub Corp.
Notes to the Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2021 and 2020
(Unaudited)
(in Canadian Dollars)

1. Description of business

VitalHub Corp. and its subsidiaries (the “Company”) provide technology to Health and Human Service providers including; Hospitals, Regional Health Authorities, Mental Health, Long Term Care, Home Health, Community and Social Services. VitalHub solutions span the categories of Electronic Health Record (EHR), Case Management, Care Coordination, Patient Flow & Operational Visibility, and Mobile Apps.

Vitalhub Corp. has nine wholly owned subsidiaries: Vitalhub (PVT) Ltd., H.I.Next LLC, The Oak Group (UK) Limited, Oculys Health Informatics Inc., Intouch with Health Ltd., Transforming Systems Ltd., S12 Solutions Ltd., Vitalhub Australia PTY Ltd, and Alamac Limited.

The Company’s shares traded on the TSX Venture Exchange under the symbol “VHI” until September 23, 2021, when the company’s shares commenced trading on the TSX. The Company is incorporated and domiciled in Canada. The address of the Company’s registered office is 480 University Avenue, Suite 1001, Toronto, Ontario, M5G 1V2.

2. Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as set out in the Handbook of Chartered Professional Accountants Canada (“CPA Canada Handbook”). These unaudited interim condensed consolidated financial statements are presented in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 15, 2021.

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in the World Health Organization declaring this virus a global pandemic in March 2020. Governments around the world have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing and closure of businesses have caused material disruption to businesses resulting in an economic slowdown. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize the financial markets. A critical estimate for the Company is to assess the impact of the pandemic on the recoverability of long-lived assets, accounts receivable, goodwill, intangible assets as well as the availability of future financing in assessing the going concern assumption. The Company has experienced work stoppages and delays on some projects due to the ongoing COVID-19 pandemic, as hospitals and their staff are focused on dealing with the pandemic and as such the Company’s staff are limited to go on site. The Company has taken advantage of government incentives as disclosed in Note 17.

3. Summary of significant accounting policies

The accounting policies applied in these unaudited interim condensed consolidated financial statements are consistent with those disclosed in Note 3 to the annual consolidated financial statements for the year ended December 31, 2020.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

4. Business acquisitions

The Company's acquisitions serve to expand and broaden the suite of service offerings, add key customers and realize synergies by removing redundancies.

a) Acquisition of Intouch with Health Ltd.

On August 19, 2020, the Company acquired all of the issued and outstanding securities of Intouch with Health Ltd. ("Intouch"). Intouch provides patient flow management solutions.

In addition, the Company has a contingent consideration in the amount of \$556,164 payable over a three-year period after the closing, which has been discounted using a rate of 1.2% and is contingent upon meeting certain revenue targets.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired

| Consideration | |
|--|---------------------|
| Cash consideration on closing | \$ 7,021,578 |
| Cash held in escrow | 1,003,291 |
| Fair value of contingent consideration | 556,164 |
| | \$ 8,581,033 |

| Purchase price allocation | |
|--|---------------------|
| Cash | \$ 3,940,537 |
| Accounts receivable | 957,254 |
| Prepays | 95,353 |
| Inventory | 202,691 |
| Property and equipment | 32,361 |
| Training videos | 41,419 |
| Accounts payable and accrued liabilities | (1,309,806) |
| Deferred revenue | (1,884,673) |
| Acquired technology | 799,158 |
| Customer relationships | 2,553,831 |
| Brand | 243,222 |
| Goodwill | 2,909,686 |
| | \$ 8,581,033 |

During the three and nine months ended September 30, 2021, the Company incurred \$9,197 and \$220,677 (three and nine months ended September 30, 2020 - \$599,258) in restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

The acquisition of Intouch resulted in revenue from the date of acquisition to September 30, 2020 of \$495,268 and a net loss of \$669,354, which is included in the Company's results for the three and nine months ended September 30, 2020.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

4. Business acquisitions (continued)

b) Acquisition of Transforming Systems Ltd.

On September 9, 2020, the Company acquired all of the issued and outstanding securities of Transforming Systems Ltd. ("Transform"). Transform provides patient flow management solutions.

In addition, the Company has a contingent consideration in the amount of \$760,748 payable over a three-year period after the closing, which has been discounted using a rate of 1.2% and is contingent upon meeting certain revenue targets.

