# CloudMD Software & Services Inc.

## Condensed Consolidated Interim Financial Statements

## For the six month period ended June 30, 2020 and 2019

(Unaudited)

(Expressed in Canadian dollars)

# CloudMD Software & Services Inc.
# (formerly Premier Health Group Inc.)

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents *(Note 4)* | **$** | **13,786,797** | $ | 1,696,402 |
| Accounts receivable *(Note 6)* | | **408,100** | | 259,821 |
| Deposits *(Note 7)* | | **-** | | 326,554 |
| Marketable securities *(Note 8)* | | **1** | | 1 |
| Short-term investment | | **25,000** | | - |
| Inventory *(Note 9)* | | **730,962** | | 761,104 |
| Prepaid expenses *(Note 10)* | | **888,918** | | 341,746 |
| **Total current assets** | | **15,839,778** | | 3,385,628 |
| Deposits – long term *(Note 7)* | | **125,000** | | 125,000 |
| Property and equipment *(Note 11)* | | **356,412** | | 228,196 |
| Right-of-use assets *(Note 17)* | | **3,164,218** | | 2,380,228 |
| Other non-current assets | | **12,860** | | 12,860 |
| Intangible assets *(Note 12)* | | **2,439,609** | | 2,096,665 |
| Goodwill *(Note 12)* | | **11,985,945** | | 9,497,677 |
| **Total Assets** | **$** | **33,923,822** | $ | 17,726,254 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued liabilities *(Note 13)* | **$** | **1,940,055** | $ | 943,434 |
| Due to related party *(Note 18)* | | **22,441** | | - |
| Other current liabilities *(Note 14)* | | **-** | | 877,250 |
| Deferred revenue | | **6,039** | | - |
| Current portion of long-term debt *(Note 15)* | | **374,850** | | 294,797 |
| Lease liability current portion *(Note 17)* | | **458,007** | | 459,386 |
| Contingent liabilities *(Note 3, 24)* | | **429,475** | | - |
| **Total current liabilities** | | **3,230,867** | | 2,574,867 |
| Lease liability non-current portion *(Note 17)* | | **2,814,828** | | 1,978,799 |
| Long-term debt *(Note 15)* | | **1,917,366** | | 1,931,304 |
| **Total Liabilities** | | **7,963,061** | | 6,484,970 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital *(Note 19)* | | **34,406,419** | | 16,791,884 |
| Reserves | | **3,780,592** | | 2,284,539 |
| Accumulated other comprehensive loss | | **-** | | - |
| Deficit | | **(12,226,250)** | | (7,835,139) |
| **Total equity** | | **25,960,761** | | 11,241,284 |
| **Total liabilities and shareholders' equity** | **$** | **33,923,822** | $ | 17,726,254 |

**Nature of operations and going concern *(Note 1)***
**Contingent liabilities *(Note 24)***
**Subsequent events *(Note 25)***

Approved and authorized for issuance by the Board of Directors on August 31, 2020

***"Essam Hamza"***
Essam Hamza, CEO, Director

***"Amit Mathur"***
Amit Mathur, President, Director

The accompany notes are an integral part of these consolidated interim financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)
For the Three and Six-Months Ended

