CAREBOOK TECHNOLOGIES INC.

Audited Annual Consolidated Financial Statements

December 31, 2023 and 2022

CAREBOOK TECHNOLOGIES INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

To the Shareholders of Carebook Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Carebook Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and December 31, 2022, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Company has incurred losses and negative cash flows from operations since inception, resulting in an accumulated deficit as at December 31, 2023. As stated in Note 2.1, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Revenue recognition

Key Audit Matter Description

As described in Notes 2.3 and 2.4 in the consolidated financial statements, the Company used judgement in the identification of performance obligations in revenue contracts with customers in accordance with the principles of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The Company uses significant judgement to assess whether professional services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. Revenue from the licensing of software that involved implementation or customization that is distinct, would be recognized as a separate performance obligation.

We consider this a key audit matter due to the significant auditor judgements required to evaluate whether professional services and implementation or customization are distinct and recognized as a separate performance obligation. There was significant audit effort, involving more senior professionals, required to address this matter.

Audit Response

We responded to this matter by performing audit procedures over revenue recognition. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the design and implementation of certain controls over revenue recognition including controls related to the Company's process to identify distinct performance obligations in certain customer contracts.
- For selected customer contracts, assessed the Company's determination of distinct/non-distinct performance obligations, by examining the contract source documents, comparing the Company's past assessment for similar contracts, and practices observed in the Company's industry.
- With the assistance of internal specialists, reviewed the Company's stated accounting policy to assess whether performance obligations have been appropriately identified and recognized in accordance with IFRS 15.
- We assessed the appropriateness and completeness of related disclosures in the consolidated financial statements.

Convertible Debentures

Key Audit Matter Description

As described in Note 14 in the consolidated financial statements, during the year, the Company issued a $2,000,000 convertible debenture. On issuance of the convertible debenture, the Company separated the convertible debt into liability and equity components. The Company initially measured the liability component at fair value and the residual proceeds' amount was allocated to the equity component. The accounting for convertible debt issuance is complex and requires judgment and estimation. Audit procedures performed to evaluate the reasonableness of the estimates and assumptions used required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of valuations specialists. Accordingly, we identified the 2023 convertible debenture issuance as a key audit matter.

Audit Response

We responded to this matter by performing procedures in relation to assessing the accounting for the convertible debenture issued during the year. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained and reviewed the convertible debt agreement entered into by the Company.
- We obtained management's assessment of the accounting for the convertible debenture and assessed for reasonability against our own independent assessment performed, with the assistance of internal specialists, particularly relating to the classification of the conversion feature and the market rate of interest used to discount the liability portion.

- We obtained management's working paper for convertible debentures, agreed details to the agreement and performed recalculations.
- We engaged internal valuations specialists to assess the adequacy of management's discount rate used for the determination of the fair value of the liability component on initial recognition.
- We assessed the appropriateness and completeness of related disclosures in the consolidated financial statements.

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 and 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 judgment 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Walter-Armando Gomez Figueroa.

Montréal, Québec

MNP LLP[1]

March 28, 2024

[1] By CPA auditor, public accountancy permit No. A142237

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CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2023 and 2022

Audited (Expressed in $000s CAD, except for number of shares and per share amounts)

	Note		December 31, 2023		December 31, 2022
REVENUE	3	$	12,255	$	9,254
Cost of revenue		$	2,075	$	1,617
Gross profit		**$**	**10,180**	**$**	**7,637**
EXPENSES					
Sales and marketing	4	$	925	$	1,455
Research and development	4	$	6,934	$	7,981
General and administrative	4	$	4,856	$	4,438
Loss from operations		**$**	**(2,535)**	**$**	**(6,237)**
M&A costs		$	-	$	17
Finance costs	5	$	1,513	$	1,082
Change in fair value of contingent consideration		$	-	$	(820)
Impairment	9	$	178	$	12,582
Other income	12, 20	$	(211)	$	-
Net loss before taxes		**$**	**(4,015)**	**$**	**(19,098)**
Income tax expense (recovery)	6	**$**	**(700)**	**$**	**(1,280)**
Net loss		**$**	**(3,315)**	**$**	**(17,818)**
Total comprehensive loss		**$**	**(3,315)**	**$**	**(17,818)**
Weighted average number of basic and diluted common shares			95,560,575		66,492,082
Basic and diluted loss per share		$	(0.03)	$	(0.27)

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

CAREBOOK TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and December 31, 2022
Audited (Expressed in $000s CAD)

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash and cash equivalents	7	$	695	$	740
Trade and other receivables	8	$	891	$	767
Prepaid expenses		$	237	$	263
Current portion of net investment in sublease	13	$	109	$	-
Total current assets		**$**	**1,932**	**$**	**1,770**
Non-Current Assets					
Property and equipment	9	$	-	$	244
Right-of-use assets	12	$	-	$	436
Net investment in sublease	13	$	425	$	-
Intangible assets	10	$	5,328	$	6,806
Total non-current assets		**$**	**5,753**	**$**	**7,486**
Total Assets		**$**	**7,685**	**$**	**9,256**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	2,412	$	3,161
Contract liabilities	3	$	2,609	$	2,138
Current portion of lease liabilities	12	$	99	$	120
Revolving Facility	14	$	586	$	1,661
Term Loan Facility	14	$	1,254	$	2,500
Tax liabilities	6	$	14	$	10
Total current liabilities		**$**	**6,974**	**$**	**9,590**
Non-Current Liabilities					
Non-current portion of contract liabilities	3	$	156	$	278
Lease liabilities	12	$	426	$	580
Convertible debt	14	$	5,922	$	3,646
Deferred tax liabilities	6	$	873	$	1,521
Total non-current liabilities		**$**	**7,377**	**$**	**6,025**
SHAREHOLDERS' EQUITY					
Share capital	15	$	45,926	$	43,479
Contributed surplus	15	$	14,257	$	11,917
Warrants reserve	15	$	9	$	2,008
Equity component of convertible debentures	14	$	792	$	572
Accumulated deficit	15	$	(67,650)	$	(64,335)
Total shareholders' Equity (Deficit)		**$**	**(6,666)**	**$**	**(6,359)**
Total Liabilities and Shareholders' Equity		**$**	**7,685**	**$**	**9,256**

Approved by the Board of Directors on March 28, 2024:

(s) Alasdair Younie	*(s) Stuart M. Elman*
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Director	Director

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

CAREBOOK TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

For the years ended December 31, 2023 and 2022

Audited (Expressed in $000s CAD, except for number of shares)

	Note	Share capital		Warrants reserve	Equity component of convertible debentures	Contributed surplus	Accumulated deficit	Total shareholders' equity (deficit)
		#	$	$	$	$	$	$
At January 1, 2022		**47,752,356**	**$ 39,067**	**$ 4,635**	**$ -**	**$ 9,228**	**$ (46,517)**	**$ 6,413**
Share based compensation	16	-	$ -	$ -	$ -	$ 53	$ -	$ 53
Issuance of converible debt to Shareholders	15	-	$ -	$ -	$ 778	$ -	$ -	$ 778
Deferred tax in respect of convertible debt	15	-	$ -	$ -	$ (206)	$ -	$ -	$ (206)
Expiration of lender warrants	15	-	$ -	$ (136)	$ -	$ 136	$ -	$ -
Expiration of private placement warrants	15	-	$ -	$ (2,008)	$ -	$ 2,008	$ -	$ -
Expiration of broker warrants	15	-	$ -	$ (492)	$ -	$ 492	$ -	$ -
Issuance of shares from Rights Offering	15	30,000,000	$ 4,491	$ -	$ -	$ -	$ -	$ 4,491
Issuance of warrants to Shareholder	15	-	$ -	$ 9	$ -	$ -	$ -	$ 9
Share Issuance Costs	15	-	$ (79)	$ -	$ -	$ -	$ -	$ (79)
Net loss		-	$ -	$ -	$ -	$ -	$ (17,818)	$ (17,818)
At December 31, 2022		**77,752,356**	**$ 43,479**	**$ 2,008**	**$ 572**	**$ 11,917**	**$ (64,335)**	**$ (6,359)**
At January 1, 2023		**77,752,356**	**$ 43,479**	**$ 2,008**	**$ 572**	**$ 11,917**	**$ (64,335)**	**$ (6,359)**
Share based compensation	15	-	$ -	$ -	$ -	$ 341	$ -	$ 341
Issuance of convertible debt to Shareholders	14	-	$ -	$ -	$ 299	$ -	$ -	$ 299
Deferred tax in respect of convertible debt	14	-	$ -	$ -	$ (79)	$ -	$ -	$ (79)
Issuance of shares	15	25,000,000	$ 2,500	$ -	$ -	$ -	$ -	$ 2,500
Share Issuance Costs	15	-	$ (53)	$ -	$ -	$ -	$ -	$ (53)
Expiration of lender warrants	15	-	$ -	$ (1,999)	$ -	$ 1,999	$ -	$ -
Net loss		-	$ -	$ -	$ -	$ -	$ (3,315)	$ (3,315)
At December 31, 2023		**102,752,356**	**$ 45,926**	**$ 9**	**$ 792**	**$ 14,257**	**$ (67,650)**	**$ (6,666)**

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

CAREBOOK TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWs
For the years ended December 31, 2023 and 2022
Audited (Expressed in $000s CAD)