During the three months ended September 30, 2021, the company issued 88,888 common shares for \$274,264 as part of the contingent consideration.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired.

| Consideration | |
|---|----------------------|
| Cash consideration on closing | \$ 6,429,048 |
| Cash held in escrow | 513,300 |
| Issued shares (391,707 shares issued at \$2.31/share) | 904,844 |
| Issued shares held in escrow (1,175,120 shares issued at \$2.31/share) - discounted | 2,177,781 |
| Fair value of contingent consideration | 760,748 |
| | \$ 10,785,721 |

| Purchase price allocation | |
|--|----------------------|
| Cash | \$ 1,669,349 |
| Accounts receivable | 555,176 |
| Prepays | 76,300 |
| Property and equipment | 33,953 |
| Accounts payable and accrued liabilities | (1,087,722) |
| Deferred revenue | (1,321,035) |
| Deferred tax liability | (790,124) |
| Acquired technology | 1,505,680 |
| Customer relationships | 3,096,910 |
| Brand | 376,420 |
| Goodwill | 6,670,814 |
| | \$ 10,785,721 |

During the three and nine months ended September 30, 2021, the Company incurred \$5,902 and \$103,053 (three months ended September 30, 2020 - \$191,219) in restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

The acquisition of Transform resulted in revenue from the date of acquisition to September 30, 2020 of \$243,586 and a net loss of \$172,493, which is included in the Company's results for the three and nine months ended September 30, 2020.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

4. Business acquisitions (continued)

c) Acquisition of S12 Solutions Ltd.

On April 19, 2021, the Company acquired all of the issued and outstanding securities of S12 Solutions Ltd. ("S12"). S12 helps mental health professionals efficiently complete Mental Health Act 1983 processes.

In addition, the Company has a contingent consideration in the amount of \$1,085,791 payable over a three-year period after closing and is contingent upon meeting certain revenue targets.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. In accordance with the Company's accounting policy and IFRS, the Company has up to one year following the acquisition date to finalize the accounting for a business combination. Accordingly, the accounting for the S12 acquisition has been completed using provisional amounts within these interim condensed consolidated financial statements.

Consideration

| | |
|---|---------------------|
| Cash consideration on closing | \$ 4,507,563 |
| Cash held in escrow | 1,711,711 |
| Issued shares (229,144 shares issued at \$2.91/share) | 654,984 |
| Fair value of contingent consideration | 1,091,932 |
| | \$ 7,966,190 |

Purchase price allocation

| | |
|--|---------------------|
| Cash | \$ 584,426 |
| Accounts receivable | 405,568 |
| Prepays | 14,780 |
| Property and equipment | 66,681 |
| Accounts payable and accrued liabilities | (459,928) |
| Deferred revenue | (1,877,078) |
| Acquired technology | 815,210 |
| Customer relationships | 3,573,049 |
| Brand | 242,829 |
| Goodwill | 4,600,653 |
| | \$ 7,966,190 |

During the three and nine months ended September 30, 2021, the Company incurred \$248,487 and \$428,554 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

The acquisition of S12 resulted in revenue from the date of acquisition to September 30, 2021 of \$1,403,271 and a net loss of \$318,428, which is included in the Company's results for the three and nine months ended September 30, 2021.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

4. Business acquisitions (continued)

d) Acquisition of Jayex Healthcare Limited

On May 14, 2021, the Company acquired the assets of Jayex Healthcare Limited (“Jayex”) on-premise hospital queue management business segment. Jayex is a leading UK and Australian e-health provider of integrated SaaS healthcare services delivery platforms.

In addition, the Company has a contingent consideration in the amount of \$29,025 payable over a two-year period after the closing, which has been discounted using a rate of 1.2% and is contingent upon meeting certain revenue targets.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. In accordance with the Company’s accounting policy and IFRS, the Company has up to one year following the acquisition date to finalize the accounting for a business combination. Accordingly, the accounting for the Jayex acquisition has been completed using provisional amounts within these interim condensed consolidated financial statements.

