Datametrex AI Limited

Condensed Interim Consolidated Financial Statements
March 31, 2022
(Unaudited)
(Canadian dollars)

Notice to Reader

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Financial Position
As of March 31, 2022 and December 31, 2021
(Canadian dollars)

	March 31, 2022 $	**December 31, 2021 $**
Assets		
Current assets		
Cash and cash equivalents	**15,721,632**	15,400,166
Trade and loan receivables	**9,901,720**	5,664,154
Marketable securities (note 9)	**1,267,234**	2,585,222
Prepaid expenses and other assets	**272,785**	125,670
Total current assets	**27,163,371**	23,775,212
Right-of-use asset (note 7)	**201,950**	227,289
Property and equipment (note 4)	**460,078**	71,465
Intangible assets (notes 5 and 13)	**15,001,986**	15,594,329
Goodwill (notes 5 and 13)	**2,972,348**	2,972,348
Total assets	**45,799,733**	42,640,643
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (notes 11 and 12)	**5,432,942**	4,699,689
Deferred revenue	**28,980**	28,980
Income taxes payable	**2,699,199**	2,699,199
Current portion of lease liability (note 7)	**97,233**	104,193
Loan payable (note 8)	**30,000**	30,000
Provisions and contingent consideration (notes 11, 12 and 13)	**1,875,000**	1,875,000
Total current liabilities	**10,163,354**	9,437,061
Long-term lease liability (note 7)	**101,201**	119,579
Deferred income taxes	**594,978**	594,978
Total liabilities	**10,859,533**	10,151,618
Shareholders' equity		
Share capital (note 10)	**48,081,072**	47,771,587
Reserves (note 10)	**9,269,062**	8,310,315
Foreign currency translation reserve	**(171,352)**	(1,745)
Deficit	**(22,238,582)**	(23,591,132)
Total shareholders' equity	**34,940,200**	32,489,025
Total liabilities and shareholders' equity	**45,799,733**	42,640,643

Description of business and organization (note 1)

Signed "Paul Haber" Director Signed "Marshall Gunter" Director

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2022 and 2021
(Canadian dollars, except share and per share amounts)

	Three months ended March 31, 2022 $	Three months ended March 31, 2021 $
Revenue		
AI and Technology	**2,118,435**	484,592
Health Security	**8,595,706**	18,561,296
	10,714,141	19,045,888
Direct costs	**(4,934,828)**	(8,116,848)
Gross profit	**5,779,313**	10,929,040
Expenses		
Salaries, benefits and consulting fees	**762,359**	771,885
Office and general	**366,327**	549,624
Other operating expenses	**300,768**	(8,142)
Share based compensation (notes 10 and 11)	**1,098,232**	3,268,404
Depreciation and amortization (notes 4, 5 and 7)	**643,210**	190,364
	3,170,896	4,772,135
Income before undernoted items	**2,608,417**	6,156,905
Share of loss from equity investee	**-**	(13,142)
Loss on dilution of investment in equity investee	**-**	(52,088)
Unrealized gain (loss) on marketable securities (note 9)	**(1,257,988)**	4,349,228
Loss on sale of marketable securities (note 9)	**(640)**	-
Gain on extinguishment of accounts payable	**-**	43,076
Interest and accretion	**(735)**	(10,936)
Other income	**70,600**	716
Foreign exchange gain	**4,593**	9,195
Income before income taxes	**1,424,247**	10,482,954
Income tax expense	**(71,697)**	(922,603)
Net income	**1,352,550**	9,560,351
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation adjustment	**(169,607)**	7,765
Comprehensive income	**1,182,943**	9,568,116
Weighted average number of common shares - basic	**355,977,145**	279,355,854
Weighted average number of common shares - diluted	**355,977,145**	281,912,837
Basic earnings (loss) per share	**0.01**	0.03
Diluted earnings (loss) per share	**0.01**	0.03