	Note	December 31, 2023	December 31, 2022
Cash flows from (used in) operating activities			
Net loss		$ (3,315)	$ (17,818)
Adjustments for non-cash items:			
Income tax expense (recovery)	6	$ (700)	$ (1,280)
Share based compensation	15	$ 341	$ 53
Capital assets depreciation	9,12	$ 114	$ 260
Amortization of intangible assets	10	$ 1,478	$ 1,830
Amortization of deferred financing costs	5	$ -	$ 118
Accretion of convertible debt	14	$ 214	$ 23
Interest expense	5	$ 1,299	$ 656
Intangible Assets disposals	10	$ -	$ 28
Gain on net investment in sublease	13	$ (196)	$ -
Finance Income	13	$ (8)	$ -
Loss (Gain) on capital asset disposal	20	$ (7)	$ -
Impairment	9,10	$ 178	$ 12,582
Changes in non-cash working capital items:			
Trade and other receivables	8	$ (124)	$ 608
Prepaid expenses		$ 26	$ 45
Accounts payable and accrued liabilities	11	$ (455)	$ (158)
Contract liabilities	3	$ 349	$ 304
Net cash from (used in) operating activities		$ (806)	$ (2,749)
Cash flows from (used in) investing activities			
Purchases of property and equipment	9	$ (6)	$ -
Disposal of property and equipment	9	$ 20	$ -
Payments from net investment in sublease	13	$ 79	$ -
Acquisition of InfoTech		$ -	$ (971)
Acquisition of CoreHealth	11	$ (700)	$ (1,200)
Net cash from (used in) investing activities		**$ (607)**	**$ (2,171)**
Cash flows from (used in) financing activities			
Issuance of shares and warrants	15	$ 2,500	$ 4,500
Share issuance costs	15	$ (53)	$ (79)
Payments of principal on lease liabilities	12	$ (116)	$ (122)
Interest paid	5	$ (602)	$ (656)
Issuance (repayment) of Revolving Facility	14	$ (1,075)	$ (1,339)
Issuance (repayment) of Term Loan Facility	14	$ (1,246)	$ (1,500)
Issuance of Convertible debt	14	$ 2,000	$ 3,500
Convertible debt financing costs	14	$ (40)	$ (99)
Net cash from (used in) financing activities		**$ 1,368**	**$ 4,205**
Net increase (decrease) in cash and cash equivalents		$ (45)	$ (715)
Cash and cash equivalents - beginning of year		$ 740	$ 1,455
Cash and cash equivalents - end of year		**$ 695**	**$ 740**

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

Note 1 - General Information

Carebook Technologies Inc. (the “Company” or “Carebook”) was incorporated on July 11, 2018 under the *Business Corporations Act (British Columbia)* (“BCBCA”) under the name Pike Mountain Minerals Inc. (“Pike”).

On October 1, 2020, the Company (then known as Pike), together with its wholly-owned subsidiary 12235978 Canada Ltd. (“Subco”), concluded a three-cornered amalgamation with Carebook Technologies (2020) Inc., formerly known as Carebook Technologies Inc. (“Carebook 2020”), to complete an arm’s length reverse takeover transaction (the “RTO”). In connection with the closing of the RTO on October 1, 2020, the Company changed its name to “Carebook Technologies Inc.”

For accounting purposes, it has been determined that Pike was the accounting acquiree and Carebook 2020 was the accounting acquirer since the former shareholders of Carebook 2020 now control the Company, based on the guidance of IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer.

These consolidated financial statements are prepared as a continuation of the financial statements of Carebook 2020 but reflecting the continuation of the equity instruments of Pike as a result of the RTO.

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

- The Company;
- Carebook 2020; and
- Carebook Technologies (OPS) Inc. (a wholly owned subsidiary of Carebook 2020)

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

Effective as of September 15, 2021, the Company continued out of the jurisdiction of the *Business Corporations Act (British Columbia)* and into the jurisdiction of the *Canada Business Corporations Act*.

On April 6, 2021, the Company acquired 100% of the shares of InfoTech Inc. (“InfoTech”). InfoTech was incorporated in 1984. On August 6, 2021, the Company acquired 100% of the shares of CoreHealth Technologies Inc. (“CoreHealth”), which was incorporated in 2004.

The registered office of the Company is located at 1400-2045 rue Stanley, Montréal, Québec, Canada, H3A 2V4.

The principal activities of the Company consist of the development and commercialization of complete end-to-end digital health platforms that feature assessments, reporting, and targeted solutions offered through an array of selected partners and resellers, or directly to its primary end customers which are large employers across a variety of industries and pharmacies.

The Company’s common shares trade on the TSX Venture Exchange (“TSXV”) under the symbol CRBK, on the OTC Markets under the symbol CRBKF, and on the Open Market of the Frankfurt Stock Exchange under the symbol PMM1.

Note 2 – Summary of Material Accounting Policies

2.1 Basis of presentation and going concern

Basis of presentation

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company operates in a single reporting segment. During the year, the Company generated revenue primarily in the United States and Canada, with some revenue generated in Europe, Latin America and Asia. All non-current assets are held in Canada.

The Company's Board of Directors approved these annual consolidated financial statements on March 28, 2024. These annual consolidated financial statements have been prepared in accordance with the following material accounting policies that have been applied consistently to all the periods presented.

Basis of consolidation

The Company consolidates all controlled subsidiaries. These annual consolidated financial statements include the accounts of Carebook Technologies Inc. and its wholly-owned subsidiaries, Carebook Technologies (US), Inc., InfoTech Inc., and CoreHealth Technologies Inc. All of the Company's subsidiaries have head offices located in Canada except for Carebook Technologies (US), Inc., whose head office is located in the United States. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances are eliminated upon consolidation.

Functional and presentation currency

The functional currency of the Company and its subsidiaries is the Canadian dollar except for Carebook Technologies (US), Inc., where the functional currency is the US dollar. All figures are presented in thousands of Canadian dollars ("$000s CAD") unless they refer to share or per share figures, including other securities, such as warrants and options, which are also not presented in $000s, or it is otherwise specified.

Going concern

These annual consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

As at December 31, 2023, the Company's current liabilities exceeded its current assets by $5,042 ($7,820 at December 31, 2022). The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $67,650 as at December 31, 2023 ($64,335 at December 31, 2022). To date, the Company has incurred significant costs relating to the development of its technology and service offerings, recruitment of key personnel, and establishing a market for the Company's services. The Company may incur further losses in the development of its business in the near-term and given the funds required to cover any monthly burn rate, the Company's working capital may be insufficient to meet its obligations. The Company may therefore rely on debt and equity financing to finance its operations, meet its working capital needs, service the repayment of debt and fund its growth initiatives, including its mergers and acquisitions.

The going concern expectation is based on certain assumptions and estimates such as the ability of the Company to generate revenue from current and prospective customers, meet general and administrative expense requirements, and the ability of the Company to raise capital through equity issuances or debt financing.

The Company's ability to successfully raise additional funds is dependent on several factors outside the Company's control and largely unknown particularly due to the state of the global economy. As such, there can be no assurance that these initiatives will be successful or sufficient. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management regularly evaluates alternatives to secure additional financing so that the Company can continue to operate as a going concern.

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

2.2 New and amended IFRS standards and interpretations

Effective for the current year ending December 31, 2023

The following revised standards are effective for annual periods beginning on January 1, 2023, and have been adopted in the current period:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2

Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and removed all the non-material accounting policies in these annual consolidated financial statements.

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual consolidated financial statements.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual consolidated financial statements.

2.3 Material accounting policies

Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified at fair value through profit and loss, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Foreign currency translation

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

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rates prevailing during the period. Foreign currency differences are recognized in other comprehensive income (loss).

Revenue recognition

Contracts with the Company's customers generally represent software as a service arrangements and related implementation and configuration services. The Company also provides development services for customers.

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

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

Revenue is recognized when or as the Company satisfies a performance obligation by transferring a promise of good or service to the customer and is measured at the amount of consideration the Company expects to be entitled to receive, including variable consideration, such as, discounts, volume rebates, service-level penalties, and incentives. Variable consideration is estimated using either the expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur. In making this judgment, management will mostly consider all information available at the time (historical, current, and forecasted), the Company's knowledge of the client or the industry, the type of services to be delivered and the specific contractual terms of each arrangement.

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

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

There is not a significant length of time between invoicing and when payment is due; hence, none of the Company's contracts contained terms that would result in the existence of a significant financing component. The Company's standard terms of payment for most customers are typically 30 to 60 days after invoicing, while certain development services are paid to the Company in advance of the contracted services.

Amounts received in advance of the performance of services are classified as contract liabilities.

Cost of revenue

Cost of revenue is comprised of costs related to hosting the Carebook platforms and employee compensation for the customer success personnel. Cost of revenue does not include costs relating to amortization and depreciation of technology or employee compensation for platform engineers and developers.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. At the end of each reporting period, the Company revises its estimate of the number of awards expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Finance costs

Interest expense on short- and long-term financing is recorded using the effective interest rate method.

Income taxes

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

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

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

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

Investment tax credits

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

Investment tax credits for research and development are reflected as a reduction in the expenses to which they relate.

Intangible assets

Recognition, measurement, and amortization

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

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

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

During the years ended December 31, 2023, and December 31, 2022, the Company did not capitalize any internally generated intangible assets.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in business combination are amortized using the straight-line method over their useful lives as outlined below:

- Software – 6 years ;
- Trademarks – 6 years; and
- Customer relationships– 10 years.

Impairment tests for property and equipment and intangible assets

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

Financial instruments

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

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

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

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

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

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

Financial instruments may be designated on initial recognition as FVPL if any of the following criteria are met: i) embedded derivatives that are clearly and closely related, if the host contract is measured in FVPL; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Gains and losses related to periodic revaluations of financial assets and liabilities designated as FVPL are recorded in net income (loss).

(i) Classification and measurement

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

The classification of financial assets is determined at initial recognition. Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

Financial Liabilities are recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

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

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

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

- Cash and cash equivalents and trade and other receivables are classified as and subsequently measured at amortized cost using the effective interest method. These financial assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows provided they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and are carried at amortized cost using the effective interest rate method, less any impairment. These assets are classified as current or non-current assets based on their maturity date.
- Accounts payable and accrued liabilities, contract liabilities, revolving facility, term loan facility, holdbacks payable, consideration payable and convertible debt are classified as and subsequently measured at amortized cost using the effective interest method.

(ii) Impairment of financial assets

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

(iii) Fair value

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

(iv) Offsetting financial instruments

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

Convertible debt

The Company reviews the terms of the convertible debt to determine whether there are embedded derivatives or equity instruments that are required to be separated and accounted for as individual financial instruments.

Embedded Derivatives

In accordance with IFRS, conversion option features that have economic characteristics and risks that are not fixed or closely related to those of the host instrument should be classified as embedded derivatives. Embedded derivatives are treated as a separate derivative from the host contract.

