Vitalhub Corp.
Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

Independent Auditor's Report

To the Shareholders of Vitalhub Corp.:

Opinion

We have audited the consolidated financial statements of Vitalhub Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

MNP LLP

Toronto, Ontario
March 29, 2021

Chartered Professional Accountants
Licensed Public Accountants

MNP

Vitalhub Corp.

For the Years Ended December 31, 2020 and 2019

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Vitalhub Corp.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(in Canadian Dollars)

	December 31, 2020	December 31, 2019
	$	$
Assets		
Current assets		
Cash and cash equivalents	**23,391,946**	1,995,691
Accounts receivable, net of expected credit loss (Note 5)	**3,240,259**	1,773,595
Inventory	**312,175**	-
Income taxes recoverable (Note 14)	-	7,232
Lease receivable	**5,225**	29,335
Acquisition receivable (Note 4 (b))	**-**	100,366
Prepaid expenses	**434,734**	243,042
	27,384,339	4,149,261
Non-current assets		
Property and equipment (Note 6)	**394,405**	329,774
Intangible assets (Note 7)	**14,549,560**	7,699,601
Right-of-use assets (Note 15)	**885,408**	791,419
Lease receivable	**-**	5,225
Goodwill (Note 8)	**20,868,384**	11,169,441
	64,082,096	24,144,721
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**4,081,494**	2,264,909
Loans payable (Note 11)	**42,409**	418,155
Income taxes payable (Note 14)	**33,587**	-
Contingent consideration (Note 4)	**1,649,516**	502,830
Lease liabilities (Note 15)	**204,675**	207,435
Deferred revenue	**6,091,196**	2,217,414
	12,102,877	5,610,743
Long term liabilities		
Deferred revenue	**123,540**	-
Deferred tax liability (Note 14)	**804,191**	-
Loans payable (Note 11)	**29,160**	1,196,159
Lease liabilities (Note 15)	**711,645**	654,989
	13,771,413	7,461,891
Shareholders' equity		
Share capital (Note 13 (b))	**55,683,203**	20,371,853
Share-based payment reserve (Note 13 (c))	**1,315,592**	933,616
Warrant reserve (Note 13 (d))	**990,032**	917,752
Accumulated other comprehensive income	**29,781**	1,813
Deficit	**(7,707,925)**	(5,542,204)
	50,310,683	16,682,830
	64,082,096	24,144,721

Approved by the Board

(Signed) Dan Matlow Director

(Signed) Barry Tissenbaum Director

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

Vitalhub Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(in Canadian Dollars)

	2020	2019
	$	$
Revenue		
Term licences, maintenance and support	**10,000,703**	5,424,349
Perpetual licences	**988,117**	620,842
Services, hardware and other	**2,805,372**	4,182,733
Total revenue	**13,794,192**	10,227,924
Cost of sales	**3,503,366**	2,761,228
Gross profit	**10,290,826**	7,466,696
Expenses		
General and administrative	**3,108,682**	2,414,956
Sales and marketing	**1,657,427**	822,356
Research and development	**3,219,217**	2,569,992
Depreciation (Note 6)	**108,946**	77,284
Depreciation of right-of-use assets (Note 15)	**219,553**	178,265
Stock based compensation (Note 13 (c))	**486,806**	207,682
Foreign currency loss	**55,261**	15,548
	8,855,892	6,286,083
Income before the undernoted items	**1,434,934**	1,180,613
Amortization of intangible assets (Note 7)	**1,861,438**	1,517,201
Business acquisition, restructuring and integration costs (Note 4)	**1,618,114**	511,663
Interest expense and accretion (net of interest income)	**15,979**	461,036
Interest income from sublease	**(1,936)**	(3,890)
Interest expense from lease liabilities	**76,968**	90,664
Loss on right-of-use assets and lease liabilitie	**-**	26,744
(Gain) loss on disposal of property and equipment (Note 6)	**(2,806)**	1,740
Loss on redemption of debentures	**-**	250,549
	3,567,757	2,855,707
Loss before income taxes	**(2,132,823)**	(1,675,094)
Provision for income taxes		
Current (Note 14)	**25,620**	(47,758)
Deferred (Note 14)	**7,278**	(1,001,802)
	32,898	(1,049,560)
Net loss	**(2,165,721)**	(625,534)
Other comprehensive gain (loss)		
Foreign currency translation gain (loss)	**27,968**	(53,035)
Comprehensive loss	**(2,137,753)**	(678,569)
Loss per share		
Basic	**(0.08)**	(0.04)
Diluted	**(0.08)**	(0.04)
Weighted average number of shares outstanding		
Basic	**26,224,800**	16,097,328
Diluted	**26,224,800**	16,097,328

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

Vitalhub Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2020 and 2019
(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, 2018	13,427,498	13,549,980	727,270	937,548	54,848	(5,648,990)	9,620,656
Non-brokered private placement (Note 13 (b))	2,062,500	2,391,931	-	893,164	-	-	3,285,095
Acquisition of The Oak Group (UK) Limited (Note 4 (a))	403,268	728,014	-	-	-	-	728,014
Acquisition of Oculys Health Informatics Inc. (Note 4 (b))	1,222,222	1,930,546	-	-	-	-	1,930,546
Warrants exercised (Note 13 (d))	899,424	1,799,605	-	(180,640)	-	-	1,618,965
Warrants expired (Note 13 (d))	-	-	-	(732,320)	-	732,320	-
Stock options exercised (Note 13 (c))	3,000	4,936	(1,336)	-	-	-	3,600
Stock based compensation (Note 13 (c))	-	-	207,682	-	-	-	207,682
Redemption of debentures	-	(33,159)	-	-	-	-	(33,159)
Net loss and comprehensive loss for the year	-	-	-	-	(53,035)	(625,534)	(678,569)
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 financings (Note 13 (b))	14,367,075	29,769,780	-	72,280	-	-	29,842,060
Shares issued from non-brokered private placement - net (Note 13 (b))	1,000,000	2,183,840	-	-	-	-	2,183,840
Acquisition of Transforming Systems Ltd. (Note 4 (d))	1,566,827	3,082,625	-	-	-	-	3,082,625
Stock options exercised (Note 13 (c))	154,500	275,105	(104,830)	-	-	-	170,275
Stock based compensation (Note 13 (c))	-	-	486,806	-	-	-	486,806
Net loss and comprehensive loss for the year	-	-	-	-	27,968	(2,165,721)	(2,137,753)
Balance, December 31, 2020	**35,106,314**	**55,683,203**	**1,315,592**	**990,032**	**29,781**	**(7,707,925)**	**50,310,683**