Consideration

| | | |
|---|----|------------------|
| Cash consideration on closing | \$ | 575,462 |
| Cash held in escrow | | 933,094 |
| Issued shares (150,078 shares issued at \$2.93/share) | | 442,790 |
| Fair value of contingent consideration | | 26,194 |
| | \$ | 1,977,540 |

Purchase price allocation

| | | |
|--|----|------------------|
| Inventory | \$ | 133,247 |
| Prepays | | 14,874 |
| Property and equipment | | 6,795 |
| Accounts payable and accrued liabilities | | (33,585) |
| Deferred revenue | | (267,644) |
| Acquired technology | | 51,222 |
| Customer relationships | | 1,331,764 |
| Goodwill | | 740,867 |
| | \$ | 1,977,540 |

During the three and nine months ended September 30, 2021, the Company incurred \$33,743 and \$274,410 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

The acquisition of Jayex resulted in revenue from the date of acquisition to September 30, 2021 of \$282,144 and a net loss of \$259,791, which is included in the Company’s results for the three and nine months ended September 30, 2021.

e) Acquisition of Alamac Limited

On July 2, 2021, the Company acquired all of the issued and outstanding securities of Alamac Limited (“Alamac”). Alamac provides technological and advisory solutions that assist healthcare organizations across the NHS.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

4. Business acquisitions (continued)

e) Acquisition of Alamac Limited (continued)

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. In accordance with the Company's accounting policy and IFRS, the Company has up to one year following the acquisition date to finalize the accounting for a business combination. Accordingly, the accounting for the Alamac acquisition has been completed using provisional amounts within these interim condensed consolidated financial statements.

| Consideration | |
|-------------------------------|---------------------|
| Cash consideration on closing | \$ 2,485,086 |
| Cash held in escrow | 667,144 |
| | \$ 3,152,230 |

| Purchase price allocation | |
|--|---------------------|
| Cash | \$ 209,500 |
| Accounts receivable | 23,011 |
| Income taxes recoverable | 62,999 |
| Prepays | 28,520 |
| Property and equipment | 10,549 |
| Accounts payable and accrued liabilities | (151,477) |
| Deferred revenue | (122,895) |
| Acquired technology | 222,381 |
| Customer relationships | 1,351,390 |
| Goodwill | 1,518,252 |
| | \$ 3,152,230 |

During the three and nine months ended September 30, 2021, the Company incurred \$80,697 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

The acquisition of Alamac resulted in revenue from the date of acquisition to September 30, 2021 of \$396,904 and net income of \$54,328, which is included in the Company's results for the three and nine months ended September 30, 2021.

5. Accounts receivable

| | September 30, | December 31, |
|--------------------------------|----------------------|--------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Trade accounts receivable | 5,144,270 | 3,037,363 |
| Other receivables | 286,906 | 401,181 |
| | 5,431,176 | 3,438,544 |
| Expected credit loss provision | (287,469) | (198,285) |
| Net carrying value | 5,143,707 | 3,240,259 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

6. Property and equipment

| | Computers | Furniture & fixtures | Leasehold improvements | Total |
|---------------------------------------|----------------|----------------------|------------------------|----------------|
| Cost | \$ | \$ | \$ | \$ |
| Balance, December 31, 2019 | 190,147 | 180,870 | 64,342 | 435,359 |
| Acquisitions (Note 4) | 51,455 | 14,859 | - | 66,314 |
| Additions | 59,458 | 962 | 50,368 | 110,788 |
| Disposals | (17,429) | (10,244) | (760) | (28,433) |
| Effect of movements in exchange rates | 2,118 | 1,453 | - | 3,571 |
| Balance, December 31, 2020 | 285,749 | 187,900 | 113,950 | 587,599 |
| Acquisitions (Note 4) | 6,795 | 77,230 | - | 84,025 |
| Additions | 86,151 | 28,170 | 35,515 | 149,836 |
| Disposals | (23,973) | - | - | (23,973) |
| Effect of movements in exchange rates | (634) | (988) | (26) | (1,648) |
| Balance, September 30, 2021 | 354,088 | 292,312 | 149,439 | 795,839 |
| Accumulated depreciation | | | | |
| Balance, December 31, 2019 | 71,637 | 17,557 | 16,391 | 105,585 |
| Depreciation expense | 52,555 | 42,299 | 14,092 | 108,946 |
| Disposals | (17,450) | (9,940) | (304) | (27,694) |
| Effect of movements in exchange rates | 3,772 | 2,585 | - | 6,357 |
| Balance, December 31, 2020 | 110,514 | 52,501 | 30,179 | 193,194 |
| Depreciation expense | 55,666 | 46,566 | 15,082 | 117,314 |
| Disposals | (21,820) | - | - | (21,820) |
| Effect of movements in exchange rates | (107) | (204) | (16) | (327) |
| Balance, September 30, 2021 | 144,253 | 98,863 | 45,245 | 288,361 |
| Net book value as at: | | | | |
| December 31, 2020 | 175,235 | 135,399 | 83,771 | 394,405 |
| September 30, 2021 | 209,835 | 193,449 | 104,194 | 507,478 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