In the circumstances where the convertible debt contain embedded derivatives that are to be separated from the convertible debt host contracts, the total proceeds received are first allocated to the fair value of the derivative financial instruments . The remaining proceeds, if any, are allocated to the convertible debt host contracts.

The host contracts are usually financial liabilities that are recorded at a discount from the principal amount. The discount on the host contracts is expensed over the expected life of the instruments to profit (loss) using the effective interest rate method. The effective interest rate expense has been classified as accretion expense in the consolidated financial statements and corresponding financial statement notes.

The embedded derivatives are subsequently fair valued each reporting period, which the difference in the fair value amount is recorded as gains (losses) in the consolidated statement of loss and comprehensive loss. In addition, the host contracts are recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The effective interest expense is included in the net finance costs in the consolidated statement of loss and comprehensive loss.

Equity Conversion Options

In accordance with IFRS, conversion features that do not include an obligation for the Company to deliver a variable number of its own equity instruments are classified as equity.

In circumstances where the convertible debt contains an equity conversion component that can be separated from the convertible debt host contract, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity conversion option. The remaining proceeds, if any, are allocated to the conversion equity component.

The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The effective interest rate expense has been classified as accretion expense in the consolidated financial statements and corresponding financial statement notes. The effective interest expense is included in the net finance costs in the consolidated statement of loss and comprehensive loss.

The equity component is recognized and included in equity, without being subsequently remeasured. The conversion option classified as equity reserves will remain in equity until the conversion option is exercised, in which case, the portion recognized as equity reserves will be transferred to common shares.

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

Leases

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Subleases

The Company recognizes net investment in subleased assets at the commencement date of the sublease. The net investment in subleased assets is measured at the present value of lease payments to be received over the sublease term. The lease payments include fixed payments to be received less any sublease incentive payable, variable lease payments to be received that depend on an index or a rate, and amounts expected to be received under residual value guarantees. The net investment in the sublease also includes the exercise price of a purchase option reasonably certain to be exercised by the sublessee and payments to be received relating to penalties for the sublessee terminating the sublease, if the lease term reflects the sublessee exercising the option to terminate. Variable lease payments to be received that do not depend on an index or a rate are recognized as income in the period in which the event or condition that triggers the payment occurs. Lastly, initial indirect costs associated with the sublease are included in the net investment in the sublease on the commencement date of the sublease.

In calculating the present value of lease payments to be received, the Company uses the incremental borrowing rate of the head lease at the sublease commencement date if the implicit interest rate in the sublease is not readily determinable. After the commencement date, the amount of net investment in the sublease is increased to reflect the finance income earned on the sublease and reduced by the lease payments received from the sublessee. In addition, the carrying amount of net investment in the sublease is remeasured if there is a modification or a change in the lease term.

Cash and cash equivalents

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

Share capital

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

Earnings per share

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

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

Segment reporting

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

2.4 Significant judgments and estimates

The preparation of the Company's annual consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reporting amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at each reporting date. The outcome of these uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assessment of revenue recognition under IFRS 15

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

Implementation and configuration relate to the Company's professional services for the implementation and configuration of the Company's various licensed software products. Management recognizes revenue for the professional services related to implementation and configuration based on the estimated completion of the work performed for the client to date based on the input method.

Software development relates to the Company's professional services for custom product features for the different licensed software products. Management recognizes revenue for the professional services related to software development based on the estimated completion of the work performed for the client to date based on the input method. For one of its large development contracts, management applied significant judgment to allocate the transaction price between the software development and software as a service performance obligations. Management used the expected cost plus a margin approach to estimate the standalone selling prices of each distinct service.

Licensed Software revenue related to the Company's proprietary offering of its online software as a service ("SaaS") platform is recognized ratably over the contract term as the service is delivered. The contract term begins when the service is made available to the customer. The Company applies the time elapsed method to measure progress towards complete satisfaction of license subscription revenue performance obligations. The time elapsed provides a faithful depiction of the Company's performance towards complete satisfaction of its performance obligations as a customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs on a daily basis.

Assessment of Trade Receivable Impairment Allowance (Expected Credit Losses)

In accordance with IFRS 9, management determines lifetime expected credit losses ("ECLs") on its trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the default which are then applied over the expected life of the trade receivables, adjusted for forward looking information of economic and other factors affecting the ability of customers to settle the trade receivables.

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

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

Convertible debt

In determining the fair value of the convertible debt liability and equity component of the convertible debt, the Company had to estimate the market rate of interest for similar debt without the conversion features. The effective interest rate is subject to management's best estimates and comparable interest rates on debt internally and in the market without conversion features.

Fair value of share-based payments

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

Income taxes

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

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

Going concern

Determining whether there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern requires management to exercise its judgment in particular about its ability to obtain future financing and projected future cash flows and liabilities. Significant judgments related to the Company's ability to continue as a going concern are disclosed in Note 2.1.

2.5 Fair value measurement

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

The fair value hierarchy consists of three broad levels described below:

Level 1: Quoted market prices in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted market prices that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3: Inputs that are both significant to the fair value measurement and unobservable.

Refer to Note 14 - Borrowings and Note 16 - Financial Instruments for more information.

Audited (Expressed in $000s CAD)

Note 3 - Revenue

The Company’s revenue by service offering for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023		December 31, 2022	
Revenue consists of the following:				
Software as a service (SaaS)	$	7,506	$	6,007
Implementation and configuration	$	817	$	1,032
Software development	$	3,770	$	2,070
Other revenue	$	162	$	145
Total revenue	**$**	**12,255**	**$**	**9,254**

The Company has a large contract with one customer which generated approximately $4,525 of revenue (SaaS - $755 and Software development - $3,770) during the year ended December 31, 2023, compared to $2,813 of revenue (SaaS - $735 and Software development - $2,070) from the same customer during the year ended December 31, 2022.

The Company’s revenue by geographic region for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023		December 31, 2022	
Canada	$	4,904	$	3,525
USA	$	6,490	$	5,011
Other Contries	$	861	$	718
Total revenue	**$**	**12,255**	**$**	**9,254**

The Company’s non-current assets are all located geographically in Canada.

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

	2023		2022	
Balances as at January 1,	$	2,416	$	2,112
Decrease from satisfied performance obligations	$	(12,180)	$	(7,596)
Increase from changes as a result of the measures in progres	$	12,529	$	7,900
Balance as at December 31,	$	2,765	$	2,416
Of which current	$	2,609	$	2,138
Of which is non-current	$	156	$	278

Audited (Expressed in $000s CAD)

Note 4 - Operating Expenses by Function

The Company's operating expenses are broken down by function for the years ended December 31, 2023 and 2022 as follows:

Sales and marketing expenses consisted of the following:

	December 31, 2023		December 31, 2022	
Labour & employee benefits	$	713	$	1,505
Share-based compensation	$	23	$	(284)
Marketing	$	189	$	234
Total sales and marketing expenses	**$**	**925**	**$**	**1,455**

Research and development expenses consisted of the following :

	December 31, 2023		December 31, 2022	
Labour & employee benefits	$	4,629	$	5,044
Share-based compensation	$	76	$	151
Research and development	$	724	$	858
Depreciation & amortization	$	1,505	$	1,928
Total research and development expenses	**$**	**6,934**	**$**	**7,981**

General and administrative expenses consisted of the following:

	December 31, 2023		December 31, 2022	
Labour & employee benefits	$	2,272	$	1,803
Share-based compensation	$	235	$	173
Rent	$	144	$	157
Professional fees	$	805	$	1,384
General and administrative	$	1,314	$	740
Depreciation	$	86	$	181
Total general and administrative expenses	**$**	**4,856**	**$**	**4,438**

Share-based compensation for the year ended December 31, 2023 of $341 includes $7 related to cost of revenue, and thus not included in the table above. Share-based compensation for the year ended December 31, 2022 of $53 includes ($328) classified as sales and marketing expenses related to share-based compensation to be paid to certain sellers of CoreHealth if they remained employed by the Company and if certain predetermined revenue targets are achieved by CoreHealth, and $13 related to cost of revenue, and thus not included in the table above.

In March 2023, the Company received approval for $512 in research and development investment tax credits from the Quebec government. The Company has recognized $512 for the investment tax credits which offsets research and development labor costs during the year ended December 31, 2023.

In July 2023, the Company received approval for a $23 research and development grant from Prompt, a trust agency of the Ministry of Economy, Innovation and Energy research group in Quebec. The Company has recognized $23 for the grant which offsets research and development labor costs during the year ended December 31, 2023.