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2022 and 2021
(Canadian dollars, except for number of shares)

	Common Shares					
	Number	**Amount**	**Reserves**	**Deficit**	**Foreign currency translation reserve**	**Total**
		$	**$**	**$**	**$**	**$**
Balance – January 1, 2021	268,207,270	30,695,409	5,249,497	(32,681,256)	(17,293)	3,246,357
Net income for the period	-	-	-	9,560,351	-	9,560,351
Shares issued from exercise of options (note 10)	11,300,000	1,031,000	-	-	-	1,031,000
Shares issued for business acquisition	4,411,764	750,000	-	-	-	750,000
Foreign exchange translation	-	-	-	-	7,765	7,765
Share based compensation (note 10)	8,850,000	1,560,500	1,707,904	-		3,268,404
Balance – March 31, 2021	292,769,034	34,036,909	6,957,401	(23,120,905)	(9,528)	17,863,877
Balance –January 1, 2022	**355,166,034**	**47,771,587**	**8,310,315**	**(23,591,132)**	**(1,745)**	**32,489,025**
Net income for the period	**-**	**-**	**-**	**1,352,550**	**-**	**1,352,550**
Shares issued on exercise of options (note 10)	**1,000,000**	**309,485**	**(139,485)**	**-**	**-**	**170,000**
Foreign exchange translation	**-**	**-**	**-**	**-**	**(169,607)**	**(169,607)**
Share based compensation (note 10)	**-**	**-**	**1,098,232**	**-**	**-**	**1,098,232**
Balance – March 31, 2022	**356,166,034**	**48,081,072**	**9,269,062**	**(22,238,582)**	**(171,352)**	**34,940,200**

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021
(Canadian dollars)

	Three months ended March 31, 2022 $	Three months ended March 31, 2021 $
Cash flows provided by operating activities		
Net income	**1,352,550**	9,560,351
Adjustments to reconcile net loss to operating cash flow		
Depreciation of property and equipment (note 4)	**23,428**	11,815
Amortization of intangible assets (note 5)	**592,343**	170,752
Amortization of right-of use asset (note 7)	**25,339**	7,799
Accretion on lease liability (note 7)	**572**	131
Loss (gain) on dilution of investment in equity investee (note 9)	**-**	52,088
Loss (gain) on settlement of debt	**-**	(43,076)
Share of loss from equity investee (note 9)	**-**	13,142
Share based compensation (note 10)	**1,098,232**	3,268,404
Loss on sale of marketable securities	**640**	-
Unrealized loss on marketable securities (note 9)	**1,257,988**	(4,349,228)
Net change in operating assets and liabilities (note 6)	**(3,651,428)**	(6,980,320)
	699,664	1,711,858
Cash flows used in investing activities		
Purchase of property and equipment (note 4)	**(412,347)**	(8,477)
Proceeds from sale of marketable securities	**59,360**	-
	(352,987)	(8,477)
Cash flows from financing activities		
Proceeds from (repayment of) loan payable (note 8)	**-**	(87,571)
Principal payments of lease liability (note 7)	**(25,910)**	(4,414)
Proceeds from exercise of share options	**170,000**	1,031,000
	144,090	939,015
Effect of exchange rate changes on cash and cash equivalents	**(169,301)**	5,525
Increase in cash and cash equivalents	**321,466**	2,647,921
Cash and cash equivalents, beginning of period	**15,400,166**	1,971,987
Cash and cash equivalents, end of period	**15,721,632**	4,619,908
Supplementary information		
Interest paid	**-**	1,506
Income taxes paid	**-**	-

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

1 Description of business and organization

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

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

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

2 Significant accounting policies

Basis of presentation and statement of compliance

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

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on May 27, 2021. The consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency.