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

Vitalhub Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(in Canadian Dollars)

	2020	2019
	$	$
Operating activities		
Net loss	**(2,165,721)**	(625,534)
Adjustments for:		
Depreciation of property and equipment (Note 6)	**108,946**	77,284
Depreciation of right-of-use assets (Note 15)	**219,553**	178,265
Amortization of intangible assets (Note 7)	**1,861,438**	1,517,201
Loss on right-of-use assets and lease liabilities	**-**	26,744
Unrealized foreign exchange gain (loss)	**(160,267)**	2,104
(Gain) loss on disposal of property and equipment (Note 6)	**(2,806)**	1,740
Loss on redemption of debentures (Note 12)	**-**	250,549
Deferred tax expense (recovery) (Note 14)	**7,278**	(1,001,802)
Interest and accretion expense (net of interest income)	**-**	352,793
Interest expense from lease liabilities (Note 15)	**76,968**	90,664
Stock based compensation (Note 13 (c))	**486,806**	207,682
Operating income before changes in working capital	**432,195**	1,077,690
Changes in working capital		
Accounts receivable	**45,766**	365,599
Customer option receivable	**-**	1,676,971
Inventory	**(109,484)**	-
Lease receivable	**29,335**	-
Prepaid expenses	**(20,039)**	20,738
Accounts payable and accrued liabilities	**(580,943)**	(23,604)
Contingent consideration	**(170,226)**	(1,865,291)
Lease liabilties	**(53,896)**	-
Deferred revenue	**791,614**	(1,265,137)
Income taxes recoverable (payable)	**40,819**	(94,656)
	405,141	(107,690)
Investing activities		
Purchase of property and equipment (Note 6)	**(110,788)**	(78,856)
Acquisition of Oak Group (net of cash acquired) (Note 4 (a))	**-**	(606,690)
Acquisition of Oculys Health Informatics Inc. (net of cash acquired) (Note 4 (b))	**-**	(2,179,452)
Proceeds from funds held in escrow from Oculys Health Informatics Inc. (Note 4(b))	**100,366**	-
Acquisition of Intouch with Health Ltd. (net of cash acquired) (Note 4 (c))	**(4,084,332)**	-
Acquisition of Transforming Systems Ltd. (net of cash acquired) (Note 4 (d))	**(5,272,999)**	-
	(9,367,753)	(2,864,998)
Financing activities		
Proceeds from sale of property and equipment	**3,545**	-
Proceeds from RBC non-revolving term facility (Note 11)	**-**	1,400,000
Principal payments on loans payable (Note 11)	**(1,542,745)**	(453,337)
Principal payments on related party loans (Note 4 (a))	**-**	(955,648)
Principal payments on lease liabilities (Note 15)	**(291,700)**	(284,449)
Redemption of debentures (Note 12)	**-**	(2,396,520)
Proceeds from issuance of shares - net of issuance costs (Note 13 (b))	**32,025,900**	-
Proceeds from non-brokered private placement - net (Note 13 (b))	**-**	3,285,095
Proceeds from exercise of options (Note 13 (c))	**170,275**	3,600
Proceeds from exercise of warrants (Note 13 (d))	**-**	1,618,965
	30,365,275	2,217,706
Effect of foreign exchange rate changes on cash	**(6,408)**	(55,320)
Increase (decrease) in cash	**21,396,255**	(810,302)
Cash, beginning of the year	**1,995,691**	2,805,993
Cash, end of the year	**23,391,946**	1,995,691

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

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 DOCit Mobile Apps.

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

The Company's shares trade on the TSX Venture Exchange under the symbol "VHI". 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

On January 3, 2020, the Company completed a 1:10 reverse stock split. The exercise price or conversion price of, and the number of common shares issuable under, any convertible securities of the Company were proportionately adjusted upon completion of the reverse stock split. References in these consolidated financial statements to share amounts, per share data, share prices, exercise prices and conversion prices have been adjusted to reflect the 1:10 reverse stock split.

The consolidated financial statements were authorized for issuance by the Board of Directors on March 29, 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 due to the ongoing COVID-19 pandemic on some projects, as hospitals and their staff are focused on dealing with the pandemic and as such the Company's staff cannot go on site. The Company has taken advantage of government incentives as disclosed in Note 20.

3. Summary of significant accounting policies

Basis of measurement

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, or as otherwise noted. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below.

Basis of consolidation

These consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiaries. Subsidiaries are those entities the Company controls by having power to, directly or indirectly, govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses, and profit and losses are eliminated upon consolidation.

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

The Company's operating subsidiaries are as follows: Vitalhub (PVT) Ltd., H.I.Next LLC, The Oak Group (UK) Limited, Oculys Health Informatics Inc., Intouch with Health Ltd., and Transforming Systems Ltd.

Business combinations

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.

Acquisitions have been accounted for using the acquisition method required by IFRS 3, Business Combinations. Goodwill arising from acquisitions is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. Transaction costs that are incurred by the Company in connection with a business combination are expensed as incurred (except for costs directly related to the issuance of shares which are recognized in equity).

The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit and loss.

Operating segments

The Company operates as one operating segment which is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for the allocation of resources and assessing the performance of the operating segment and have been identified as the CEO and CFO of the Company.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The functional currency of Vitalhub Corp., and Oculys Health Informatics Inc. is Canadian dollars, the functional currency of H.I.Next LLC is US dollars, the functional currency of Vitalhub (PVT) Ltd. is Sri Lankan Rupees (LKR), and the functional currency of The Oak Group (UK) Limited, Intouch with Health Ltd, and Transforming Systems Ltd. is Pound Sterling (GBP).

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in the consolidated statements of changes in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of operations and comprehensive loss.

3. Summary of significant accounting policies (continued)

Financial instruments

IFRS 9 contains three principle classifications for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.

The following table shows the classification categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

Financial assets and liabilities	IFRS 9
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabiltiies	Amortized cost
Loans payable	Amortized cost
Contingent consideration	FVTPL

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit- impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Research and development

The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible assets and use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use or settle the asset

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over the period of expected future benefit. In the event that a program for which costs have been deferred is modified or cancelled, the Company will assess the recoverability of the deferred costs and, if considered unrecoverable, will expense the costs in the period the assessment is made.