Audited (Expressed in $000s CAD)

Note 5 – Finance Costs

The components of finance costs within the consolidated statements of loss and comprehensive loss for years ended December 31, 2023 and 2022 were as follows:

	Note	December 31, 2023	December 31, 2022
Finance costs consist of the following:			
Amortization of deferred financing costs		$ -	$ 118
Accretion on holdbacks payable		$ -	$ 123
Interest on credit facilities	14	$ 515	$ 544
Interest on convertible debt	14	$ 697	$ 162
Accretion on convertible debt	14	$ 214	$ 23
Lease liabilities	12	$ 55	$ 65
Other		$ 32	$ 47
Total finance costs		**$ 1,513**	**$ 1,082**

Note 6 – Income tax

As described in Note 2.4, a detailed assessment was performed based on expected future performance and taxable income. The recovery of income taxes attributable to the loss before taxes differs from amounts computed in applying the combined federal and provincial tax rate of 26.5% (26.5% in 2022) as a result of the following:

	December 31, 2023	December 31, 2022
(Loss) income before taxes	(4,015)	(19,098)
Combined tax rates	26.5%	26.5%
Income tax recovery	(1,064)	(5,061)
Adjustments		
Non-deductible expenses and other	96	(107)
Impairment of goodwill	-	2,944
Change in estimates	(76)	(373)
Origination and reversal of temporary differences not recognized	344	1,317
Income tax expense (recovery)	(700)	(1,280)

The Company's income tax (recovery) is allocated as follows:

	December 31, 2023	December 31, 2022
Current tax expense (recovery)	5	-
Deferred tax expense (recovery)	(705)	(1,280)
	(700)	(1,280)

Audited (Expressed in $000s CAD)

The components of deferred income taxes as at December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Deferred Tax Assets:		
Property and equipment	2,894	2,980
Lease Liabilities	-	70
Deferred financing costs	202	705
Non-capital losses carryforwards	5,919	4,517
SR&ED expenditures carryforward	596	482
SR&ED investment tax credits	457	430
	10,068	9,184
Deferred tax assets not recognized	(9,502)	(9,184)
Deferred tax assets recognized	566	-
Deferred Tax Liabilities:		
Intangible assets	1,439	1,521
	1,439	1,521
Net deferred tax liabilities	873	1,521

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

	December 31, 2023	December 31, 2022
Canadian federal non-capital losses carryforward	20,064	18,808
Canadian provincial non-capital losses carryforward	20,715	18,021
United States non-operating losses carryforward	48	107
Property and equipment	10,884	11,244
Deferred Financing Costs	1,737	2,661
Federal SR&ED expenditures carryforward	2,563	2,096
Provincial SR&ED expenditures carryforward	1,596	1,459

As at December 31, 2023 and 2022, the Company had Canadian federal non-capital loss carryforwards of $20,064 and $18,808, respectively, and Canadian provincial non-capital loss carryforwards of $20,715 and $18,021, respectively, available to be used to offset future taxation income. The non-capital losses, if unused expire between 2035 and 2043.

As at December 31, 2023 and 2022, the Company had US net operating loss carryforwards of $48 and $107, respectively, available to be used to offset future taxable income, which if unused expire in 2043.

As at December 31, 2023 and 2022, the Company has unutilized SR&ED investment tax credits carryovers to reduce income tax payable in the future, and in respect of which the Company has not recognized an asset in the amount of $457 and $430, respectively, which expire between 2037 and 2042.

Note 7 – Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 695	$ 740

Audited (Expressed in $000s CAD)

As at December 31, 2023 and December 31, 2022, all cash and cash equivalents represented cash in banks and on hand.

Note 8 - Trade and Other Receivables

The Company had $891 in trade and other receivables as at December 31, 2023 and $767 in trade and other receivables as at December 31, 2022. These receivables consisted of trade receivables for unpaid client invoices, and receivables from government agencies.

	December 31, 2023		December 31, 2022	
Trade receivables	$	1,012	$	778
Expected credit losses	$	(125)	$	(19)
Other receivables	$	4	$	8
Total trade and other receivables	**$**	**891**	**$**	**767**

Impairment allowance

The Company periodically reviews its customers' account aging, credit worthiness, payment histories, and balance trends in order to evaluate trade receivables for impairment and estimate lifetime expected credit losses. Management also considers historical losses and whether changes in general economic conditions and if the industries in which the Company operates are likely to impact the ability of the Company's customers to remain within agreed payment terms or to pay their account balances in full. Historically, the Company has a low level of customer default as a result of its historical experience with the Company's customer base and an active credit monitoring function. However, an additional impairment allowance of $106 was recognized in 2023 for specific customers that may be uncollectible in the future based on their outstanding balances extending beyond the agreed payment terms.

The following table represents the change in expected credit losses for the years ended December 31, 2023 and 2022:

	2023		2022	
Balance as at January 1,	$	19		138
Increase (Decrease) in expected credit losses	$	106	$	(119)
Balance as at December 31,	**$**	**125**	**$**	**19**

The maximum exposure to credit risk as at the reporting date was the carrying value of trade and other receivables.

The Company had $23 of trade receivables direct write-offs during the year ended December 31, 2023 ($147 of trade receivables direct write-offs during the year ended December 31, 2022). In 2022, $138 of the trade receivable write-off amount related to a customer who filed for bankruptcy.

Audited (Expressed in $000s CAD)

Note 9 - Property and Equipment

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

	Leasehold Improvements	Furniture	Computer Hardware	Software	Office Equipment	Total
Balance as at January 1, 2022	$ 267	$ 38	$ 66	$ 2	$ 16	$ 389
Depreciation expense	$ (52)	$ (29)	$ (50)	$ (1)	$ (15)	$ (147)
Balance as at December 31, 2022	$ 215	$ 9	$ 16	$ 1	$ 1	$ 242
Cost	$ 400	$ 147	$ 272	$ 4	$ 16	$ 839
Less accumulated depreciation	$ (185)	$ (138)	$ (255)	$ (3)	$ (15)	$ (596)
Balance as at December 31, 2022	**$ 215**	**$ 9**	**$ 17**	**$ 1**	**$ 1**	**$ 244**
Balance as at January 1, 2023	$ 215	$ 9	$ 17	$ 1	$ 1	$ 243
Additions	$ -	$ -	$ 6	$ -	$ -	$ 6
Disposals	$ (14)	$ (6)	$ -	$ -	$ -	$ (20)
Depreciation expense	$ (23)	$ (3)	$ (23)	$ (1)	$ (1)	$ (51)
Impairment	$ (178)	$ -	$ -	$ -	$ -	$ (178)
Balance as at December 31, 2023	$ -	$ -	$ -	$ -	$ -	$ -
Cost	$ 208	$ -	$ 278	$ 4	$ 16	$ 506
Less accumulated depreciation	$ (208)	$ -	$ (278)	$ (4)	$ (16)	$ (506)
Balance as at December 31, 2023	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

On May 1st, 2023, the sublease for the Montreal office commenced which resulted in an impairment for the leasehold improvements related to the Montreal office as the Company will no longer be benefiting from the leasehold improvements, see Note 12 – Leases and Note 13 – Net Investment in Sublease. Management recognized an impairment loss of $178 on the leasehold improvements in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

On November 15, 2023, the Company terminated the CoreHealth office lease, see Note 12 – Leases, which resulted in a leasehold improvements disposal loss of $14 that is recognized in consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

As at December 31, 2023, and 2022 the Company did not have any accrued balances for acquired property and equipment within accounts payable and accrued liabilities.

Note 10 - Intangible Assets and Goodwill

Changes in intangible assets were as follows:

	Capitalized Development	Trademark	Technology	Intellectual Property	Customer Relationships	Total Intangible Assets	Goodwill
Balance as at January 1, 2022	$ 39	$ 1,967	$ 7,665	$ -	$ 464	$ 10,135	$ 11,111
Additions	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization	$ (11)	$ (363)	$ (1,407)	$ -	$ (49)	$ (1,830)	$ -
Disposals	$ (28)	$ -	$ -	$ -	$ -	$ (28)	$ -
Impairment	$ -	$ (348)	$ (1,065)	$ -	$ (58)	$ (1,471)	$ (11,111)
Balance as at December 31, 2022	$ -	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806	$ -
Cost	$ -	$ 1,832	$ 7,375	$ 1,950	$ 432	$ 11,589	$ -
Less accumulated depreciation or impairment losses	$ -	$ (576)	$ (2,182)	$ (1,950)	$ (75)	$ (4,783)	$ -
Balance as at December 31, 2022	**$ -**	**$ 1,256**	**$ 5,193**	**$ -**	**$ 357**	**$ 6,806**	**$ -**
Balance as at January 1, 2023	$ -	$ 1,256	$ 5,193	$ -	$ 357	$ 6,806	$ -
Additions	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization	$ -	$ (281)	$ (1,155)	$ -	$ (42)	$ (1,478)	$ -
Disposals	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Balance as at December 31st, 2023	$ -	$ 975	$ 4,038	$ -	$ 315	$ 5,328	$ -
Cost	$ -	$ 1,832	$ 7,375	$ 1,950	$ 432	$ 11,589	$ -
Less accumulated depreciation or impairment losses	$ -	$ (857)	$ (3,337)	$ (1,950)	$ (117)	$ (6,261)	$ -
Balance as at December 31, 2023	**$ -**	**$ 975**	**$ 4,038**	**$ -**	**$ 315**	**$ 5,328**	**$ -**

As at December 31, 2023, the Company concluded that there were no indications of impairment on any of its CGUs.

The Company performed an assessment for goodwill impairment as of December 31, 2022 for the Infotech CGU and CoreHealth CGU.

The recoverable amount was determined using the value-in-use approach. Under the value-in-use approach, the recoverable amount is calculated based on the present value of five-year future expected cash flows expected to be derived from each CGU.

Recoverable Amount – Key Assumptions

The calculation for the recoverable amount is most sensitive to assumptions relating to discount rates, terminal growth rates, and projected cash flows.

Discount Rate

Discount rates represent the current market assessment of the risks specific to the operating segment. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (“WACC”). The WACC reflects a target debt-to equity ratio. The cost of equity is derived from the expected return on investment by the Company’s investors. The cost of equity considers the risk-free rate, market equity risk premium, size premium and risk specific to the CGUs’ underlying assets that have not been considered in the cash flow projections. The risk premiums assigned are evaluated annually based on publicly available market data. The cost of debt is based on the interest- bearing borrowings that the Company is obliged to service. The discount rates used for the Infotech CGU and CoreHealth CGU were 26% and 23.5%, respectively.

Cash Flows

Projections around cash flows are most impacted by management’s best estimates regarding future revenue growth considering internal and external available information. Management also reviews the Company’s projected revenue growth against expected growth from published reports and industry expectations. Management also estimates expected costs to be incurred considering historical results, planned operations and external information such as market expectations around inflation. Revenue growth rates and operating margins were based on 2023 budget internally approved and presented to the Board and further projected over a five-year forecast period.

Terminal Growth Rate

Growth rates are based on management’s best estimates considering historical and expected operating plans, strategic plans and industry outlook. The Company has applied a rate of 1.7% growth rate to determine the terminal value for each CGU.

Infotech CGU

For the year ended December 31, 2022, the Company concluded that the carrying value of the Infotech CGU was $8,345 higher than the recoverable amount. The Company recognized a goodwill impairment loss of $6,874 in the consolidated statement of loss and comprehensive loss. After fully impairing the CGU’s goodwill, the excess carrying amount above the recoverable was allocated pro-rata on the basis of the carrying amount of each asset in the unit. In addition, the Company recognized an intangible asset impairment loss of $1,471 in the consolidated statements of loss and comprehensive loss.