7. Intangible assets

| | Acquired technologies | Customer relationships | Brands | Training videos | Total |
|---------------------------------------|-----------------------|------------------------|------------------|-----------------|-------------------|
| Cost | \$ | \$ | \$ | \$ | \$ |
| Balance, December 31, 2019 | 1,583,000 | 8,637,000 | 360,000 | - | 10,580,000 |
| Acquisitions (Note 4) | 2,304,838 | 5,650,741 | 619,642 | 41,419 | 8,616,640 |
| Effect of movements in exchange rates | 60,718 | 61,248 | 7,284 | 535 | 129,785 |
| Balance, December 31, 2020 | 3,948,556 | 14,348,989 | 986,926 | 41,954 | 19,326,425 |
| Acquisitions (Note 4) | 1,088,813 | 6,256,203 | 242,829 | - | 7,587,845 |
| Additions | - | - | - | 36,996 | 36,996 |
| Effect of movements in exchange rates | (80,812) | (135,059) | (12,694) | (14,232) | (242,797) |
| Balance, September 30, 2021 | 4,956,557 | 20,470,133 | 1,217,061 | 64,718 | 26,708,469 |
| Accumulated amortization | | | | | |
| Balance, December 31, 2019 | 346,525 | 2,504,874 | 29,000 | - | 2,880,399 |
| Amortization expense | 373,370 | 1,384,405 | 94,732 | 8,931 | 1,861,438 |
| Effect of movements in exchange rates | 879 | 33,852 | 198 | 99 | 35,028 |
| Balance, December 31, 2020 | 720,774 | 3,923,131 | 123,930 | 9,030 | 4,776,865 |
| Amortization expense | 487,828 | 996,455 | 111,767 | 22,452 | 1,618,502 |
| Effect of movements in exchange rates | (4,554) | (40,484) | (923) | (12,672) | (58,633) |
| Balance, September 30, 2021 | 1,204,048 | 4,879,102 | 234,774 | 18,810 | 6,336,734 |
| Net book value as at: | | | | | |
| December 31, 2020 | 3,227,782 | 10,425,858 | 862,996 | 32,924 | 14,549,560 |
| September 30, 2021 | 3,752,509 | 15,591,031 | 982,287 | 45,908 | 20,371,735 |

8. Goodwill

| | |
|--|-------------------|
| | \$ |
| Balance, December 31, 2019 | 11,169,441 |
| Additions through business combinations (Note 4) | 9,580,500 |
| Effect of movements in exchange rates | 118,443 |
| Balance, December 31, 2020 | 20,868,384 |
| Additions through business combinations (Note 4) | 6,859,772 |
| Effect of movements in exchange rates | 388,568 |
| Balance, September 30, 2021 | 28,116,724 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

9. Accounts payable and accrued liabilities

| | September 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| | \$ | \$ |
| Trade accounts payable and accrued liabilities | 1,575,021 | 1,461,063 |
| Accrued payroll and related compensation | 1,236,193 | 1,266,496 |
| Government remittances | 754,450 | 1,197,495 |
| Royalties payable | 140,410 | 156,440 |
| | 3,706,074 | 4,081,494 |

10. Share purchase

On May 2, 2016, all of the outstanding shares of Vitalhub were purchased by 2514987 Ontario Inc., an arm's length corporation incorporated in the Province of Ontario (the "Corporation"). In addition, the Corporation purchased one hundred percent (100%) of the Company's outstanding indebtedness to the two primary shareholders (the "Creditors") in exchange for:

- a) 25% of the amount net of expenses to be paid to Vitalhub under a Scientific Research and Experimental Development ("SR&ED") tax incentive claim. The total SR&ED claim submitted to date was \$508,840 which includes claims for the fiscal years 2014 and 2015. After an audit from the Canada Revenue Agency, the 2014 SR&ED claim was disallowed, as a result the Company will subsequently recognize the claim when it is received in addition to the applicable amounts payable to the Creditors. Management is of the opinion that the claim in 2014 is valid and is appealing the audit decision.
- b) Royalty streams to be paid to the Creditors are as follows:
 - i) 0% of the net revenue received by Vitalhub pursuant to the agreement with Provincial Health Services Association ("BC Agreement") during the period commencing January 1, 2016 and ending December 31, 2016;
 - ii) 17.5% of the net revenue received by Vitalhub pursuant to the BC Agreement during the period commencing January 1, 2017 and ending December 31, 2019, with such amount being payable within ninety (90) days following December 31, 2019;
 - iii) 12.5% of the net revenue received by Vitalhub pursuant to the BC Agreement during the period commencing January 1, 2020 and ending December 31, 2021, with such amount being payable within ninety (90) days following December 31, 2021;
 - iv) 6.5% of the net revenue received by Vitalhub other than pursuant to the BC Agreement during the four-year period commencing on May 2, 2016, with such amounts being payable in four installments annually.

During the nine months ended September 30, 2021, the Company earned \$nil of net revenues (for the year ended December 31, 2020 - \$nil) pursuant to the BC agreement, accordingly the Company has accrued \$75,766 of royalties in accounts payable and accrued liabilities as at September 30, 2021 (December 31, 2020 - \$75,766) for revenues earned in prior periods.

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

11. Loans payable

| | Note | September 30, 2021 | December 31, 2020 |
|--|------|-----------------------|----------------------|
| | | \$ | \$ |
| Business Development Bank of Canada loan | (a) | 42,120 | 68,040 |
| Catalyst loan | (b) | 922 | 3,529 |
| | | 43,042 | 71,569 |
| Current portion of loans payable | | 39,802 | 42,409 |
| Long-term portion of loans payable | | 3,240 | 29,160 |
| | | 43,042 | 71,569 |

Future principal repayments are as follows:

| | |
|------|---------------|
| 2021 | 39,802 |
| 2022 | 3,240 |
| | 43,042 |

- a) The Business Development Bank of Canada ("BDC") loan bears interest at BDC's floating base rate plus 3% and is due September 30, 2022. The loan is repayable in 1 monthly installment of principal of \$3,328 and 59 monthly installments of principal of \$3,240 plus interest, which began October 31, 2017. The loan is secured by a general security agreement with a second ranking security interest over all property of the Company. During the three and nine months ended September 30, 2021, the Company paid \$9,720 and \$25,920 (three and nine months ended September 30, 2020 - \$9,720 and \$29,160) in principal and \$602 and \$2,845 (three and nine months ended September 30, 2020 - \$1,599 and \$5,641) of interest expense.
- b) The Catalyst loan is repayable in monthly installments of principal and interest of \$314, which began January 1, 2019, with a maturity of December 1, 2021. The loan bears interest at 12.065%. During the three and nine months ended September 30, 2021, the Company paid \$895 and \$2,607 (three and nine months ended September 30, 2020 - \$794 and \$2,312) in principal and \$45 and \$216 (three and nine months ended September 30, 2020 - \$145 and \$511) in interest.
- c) The Company has an agreement with The Bank of Nova Scotia ("Scotia") to provide a \$1,000,000, operating credit limit, bearing interest at Scotia's prime rate plus 1%. The Company also has available a \$10,000,000 revolving term facility, bearing interest at Scotia's prime rate plus a spread per annum as follows: Funded debt/EBITDA greater than 2.5x plus .275%, Funded debt/EBITDA equal to or less than 2.5x plus .15% The facilities are secured by a general security agreement with a first ranking security interest over all property of the Company and guarantees and postponements of claim from the subsidiaries of the Company. As at September 30, 2021, no amounts have been drawn on these facilities.

Vitalhub Corp.
Notes to the Interim Condensed Consolidated Financial Statements
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12. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

b) Issued share capital

i) *Shares issued from financing*

On March 17, 2020, the Company completed a bought deal offering under which 8,506,300 common shares were issued at \$1.80 per common shares for total gross proceeds of \$15,311,340. The Company paid agents fees and cash commissions of \$839,363 and issued 228,750 broker warrants valued at \$72,280. Each broker warrant expires on March 17, 2022 and entitles the holder to purchase one common share at a price of \$2.10 per share.