| | Three-Month Period Ended | | Six-Month Period Ended | |
|---|---|---|---|---|
| | **June 30, 2020** | June 30, 2019 | **June 30, 2020** | June 30, 2019 |
| **REVENUE** *(Note 5)* | **$ 2,789,987** | $ 1,061,569 | **$ 5,846,716** | $ 2,161,899 |
| **PHYSICIAN FEES** | **(844,986)** | (534,506) | **(1,726,185)** | (1,183,258) |
| **COST OF GOODS SOLD** | **(776,096)** | - | **(1,694,958)** | - |
| **GROSS PROFIT** | **1,168,905** | 527,063 | **2,425,573** | 978,641 |
| **EXPENSES** | | | | |
| Accretion and interest expense on convertible debt *(Note 16)* | **-** | - | **-** | 86,330 |
| Bad debt | **-** | - | **998** | - |
| Fines and penalties | **-** | - | **675** | - |
| Marketing and Advertising | **243,367** | 85,933 | **566,892** | 768,407 |
| Office and Administration | **241,121** | 117,106 | **476,576** | 222,316 |
| Professional fees | **955,433** | 141,673 | **1,321,026** | 232,338 |
| Rent on short term leases | **60,729** | 65,121 | **134,537** | 122,559 |
| Transfer Agent and regulatory fees | **70,698** | 8,935 | **79,639** | 19,713 |
| Wages & salaries *(Note 18)* | **1,286,236** | 557,966 | **2,527,961** | 1,017,910 |
| Interest Expense *(Note 15)* | **65,359** | 5,000 | **126,556** | 5,000 |
| Amortization (*Note 11, 12, 17*) | **209,592** | 8,471 | **411,340** | 15,736 |
| Stock based compensation *(Note 18, 19)* | **503,924** | 448,975 | **949,327** | 765,907 |
| | **3,636,460** | 1,439,180 | **6,595,527** | 3,256,216 |
| | **(2,467,554)** | (912,117) | **(4,169,954)** | (2,277,575) |
| Other income | **62,935** | - | **62,935** | - |
| Contingent Liabilities *(Note 24)* | **(400,000)** | - | **(400,000)** | - |
| Debt forgiveness | **36,502** | - | **115,908** | - |
| Foreign exchange gain | **-** | - | **-** | 37,819 |
| Loss on sale of Clinicas *(Note 21)* | **-** | (152,975) | **-** | (152,975) |
| Loss from discontinued operations *(Note 21)* | **-** | - | **-** | (22,967) |
| **Net and comprehensive loss for the period** | **$ (2,768,117)** | $ (1,065,092) | **$ (4,391,111)** | $ (2,415,698) |
| **Basic and diluted loss per common share** | **$ (0.03)** | **$** (0.02) | **$ (0.05)** | $ (0.04) |
| **Weighted average number of common shares outstanding** | **98,739,850** | 68,926,384 | **92,361,661** | 66,746,964 |

The accompany notes are an integral part of these consolidated interim financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

| | Number of outstanding shares | Share capital | Equity component of convertible | Share-based payment reserve | Accumulated other comprehensive income (loss) | Deficit | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|
| Balance, December 31, 2018 | 61,664,031 | $ 8,047,100 | $ 880,845 | $ 865,014 | $ (406,782) | $ (5,181,243) | $ (97) | $ 4,204,837 |
| Shares issued for acquisition of Cloud Practice | 3,947,368 | 2,325,964 | - | - | - | - | - | 2,325,964 |
| Sale of Clinicas | 475,000 | 205,750 | (880,845) | - | 406,782 | 2,063,963 | 97 | 1,795,747 |
| Private placements | 3,734,687 | 2,427,547 | - | - | - | - | - | 2,427,547 |
| Share issuance cost | - | (104,988) | - | - | - | - | - | (104,988) |
| Agent warrants issued | - | (46,684) | - | 46,684 | - | - | - | - |
| Exercise of options | 600,000 | 447,570 | - | (147,570) | - | - | - | 300,000 |
| Stock-based compensation | - | - | - | 765,907 | - | - | - | 765,907 |
| Net loss for the period | - | - | - | - | - | (2,415,698) | - | (2,415,698) |
| **Balance, June 30, 2019** | **70,421,086** | **$ 13,302,259** | **$ -** | **$ 1,530,035** | **$ -** | **$ (5,532,978)** | **$ -** | **$ 9,299,316** |
| Shares issued for acquisitions of Pharmacies | 3,432,384 | 714,981 | - | - | - | - | - | 714,981 |
| Shares issued for services | 510,000 | 178,500 | - | - | - | - | - | 178,500 |
| Private placements | 5,250,000 | 2,100,000 | - | - | - | - | - | 2,100,000 |
| Share issuance cost | - | (139,175) | - | - | - | - | - | (139,175) |
| Agent warrants issued | - | (62,567) | - | 62,567 | - | - | - | - |
| Exercise of options | 1,600,000 | 697,886 | - | (297,886) | - | - | - | 400,000 |
| Stock-based compensation | - | - | - | 989,823 | - | - | - | 989,823 |
| Net loss for the period | - | - | - | - | - | (2,302,161) | - | (2,302,161) |
| **Balance, December 31, 2019** | **81,213,470** | **$ 16,791,884** | **$ -** | **$ 2,284,539** | **$ -** | **$ (7,835,139)** | **$ -** | **$ 11,241,284** |
| Shares issued for acquisition of Livecare | 1,425,041 | 662,644 | - | - | - | - | - | 662,644 |
| Shares issued for settlement of Livecare debt | 1,500,000 | 577,500 | - | - | - | - | - | 577,500 |
| Private placements | 6,298,615 | 3,023,335 | - | - | - | - | - | 3,023,335 |
| Bought Deal | 21,357,800 | 14,950,460 | - | - | - | - | - | 14,950,460 |
| Share issuance costs - shares | 294,035 | - | - | - | - | - | - | - |
| Share issuance costs - cash | - | (1,721,541) | - | - | - | - | - | (1,721,541) |
| Share issuance costs – agent warrants | - | (685,157) | - | 685,157 | - | - | - | - |
| Exercise of options | 450,000 | 314,383 | - | (134,383) | - | - | - | 180,000 |
| Exercise of warrants | 123,250 | 84,161 | - | (4,048) | - | - | - | 80,113 |
| Shares issued for services | 900,000 | 408,750 | - | - | - | - | - | 408,750 |
| Stock-based compensation | - | - | - | 949,327 | - | - | - | 949,327 |
| Net loss for the period | - | - | - | - | - | (4,391,111) | - | (4,391,111) |
| **Balance, June 30, 2020** | **113,562,211** | **$ 34,406,419** | **$ -** | **$ 3,780,592** | **$ -** | **$ (12,226,250)** | **$ -** | **$ 25,960,761** |