Audited (Expressed in $000s CAD)

CoreHealth CGU

For the year ended December 31, 2022, the Company concluded that the carrying value of the CoreHealth CGU was $4,237 higher than the recoverable amount. The Company recognized a goodwill impairment loss of $4,237 in the consolidated statements of loss and comprehensive loss.

Note 11 - Accounts Payable and Accrued Liabilities

As at December 31, 2023 and 2022, the accounts payable and accrued liabilities consisted of the following:

	December 31, 2023		December 31, 2022	
Trade payables	$	663	$	1,358
Employee entitlements	$	792	$	368
Current portion of holdbacks	$	-	$	500
Current portion of consideration payable	$	-	$	200
Current portion of interest payable	$	92	$	68
Other payables and accrued liabilities	$	865	$	667
Total accounts payable and accrued liabilities	**$**	**2,412**	**$**	**3,161**

Note 12 - Leases

Office Leases

The Company leases office space for use in its operations in Montreal. In March 2018, the Company signed an office lease for an initial term of 10 years with two additional five-year extensions exercisable by the Company. At lease commencement, the extensions were not deemed to be reasonably certain to be exercised by the Company; thus, these extensions were not included in the term for the lease liability and right-of-use ("ROU") asset. The lease provides for additional rent payments that relate to the property taxes levied on the lessor, insurance payments made by the lessor, and operating expenses and common area maintenance expenses charged by the lessor. These amounts are generally determined annually.

In March 2020, the Company amended the Montreal lease to increase the square footage of office space lease utilized. The terms of the additional office space lease remained consistent with the original lease agreement and represented incremental lease payments in consideration for the increased space for use by the Company. The additional office space was deemed a new lease and included in the carrying amounts of the lease liability and ROU asset.

On November 10, 2022, the Company entered into an agreement to sublease (the "Sublease") the entire premises of its Montreal office commencing on May 1, 2023 until the end of the lease on July 31, 2028. On May 1st, 2023, the Company derecognized the ROU asset for the Montreal office at its carrying amount and recognized the net investment for the sublease. The net investment in the sublease consists of the initial direct costs to obtain the sublease and present value of the lease payments from the subtenant on inception. Management recognized a gain of $196 on inception of the sublease in other income in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

In April 2021, the Company acquired a lease liability for InfoTech's office space. The term remaining on the lease was less than 1 year as at the acquisition date, therefore the lease liability and ROU asset were not recognized under IFRS 16. Instead, the lease payments are expensed over the lease term. This lease was not renewed for 2022.

In August 2021, the Company acquired a lease liability for CoreHealth's office space with a five-year term ending January 2025, with no renewal option. The lease provides for additional rent payments that relate to the property taxes levied on the lessor, insurance payments made by the lessor, and operating expenses and common area maintenance expenses charged by the lessor. These amounts are generally determined annually. The ROU asset recorded as at the acquisition date for this lease was $156. As at the acquisition date, the gross value remaining on the lease was $154, which was discounted at a rate of 8% when adopting IFRS 16.

Audited (Expressed in $000s CAD)

On November 15, 2023, the Company terminated the CoreHealth office space and derecognized the ROU asset and lease liability. The Company recognized a gain of $7 on the lease termination in other income in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

Changes in ROU Assets

The following table represents the changes in ROU assets for the years ended December 31, 2023 and 2022:

Cost of right-of-use assets		**December 31, 2023**		**December 31, 2022**
Balance as at January 1	$	762	$	762
Additions	$	-	$	-
Disposal by lease terminations	$	(156)	$	-
Transfer to net investment in sublease	$	(597)	$	-
Balance at end of year	**$**	**9**	**$**	**762**
Less accumulated amortization	$	9	$	326
Net book value at year end	**$**	**-**	**$**	**436**

Lease Liabilities

The following table outlines the maturity of the contractual payments due under the Company's lease arrangements as at December 31, 2023 and December 31, 2022:

Lease Liabilities		**December 31, 2023**		**December 31, 2022**
Less than 1 year	$	140	$	175
1 to 5 years	$	492	$	618
More than 5 years	$	-	$	72
Total	**$**	**632**	**$**	**865**
Less: impact of discounting	$	107	$	165
Total lease liabilities	**$**	**525**	**$**	**700**
Of which non-current	$	426	$	580
Of which current	$	99	$	120

The expenses relating to variable lease payments not included in the measurement of lease obligations were $183 and $211 for the years ended December 31, 2023 and 2022, respectively. This consists primarily of variable lease payments related to operating expenses and other costs associated with the office space leases. For the years ended December 31, 2023 and 2022, expenses relating to short-term and low-value leases were both nil and total cash outflows for leases and other rents were $353 and $414, respectively.

Audited (Expressed in $000s CAD)

Note 13 – Net Investment in Sublease

In May 2023, the Company subleased the Montreal Office that has been presented as a net investment in the sublease. During the year ended December 31, 2023, the Company has recognized finance income on the Net investment in sublease of $8 (Nil - 2022). The following table sets out a maturity analysis of the undiscounted lease payments to be received after December 31, 2023:

	December 31, 2023		December 31, 2022	
2024	$	120	$	-
2025	$	120	$	-
2026	$	123	$	-
2027	$	127	$	-
2028	$	76	$	-
Thereafter	$	-	$	-
Total Undiscounted lease receivable	$	566	$	-
Unearned finance income	$	32	$	-
Net investment in sublease	$	534	$	-
Of which non-current	$	425	$	-
Of which current	$	109	$	-

Audited (Expressed in $000s CAD)

Note 14 – Borrowings

14.1 Analysis by nature

	As at December 31, 2023		
	Carrying Amount	Fair Value	Effective Rate
Revolving Facility	$ 586	$ 586	9.52%
Term Loan Facility	$ 1,254	$ 1,254	10.02%
Total short-term borrowings	**$ 1,840**	**$ 1,840**	
Convertible debt	$ 5,922	$ 6,901	18.54% - 20.57%
Total long-term borrowings	**$ 5,922**	**$ 6,901**	
Total borrowings	**$ 7,762**	**$ 8,741**	
Of which non-current	$ 5,922		
Of which current	$ 1,840		

	As at December 31, 2022		
	Carrying Amount	Fair Value	Effective Rate
Revolving Facility	$ 1,661	$ 1,661	13.49%
Term Loan Facility	$ 2,500	$ 2,500	13.49%
Total short-term borrowings	**$ 4,161**	**$ 4,161**	
Loan Agreements	$ 3,646	$ 3,414	18.54% - 20.57%
Total long-term borrowings	**$ 3,646**	**$ 3,414**	
Total borrowings	**$ 7,807**	**$ 7,575**	
Of which non-current	$ 3,646		
Of which current	$ 4,161		

14.2 Movements in borrowings

	December 31, 2023	December 31st, 2022
Balance as at January 1,	$ 7,807	$ 8,000
Net Issuance (repayment) of Term Facility	$ (1,246)	$ (1,500)
Net Issuance (repayment) of Revolving Facility	$ (1,075)	$ (1,339)
Net Issuance (repayment) of Convertible Debt	$ 1,661	$ 2,646
Accrued Interest on Convertible Debt	$ 401	$ -
Accretion of long-term debt	$ 214	$ -
Balance as at year end,	**$ 7,762**	**$ 7,807**

14.3 Main features of borrowings

Credit Facilities

On April 6, 2021, the Company entered into a new credit agreement (the “Credit Agreement”) with a leading Canadian Schedule 1 bank and one of its affiliates (together, the "Lenders") under which the Lenders have provided a one-year secured revolving credit facility of up to $7,000 (the “Revolving Facility”) as well as a term loan facility of $4,000 (the “Term Loan Facility”) (collectively, the “Credit Facilities”).

The Credit Facilities had an initial maturity date of April 6, 2022 which was extended to August 31, 2023. Any amounts outstanding under the Credit Facilities are due in full at maturity.

All obligations under the Credit Agreement are secured by a first-ranking lien on substantially all of the Company's consolidated assets, tangible and intangible, present and future. On May 6, 2021, in connection with the closing of the transactions under the Credit Agreement, Carebook issued to one of the Lenders 417,646 warrants to purchase common shares of Carebook. These warrants expired on April 6, 2022.

In addition to having used the net proceeds of this financing to fund the cash portion of the purchase price for the acquisition of InfoTech, Carebook used the remaining net proceeds of this financing for working capital and general corporate purposes.

The Credit Agreement was amended on August 4, 2021. The majority of the amendments were administrative in nature and included the following changes. First, the Credit Agreement was updated to reflect that the Company would be acquiring CoreHealth. Second, the required amount of equity to raise under the Offering, to finance said acquisition and repay certain indebtedness, increased from up to $11,000 to $11,280, and the timeframe in which to raise said equity was changed from 120 to 122 days following the signature of the Credit Agreement. Finally, the interest rate on the Revolving Facility remained at a rate based on CDOR plus a margin of 8.0% and will decrease to CDOR plus a margin of 3.25% conditional upon the successful completion of a surplus equity injection of $2,720.

On August 5, 2021, Carebook completed a private placement of common shares of Carebook for aggregate gross proceeds of $11,280 to partially pay down the Revolving Facility, to finance the cash consideration for the acquisition of CoreHealth, and for working capital and general corporate purposes. On December 1, 2021, the Credit Agreement was amended for the second time. The amendment was administrative in nature and provided 30 additional days for confirmation that all bank accounts not held with the Lenders were closed.

On April 7, 2022, the Credit Agreement was amended for the third time. Under the third amendment, the Revolving Facility became a $3,000 demand revolving facility and the Term Loan Facility became a $4,000 non-revolving term loan facility, subject to mandatory repayment as described below. Moreover, the maturity date of Term Loan Facility was extended to November 30, 2022, provided that the Company had to make a mandatory prepayment of $1,000 on the Term Loan Facility by no later than September 15, 2022, and continue repaying the principal outstanding under the Term Loan Facility, at a rate of $1,000 per year, in equal monthly installments The applicable margin on each of the Credit Facilities was also increased to 9.0%, effective as of April 7, 2022. As the loan had reached its maturity date, the third amendment was treated as an extinguishment of the original debt.