Cash and cash equivalents

Cash includes cash on hand and deposits held with banks and amounts held in short-term investments that mature within 90 days from the date of transaction.

3. Summary of significant accounting policies (continued)

Inventory

Inventory is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out method.

At each reporting date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated using a straight-line method to write off the cost of the asset to their residual values over their estimated useful lives. The depreciation rates or useful lives applicable to each category of property and equipment and are as follows:

Computer hardware	3 - 5 years
Furniture and fixtures	5 years
Leasehold improvements	5 - 7 years

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the consolidated statements of operations and comprehensive loss.

Intangible assets

The Company's intangible assets include acquired technology platforms and customer relationships. These assets are capitalized and amortized on a straight-line basis over the period of their expected useful lives as follows:

Acquired technologies	5 - 7 years
Customer relationships	2 - 14 years
Brands	5 - 10 years
Training videos	3 years

Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount. The Company evaluates impairments losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

Leases

Effective January 1, 2019 (hereafter referred to as the "date of initial application"), the Company adopted IFRS 16, *Leases* as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC 15, *Operating Leases – Incentives*, and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

3. Summary of significant accounting policies (continued)

Leases (continued)

The Company adopted IFRS 16 using the modified approach. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments. Right-of-use assets and lease obligations of $1,007,320 were recorded as of January 1, 2019, with no net impact on deficit. When measuring lease liabilities, the Company discounted lease payments using an incremental borrowing rate of 9%. The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases. The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For the period presented, the company has a single sub-lease arrangement. The head lease and sublease are recognized as finance leases resulting in derecognition of the original right-of-use asset under head lease, however, the original lease liability is accounted for as before commencement of the sublease.

Amounts due from lessees under finance leases are recognised as lease receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases. The lease receivable is presented as a separate line in the consolidated statements of financial position.

The gain/loss resulting from derecognition of right-of-use asset under the head lease and recognition of net investment in the leases is recognized as a separate line "gain/loss on right-of-use asset" in the consolidated statements of operations and comprehensive loss.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment and whenever events or changes in circumstances indicate that the carrying value may be impaired by comparing its carrying value against the recoverable amount (the higher of value in use or fair value less costs to sell).

Goodwill acquired through a business combination is allocated to each cash generating unit ("CGU") that is expected to benefit from the synergies of the related business combination.

3. Summary of significant accounting policies (continued)

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled.

The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Investment tax credits

Investment tax credits (“ITCs”) are recognized where there is reasonable assurance that the ITCs will be received, and all attached conditions will be complied with. When the ITCs relates to an expense item, it is netted against the related expense. Where the ITCs relates to an asset, it reduces the carrying amount of the asset. The ITCs is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. The Company is actively engaged in scientific research and development (“R&D”) and, accordingly, has previously filed for ITC refunds under both the Canadian federal and Ontario provincial Scientific Research and Experimental Development (“SR&ED”) tax incentive programs. The ITCs recorded in the accounts are based on management’s interpretation of the Income Tax Act of Canada, provisions which govern the eligibility of R&D costs. The claims are subject to review by the Canada Revenue Agency and the Minister of Revenue for Ontario before the refunds can be released.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders’ equity.

3. Summary of significant accounting policies (continued)

Share-based compensation

The Company records compensation cost based on the fair value method of accounting for share-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the stock options is recognized over the vesting period as compensation expense and share-based compensation reserve. The costs of the Company's stock options are recognized using the graded vesting method.

Share-based compensation costs are based on the estimated number of instruments expected to vest, which are then re-estimated at the reporting dates to the extent that subsequent information indicates the actual number of instruments expected to vest is likely to differ from previous estimates.

Volatility assumptions are management's best estimate, based on historical data of the Company and comparable companies in the market. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, is credited to share capital.

Warrant reserve

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finders' fees, using the Black-Scholes model. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to share capital. Upon expiry, the amounts recorded for expired warrants is transferred to shareholders' equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

Net income (loss) per share

Basic net income (loss) per share is calculated based on the weighted average number of common shares outstanding for the year. Diluted net income (loss) per share is calculated using the weighted average number of common shares outstanding for the year for basic net income (loss) per share plus the weighted average number of potential dilutive shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year or when the underlying stock options, and warrants were granted, if later, unless they were anti-dilutive. The treasury stock method is used to determine the incremental number of common shares that would have been outstanding had the Company used proceeds from the exercise of stock options and warrants to acquire common shares.

Revenue recognition

The Company recognized revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from the sale of perpetual and annual renewable software licenses, maintenance and support, professional services and other miscellaneous income. Certain agreements provide for the delivery of application software and continuing post contract services, such as maintenance and support for the application software sold.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as right to use and right to access software licenses, hosted software-as-a-service, maintenance and support, and professional services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated standalone selling price ("SSP").

a) Perpetual software licenses

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognized at the time that both the right-to-use the software has commenced and the software has been made available to the customer. Revenue from the license of distinct software is recognized at the time that the customer has a perpetual right to use the software freely and the Company has no remaining obligations to perform after delivery of the software. The revenue from these products is recognized when the Company has transferred control to the customer. These conditions generally are met when the application software has been delivered.

b) Annual renewable software licenses

Annual renewable software licenses include the right to access the software for a year, technical support and maintenance services. These agreements are accounted for as royalties, as the customer only has the right to access the software for a specified period of time. These services are similar in substance to a subscription, as the Company does not sell one-year licences without technical support and maintenance services, and the revenue is recognized rateably over the term of the agreement from the date the licence term commences.

c) Post contract maintenance and support

Post contract maintenance and support revenue consists of fees charged for customer support on software post-delivery. These arrangements include an indeterminable number of acts with revenue from post contract services being recognized rateable over the term of arrangement.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from SaaS subscriptions, which includes the hosted software and maintenance is recognized rateably over the term of the subscription.

d) Professional services

Professional services revenue includes installation, implementation, training and customization of software.

Time and materials

Revenue is recognized as such services are performed based upon agreed upon charge rates with customers.

Fixed price contracts

Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method if the contracts are fixed price. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

3. Summary of significant accounting policies (continued)

Revenue Recognition (continued)

e) Hardware

Hardware revenue consists of kiosks and related components, which are recognized when delivered to the customer.

f) Other income

Other income consists of miscellaneous income such as grants and interest income which is recognized when received.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in other receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions as at December 31, 2020 and 2019.