The accompany notes are an integral part of these consolidated interim financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)
For the Six-Months Ended

| For the Six-Month Period Ended | | **June 30, 2020** | | June 30, 2019 |
|---|---|---|---|---|
| **Cash provided by (used in):** | | | | |
| **Operating activities** | | | | |
| Loss and comprehensive loss for the period | **$** | **(4, 391,111)** | $ | (2,415,698) |
| Item not involving cash: | | | | |
| Accretion on convertible debenture | | - | | 44,174 |
| Interest on lease liabilities | | 60,319 | | - |
| Amortization | | 411,340 | | 15,736 |
| Loss from discontinued operations | | - | | 22,967 |
| Unrealized foreign exchange loss | | - | | (29,236) |
| Stock-based compensation | | 949,327 | | 765,907 |
| Share issued for service | | 135,070 | | - |
| Gain on forgiveness of debt | | (115,908) | | - |
| Contingent liabilities | | 400,000 | | - |
| Change in non-cash working capital components: | | | | |
| Accounts receivable | | (69,494) | | (33,296) |
| Prepaid expenses | | (196,750) | | 110,486 |
| Inventory | | 47,117 | | - |
| Accounts payable and accrued liabilities | | 247,573 | | (2,012) |
| Deferred revenue | | 6,039 | | - |
| Due to related party | | 22,441 | | - |
| Payment of contingencies | | (139,391) | | - |
| **Net cash used in operating activities** | | **(2,633,428)** | | (1,520,972) |
| **Investing activities** | | | | |
| Business acquisitions | | (60,000) | | (2,000,000) |
| Cash received from acquisitions | | 1,275 | | 107,092 |
| Cash advances for subsequent acquisitions | | - | | 700,000 |
| Loss on Clinicas | | - | | 152,975 |
| Intangible Assets | | (5,000) | | - |
| Purchase of equipment | | (84,112) | | (13,649) |
| Short term investment | | (25,000) | | - |
| **Net cash used in investing activities** | | **(172,837)** | | (1,053,582) |
| **Financing activities** | | | | |
| Proceeds from issuance of shares | | 17,973,795 | | 2,427,570 |
| Share issuance cost | | (1,721,541) | | (104,988) |
| Subscription receivable | | - | | (39,975) |
| Exercise of options | | 180,000 | | 300,000 |
| Exercise of warrants | | 80,113 | | - |
| Payment of short-term loan | | (67,498) | | - |
| Lease payments made | | (259,835) | | - |
| Principle payment on loans | | (183,885) | | - |
| Payment on operating line of credit | | (1,104,489) | | - |
| **Net cash provided by financing activities** | | **14,896,660** | | 2,582,607 |
| **Increase in cash and cash equivalents** | | **12,090,395** | | 8,053 |
| **Cash and cash equivalents, beginning** | | **1,696,402** | | 1,055,543 |
| **Cash and cash equivalents, ending** | **$** | **13,786,797** | **$** | 1,063,596 |
| Cash paid for interest | **$** | 66,474 | $ | 5,000 |
| Cash paid for income tax | **$** | - | $ | - |

For supplemental disclosures regarding cash flows, see Note 20

## 1. NATURE OF OPERATIONS AND GOING CONCERN

CloudMD Software & Services Inc (formerly, Premier Health Group Inc.). (the "Company") was incorporated on September 19, 2013 and is a reporting issuer in British Columbia, Canada.