Basis of consolidation

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

The Company's wholly owned operating subsidiaries include:

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

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

Critical Accounting Estimates and Judgments

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

Judgments

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

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

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

b) **Intangible assets and goodwill**

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

c) **Income taxes**

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

d) **Share based compensation**

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

Estimates

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

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

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

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

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

(Canadian dollars)

3 Segment information

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

	Health Care $	AI and Technology $	Consolidated totals $
For the three months ended March 31, 2022			
Revenue	**8,595,706**	**2,118,435**	**10,714,141**
Direct costs	**4,671,525**	**263,303**	**4,934,828**
Gross profit	**3,924,181**	**1,855,132**	**5,779,313**
Segment income	**736,345**	**616,205**	**1,352,550**
For the three months ended March 31, 2021			
Revenue	18,656,949	388,939	19,045,888
Direct costs	7,937,478	179,370	8,116,848
Gross profit	10,719,471	209,569	10,929,040
Segment income (loss)	9,825,755	(265,404)	9,560,351
As at March 31, 2022			
Segment assets	**38,518,228**	**7,281,505**	**45,799,733**
Segment liabilities	**9,393,728**	**1,465,805**	**10,859,533**
As at December 31, 2021			
Segment assets	36,242,036	6,398,607	42,640,643
Segment liabilities	8,404,539	1,747,079	10,151,618

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

	Canada $	Korea $	Total $
For the three months ended March 31, 2022			
Revenue from external customers	**10,441,660**	**272,481**	**10,714,141**
Non-current assets	**18,380,330**	**256,032**	**18,636,362**

	Canada $	Korea $	Total $
For the three months ended March 31, 2021			
Revenue from external customers	18,694,142	351,746	19,045,888
Non-current assets	5,992,502	9,936	6,002,438

(Canadian dollars)

4 Property and equipment

	Computer equipment $	Office equipment and furniture $	Total $
Cost			
Balance at December 31, 2020	966,124	33,602	999,726
Additions	28,314	2,500	30,814
Write-off of fully depreciated assets	(766,004)	-	(766,004)
Balance at December 31, 2021	**228,434**	**36,102**	**264,536**
Additions	412,347	-	412,347
Effect of foreign exchange	-	(2,427)	(2,427)
Balance at March 31, 2022	**640,781**	**33,675**	**674,456**
Accumulated depreciation			
Balance at December 31, 2020	893,279	14,860	908,139
Depreciation	42,855	6,481	49,336
Write-off of fully depreciated assets	(766,004)	-	(766,004)
Effect of foreign exchange	-	1,600	1,600
Balance at December 31, 2021	**170,130**	**22,941**	**193,071**
Depreciation	21,730	1,698	23,428
Effect of foreign exchange	-	(2,121)	(2,121)
Balance at March 31, 2022	**191,860**	**22,518**	**214,379**
Carrying amounts			
Balance at December 31, 2021	58,304	13,161	71,465
Balance at March 31, 2022	**448,921**	**11,157**	**460,078**

(Canadian dollars)

5 Goodwill and other intangible assets

	Goodwill $	Trademark $	Non-competition agreements and others $	Patents and developed technologies $	Customer relationships $	Total intangibles $
Cost						
Balance at December 31, 2020	2,972,348	400,000	14,530,337	2,501,010	1,262,000	18,693,347
Acquisition – Concierge (note 13)	-	-	750,000	-	-	750,000
Acquisition – Medi-Call (note 13)	-	-	-	14,690,566	-	14,690,566
Disposition – Concierge (noe 14)	-	-	(750,000)	-	-	(750,000)
Balance at December 31, 2021 and March 31, 2022	**2,972,348**	**400,000**	**14,530,337**	**17,191,576**	**1,262,000**	**33,383,913**
Accumulated amortization						
Balance at December 31, 2020	-	-	14,423,422	1,556,033	392,595	16,372,050
Amortization	-	-	56,604	1,234,730	126,200	1,417,534
Balance at December 31, 2021	**-**	**-**	**14,480,026**	**2,790,763**	**518,795**	**17,789,584**
Amortization	-	-	14,146	546,647	31,550	592,343
Balance at March 31, 2022	**-**	**-**	**14,494,172**	**3,337,410**	**550,345**	**18,381,927**
Carrying amounts						
Balance at December 31, 2021	2,972,348	400,000	50,311	14,400,813	743,205	15,594,329
Balance at March 31, 2022	**2,972,348**	**400,000**	**36,165**	**13,854,166**	**711,655**	**15,001,986**