Significant accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, and allowance for doubtful accounts.

These estimates and judgments are further discussed below:

(i) Goodwill impairment testing and recoverability of assets

The Company has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

3. Summary of significant accounting policies (continued)

Significant accounting judgments and estimation uncertainties (continued)

(ii) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iii) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

(iv) Estimated useful lives of long-lived assets

Management reviews useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.

(v) Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of the options. The Company has a significant number of options outstanding and expects to continue to make grants.

(vi) Provision for expected credit losses ("ECL")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

3. Summary of significant accounting policies (continued)

Significant accounting judgments and estimation uncertainties (continued)

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(vii) Functional currency

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the future determination of the Company's and its subsidiaries' functional currency.

(viii) Investment tax credits receivable

Investment tax credits are recorded based on management's estimate that all conditions attached to its receipt have been met. The Company has significant investment tax credits receivable and expects to continue to apply for future tax credits as their research and development activities remain applicable. Therefore, the estimates related to the recoverability of these investment tax credits are important to the Company's financial position.

(ix) Incremental borrowing rates

The Company's incremental borrowing rate is used to estimate the initial value of the lease liability and associated right of use asset. The Company's incremental borrowing rate is determined with reference to the borrowing rate for a similar asset within a country for a similar lease term.

(x) Contingent consideration

Management exercises judgment in determining the appropriate fair value of contingent consideration and considers all facts and circumstances relevant to the acquisition's future earnings upon which the liability is calculated. Any changes in the economic environment or operational activity of the acquisition may impact management's assessment of the liability and may have a material impact on the Company's consolidated statements of financial position and consolidated statements of loss and comprehensive loss. In determining the fair value of contingent consideration, the Company is required to estimate the future earnings generated by the acquisition over an agreed period after the acquisition and apply defined and fixed rules in order to calculate the expected future payment. The Company determines fair value by using estimates including projected future earnings of the acquisition consistent with strategic plans presented to the Board. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

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 The Oak Group (UK) Limited

On March 20, 2019, the Company acquired certain assets of The Oak Group, Inc., and all of the issued and outstanding securities of The Oak Group (UK) Limited, collectively known as ("The Oak Group"). The Oak Group provides software that helps manage the utilization of healthcare beds more effectively.

In addition, the Company has a contingent consideration in the amount of $377,020 payable over a five-year period after the closing, which has been discounted using a rate of 2.2% and is contingent upon meeting certain revenue targets. In the event that either party exercises its rights to termination, the Company shall not be relieved of its obligations for the minimum guaranteed compensation portion and 50% of the remaining consideration in the first 5 years shall be payable.

(in Canadian Dollars)

4. Business acquisitions (continued)

a) Acquisition of The Oak Group (UK) 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.

Consideration		
Cash consideration on closing	$	446,046
Cash held in escrow for 6 months		209,588
Issued shares (80,654 shares issued at $2.00/share)		161,307
Issued shares held in escrow (322,614 shares issued at $2.00/share) - discounted		566,707
Fair value of contingent consideration		377,020
	$	**1,760,668**

Purchase price allocation		
Cash	$	48,944
Accounts receivable		317,475
Prepaids		12,257
Accounts payable and accrued liabilities		(376,168)
Deferred revenue		(536,802)
Due to related party		(955,648)
Acquired technology		240,000
Customer relationships		510,000
Brand		160,000
Goodwill		2,340,610
	$	**1,760,668**

The fair value of the 322,614 common shares, which were held in escrow for working capital adjustments was determined to be $566,707. The discount related to the fair value of the shares held in escrow for working capital adjustments was determined using Black Scholes Option Pricing model with the following assumptions: share price of $2.00, exercise price of $2.00, expected life of 0.5 years, volatility of 35%, risk free rate of 1.67% and dividend yield of nil.

During the year ended December 31, 2020, the Company incurred $48,903 (2019 - $318,945) in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the consolidated statements of operations and comprehensive loss.

The acquisition of The Oak Group resulted in revenue for the year ended December 31, 2019 of $858,363 and a net income of $150,050 in 2019 which is included in the Company's results for the year ended December 31, 2019.

During the year ended December 31, 2020, the Company revalued the contingent consideration and recorded a gain on revaluation of contingent consideration of $50,911 in acquisition costs.

b) Acquisition of Oculys Health Informatics Inc.

On November 21, 2019, the Company acquired all of the issued and outstanding securities of Oculys Health Informatics Inc. ("Oculys"). Oculys provides a real-time and predictive operational management system for hospitals.

In addition, the Company has a contingent consideration payable over a three-year period after the 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 Canadian Dollars)

4. Business acquisitions (continued)

b) Acquisition of Oculys Health Informatics Inc. (continued)

Consideration	
Cash consideration on closing	$ 1,872,070
Cash held in escrow for 12 months	229,634
Issued shares (305,556 shares issued at $1.75/share)	534,722
Issued shares held in escrow (916,666 shares issued at $1.75/share) - discounted	1,395,824
Fair value of contingent consideration	15,676
	$ 4,047,926

Purchase price allocation	
Cash	$ 22,618
Accounts receivable	206,069
Prepaids	24,885
Property and equipment	8,446
Accounts payable and accrued liabilities	(251,672)
Deferred revenue	(1,040,077)
Loans payable	(32,420)
Acquired technology	330,000
Customer relationships	1,880,000
Brand	200,000
Goodwill	2,700,077
	$ 4,047,926

The fair value of the 916,666 common shares, which were held in escrow for working capital adjustments was determined to be $1,395,824. The discount related to the fair value of the shares held in escrow for working capital adjustments was determined using Black Scholes Option Pricing model with the following assumptions: share price of $1.75, exercise price of $1.75, expected life of 0.5 years, volatility of 29%, risk free rate of 1.67% and dividend yield of nil.

During the year ended December 31, 2020, the Company incurred $175,396 (2019 - $132,680) in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the consolidated statements of operations and comprehensive loss.

The acquisition of Oculys resulted in revenue for the year ended December 31, 2019 of $383,005 and a net income of $185,968 in 2019 which is included in the Company's results for the year ended December 31, 2019.

During the year ended December 31, 2020, the Company completed the accounting for the Oculys acquisition within the measurement period. The Company received $100,366 of cash due to a working capital adjustment and the Company has retrospectively adjusted the provisional goodwill amount and recorded an acquisition receivable for $100,366. Comparative information from prior periods has been recasted in accordance with IFRS 3 – Business Combinations.

c) 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.