On June 17, 2016, the Company completed the acquisition (99.9%) of a multidisciplinary rehabilitation business located in Santiago, Dominican Republic Premier named Clinicas de Rehabilitacion Precer, S. R. L. ("Clinicas"). As at December 31, 2018 and 2017, Clinicas was considered to be a discontinued operation. On April 1, 2019, the Company entered into a settlement agreement with the Company's former CEO, who is also the former sole shareholder of Clinicas, to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas *(Notes 16, 21).*

On August 1, 2018, the Company completed the acquisition of all the issued and outstanding shares of HealthVue Ventures Ltd. ("HealthVue") *(Note 3).* HealthVue provides telemedicine visits remotely and full-service family practice activities from its multiple clinic locations throughout the Lower Mainland in British Columbia.

On January 28, 2019, the Company completed the acquisition of all the issued and outstanding shares of Cloud Practice *(Note 3).* Cloud Practice is a technology company that offers cloud-based electronic medical records software, medical billing software and an online patient portal for medical clinics using a software as a service ("SAAS") model. Cloud Practice services over 376 clinics across Canada, 3000 doctors and has approximately 3 million patient charts in their database.

On July 17, 2019, the Company completed the acquisition of all the issued and outstanding shares of two pharmacies based in Metro Vancouver, B.C. (the "Pharmacies") *(Note 3).* In addition to the retailing of prescription drugs, over-the-counter drugs, and other front store items, the Pharmacies provide clinical services like medical reviews and compounding services.

On January 10, 2020, the Company completed the acquisition of all the issued and outstanding shares of Livecare Health Canada Inc. ("Livecare") (*Note 3*). Livecare is a Canadian telehealth company founded and operated by physicians dedicated to giving patients access to quality, real-time healthcare. Livecare offers digital technologies that connect doctors and allied health care providers to their patients via secure, encrypted, face-to-face video and messaging. In addition to its telemedicine platform, Livecare offers kindredPHR, a personalized health record used for storing, managing, and sharing health information, thus enabling patients' access to manage their own care and share amongst their multiple health care providers.

The Company is focused on innovative health care approaches that combine human skill-based expertise with emerging technologies. The Company, in conjunction with its subsidiaries Cloud Practice and Livecare, is developing proprietary technologies to deliver quality healthcare through the combination of connected primary care clinics, telemedicine, and an artificial intelligence (AI) enabled patient portal.

The address of the Company's corporate office is 810-789 West Pender Street, Vancouver, British Columbia, Canada.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standard ("IFRS") on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. During the six months period ended June 30, 2020, the Company had net loss of $4,391,111 (June 30, 2019 – $2,415,698 loss) and as at June 30, 2020 had an accumulated deficit of $12,226,250 (December 31, 2019 – $7,835,139) which has been funded primarily by equity financings and loans from non-related parties. As at June 30, 2020, the Company had a working capital balance of $12,608,911.

## 1. NATURE OF OPERATIONS AND GOING CONCERN (*continued…*)

There is uncertainty as to the likely effects of the novel coronavirus ("COVID-19") outbreak which may, among other things, impact the Company's operations, including its workforce, and ability to raise further financing. Management has assessed that the Company's working capital is sufficient for it to continue as a going concern beyond one year.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The effect of any such adjustments could be material.

## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly controlled subsidiaries, HealthVue Ventures Ltd. (Canada) ("HealthVue"); Cloud Practice Inc. (Canada) ("Cloud Practice"); Cloverdale Pharmacy Ltd.; Steveston Health Centre Ltd. (Canada) (the latter two are collectively called the "Pharmacies"), and Livecare Health Canada Inc. ("Livecare"). All inter-company transactions and balances have been eliminated on consolidation.

### b) Basis of Presentation

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

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the parent Company, and its subsidiaries. These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

### c) Significant Accounting Judgments and Estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

(i) Critical Judgements

The preparation of these condensed consolidated interim financial statements requires management to make judgements regarding the going concern of the Company, as previously discussed in Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company, and its subsidiaries, has been determined to be the Canadian dollar.

## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (*continued…)*

### c) Significant Accounting Judgments and Estimates (*continued*…)

(ii) Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the condensed consolidated interim financial statements include:

*Share-Based Payments*

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

*Deferred Tax Assets & Liabilities*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

*Useful Life of Property and Equipment, and Intangible Assets*

Property and equipment, and intangible assets are depreciated over their estimated useful lives. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

*Inventory Obsolescence*

The Company estimates the amount of inventory on hand that may not be recoverable and will allow for a write down of such amounts.

*Leases*

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (*continued…)***

**c) Significant Accounting Judgments and Estimates (*continued*…)**

*(ii)* Key Sources of Estimation Uncertainty *(continued…)*

*Allowance for Doubtful Accounts*

The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgement and includes the renew of individual receivables based on individual customers, current economic trends and analysis of historical bad debts.

**d) Significant Accounting Policies**

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those for the year ended December 31, 2019. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

(Expressed in Canadian Dollars)

## 3. BUSINESS ACQUISITIONS

***HealthVue Ventures Ltd.***

On August 1, 2018, the Company completed the acquisition of all of the issued and outstanding shares of HealthVue. HealthVue provides telemedicine visits remotely and full-service family practice activities from its multiple clinic locations throughout the Lower Mainland in British Columbia. Pursuant to the acquisition agreement, the Company issued 12,000,000 common shares of the Company and $999,967 cash payment to the former owners of HealthVue.

The acquisition of HealthVue by the Company is considered to be a business combination. Pursuant to the business combination transactions, the asset acquired from the acquisition is to be recorded at their estimated fair values in accordance with IFRS 3 – Business Combination. The allocation of the purchase consideration is as follows:

| | | |
|---|---|---|
| **Purchase price** | | |
| Fair value of common shares issued (12,000,000 at $0.25 per share) | $ | 3,000,000 |
| Cash paid | | 999,967 |
| Total consideration paid | $ | 3,999,967 |
| **Allocated as follows:** | | |
| Cash | $ | 323,108 |
| Accounts receivable | | 2,603 |
| Prepaid expenses | | 8,487 |
| Property and equipment | | 105,910 |
| Accounts payable | | (391,711) |
| Net assets acquired | | 48,397 |
| Goodwill acquired *(Note 12)* | $ | 3,951,570 |

(Expressed in Canadian Dollars)

## 3. BUSINESS ACQUISITIONS *(continued…)*

***Cloud Practice Inc.***

On January 28, 2019, the Company completed the acquisition of all of the issued and outstanding shares of Cloud Practice. Cloud Practice provides cloud-based electronic medical records software and other medical applications using a SAAS model. Pursuant to the acquisition agreement, the Company issued 3,947,368 common shares of the Company and paid $2,000,000 cash payment to the former owners of Cloud Practice as follows:
(i) $500,000 paid on December 5, 2018, (ii) $500,000 paid on January 28, 2019, (iii) $500,000 paid on April 1, 2019, (iv) $500,000 paid on June 5, 2019.

The acquisition of Cloud Practice by the Company is considered to be a business combination. Pursuant to the business combination transactions, the asset acquired from the acquisition is to be recorded at their estimated fair values in accordance with IFRS 3 – Business Combination. The allocation of the purchase consideration is as follows:

| | | |
|---|---|---|
| **Purchase price:** | | |
| Fair value of common shares issued (3,947,368 at $0.59 per share) | $ | 2,325,964 |
| Cash paid | | 2,000,000 |
| Total consideration paid | $ | 4,325,964 |
| **Allocated as follows:** | | |
| Cash | | 107,092 |
| Accounts receivable | | 3,149 |
| Prepaid expenses | | 11,008 |
| Property and equipment *(Note 11)* | | 6,748 |
| Customer relationship *(Note 12)* | | 260,000 |
| Technology platforms *(Note 12)* | | 885,000 |
| Accounts payable | | (90,272) |
| Net assets acquired | | 1,182,725 |
| Goodwill acquired *(Note 12)* | $ | 3,143,239 |

(Expressed in Canadian Dollars)

## 3. BUSINESS ACQUISITIONS *(continued…)*

***Pharmacies***

On July 17, 2019, the Company completed the acquisition of all of the issued and outstanding shares of two pharmacies based in Metro Vancouver, B.C. Pursuant to the acquisition agreement, the Company issued 3,432,384 common shares of the Company, 343,926 performance share units of the Company (each performance share shall vest into one common share without any payment on July 31, 2020, if certain earnings milestones for the pharmacies are met), and paid $1,022,998 cash payment to the former owners of the Pharmacies.