The Company incurred additional costs of \$322,186 relating to professional and advisory services resulting in net proceeds of the bought deal of \$14,149,791.

The fair value of the warrants issued were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2020 |
|--------------------------|----------------|
| Share price | \$ 1.40 |
| Exercise price | \$ 2.10 |
| Expected volatility | 63.00% |
| Expected warrant life | 2 years |
| Expected dividend yield | - |
| Expected forfeiture rate | - |
| Risk-free interest rate | 0.63% |

ii) *Non-brokered private placement*

On September 15, 2020, the Company completed a non-brokered private placement financing under which 1,000,000 common shares were issued at a price of \$2.20 per share for total gross proceeds of \$2,200,000. The total costs related to the placement were \$11,750.

c) Share based compensation and share based payment reserve

A summary of changes in share-based compensation for the nine months ended September 30, 2021 and for the year ended December 31, 2020 is as follows:

| Measurement date | Number of options | Weighted average exercise price |
|------------------------------------|----------------------|---------------------------------------|
| | # | \$ |
| Balance, December 31, 2019 | 1,253,274 | 1.42 |
| Granted | 1,097,500 | 2.35 |
| Exercised | (154,500) | 1.10 |
| Balance, December 31, 2020 | 2,196,274 | 1.92 |
| Granted | 285,000 | 3.14 |
| Exercised | (120,774) | 1.04 |
| Forfeited | (20,000) | 1.50 |
| Balance, September 30, 2021 | 2,340,500 | 2.11 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(in Canadian Dollars)

12. Share capital (continued)

c) Share based compensation and share based payment reserve (continued)

The following tables summarize information about the Company's share options outstanding at September 30, 2021 and December 31, 2020:

| Exercise price | September 30, 2021 | | | December 31, 2020 | | |
|----------------|-------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|---|
| | Number of stock options outstanding | Number of stock options exercisable | Weighted average remaining contractual life | Number of stock options outstanding | Number of stock options exercisable | Weighted average remaining contractual life |
| \$1.000 | 84,500 | 84,500 | 0.28 | 95,774 | 95,774 | 0.25 |
| \$1.200 | 75,000 | 75,000 | 1.13 | 109,500 | 109,500 | 0.94 |
| \$1.250 | 150,000 | 150,000 | 1.01 | 75,000 | 75,000 | 1.79 |
| \$1.300 | 20,000 | 18,343 | 2.24 | 150,000 | 150,000 | 1.68 |
| \$1.450 | 205,000 | 205,000 | 1.58 | 20,000 | 13,895 | 2.90 |
| \$1.500 | 201,000 | 201,000 | 1.16 | 225,000 | 200,042 | 2.24 |
| \$1.650 | 125,000 | 111,416 | 2.28 | 201,000 | 201,000 | 1.82 |
| \$1.800 | 97,500 | 97,500 | 1.26 | 125,000 | 85,175 | 2.94 |
| \$1.950 | 542,500 | 195,907 | 3.88 | 97,500 | 97,500 | 1.92 |
| \$2.030 | 555,000 | - | 4.16 | 542,500 | - | 4.55 |
| \$3.080 | 40,000 | 23,331 | 4.35 | 555,000 | - | 4.82 |
| \$3.150 | 245,000 | - | 4.75 | - | - | - |
| | 2,340,500 | 1,161,997 | 3.00 | 2,196,274 | 1,027,886 | 3.25 |

During nine months ended September 30, 2021, 285,000 stock options were issued (for the year ended December 31, 2020 – 1,097,500) with a weighted average aggregate fair value of \$647,735 at the date of grant (2020 - \$1,888,319) to directors and employees.

The fair value of the share options granted during the period were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2021 | 2020 |
|--------------------------|------------------------|-----------------|
| Share price | \$3.08 - \$3.15 | \$1.90 - \$2.66 |
| Exercise price | \$3.08 - \$3.15 | \$2.03 - \$2.66 |
| Expected volatility | 89.31% - 92.11% | 102% - 105% |
| Expected option life | 5 years | 5 years |
| Expected dividend yield | - | - |
| Expected forfeiture rate | - | - |
| Risk-free interest rate | 0.47% - 0.97% | 0.27% - 0.32% |

During the three and nine months ended September 30, 2021, the Company recognized stock-based compensation expense of \$484,226 and \$1,088,306 (2020 - \$101,720 and \$189,493).