Nexalogy

As at March 31, 2022, patents, developed technologies, and non competition agreements had remaining useful lives of 0.64 years (December 31, 2021 - 0.89 years), and customer relationships had remaining useful lives of 5.64 years (December 31, 2021 - 5.89 years). Trademarks and other intangibles include indefinite life trademarks in the amount of $400,000 (December 31, 2021 - $400,000) relating to the Nexalogy brand which the Company intends to continue marketing and strengthening for the foreseeable future. The goodwill and indefinite life trademarks are both a result of the Nexalogy acquisition.

Medi-Call

As at March 31, 2022, developed technologies had remaining useful lives of 9.22 years (December 31, 2021 – 9.47 years).

(Canadian dollars)

6 Net change in operating assets and liabilities

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$	$
Cash flows provided by (used in)		
Trade and loan receivables	**(4,237,566)**	(7,709,169)
Prepaid expenses and other assets	**(147,115)**	180,259
Accounts payable and accrued liabilities and provisions	**733,253**	552,245
Deferred revenue	**-**	(3,655)
	(3,651,428)	(6,980,320)

7 Right-of-use asset and lease liability

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

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

Right-of-use asset

	$
Balance at December 31, 2020	**49,605**
Addition	220,320
Amortization charge for the year	(42,636)
Balance at December 31, 2021	**227,289**
Amortization charge for the year	(25,339)
Balance at March 31, 2022	**201,950**

Lease liability

	$
Balance at December 31, 2020	**46,089**
Addition	220,320
Accretion on lease liability	912
Lease payments	(43,549)
Balance at December 31, 2021	**223,772**
Accretion on lease liability	572
Lease payments	(25,910)
Balance at March 31, 2022	**198,434**
Classified as current	**97,233**
Classified as non-current	**101,201**

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

During the three months ended March 31, 2022, rent expense related to an office premises lease, which was exempt from lease accounting due to its short-term nature, was $10,930 (2021 - $21,315). The rent expense associated with this lease is included within office and general in profit or loss.

(Canadian dollars)

8 Debt

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

9 Marketable Securities

The continuity of marketable securities for the year ended December 31, 2021 is as follows:

	ScreenPro $	Graph $	Total $
Balance, December 31, 2020	-	-	-
Reclassified from investment in equity investee at carrying value	-	624,696	624,696
Unrealized gain on the reclassification date	-	12,639,101	12,639,101
Balance, February 18, 2021 (reclassification date)	-	13,263,797	13,263,797
Received	720,000	-	720,000
Fair value adjustment for the period	-	(11,398,575)	(11,398,575)
Balance, December 31, 2021	720,000	1,865,222	2,585,222
Disposition	(60,000)	-	(60,000)
Fair value adjustment for the period	(429,000)	(828,988)	(1,257,988)
Balance, March 31, 2022	**231,000**	**1,036,234**	**1,267,234**

During the three months ended March 31, 2022, the Company sold 300,000 shares of ScreenPro for proceeds of $59,360 resulting in a loss of $640.

10 Share capital and reserves

a) Common shares

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

<u>For the three months ended March 31, 2022:</u>

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

<u>For the year ended December 31, 2021:</u>

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

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

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

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

b) Share options

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

The Company recorded share based compensation of $1,098,232 (2201 - $1,707,904) associated with the vesting of stock options during the three months ended March 31, 2022.