On May 17, 2022, Carebook completed a Rights Offering - see Note 15 – Equity Instruments for aggregate gross proceeds of $4,500 and repaid $1,000 under the Term Loan Facility, resulting in a permanent reduction of the Term Loan Facility. Furthermore, beginning in June 2022, the Company started repaying the principal outstanding under the Term Loan Facility, which is to be repaid at a rate of $1,000 per year, in equal monthly installments.

Effective July 31, 2022, the Company entered into a fourth amendment to its Credit Facilities with the Lenders. Under the fourth amendment, the maturity date of the Credit Facilities was extended to August 31, 2023, provided that the Company completes a minimum capital raise in the amount of $1,000, makes a mandatory prepayment of $250 on the Term Loan Facility and maintains a minimum cash balance financial covenant. The fourth amendment was treated as a debt modification but as the interest rate did not change the impact of the modification was nil.

Effective August 24, 2023, and September 29, 2023, the Company entered into a fifth and sixth amendments to its Credit Facilities with the Lenders, in order to extend the maturity date of the Credit Facilities to September 30, 2023 and October 31, 2023 respectively. The fifth and sixth amendments were treated as a debt modification but as the interest rate did not change the impact of the modification was nil.

Effective October 19, 2023, the Company entered into a seventh amendment to its Credit Facilities with the Lenders. Under the seventh amendment, the maturity date of the Credit Facilities was extended to September 30, 2024 and the Canadian Schedule 1 bank was subrogated to all rights of its affiliate regarding the Term Loan Facility. The seventh amendments were treated as a debt modification and when assessed, the impact of the modification was nil. The Company recognized transaction costs of $15 with the seventh amendment which has been included in the amortized costs of the term loan facility and will be amortized through the consolidated statement of loss and comprehensive loss over the life of the term facility.

Under the seventh amendment, the Company is to continue repaying the principal amount of the Term Loan Facility in equal monthly consecutive payments of $50 commencing on November 15, 2023. However, if the monthly recurring revenues for the month ending on February 28th, 2024 is less than or equal to $600, the above mentioned equal monthly consecutive payments shall be increased to $83 beginning on March 15, 2024.

Revolving Facility

Under the Credit Agreement, the Revolving Facility is available for a one year committed term, renewable annually, and bears interest at CDOR plus an applicable margin for Canadian variable loan rates. Commencing on April 7, 2022, the date of the third amendment to the Credit Agreement, the applicable margin was 9.0%.

Under the seventh amendment, the interest rate for the Credit Facilities changed from CDOR plus an applicable margin to the prime rate of the Lender plus an applicable margin. The new applicable interest rate on the Revolving Facility is the prime rate of the Lender plus 5.8%.

On December 8, 2023, the Company closed a capital raise of $2,000 in aggregate with UIL Limited ("UIL") triggering the seventh amendment criteria for decreasing the lending rates. Effective December 8, 2023, the applicable interest rate on the Revolving Facility decreased to the prime rate of the lender plus 4.3%.

As at December 31, 2023, the outstanding amount owed on the Revolving Facility was $586, at an effective interest rate of 9.52% and the borrowing base was $3,000.

As at December 31, 2022, the outstanding amount owed on the Revolving Facility was $1,661, at an effective interest rate of 13.5% and the borrowing base was $2,936.

Term Loan Facility

Under the Credit Agreement, the Term Loan Facility had an initial maturity date of April 6, 2022, which was extended to August 31, 2023, under the Fourth amendment. Loans under the Term Loan Facility are in the form of variable rate loans in Canadian dollars.

Under the seventh amendment, the interest rate for the Credit Facilities changed from CDOR plus an applicable margin to the prime rate of the Lender plus an applicable margin. The new applicable interest rate on the Term Loan Facility is the prime rate of the Lender plus 5.3%.

On December 8, 2023, the Company closed a capital raise of $2,000 in aggregate with UIL triggering the seventh amendment criteria for decreasing the lending rates. Effective December 8, 2023, the applicable interest rate on the Term Loan Facility decreased to the prime rate of the Lender plus 4.8%.

As at December 31, 2023, $1,254 was outstanding under the Term Loan Facility, at an effective interest rate of 10.02%.

As at December 31, 2022, $2,500 was outstanding under the Term Loan Facility, at an effective interest rate of 13.5%.

Financial Covenants

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including certain limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial covenants to be maintained. As at December 31, 2023, the Company was in compliance with the financial covenants prescribed under the restrictive covenants set out in the latest amended Credit Agreement.

Loan Agreements

On December 22, 2021, the Company entered into secured loan agreements (the "Loan Agreements") with SAYKL Investments Ltd. ("SAYKL") and UIL (defined in Note 14), for a total of $1,000 in aggregate gross proceeds. Interest on the principal amount outstanding under the Loan Agreements is payable quarterly at a rate of CDOR + 10%, and the Loan Agreements have a five-year maturity. The obligations of the Company under the Loan Agreements are subordinated to the Company's obligations under the existing Credit Facilities. To secure the Company's obligations under the Loan Agreements, the Company has agreed to grant to each of SAYKL and UIL a security interest and hypothec in all of the property and undertaking of the Company, subordinated to the security interests granted by the Company to its Lenders.

Amendment to the Loan Agreements

As described in the Convertible Debt section below on September 28, 2022, the Company entered into amended and restated loan agreements with SAYKL and UIL. Following which the Loan Agreements were reclassified to convertible debt.

Convertible Debt

Convertible Debt Offering- September 2022

On September 28, 2022, the Company entered into amended and restated loan agreements (the "$2M Convertible Debt Agreements") with SAYKL and UIL, pursuant to which the Company agreed with SAYKL and UIL to amend the terms of the Loan Agreements in order to (i) provide an additional $1,000 to the Company, bringing the aggregate principal amount outstanding to SAYKL and UIL to $2,000 as at September 30, 2022 (the closing date of the transaction), and (ii) add a conversion into common shares feature at a conversion price of $0.175 per common share where the holder shall have the right, at its sole option, at any time up until and upon the maturity date, to convert the principal sum outstanding under the $2M Convertible Debt Agreements, in whole or in part, into that number of fully paid and non-assessable common shares obtained by dividing the outstanding principal sum under the $2M Convertible Debt Agreements to be converted by the conversion price (the "$2M Convertible Debt"). Interest on the $2M Convertible Debt is accrued and paid quarterly. Lastly, the principal amount is due on the maturity date of December 22nd, 2026, if the conversion option is not exercised prior to such date.

The conversion of the Loan Agreements to a convertible loan based on the $2M Convertible Debt Agreements, resulted in a substantial modification under IFRS 9. The carrying amount of the Loan Agreements were derecognized at the modification date, and the new convertible debt were recognized at fair value with no impact on the consolidated statement of loss and comprehensive loss. The component parts of the $2M Convertible Debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument.

At initial recognition of the $2M Convertible Debt, additional net proceeds of $1,000 along with the existing $1,000 from the Loan Agreements were allocated between debt and equity components. The fair value of the debt portion was estimated at $1,672 net of transaction costs of $26.3 using a discounted cash flow model method with an expected life of four years and a discount rate of 20.57%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $297 net of transaction costs of $4.6. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Transaction costs of $31 that relate to the issuance of the $2M Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the $2M Convertible Debt using the effective interest method.

Convertible Debt Offering - December 2022

On December 15th, 2022, the Company entered into loan agreements (the "$2.5M Convertible Debt Agreements") with MT Sidecar, LP. (a limited partnership controlled by a director of the Company) and UIL, pursuant to which the lenders extended loans in favour of the Company in the principal amount of $1,250 each for an aggregate principal amount outstanding of $2,500 on December 22, 2022 (the closing date of the transaction). The $2.5M Convertible Debt Agreements included a conversion into common shares feature, at a conversion price of $0.15 per common share where the holder shall have the right, at its sole option, at any time up until and upon the maturity date, to convert the principal sum outstanding under the $2.5M Convertible Debt Agreements, in whole or in part, into that number of fully paid and non-assessable common shares obtained by dividing the outstanding principal sum under the $2.5M Convertible Debt Agreements to be converted by the conversion price (the "$2.5M Convertible Debt"). Lastly, the principal amount and accrued interest are due on the maturity date of December 22nd, 2026, if the conversion option is not exercised prior to such date.

The components of the $2.5M Convertible Debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument, or for which the Company has an unconditional right to avoid issuing a variable number of the Company's equity instruments is an equity instrument.

At initial recognition of the $2.5M Convertible Debt, net proceeds of $2,500 were allocated between debt and equity components. The fair value of the debt portion was estimated at $1,951 net of transaction costs of $54.7 using a discounted cash flow model method with an expected life of four years and a discount rate of 18.54%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $480 net of transaction costs of $13.5. This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Transaction costs of $68 that relate to the issuance of the $2.5M Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debt using the effective interest method.

Convertible Debt Offering - December 2023

On December 6th, 2023, the Company entered into a convertible loan agreement (the "2023 Convertible Debt Agreement") with UIL, pursuant to which the lender extended convertible loans in favour of the Company in the principal amount of $2,000 on December 11, 2023 (the closing date of the transaction). The 2023 Convertible Debt Agreement included a conversion into common shares feature, at a conversion price of $0.10 per common share where the holder shall have the right, at its sole option, at any time after six months of the closing of the transaction up until and upon the maturity date, to convert the principal sum outstanding under the 2023 Convertible Debt Agreement, in whole or in part, into that number of fully paid and non-assessable common shares obtained by dividing the outstanding principal sum under the 2023 Convertible Debt Agreement to be converted by the conversion price (the "2023 Convertible Debt", and together with the $2.0M Convertible Debt and the $2.5M Convertible Debt, the "Convertible Debt"). Lastly, the principal amount is due on the maturity date of December 22nd, 2026, if the conversion option is not exercised prior to such date.