Vitalhub Corp.
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12. Share capital (continued)

d) Warrants

A summary of changes in warrants for the nine months ended September 30, 2021 and for the year ended December 31, 2020 is as follows:

| Measurement date | Number of warrants | Weighted average exercise price |
|------------------------------------|-----------------------|---------------------------------------|
| | # | \$ |
| Balance, December 31, 2019 | 2,062,500 | 3.40 |
| Granted | 228,750 | 2.10 |
| Balance, December 31, 2020 | 2,291,250 | 3.27 |
| Exercised | (1,031,250) | 2.90 |
| Balance, September 30, 2021 | 1,260,000 | 3.57 |

During the three months no warrants were exercised and for the nine months ended September 30, 2021, 1,031,250 warrants were exercised for proceeds of \$2,990,625.

The following table summarizes information about the Company's warrants outstanding at September 30, 2021 and December 31, 2020:

| Exercise price | September 30, 2021 | | | December 31, 2020 | | |
|----------------|--------------------------------|--------------------------------|---|--------------------------------|--------------------------------|---|
| | Number of warrants outstanding | Number of warrants exercisable | Weighted average remaining contractual life | Number of warrants outstanding | Number of warrants exercisable | Weighted average remaining contractual life |
| \$2.100 | 228,750 | 228,750 | 0.46 | 228,750 | 228,750 | 1.21 |
| \$2.900 | - | - | - | 1,031,250 | 1,031,250 | 0.05 |
| \$3.900 | 1,031,250 | 1,031,250 | 0.30 | 1,031,250 | 1,031,250 | 1.05 |
| | 1,260,000 | 1,260,000 | 0.33 | 2,291,250 | 2,291,250 | 0.62 |

13. Leases

The following table reconciles the Company's operating lease obligations to the lease obligations recognized:

| Right of use asset | Premise lease |
|------------------------------------|------------------|
| Cost | \$ |
| Balance, December 31, 2019 | 969,684 |
| Additions | 313,542 |
| Disposals | (71,704) |
| Balance, December 31, 2020 | 1,211,522 |
| Additions | 94,426 |
| Balance, September 30, 2021 | 1,305,948 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

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13. Leases (continued)

| | |
|--|----------------------|
| Accumulated amortization | |
| Balance, December 31, 2019 | 178,265 |
| Amortization | 219,553 |
| Disposals | (71,704) |
| Balance, December 31, 2020 | 326,114 |
| Amortization | 201,769 |
| Balance, September 30, 2021 | 527,883 |
| Net book value as at: | |
| December 31, 2020 | 885,408 |
| September 30, 2021 | 778,065 |
| Lease liabilities | Premise lease |
| | \$ |
| Balance, December 31, 2019 | 862,424 |
| Additions | 268,628 |
| Financing costs | 76,968 |
| Payments | (291,700) |
| Total lease liabilities at December 31, 2020 | 916,320 |
| Additions | 94,426 |
| Financing costs | 64,236 |
| Payments | (228,101) |
| Total lease liabilities at September 30, 2021 | 846,881 |
| Current portion of lease liabilities | 246,145 |
| Long-term portion of lease liabilities | 600,736 |
| Total lease liabilities at September 30, 2021 | 846,881 |

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14. Expenses by nature

| | Three months ended September 30, 2021 | Three months ended September 30, 2020 | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|---|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Business acquisition, restructuring and integration costs | 604,259 | 820,237 | 1,463,345 | 1,075,803 |
| Computer expenses | 229,938 | 117,108 | 572,508 | 329,449 |
| Consulting | 497,631 | 235,562 | 1,223,777 | 605,680 |
| Depreciation and amortization | 751,316 | 626,222 | 1,937,585 | 1,672,906 |
| Facilities | 38,780 | 84,494 | 104,714 | 205,189 |
| Foreign currency loss (gain) | (44,469) | 97,934 | 148,311 | (1,394) |
| Hardware | 19,065 | 19,465 | 207,424 | 19,465 |
| Hosting and software licenses | 331,542 | 237,450 | 943,040 | 640,516 |
| Insurance | 23,617 | 19,366 | 70,925 | 50,503 |
| Interest and accretion | 13,564 | 18,046 | 38,652 | 66,297 |
| Investor relations | 49,900 | 46,300 | 141,125 | 109,150 |
| Marketing | 87,639 | 44,591 | 178,021 | 76,345 |
| Office and telephone | 43,050 | 28,932 | 125,405 | 66,316 |
| Other | 46,933 | 49,154 | 291,474 | 160,452 |
| Professional fees | 207,386 | 61,321 | 593,216 | 275,513 |
| Recruiting | 9,671 | 10,657 | 31,698 | 11,115 |
| Royalties | 44,676 | 42,908 | 186,174 | 152,577 |
| Salaries, wages and benefits | 3,669,466 | 1,580,838 | 9,575,677 | 4,326,297 |
| Stock based compensation | 484,226 | 101,720 | 1,088,306 | 189,493 |
| Transfer agent filing fees | 16,582 | 6,590 | 41,503 | 12,420 |
| Travel | 70,067 | 6,901 | 102,218 | 132,331 |
| | 7,194,839 | 4,255,796 | 19,065,098 | 10,176,423 |