(in Canadian Dollars)

4. Business acquisitions (continued)

c) Acquisition of Intouch with Health Ltd. (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 Intouch acquisition has been completed using provisional amounts within these consolidated financial statements.

Consideration	
Cash consideration on closing	$ 7,021,578
Cash held in escrow for 4 months	1,003,291
Fair value of contingent consideration	556,164
	$ 8,581,033

Purchase price allocation	
Cash	$ 3,940,537
Accounts receivable	957,254
Prepaids	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 year ended December 31, 2020, the Company incurred $895,111 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the consolidated statements of operations and comprehensive loss.

The acquisition of Intouch resulted in revenue from the date of acquisition to December 31, 2020 of $1,752,323 and a net loss of $97,438 which is included in the Company's results for the year ended December 31, 2020.

d) 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.

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 Transform acquisition has been completed using provisional amounts within these consolidated financial statements.

(in Canadian Dollars)

4. Business acquisitions (continued)

d) Acquisition of Transforming Systems Ltd. (continued)

Consideration	
Cash consideration on closing	$ 6,429,048
Cash held in escrow for 5 months	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
Prepaids	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

The fair value of the 1,175,120 common shares, which were held in escrow for working capital adjustments was determined to be $1,395,824. The discount related to the fair value of the shares held in escrow for working capital adjustments was determined using Black Scholes Option Pricing model with the following assumptions: share price of $2.31, exercise price of $2.31, expected life of 0.5 years, volatility of 61%, risk free rate of 0.17% and dividend yield of nil.

During the year ended December 31, 2020, the Company incurred $476,405 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the consolidated statements of operations and comprehensive loss.

The acquisition of Transform resulted in revenue from the date of acquisition to December 31, 2020 of $1,603,351 and net income of $201,638, which is included in the Company's results for the year ended December 31, 2020.

5. Accounts receivable

	December 31, 2020	December 31, 2019
	$	$
Trade accounts receivable	**3,037,363**	1,681,802
Other receivables	**401,181**	279,424
	3,438,544	1,961,226
Expected credit loss provision	**(198,285)**	(187,631)
Net carrying value	**3,240,259**	1,773,595

(in Canadian Dollars)

6. Property and equipment

	Computers	Furniture & fixtures	Leasehold improvements	Total
Cost	$	$	$	$
Balance, December 31, 2018	136,317	216,994	60,968	414,279
Acquisitions (Note 4)	6,781	995	670	8,446
Additions	65,928	10,224	2,704	78,856
Disposals	(18,879)	(47,343)	-	(66,222)
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**
Accumulated depreciation				
Balance, December 31, 2018	64,274	23,052	5,457	92,783
Depreciation expense	26,243	40,107	10,934	77,284
Disposals	(18,880)	(45,602)	-	(64,482)
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**
Net book value as at:				
December 31, 2019	118,510	163,313	47,951	329,774
December 31, 2020	**175,235**	**135,399**	**83,771**	**394,405**

(in Canadian Dollars)

7. Intangible assets

	Acquired technologies	Customer relationships	Brands	Training videos	Total
Cost	$	$	$	$	$
Balance, December 31, 2018	1,013,000	6,247,000	-	-	7,260,000
Acquisitions (Note 4)	570,000	2,390,000	360,000	-	3,320,000
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**
Accumulated amortization					
Balance, December 31, 2018	153,560	1,209,638	-	-	1,363,198
Depreciation expense	192,965	1,295,236	29,000	-	1,517,201
Balance, December 31, 2019	346,525	2,504,874	29,000	-	2,880,399
Depreciation 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**
Net book value as at:					
December 31, 2019	1,236,475	6,132,126	331,000	-	7,699,601
December 31, 2020	**3,227,782**	**10,425,858**	**862,996**	**32,924**	**14,549,560**

8. Goodwill

	$
Balance, December 31, 2018	6,128,754
Additions through business combinations (Note 4)	5,040,687
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**

For the years ended December 31, 2020 and December 31, 2019, the recoverable amount of the Company's CGU was determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and an after-tax discount rate of 17.0% (pre-tax – 23.1%) per annum.

The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate. The cash flow projections used in estimating the recoverable amounts are generally consistent with results achieved historically adjusted for anticipated growth. The Company believes that any reasonably possible change in key assumptions on which the recoverable amounts were based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

(in Canadian Dollars)

9. Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019
	$	$
Trade accounts payable and accrued liabilities	**1,461,063**	1,199,321
Accrued payroll and related compensation	**1,266,496**	843,825
Government remittances	**1,197,495**	119,442
Royalties payable	**156,440**	102,321
	4,081,494	2,264,909

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 year ended December 31, 2020, the Company earned $nil of net revenues (2019 - $nil) pursuant to the BC agreement, accordingly the Company has accrued $75,766 of royalties in accounts payable and accrued liabilities as at December 31, 2020 (December 31, 2019 - $75,766) for revenues earned in prior periods.

(in Canadian Dollars)

11. Loans payable

	Note	**December 31, 2020**	December 31, 2019
		$	$
Business Development Bank of Canada loan	(a)	**68,040**	106,920
RBC sale and leaseback loan	(b)	**-**	151,546
RBC non-revolving term facility	(c)	**-**	1,330,000
Catalyst loan	(d)	**3,529**	6,659
Vault loan	(e)	**-**	19,189
		71,569	1,614,314
Current portion of loans payable		**42,409**	418,155
Long-term portion of loans payable		**29,160**	1,196,159
		71,569	1,614,314

Future principal repayments are as follows:

2021	**42,409**
2022	**29,160**
	71,569

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 year ended December 31, 2020, the Company paid $38,880 (2019 - $38,880) in principal and $7,406 (2019 - $11,925) of interest expense.

b) The RBC sale and leaseback is secured by the assets sold which consist of leasehold improvements and furniture and fixtures to RBC and is repayable in monthly installments of principal and interest of $6,974, which began January 25, 2019, and matures December 27, 2021. The Company has the option to purchase the assets on the purchase date of December 26, 2021 for $1. During the year ended December 31, 2020, the Company paid the remainder of the loan in the amount of $151,546 (2019 - $79,669) in principal and $9,430 (2019 - $10,998) in interest expense and purchased the assets.

c) The RBC non-revolving term facility bears interest at RBC's prime rate plus 2% and is due September 25, 2024. The loan is repayable in monthly installments of principal of $23,333 plus interest, which began October 25, 2019. During the year ended December 31, 2020, the Company paid the remainder of the loan in the amount of $1,330,000 (2019 - $70,000) in principal and $54,685 (2019 - $20,863) in interest expense.