(Canadian dollars)

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

	Number	Weighted average exercise price $
Options outstanding at December 31, 2020	**22,850,000**	**0.13**
Options granted	8,900,000	0.18
Options exercised*	(22,547,000)	0.13
Options cancelled	(453,000)	0.17
Options outstanding at December 31, 2021	**8,750,000**	**0.17**
Options granted	13,000,000	0.19
Options exercised*	(1,000,000)	0.17
Options outstanding at December 31, 2021	**20,750,000**	**0.18**

*On exercise of options, the Company transferred $139,485 from reserves to share capital.

The weighted average remaining life of the options outstanding at March 31, 2022 is 1.33 years (December 31, 2021 – 0.72).

On January 25, 2022, the Company granted 13,000,000 stock options to certain directors, officers, employees and advisors of the Company. The options are exercisable at a price of $0.19 per share, 25% vesting immediately and 25% vesting every 3 months, and expire two years from the date of grant. The fair value of these options was calculated using the Black-Scholes option pricing model with the following assumptions: (i) expected option life of 2 years; (ii) risk free rate of 1.28%; (iii) dividend yield of nil; and (iv) expected volatility of 165.04%; for a valuation of $0.1444 per option. The value of these options vested during the three months ended March 31, 2022 was $1,098,232.

c) **Warrants**

The following summarizes transactions involving warrants issued by the Company:

	Number	Weighted average exercise price $
Warrants outstanding at December 31, 2020	**-**	**-**
Warrants issued	60,000,000	0.26
Warrants outstanding at December 31, 2021 and March 31, 2022	**60,000,000**	**0.26**

On June 18, 2021, the Company issued 60,000,000 share purchase warrants with an exercise price of $0.26 expiring in 24 months in connection with the acquisition of Medi-Call (note 13). The fair value of these warrants was calculated to be $3,951,125 using the Black-Scholes option pricing model with the following assumptions: (i) expected warrant life of 2.00 years; (ii) risk free rate of 0.45%; (iii) dividend yield of nil; and (iv) expected volatility of 56.7%. All of these warrants remain outstanding at March 31, 2022.

(Canadian dollars)

11 Related party transactions and balances

a) Trade receivables

Included in trade receivables at March 31, 2022 was $48,000 (December 31, 2021 - $Nil) due from Graph for shared office costs.

b) Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at March 31, 2022 was $1,266 (December 31, 2021 - $16,600) due to an officer and a director of the Company.

c) Loan receivables

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

d) Compensation of key management personnel

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

	Three months ended March 31, 2022		Three months ended March 31, 2021	
	Amount $	Options vested	Amount $	Options vested
Cash based compensation	**320,132**	**-**	229,262	-
Share based compensation	**1,013,753**	**3,250,000**	3,159,913	11,200,000
	1,333,885	**3,250,000**	3,389,175	11,200,000

12 Fair values of financial instruments

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

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

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

Credit risk and economic dependence

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

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

Liquidity risk

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

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

	12 months $	1 to 2 years $	2 to 5 years $	Total $
Accounts payable and accrued liabilities	5,432,942	-	-	5,432,942
Long-term debt	-	30,000	-	30,000
At March 31, 2022	**5,432,942**	**30,000**	**-**	**5,462,942**

Market risk

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

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

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

Fair values of financial instruments

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

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

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

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

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

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

Capital management

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

The capital structure of the Company consists of shareholders' equity, which totaled $34,940,200 at March 31, 2022 (December 31, 2021 - $32,489,025). The availability of new capital will depend on many factors including positive stock market conditions, results of operations thereby access to suitable debt products, and the experience of management. The Company is not subject to any external covenants on its capital.

13 Acquisitions

Concierge

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

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

Ronin

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

Medi-Call

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

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

14 Asset disposition

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

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

Proceeds from disposition	**$**	**720,000**
Carrying amount of the net assets of Concierge		851,036
Loss on disposition	**$**	**131,036**