If the Company completes an equity financing or other issuance of Common Shares having an aggregate fair market value of not less than $2,000 at the time of issuance (excluding for such purposes any Common Shares issued upon exercise or conversion of outstanding convertible securities of the Company) within six months of the closing of the transaction, then the principal amount and any accrued but unpaid interest thereon under the 2023 Convertible Debt Agreement shall be automatically converted ("Automatic Conversion") into common shares at the highest of (i) $0.05 per common share, and (ii) the subscription price per common share issued to any person as part of an equity financing during the Automatic Conversion period, subject to a maximum of $0.25 per Common Share.

The parts of the 2023 Convertible Debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument or for which the Company has an unconditional right to avoid issuing a variable number of the Company's equity instruments is an equity instrument.

At initial recognition of the 2023 Convertible Debt, net proceeds of $2,000 were allocated between debt and equity components. The fair value of the debt portion was estimated at $1,661 net of transaction costs of $34 using a discounted cash flow model method with an expected life of three years and a discount rate of 20.00%. This amount is recorded as a financial liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at its maturity date.

The conversion option is classified as equity and was estimated based on the residual value of $299 net of transaction costs of $6 This amount is not subsequently remeasured and will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Transaction costs of $40 that relate to the issuance of the 2023 Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debt using the effective interest method.

Audited (Expressed in $000s CAD)

The following table summarizes the continuity of the Convertible Debt for the years ended:

		December 31, 2023		December 31, 2022
Balance as at January 1,	$	3,646	$	-
Conversion of Loan Agreement	$	-	$	1,000
Issuance of Convertible Debt	$	2,000	$	3,500
Equity Component of Convertible Debt	$	(299)	$	(778)
Convertible Debt Financing Costs	$	(40)	$	(99)
Accrued Interest on Convertible Debt	$	401	$	-
Accretion of Convertible Debt	$	214	$	23
Balance as at year end	$	5,922	$	3,646

The Convertible Debt transactions for the year ended December 31, 2023 resulted in a deferred tax balance of $79, which is netted against the equity component of convertible debt on the statement of financial position.

Note 15 - Equity Instruments

Authorized

Unlimited common shares without par value.

Issued and Outstanding Common Shares

As at January 1, 2022, the issued share capital comprised 47,752,356 common shares.

On April 11, 2022, the Company announced an offering of rights (the "Rights Offering") to holders of its common shares of record at the close of business on April 19, 2022. Pursuant to the Rights Offering, each holder of common shares received one transferable right (a "Right") for each common share held. Every 1.5917452 Rights entitled a holder to purchase one (1) common share at a price of $0.15 per common share. A maximum of 30,000,000 common shares could have been issued pursuant to the Rights Offering, for maximum gross proceeds under the Rights Offering of $4,500.

In connection with the Rights Offering, holders of certain warrants issued in connection with the Company's August 2021 private placement offering ("Offering Warrants"), of certain warrants issued to brokers to participating in such offering ("Offering Broker Warrants"), and of certain warrants held by related parties of the company ("Replacement Warrants"), had their strike price reduced from $1.47 to $1.396, $1 to $0.95, and $3.125 to $2.969 respectively, the whole in accordance with the terms of the warrant instruments.

Also in connection with the Rights Offering, the Company entered into a stand-by commitment agreement dated April 11, 2022 (the "Stand-by Commitment Agreement") with UIL (the "Stand-by Guarantor"), a current significant shareholder of the Company, whereby the Stand-by Guarantor agreed to purchase common shares not otherwise subscribed for under connection the Rights Offering, guaranteeing the Company to receive aggregate gross proceeds of $4,500.

On May 17, 2022, the Company announced the completion of the Rights Offering, which resulted in the issuance of 17,107,749 common shares of the Company at a price of $0.15 per share for proceeds to the Company of approximately $2,570.

Also, in accordance with the terms Stand-by Commitment Agreement presented above, the Company issued 12,892,251 additional common shares to UIL, at a price of $0.15 per share, for additional proceeds to the Company of approximately $1,930, resulting in the Company receiving aggregate proceeds of $4,500 under the Rights Offering. UIL was also issued 193,383 Warrants pursuant to the Stand-by Commitment

Audited (Expressed in $000s CAD)

Agreement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.16 per share at any time within 24 months of their issuance.

Following the closing of the Rights Offering on May 17, 2022 and including the common shares issued to UIL pursuant to the Stand-by Commitment Agreement, the Company had 77,752,356 common shares issued and outstanding.

On March 8th, 2023, the Company announced the completion of a non-brokered private placement, of units at $0.10 per unit, consisting of one common share and 0.015 warrants, which resulted in the issuance of 12,500,000 common shares of the Company to UIL for gross proceeds to the Company of approximately $1,250. UIL was also issued 187,500 warrants pursuant to the non-brokered private placement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.15 per share at any time within 24 months of their issuance. The Company recognized $45 in share issuance costs related to the non-brokered private placement, which was netted against Share capital in the consolidated statements of changes in shareholders' equity.

On May 15th, 2023, the Company announced the completion of a non-brokered private placement, of units at $0.10 per unit, consisting of one common share and 0.015 warrants, which resulted in the issuance of 12,500,000 common shares of the Company to Permanent Mutual Limited ("PML"), an affiliate of UIL, for gross proceeds of approximately $1,250. PML was also issued 187,500 warrants pursuant to the non-brokered private placement. Each Warrant entitles PML to purchase one (1) common share at a price of $0.15 per share at any time within 24 months of their issuance. The Company recognized $8 in share issuance costs related to the non-broker private placement, which was netted against Share capital in the consolidated statements of changes in shareholders' equity.

	December 31, 2023		December 31, 2022	
	Shares	**Amounts**	**Shares**	**Amounts**
Common shares	102,752,356	$ 45,926	77,752,356	$ 43,479
Total shares issued and outstanding	**102,752,356**	**$ 45,926**	**77,752,356**	**$ 43,479**

15.1 Share based compensation

On June 29, 2022, the Board of Directors of the Company approved an amendment to the Stock Option Plan of the Company (the "Stock Option Plan Amendment") to increase the maximum number of common shares of the Company that may be issued pursuant to the exercise of options under the Stock Option Plan from 6,237,779 to 13,995,424. At the Company's annual general and special meeting of holders of common shares of the Company held on June 29, 2022, a majority of disinterested shareholders present in person or represented by proxy at the meeting approved the Stock Option Plan Amendment, which was also approved by the TSXV and is now effective.

In June 2022, the Company granted 250,000 stock options to a member of key management, included in equity incentives in executive compensation in Note 20 – Related Party Transactions. The Company determined the options had a fair value of $24 based on a share price of $.015 per common share. The options vest over 3 years and expire after 10 years. The expense relating to these options for the year ended December 31, 2022 is $8.

In August 2023, the Company granted 8,800,000 stock options to its employees and members of key management. These stock options expire 10 years after the grant date and vest over periods ranging from 2.3 to 3.3 years.

Audited (Expressed in $000s CAD)

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

	2023			2022		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Options outstanding, beginning of year	5,084,345	$	1.11	5,790,118	$	1.12
Granted	8,800,000	$	0.10	250,000	$	0.15
Forfeited	(2,742,161)	$	1.10	(955,773)	$	0.92
Options outstanding, end of year	11,142,184	$	0.31	5,084,345	$	1.11
Options exercisable, end of year	1,881,295	$	1.09	3,431,567	$	1.29

The number and weighted average remaining contractual life of stock options for the year ended December 31, 2023 were as follows:

Exercise price	Number of Options	Weighted Average Remaining Contractual Life (in years)
$1.24	306,017	3.46
$2.50	247,500	6.76
$1.52	26,000	6.94
$1.17	464,167	7.40
$0.84	128,750	7.65
$0.89	300,000	7.71
$0.34	769,750	7.93
$0.15	250,000	8.42
$0.10	8,650,000	9.66

The number and weighted average remaining contractual life of stock options for the year ended December 31, 2022, were as follows:

Exercise price	Number of Options	Weighted Average Remaining Contractual Life (in years)
$0.37	98,990	2.25
$1.24	1,346,702	4.46
$1.52	116,500	7.94
$1.96	318,736	4.42
$2.50	385,000	7.75
$1.28	500	8.02
$1.17	762,167	8.40
$0.84	230,500	8.64
$0.89	300,000	8.71
$0.34	1,275,250	8.92
$0.15	250,000	9.58

Audited (Expressed in $000s CAD)

The fair value of each option was estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical volatility of the Company calculated from the day that it became publicly-listed. The risk-free interest rate was based on Bank of Canada yields for a term equal to the expected life of the options at the time of grant. All inputs into the Black-Scholes model are estimates made at the time of grant. The following weighted average assumptions were used to estimate the fair value of stock options granted in the years presented:

	2023	**2022**
Dividend yield	0.0%	0.0%
Risk-free rate	4.5%	2.9%
Expected option life	6	6
Expected volatility	80.0%	80.0%
Expected forfeiture rate	10.0%	10.0%

15.2 Warrants

On May 17, 2022, in conjunction with the Rights Offering and the Stand-by Commitment Agreement, the Company issued 193,383 Warrants to UIL. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.16 per share at any time within 24 months of their issuance. The fair value of the warrants issued was determined to be $9.

On October 1, 2022, 4,200,000 warrants related to the RTO, as described in Note 1 – General Information, as well as 720,000 warrants that were issued to Brokers as compensation for arranging the RTO expired. This resulted in a $2,500 decrease in the Warrant Reserve balance.

On December 29, 2022, 365,949 warrants that were issued to related parties prior to the RTO expired. This resulted in a nil decrease in the Warrant Reserve balance.

On March 8th, 2023, 187,500 Warrants were issued to UIL in conjunction with a non-brokered private placement. This resulted in a nil increase in the Warrant Reserve balance.

On May 23rd, 2023, 187,500 Warrants were issued to PML in conjunction with a non-brokered private placement. This resulted in a nil increase in the Warrant Reserve balance.