The acquisition of the two Pharmacies by the Company is considered to be a business combination. Pursuant to the business combination transactions, the asset acquired from the acquisition is to be recorded at their estimated fair values in accordance with IFRS 3 – Business Combination. The allocation of the purchase consideration is as follows:

| | | |
|---|---|---|
| **Purchase price:** | | |
| Fair value of common shares issued (3,432,384 at $0.21 per share) | $ | 714,981 |
| Cash paid | | 1,022,998 |
| Total consideration paid | $ | 1,737,979 |
| **Allocated as follows:** | | |
| Cash | | 7,098 |
| Accounts receivable | | 160,253 |
| Prepaid expenses | | 19,518 |
| Property and equipment *(Note 11)* | | 165,616 |
| Inventory | | 787,532 |
| Customer relationships *(Note 12)* | | 1,088,000 |
| Accounts payable | | (450,329) |
| Long term debt | | (2,442,577) |
| Net assets acquired | | (664,889) |
| Goodwill acquired *(Note 12)* | $ | 2,402,868 |

(Expressed in Canadian Dollars)

## 3. BUSINESS ACQUISITIONS *(continued…)*

***Livecare Health Canada Inc.***

On January 10, 2020, the Company completed the acquisition of all of the issued and outstanding shares of Livecare. Livecare is a Canadian telehealth company founded and operated by physicians dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. Livecare offers digital technologies that connect doctors and allied health care providers to their patients via secure, encrypted, face-to-face video and messaging. In addition to its telemedicine platform, Livecare offers kindredPHR, a personalized health record used for storing, managing, and sharing health information, thus enabling patients' access to manage their own care and share amongst their multiple health care providers. Pursuant to the acquisition agreement, the Company issued 3,000,000 common shares on January 10, 2020, of which 1,574,959 common shares were subsequently cancelled and returned to treasury on April 17, 2020, resulting in a net amount of 1,425,041 common shares being issued for the business acquisition of Livecare. Additionally, the Company paid $326,554 cash payment to the former owners of Livecare.

The acquisition of Livecare by the Company is considered to be a business combination. Pursuant to the business combination transactions, the asset acquired from the acquisition is to be recorded at their estimated fair values in accordance with IFRS 3 – Business Combination. IFRS 3 allows for a measurement period, which shall not exceed one year from the acquisition date, in which the Company may gather the information necessary to record the acquisition in accordance with IFRS 3. As at June 30, 2020, the Company is still in the measurement phase. The preliminary allocation of the purchase consideration is as follows:

| | | |
|---|---|---|
| **Purchase price** | | |
| Fair value of common shares issued (1,425,041 at $0.465 per share) | $ | 662,644 |
| Cash paid | | 386,554 |
| Total consideration paid | $ | 1,049,198 |
| **Allocated as follows:** | | |
| Cash | $ | 1,275 |
| Accounts receivable | | 78,785 |
| Deposits | | 76,742 |
| Property and equipment *(Note 11)* | | 81,984 |
| Inventory | | 16,975 |
| Technology platforms *(Note 12)* | | 461,228 |
| Accounts payable | | (674,622) |
| Taxes payable | | (162,834) |
| Other current liabilities | | (294,737) |
| Contingent liabilities [(1)] | | (173,866) |
| Long term debt [(2)] | | (850,000) |
| Net assets acquired | | (1,439,070) |
| Goodwill acquired *(Note 12)* | $ | 2,488,268 |

(1) Through the acquisition of Livecare, the Company recorded $173,866 in contingent liabilities, with $126,588 related to the cancelation of long-term leases and $47,278 related to liabilities on leased cosmetic equipment. During the period ending June 30, 2020, the Company settled $47,278 cosmetic equipment lease liabilities for $42,278 and settled $97,113 in long-term leases, resulting in an ending balance of $29,475 and debt forgiveness of $5,000.