The loan was secured by a general security agreement with a first ranking security interest over all property of the Company, guarantees and postponements of claim by the Company.

11. Loans payable (continued)

d) 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 year ended December 31, 2020, the Company paid $3,130 (2019 - $486) in principal and $639 (2019 - $141) in interest.

e) The Vault loan is repayable in monthly installments of principal and interest of $6,720, which began April 4, 2019, with a maturity of March 4, 2020. The loan bears interest at 30.10%. During the year ended December 31, 2020, the Company paid $19,189 (2019 - $6,085) in principal and $1,265 (2019 - $634) in interest.

f) The Company has an agreement with the Royal Bank of Canada ("RBC") to provide a $500,000, revolving demand facility, bearing interest at RBC's prime rate plus 1%. The facility is 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 December 31, 2020 and 2019, no amounts have been drawn on this revolving demand facility.

12. Debentures

On December 7, 2017, the Company issued debentures of $2,219,000 at a price of $100 per debenture with a maturity date of December 7, 2020. Purchasers of the debentures also received common shares of the Company equal to 20% of the face value of the debenture, divided by $0.15 for a total issuance of 2,951,270 bonus shares. The debentures bear interest at 12% per annum, payable semi-annually in arrears on June 30th and December 31st, with the first interest payment being made on December 31, 2017. Beginning one year after the date of issue, the Company has the right to redeem the debentures then outstanding, in whole or in part, at a premium of 5% to the face value of the debentures. As the debentures are considered to be a compound financial instrument, the liability component and the equity components (the conversion right) are presented separately, as determined at the date of issue, using the residual method.

The Company paid agent fees and cash commissions of $153,405, incurred other issuance costs of $69,537 and issued 1,022,700 compensation warrants to the agents.

Each warrant is exercisable into one common share of the Company at a price of $1.80 for a period of up to two years from the date of issue. The fair value of warrants of $83,977 was determined using Black-Scholes pricing model. The total issuance costs of $306,919 was allocated proportionally to convertible debenture liability and the equity conversion feature in the amount of $259,346 and $47,573 respectively.

The liability component of $1,615,705 (net of issuance costs) was determined by discounting the future stream of interest and principal repayments at the prevailing market rate of 20% for a comparable liability that does not have an associated equity component. The balance of $296,376 (net of issuance costs) was allocated to the equity component and is included in the Company's consolidated statements of changes in shareholders' equity.

On September 30, 2019, the Company redeemed its debentures under an early redemption right with a total payment amounting to $2,396,520, which included the principal amount of $2,219,000, a 5% penalty fee of $110,950 and all accrued and unpaid interest to date of $66,570.

(in Canadian Dollars)

12. Debentures (continued)

The following table summarizes information about the Company's debentures as at December 31, 2020 and 2019:

	Liability component	Equity component	Total
	$	$	$
Balance, December 31, 2018	1,785,427	296,376	2,081,803
Accretion for the year	149,865	-	149,865
Loss on redemption of debentures	250,549	-	250,549
Redemption of debentures	(2,185,841)	(33,159)	(2,219,000)
Balance, December 31, 2019	-	263,217	263,217
Balance, December 31, 2020	**-**	**263,217**	**263,217**

13. 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) Non-brokered private placement

On January 18, 2019, the Company completed a non-brokered private placement financing under which 2,062,500 units were issued at $1.60 per unit for total gross proceeds of $3,300,000. Each unit comprises one common share and one half of one common share warrant with each such two year warrant being exercisable for one common share of the Company at an exercise price of $2.90, for a period of 24 months from the date of issuance, and one half of one common share warrant with each such three year warrant being exercisable for one common share of the Company at an exercise price of $3.90, for a period of 36 months from the date of issuance.

The Company incurred costs of $14,905 relating to professional and advisory services resulting in net proceeds of the non-brokered private placement of $3,285,095 which was allocated proportionally between share capital and warrants based on their relative fair values within the unit with $2,391,931 (73%) allocated to share capital and $893,164 (27%) allocated to warrants.

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

	2019
Share price	**$ 1.75**
Exercise price	**$2.90 - $3.90**
Expected volatility	**88% - 91%**
Expected warrant life	**2-3 years**
Expected dividend yield	**-**
Expected forfeiture rate	**-**
Risk-free interest rate	**1.29% - 1.57%**

(in Canadian Dollars)

13. Share capital (continued)

b) Issued share capital (continued)

ii) Shares issued from financings

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%

On November 26, 2020, the Company completed a bought deal offering under which 5,860,775 common shares were issued at $2.90 per common shares for total gross proceeds of $16,996,248. The Company paid agents fees and cash commissions of $1,117,294.

The Company incurred additional costs of $186,685 relating to professional and advisory services resulting in net proceeds of $15,692,269.

iii) 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 paid related to the placement were $16,160.

(in Canadian Dollars)

13. Share capital (continued)

c) Share based compensation and share based payment reserve

A summary of changes in share-based compensation during the years ended December 31, 2020 and 2019 is as follows:

Measurement date	Number of options	Weighted average exercise price
	#	$
Balance, December 31, 2018	1,216,941	1.42
Granted	70,000	1.80
Exercised	(3,000)	1.20
Expired	(29,778)	1.49
Forfeited	(889)	1.20
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**

The following tables summarize information about the Company's share options outstanding at December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
Exercise price	**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	**95,774**	**95,774**	**0.25**	185,774	185,774	0.93
$1.200	**109,500**	**109,500**	**0.94**	116,500	116,500	2.03
$1.250	**75,000**	**75,000**	**1.79**	132,500	132,500	1.85
$1.300	**150,000**	**150,000**	**1.68**	150,000	150,000	2.76
$1.450	**20,000**	**13,895**	**2.90**	20,000	6,667	3.99
$1.500	**225,000**	**200,042**	**2.24**	225,000	118,750	3.33
$1.650	**201,000**	**201,000**	**1.82**	201,000	162,805	2.91
$1.800	**125,000**	**85,175**	**2.94**	125,000	24,445	4.03
$1.950	**97,500**	**97,500**	**1.92**	97,500	64,999	3.01
$2.030	**542,500**	**-**	**4.55**	-	-	-
$2.660	**555,000**	**-**	**4.82**	-	-	-
	2,196,274	**1,027,886**	**3.25**	1,253,274	962,440	2.62

(in Canadian Dollars)

13. Share capital (continued)

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

During the year ended December 31, 2020, 1,097,500 stock options were issued (December 31, 2019 – 70,000) with a weighted average aggregate fair value of $1,888,319 at the date of grant (2019 - $64,994) to directors and employees.