On July 29th, 2023, 2,156,265 Warrants issued that were issued as Replacement Warrants expired. This resulted in a $ 401 decrease in the Warrant Reserve balance.

On August 5th, 2023, 5,640,000 Offering Warrants and 673,800 Offering Broker Warrants expired. This resulted in a $1,597 decrease in the Warrant Reserve balance.

The total number of issued and outstanding warrants of the Company as at December 31, 2023 was 568,383. Their weighted average exercise price and remaining contractual life is presented below:

Audited (Expressed in $000s CAD)

	2023			2022		
	Shares		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
Warrants outstanding, beginning of year	8,663,448	$	1.67	14,173,660	$	2.15
Granted	375,000	$	0.15	193,383	$	0.16
Exercised	-	$	-	-	$	-
Forfeited	-	$	-	-	$	-
Expired	(8,470,065)	$	1.37	(5,703,595)	$	2.81
Warrants outstanding, end of year	568,383	$	0.15	8,663,448	$	1.67
Warrants exercisable, end of year	568,383	$	0.15	8,663,448	$	1.67

Exercise price	Number of Warrants	Weighted Average Remaining Contractual Life (in years)
$0.16	193,383	0.36
$0.15	375,000	1.28

The following weighted average assumptions were used to estimate the fair value of warrants granted in the periods presented:

	Years Ended December 31,	
	2023	2022
Dividend yield	-	0.0%
Risk-free rate	-	2.6%
Expected warrant life (in years)	-	2.00
Expected volatility	-	62.6%

Note 16 - Financial Instruments

16.1 Financial assets and liabilities by categories

The Company’s financial assets include cash and cash equivalents and trade and other receivables, and its financial liabilities consist of trade payables, accrued liabilities, holdbacks payable, consideration payable, and borrowings. Cash and cash equivalents, and trade and other receivables, are carried at amortized cost, less any impairment. Accounts payable and accrued liabilities, holdbacks payable, consideration payable, interest payable and borrowings are financial liabilities measured at amortized cost using the effective interest rate method.

Audited (Expressed in $000s CAD)

As at December 31, 2023 and December 31, 2022 the Company's financial assets and liabilities were as follows:

	December 31, 2023 At Carrying Value or Amortized Cost		December 31, 2022 At Carrying Value or Amortized Cost	
Cash and cash equivalents	$	695	$	740
Trade & other receivables	$	891	$	767
Total financial assets	**$**	**1,586**	**$**	**1,507**
Accounts payables and accrued liabilities	$	2,412	$	3,161
Borrowings	$	7,762	$	7,807
Total financial liabilities	**$**	**10,174**	**$**	**10,968**

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

16.2 Fair values

The fair values of the Company's credit facilities and convertible debt approximate their carrying values because they were issued close to year-end and/or because their interest rates were amended close to year-end.

The fair values of all of the Company's other financial assets and liabilities approximated their carrying values as a result of their liquidity or short maturity.

16.3 Valuation hierarchy

The Company analyzes its financial instruments measured at fair value and groups them into levels based on the degree to which the fair value was observable.

The carrying amounts of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, accrued interest, holdbacks payable, consideration payable and borrowings approximate their fair value because of the short-term maturity and highly liquid nature of these instruments and are considered Level 1.

The Convertible Debt was carried at the present value of the future cash flows using rates currently available for debt of similar terms and maturity, net of transaction costs, as of the end of the reporting period (Level 3).

There were no transfers into or out of Level 1, Level 2, or Level 3 during the years ended December 31, 2023 and 2022.

Note 17 - Risk Management

The Company's financial risk management strategy focused on creating and marketing viable software products for sale and distribution and minimizing the cash flow impacts of volatility in interest rates, while maintaining the financial flexibility the Company required in order to successfully execute its business strategies.

Due to the Company's capital structure and the nature of the Company's operations, the Company is exposed to the following financial risks: (i) market risk, including interest rate risk and foreign exchange risk; (ii) credit risk; and (iii) liquidity and capital management risk.

17.1 Market risk

(i) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow risk. This risk is partially offset by cash and cash equivalents earning interest at variable market rates.

Financial assets and liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company is not currently exposed to significant risk with respect to financial assets and liabilities due to their short-term maturities.

With respect to floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in the reference rates such as CDOR or LIBOR, the rate of bankers' acceptances and the Canadian prime rate.

During 2023 and 2022, the interest rate risk stems from the Credit Facilities and from the convertible debt.

All other things being equal, a reasonably possible 1.0% increase in the interest rate applicable to the daily balances of the Credit Facilities and Convertible Debt would have had a negative impact of $82 in the Company's net loss and comprehensive loss and shareholder's deficit for the year ended December 31, 2023 ($69 for the year ended December 31, 2022).

(ii) Foreign exchange risk

The Company has risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. The Company also invoices and collects some revenue in Euros, but the overall amount is insignificant, and poses a minimal risk to the Company. The Company manages its exposure to currency fluctuations by monitoring its level of cash in foreign currencies. Management did not hedge these exposures during the years ended December 31, 2023 and 2022.

Foreign exchange rate sensitivity

The Company is exposed to changes in currency exchange rates on certain of the Company's operating transactions, when revenue and expense transactions are denominated in a currency other than the Canadian dollar, the Company's functional currency. A hypothetical 10% strengthening (weakening) of the U.S. dollar in relation to the Canadian dollar from December 31, 2023 levels would have had an impact of +/- $54 on net loss and comprehensive loss and shareholder's deficit.

17.2 Credit risk

Credit risk pertains to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk with financial institutions and other parties as a result of cash-in-bank and customer trade receivables arising from the Company's operating activities. The maximum exposure to credit risk at the reporting date was the carrying value of each class of financial asset as described in Note 16 — Financial Instruments. The Company did not hold any collateral as security as at December 31, 2023 and 2022.

Audited (Expressed in $000s CAD)

Credit risk related to transactions with financial institutions

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

Credit risks related to customer trade receivables

Payment terms varied, and credit limits were typically established based on internal or external rating criteria, which take into account such factors as the customer's financial condition, credit history, and risk associated with their industry segment. Customer trade receivables represent the majority of the Company's trade and other receivables, so this necessitates the active monitoring and management of the outstanding receivables from customers by the Company. Historically, the Company has a low level of customer default as a result of its historical experience with the Company's customer base and an active credit monitoring function. Collateral is generally not required to be posted by the Company's customers.

As at December 31, 2023 and December 31, 2022 the Company's aged receivables and expected credit losses were as follows:

The aging of trade receivables

	December 31, 2023	December 31, 2022
Current	215	337
1 - 30 Past Due	66	135
31 – 60 days past due	232	57
61 – 90 days past due	364	41
Greater than 90 days past due	135	208
Gross trade receivables	1012	778
Less: Expected credit losses	(125)	(19)
Net trade receivables	887	759

17.3 Liquidity and capital management risk

The capital structure of the Company included shareholders' equity (deficit) and borrowings. Management's overriding objectives when managing capital are to have sufficient liquidity to meet its liabilities when due, safeguard the business as a going concern, and create value through market growth and future returns. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

During the year ended December 31, 2023, the Company entered into the $2023 Convertible Debt Agreement – See Note 14 – Borrowings.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at December 31, 2023:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and Over	Total
Trade and other payables	2,412	2,412	-	-	-	-	2,412
Revolving Facility	586	586	-	-	-	-	586
Term Loan Facility	1,254	1,254	-	-	-	-	1,254
Lease liability	525	140	140	140	140	72	632
Convertible debt	5,922	-	-	6,901	-	-	6,901
Total	10,699	4,392	140	7,041	140	72	11,785

Audited (Expressed in $000s CAD)

The Company was obligated to the following contractual maturities of undiscounted cash flows as at December 31, 2022:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and Over	Total
Trade and other payables	3,161	3,161	-	-	-	-	3,161
Revolving Facility	1,661	1,661	-	-	-	-	1,661
Term Loan Facility	2,500	2,500	-	-	-	-	2,500
Lease liability	701	175	193	145	140	212	865
Convertible debt	3,646	-	-	-	4,500	-	4,500
Total	11,669	7,497	193	145	4,640	212	12,687

Note 18 - Commitments

As at December 31, 2023 and 2022, the Company had no future commitments for purchases of property and equipment and intangible assets.

Note 19 - Related Party Transactions

The table below summarizes the balances receivable and payable from or to related parties:

	Note	December 31, 2023	December 31, 2022
Payable to related party			
Convertible debt	14	$ 5,521	$ 3,646
Payables to shareholders in connection with acquisitions		$ -	$ 700
		$ 5,521	**$ 4,346**

Key management compensation

The Company's key management is comprised of the Board of Directors, the corporate secretary, and the executive officers effectively present during 2023. In addition to the Chief Executive Officer, executive officers are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly reporting to the Chief Executive Officer.

The costs reported below are compensation and benefits for key management:

- Short-term employee benefits include their base salary plus bonus;
- Directors' and officers' fees include annual director fees, as well as Board and committees' attendance fees; and
- Share-based compensation includes the portion of the IFRS 2, "Share-based Payment" ("IFRS 2"), expense attributable to key management.

Audited (Expressed in $000s CAD)

Compensation of key management for the years ending December 31 comprised of the following:

	December 31, 2023	December 31, 2022
Director & officer compensation		
Director & officer fees	$25	$25
Equity incentives	$57	$37
Executive compensation		
Salaries and employee benefits	$1,152	$1,763
Equity incentives	$224	$278
	$1,458	**$2,103**

Note 20- Other Income

The Company's other income breakdown for the years ended December 31, 2023 and 2022 was:

	Note	December 31 2023		December 31 2022	
Other Income consists of the following:					
Gain on net investment in sublease		$	196	$	-
Finance income	13	$	8	$	-
Gain on capital asset disposals		$	7	$	-
Total Other Income		**$**	**211**	**$**	**-**

On May 1st, 2023, the Montreal office sublease commenced resulting in a gain on net investment in the sublease for $196 – See Note 11 – Leases.

Finance income earned from the Montreal sublease was $8 and nil for the years ended December 31, 2023, and 2022, respectively.