(2) The long-term debt in the amount acquired of $850,000 included an amount of $600,000 due to a non-related party. This amount was settled by issuing 1,500,000 common shares of the Company on January 31, 2019 with a fair value of $577,500, resulting in a gain from debt forgiveness of $22,500. *(Note 19).*

(Expressed in Canadian Dollars)

## 3. BUSINESS ACQUISITIONS *(continued…)*

***Livecare Health Canada Inc. (continued…)***

Additionally, other payables due to vendors were settled for a cash amount that was less than the amount owing and recorded in accounts payable as at the acquisition date. This resulted in a gain from debt forgiveness of $88,408 being recorded during the 6-month period ended June 30, 2020.

## 4. CASH AND CASH EQUIVALENTS

Cash and equivalents include cash on hand and cash invested in demand deposits. The cashable investment certificates are highly liquid equity instruments with original maturities of three months or less. At December 31, 2019, there were no cash equivalents balance held by the Company. The Company has not experienced any losses in such accounts and believes it is not exposed to any risks on its cash in bank accounts and demand deposits.

Cash and cash equivalents consist of the following:

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Cash | $ | 3,782,852 | $ | 1,696,402 |
| Cashable investment certificates | | 10,003,945 | | - |
| Total cash | $ | 13,786,797 | $ | 1,696,402 |

## 5. REVENUE

The following table shows a breakdown of revenue for the three and six month periods ended June 30, 2020 and June 30, 2019:

Three months ended June 30:

| | | June 30, 2020 | | June 30, 2019 |
|---|---|---|---|---|
| Clinic services and pharmacies | $ | 2,330,412 | $ | 721,555 |
| SAAS model digital services | | 459,575 | | 340,014 |
| Total revenue | $ | 2,789,987 | $ | 1,061,569 |

Six months ended June 30:

| | | June 30, 2020 | | June 30, 2019 |
|---|---|---|---|---|
| Clinic services and pharmacies | $ | 4,959,962 | $ | 1,581,098 |
| SAAS model digital services | | 886,754 | | 580,801 |
| Total revenue | $ | 5,846,716 | $ | 2,161,899 |

(Expressed in Canadian Dollars)

## 6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Trade receivables | $ | 280,414 | $ | 208,195 |
| GST receivable | | 110,229 | | 55,818 |
| Allowance for doubtful account | | - | | (11,990) |
| Other receivables | | 17,457 | | 7,798 |
| | $ | 408,100 | $ | 259,821 |

## 7. DEPOSITS

Short-term deposits consist of the following:

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Deposit for the acquisition of Livecare *(Note 3)* | | - | | 326,554 |
| | $ | - | $ | 326,554 |

As at June 30, 2020 and December 31, 2019, the Company had paid a deposit of $125,000 to an inventory supplier, to be returned at the discretion of the supplier, and therefore recorded as a long-term deposit.

## 8. MARKETABLE SECURITIES

The Company owns 4,000,000 shares of Moag Copper Gold Resources Inc. ("MOG"). The shares were acquired in exchange for 20,000,000 common shares of the Company. MOG shares were under ceased trading order as at June 30, 2020 and December 31, 2019, and therefore, the Company has valued the investments in MOG shares at $1.

## 9. INVENTORY

Inventory consists of the following:

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Pharmaceuticals - prescription | $ | 278,941 | $ | 364,540 |
| Pharmaceuticals – over the counter | | 125,037 | | 88,015 |
| Other inventory | | 326,984 | | 308,549 |
| | $ | 730,962 | $ | 761,104 |

(Expressed in Canadian Dollars)

## 10. PREPAID EXPENSES

Prepaid expenses consist of the following:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Prepaid professional and consulting fees [1] | $ 603,714 | $ 206,668 |
| Prepaid marketing and advertising | 115,022 | 50,001 |
| Prepaid rent | 32,527 | 47,194 |
| Prepaid insurance and licenses | 25,478 | 19,716 |
| Miscellaneous | 112,176 | 18,167 |
| | $ 888,918 | $ 341,746 |

[1] The prepaid professional consulting fee includes Director's consulting fees for the amount of $97,705 for Mark Kohler.