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

	2020	2019
Share price	**$1.90 - $2.66**	**$ 1.80**
Exercise price	**$2.03 - $2.66**	**$ 1.80**
Expected volatility	**102% - 105%**	**69.00%**
Expected option life	**5 years**	**5 years**
Expected dividend yield	**-**	**-**
Expected forfeiture rate	**-**	**-**
Risk-free interest rate	**0.27% - 0.32%**	**1.57%**

During the year ended December 31, 2020, the Company recognized stock-based compensation expense of $486,806 (2019 - $207,682).

d) Warrants

A summary of changes in warrants during the years ended December 31, 2020 and 2019 is as follows:

Measurement date	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2018	4,311,130	1.80
Granted	2,062,500	3.40
Exercised	(899,424)	1.80
Expired	(3,411,706)	1.80
Balance, December 31, 2019	2,062,500	3.40
Granted	228,750	2.10
Balance, December 31, 2020	**2,291,250**	**3.27**

(in Canadian Dollars)

13. Share capital (continued)

d) Warrants (continued)

The following table summarizes information about the Company's warrants outstanding at December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
Exercise price	**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**	**1.21**	-	-	-
$2.900	**1,031,250**	**1,031,250**	**0.05**	1,031,250	1,031,250	1.05
$3.900	**1,031,250**	**1,031,250**	**1.05**	1,031,250	1,031,250	2.05
	2,291,250	**2,291,250**	**0.62**	2,062,500	2,062,500	1.55

14. Income taxes

a) Income tax (recovery) expense

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2019 - 26.5%) to the effective tax rate is as follows:

	2020	2019
	$	$
Net loss before recovery of income taxes	**(2,132,823)**	(1,675,094)
Statutory income tax rate	**26.50%**	26.50%
Expected income tax (recovery)	**(565,198)**	(443,900)
Difference in foreign tax rates	**(105,016)**	52,028
Tax rate changes and other adjustments	**(11,497)**	(115,585)
Share based compensation and non-deductible expenses	**538,106**	220,675
Share issuance cost booked to equity	**(657,647)**	-
Book to filing adjustment	**(104,148)**	-
Change in tax benefits not recognized	**938,298**	(762,778)
Income tax expense (recovery)	**32,898**	(1,049,560)

	2020	2019
The Company's income tax expense is allocated as follows:	**$**	$
Current tax expense (recovery)	**25,620**	(47,758)
Deferred tax expense (recovery)	**7,278**	(1,001,802)
Income tax expense (recovery)	**32,898**	(1,049,560)

(in Canadian Dollars)

14. Income taxes (continued)

b) Deferred tax balances

	December 31, 2020	December 31, 2019
	$	$
Deferred income tax assets (liabilities)		
Deferred tax assets		
Non-capital losses carried forward	**2,340,625**	1,896,099
Property and equipment	**36,887**	-
Lease liabiltiies	**173,659**	-
Deferred tax liabilities		
Property and equipment	**(15,954)**	-
Right-of-use assets and net investment in sublease	**(192,498)**	-
Intangible assets	**(3,146,910)**	(1,896,099)
Net deferred tax liability	**(804,191)**	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2020	2019
	$	$
Balance at the beginning of the year	**-**	(1,001,802)
Recognized in profit/loss	**(7,278)**	1,001,802
Recognized in goodwill	**(790,124)**	-
Recognized in OCI	**(6,789)**	
Balance at the end of the year	**(804,191)**	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2020	2019
	$	$
Non-capital losses carried forward	**6,295,358**	2,166,319
Investment Tax Credits	**535,814**	481,405
Property and equipment	**2,503,008**	616,998
SR&ED Pool from T661	**1,330,990**	1,213,572
Other temporary differences	**200,987**	84,566
Balance at the end of the year	**10,866,157**	4,562,860

(in Canadian Dollars)

14. Income taxes (continued)

The Canadian non-capital loss carry forwards expire between 2035 and 2040 and the investment tax credits expire from 2024 to 2037. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses, the benefit of which has not been recognized on the consolidated financial statements, expire as follows:

Year	
	$
2035	11,237
2036	211,859
2037	389,280
2038	408,408
2039	-
2040	672,441
	1,693,225

15. Leases

The Company adopted IFRS 16 effective January 1, 2019 and on initial application, the Company elected to record right-of-use assets based on the corresponding lease liability. When measuring lease liabilities, the Company discounted lease payments using an incremental borrowing rate of 9% for all leases. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

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

Right of use asset	**Premise lease**
Cost	$
Balance, January 1, 2019	-
Aggregate lease commitments	1,470,905
Less: Impact of present value	(463,585)
Opening IFRS 16 lease value as at January 1, 2019	1,007,320
Additions	48,889
Less: Lease receivable related to finance sublease	(86,525)
Balance, December 31, 2019	969,684
Additions	313,542
Disposals	(71,704)
Balance, December 31, 2020	**1,211,522**

(in Canadian Dollars)

15. Leases (continued)

Accumulated amortization	
Balance, January 1, 2019	-
Amortization	178,265
Balance, December 31, 2019	178,265
Amortization	219,553
Disposals	(71,704)
Balance, December 31, 2020	**326,114**

Net book value as at:	
December 31, 2019	791,419
December 31, 2020	**885,408**

Lease liabilities	**Premise lease**
	$
Balance, January 1, 2019	1,007,320
Additions	48,889
Financing costs	90,664
Payments	(284,449)
Total lease liabilities at December 31, 2019	862,424
Additions	268,628
Financing costs	76,968
Payments	(291,700)
Total lease liabilities at December 31, 2020	**916,320**
Current portion of lease liabilities	204,675
Long-term portion of lease liabilities at December 31, 2020	711,645
Total lease liabilities at December 31, 2020	**916,320**