15. Key management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include management executives of the Company. Compensation provided to key management is as follows:

| | Three months ended September 30, 2021 | Three months ended September 30, 2020 | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|---|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Salaries and short-term employee benefits | 182,124 | 162,517 | 546,373 | 487,551 |
| Stock-based compensation | 55,256 | 17,562 | 163,969 | 35,124 |
| | 237,380 | 180,079 | 710,342 | 522,675 |

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16. Segmented information

The Company has identified one operating segment for its operations related to healthcare information systems in the mental health, long-term care, community health service and hospital sectors. The Company sells into five major geographic regions: Canada, the United States of America ("USA"), the United Kingdom, Australia and parts of Western Asia. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

The revenues in each of these geographic locations for the three and nine months ended September 30, 2021 and 2020 are as follows:

| | Three months ended September 30, 2021 | Three months ended September 30, 2020 | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|-----------------------|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Canada | 1,899,802 | 1,726,910 | 5,675,573 | 5,350,721 |
| USA | 274,098 | 401,249 | 852,216 | 1,212,950 |
| United Kingdom | 4,241,501 | 788,987 | 10,364,364 | 923,398 |
| Australia | 61,824 | 166,193 | 268,310 | 339,628 |
| Western Asia | 107,020 | 98,579 | 501,361 | 874,115 |
| Rest of the world | 34,802 | 10,248 | 72,476 | 10,248 |
| Total revenues | 6,619,047 | 3,192,166 | 17,734,300 | 8,711,060 |

The total non-current assets in each of these geographic locations as at September 30, 2021 and December 31, 2020 are as follows:

| | September 30, 2021 | December 31, 2020 |
|---------------------------------|-------------------------------|----------------------|
| | \$ | \$ |
| Canada | 17,232,064 | 18,129,200 |
| United Kingdom | 32,001,510 | 18,184,277 |
| USA | 1,119 | 735 |
| Sri Lanka | 539,309 | 383,545 |
| Total non-current assets | 49,774,002 | 36,697,757 |

Vitalhub Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

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17. Government subsidies

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Various levels of government and the Bank of Canada have responded with significant monetary and fiscal interventions designed to stabilize economic conditions. The efficacy of the government and the Bank of Canada's intervention to support businesses has come in various forms including Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy ("CERS") as a temporary measure.

The CEWS program provides government assistance in the form of wage subsidy for qualifying businesses faced with specified levels of revenue decline designed to either retain workforce on payroll or to re-hire furloughed employees. The CEWS program is applicable from March 15, 2020 to October 23, 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program.

The CERS program provides government assistance in the form of rent subsidy for qualifying businesses faced with specified levels of revenue decline. The CERS program is applicable from September 27, 2020 – October 23, 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program.

The Company has elected to compare the revenue during the availability period to the average of January and February 2020 revenues and calculated on an accrual basis and included on a gross basis. The Company qualified and received \$82,915 and \$422,969 for the three and nine months ended September 30, 2021 (2020 - \$406,321 and \$807,767) for the CEWs program and \$21,068 and \$78,123 for the three and nine months ended September 30, 2021 (2020 - \$nil and \$nil) for the CERs program.

The assistance received from CEWS reduced the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration, such as Scientific Research & Experimental Development (SR&ED) investment tax credits for the Company. The Company continues to monitor proposed legislative changes to determine their effects on the Company at such time.