The Company and its subsidiaries have entered into agreements to lease office premises until 2025. The annual rent expenses for premises consist of minimum rent and does not include variable costs. The minimum payments under all agreements are as follows:

	$
2021	345,653
2022	263,950
2023	267,881
2024	275,177
2025	186,048
	1,338,709

(in Canadian Dollars)

16. Expenses by nature

	2020	2019
	$	$
Business acquisition, restructuring and integration costs	**1,618,114**	511,663
Computer expenses	**480,015**	327,549
Consulting	**987,671**	639,926
Depreciation and amortization	**2,189,937**	1,772,750
Facilities	**271,923**	263,422
Foreign currency loss	**55,261**	15,548
Hosting and software licenses	**877,361**	502,623
Insurance expense	**73,189**	80,764
Interest and accretion expense	**91,011**	547,810
Investor relations	**157,950**	124,203
Marketing Expenses	**120,870**	84,630
Office and telephone expenses	**101,802**	65,457
Other	**384,926**	530,215
Professional fees	**389,777**	291,631
Royalties	**219,112**	165,751
Salaries, wages and benefits	**7,263,645**	5,447,726
Stock based compensation	**486,806**	207,682
Travel	**157,645**	323,668
	15,927,015	11,903,018

17. 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:

	2020	2019
	$	$
Salaries and short-term employee benefits	**650,068**	655,068
Stock-based compensation	**141,067**	70,656
	791,135	725,724

18. Risk management arising from financial instruments

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's principal financial assets that expose it to credit risk are receivables, the Company mitigates this risk by monitoring the credit worthiness of its customers.

(in Canadian Dollars)

18. Risk management arising from financial instruments (continued)

a) Credit risk (continued)

The Company recognizes a provision for expected credit losses based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The following is the breakdown of the aging of trade receivables:

	December 31, 2020	December 31, 2019
	$	$
Trade receivables aging:		
0-30 days	**1,256,115**	857,133
31-60 days	**465,823**	252,395
61-90 days	**392,396**	182,946
Greater than 90 days	**923,029**	389,328
	3,037,363	1,681,802
Provision for doubtful accounts	**(198,285)**	(187,631)
Net trade receivables	**2,839,078**	1,494,171

At December 31, 2020, of the Company's trade receivables, three customers accounted for 20% (2019 – three customers for 49%).

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at December 31, 2020 and December 31, 2019.

December 31, 2020	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		1.75%	2.56%	11.07%	13.10%
Trade receivables	**$ 3,037,363**	$ 1,256,115	$ 465,823	$ 392,396	$ 923,029
Expected credit loss	**$ 198,285**	$ 21,975	$ 11,925	$ 43,429	$ 120,956

December 31, 2019	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		1.96%	2.30%	11.00%	37.21%
Trade receivables	$ 1,681,802	$ 857,133	$ 252,395	$ 182,946	$ 389,328
Expected credit loss	$ 187,631	$ 16,833	$ 5,805	$ 20,124	$ 144,869

(in Canadian Dollars)

18. Risk management arising from financial instruments (continued)

b) Foreign exchange risk

Foreign exchange risk arises when financial assets or financial liabilities are denominated in a currency that is not the Company's functional currency.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and British Pound. Foreign exchange risk arises on recognized financial assets and financial liabilities, principally cash, trade receivables and accounts payable and accrued liabilities. The Company is not exposed to significant foreign exchange risk, as the majority of the Company's purchase and sale transactions are denominated in the Company's functional currency.

The Company is exposed to foreign exchange risk arising on its net investment in foreign operations. For the year ended December 31, 2020, the Company recognized a foreign currency exchange gain (loss) of $27,968 (2019 – ($53,035)) within other comprehensive loss. The Company estimates that an appreciation of the CAD of 10% relative to other currencies would result in a decrease of approximately $57,000 in earnings before income taxes while a depreciating CAD will have the opposite impact.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's revolving demand facility has a variable interest rate. Changes in the lending institutions prime lending rates can cause fluctuations in interest payments and cash flows.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows. The Company has a revolving demand facility with up to $600,000 in place should it be required to meet temporary fluctuations in cash requirements. At December 31, 2020, the Company had cash of $23,391,946 (2019 - $1,995,691) to settle current liabilities of $12,348,525 (2019 - $5,610,743).

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	$ 4,081,494	$ 4,081,494	$ -	$ -	$ -
Contingent consideration	1,649,516	1,114,748	529,300	5,468	-
Lease payments	1,338,709	345,653	531,831	461,225	-
Loans payable	71,569	42,409	29,160	-	-
	$ 7,141,288	$ 5,584,304	$ 1,090,291	$ 466,693	$ -

e) Management of capital

The Company's objective of managing capital, comprising of shareholder's equity, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020.

(in Canadian Dollars)

19. 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 years ended December 31, 2020 and 2019 are as follows:

	2020	2019
	$	$
Canada	**7,167,269**	7,489,820
USA	**1,621,396**	1,979,504
United Kingdom	**3,602,334**	758,600
Australia	**403,587**	-
Western Asia	**975,347**	-
Rest of the world	**24,259**	-
Total revenues	**13,794,192**	10,227,924

The total non-current assets in each of these geographic locations for the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
	$	$
Canada	**18,129,200**	19,885,441
United Kingdom	**18,184,277**	-
USA	**735**	1,002
Sri Lanka	**383,545**	109,017
Total non-current assets	**36,697,757**	19,995,460

20. Wage subsidy

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) as a temporary measure.

(in Canadian Dollars)

20. Wage subsidy (continued)

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 to December 19, 2020 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 $849,539 of subsidy during the eligibility period in the current period using remuneration during the eligibility periods noted below.

	Wage Subsidy
	$
March 15, 2020 - April 11, 2020	**137,953**
April 12, 2020 - May 9, 2020	**132,231**
May 10, 2020 - June 6, 2020	**131,261**
June 7, 2020 - July 4, 2020	**132,667**
July 5, 2020 - August 1, 2020	**136,518**
August 2, 2020 - August 29, 2020	**137,137**
August 30, 2020 - September 26, 2020	**41,772**
Total	**849,539**

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.

The Company has recorded the subsidy received as an offset to payroll expenses across the various departments in the consolidated statements of operations and comprehensive loss.

21. Subsequent events

Subsequent to the year end the Company received proceeds of $2,990,625 as a result of the exercise of 1,031,250 previously issued common share purchase warrants.