## 11. PROPERTY AND EQUIPMENT

| | Equipment | Computers | Software | Leasehold improvement | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| December 31, 2018 | $ 34,526 | $ 20,308 | $ 497 | $ 53,766 | $ 109,097 |
| Business acquisitions | 131,490 | 8,236 | - | 32,638 | 172,364 |
| Additions | 5,321 | 16,083 | - | - | 21,404 |
| Disposal | (3,571) | (12,531) | (497) | (5,717) | (22,316) |
| Balance at December 31, 2019 | 167,766 | 32,096 | - | 80,687 | 280,549 |
| Business acquisition | 43,791 | 5,603 | 854 | 31,736 | 81,984 |
| Additions | 19,174 | 11,082 | - | 53,856 | 84,112 |
| Balance at June 30, 2020 | $ 230,731 | $ 48,781 | $ 854 | $ 166,279 | $ 446,645 |
| **Accumulated Amortization** | | | | | |
| December 31, 2018 | $ 3,272 | $ 5,765 | $ 137 | $ 5,376 | $ 14,550 |
| Amortization | 19,540 | 11,339 | 99 | 13,445 | 44,423 |
| Disposals | (680) | (4,561) | (236) | (1,143) | (6,620) |
| Balance at December 31, 2019 | 22,132 | 12,543 | - | 17,678 | 52,353 |
| Amortization | 17,694 | 7,721 | 117 | 12,348 | 37,880 |
| Balance at June 30, 2020 | $ 39,826 | $ 20,264 | $ 117 | $ 30,026 | $ 90,233 |
| **Net Book Value** | | | | | |
| December 31, 2019 | $ 145,634 | $ 19,553 | $ - | $ 63,009 | $ 228,196 |
| June 30, 2020 | $ 190,905 | $ 28,517 | $ 737 | $ 136,253 | $ 356,412 |

(Expressed in Canadian Dollars)

## 12. GOODWILL AND INTANGIBLE ASSETS

Goodwill consists of the following as at June 30, 2020 and December 31, 2019:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Acquisition of HealthVue *(Note 3)* | $ 3,951,570 | $ 3,951,570 |
| Acquisition of Cloud Practice *(Note 3)* | 3,143,239 | 3,143,239 |
| Acquisition of the Pharmacies *(Note 3)* | 2,402,868 | 2,402,868 |
| Acquisition of Livecare *(Note 3)* | 2,488,268 | - |
| | $ 11,985,945 | $ 9,497,677 |

The Company assessed goodwill as at June 30, 2020 and December 31, 2019 and determined that there was no impairment necessary.

Intangible assets consist of the following as at June 30, 2020 and December 31, 2019:

| | Customer lists | Customer relationships | Technology platforms | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| December 31, 2018 | $ - | $ - | $ - | $ - |
| Business acquisition | - | 1,348,000 | 885,000 | 2,233,000 |
| Additions | 20,000 | - | - | 20,000 |
| Balance at December 31, 2019 | 20,000 | 1,348,000 | 885,000 | 2,253,000 |
| Business acquisition | - | - | 461,228 | 461,228 |
| Addition | 5,000 | - | - | 5,000 |
| Balance at June 30, 2020 | $ 25,000 | $ 1,348,000 | $ 1,346,228 | $ 2,719,228 |
| **Accumulated Amortization** | | | | |
| December 31, 2018 | $ - | $ - | $ - | $ - |
| Amortization | 838 | 73,785 | 81,712 | 156,335 |
| Balance at December 31, 2019 | 838 | 73,785 | 81,712 | 156,335 |
| Amortization | 1,116 | 66,846 | 55,322 | 123,284 |
| Balance at June 30, 2020 | $ 1,954 | $ 140,631 | $ 137,034 | $ 279,619 |
| **Net Book Value** | | | | |
| December 31, 2019 | $ 19,162 | $ 1,274,215 | $ 803,288 | $ 2,096,665 |
| June 30, 2020 | $ 23,046 | $ 1,207,369 | $ 1,209,194 | $ 2,439,609 |

## 13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Accounts payables | $ 1,322,622 | $ 648,374 |
| Accrued liabilities | 305,630 | 242,942 |
| Other payables | 311,803 | 52,118 |
| | $ 1,940,055 | $ 943,434 |

(Expressed in Canadian Dollars)

## 14. OTHER CURRENT LIABILITIES

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Subsidiaries' line of credit, with an interest rate ranging from prime plus 0.75% to prime plus 1% per annum | $ | - | $ | 809,752 |
| Loan payable to landlord of a subsidiary, at an interest rate of 6% per annum | | - | | 67,498 |
| | $ | - | $ | 877,250 |

## 15. LONG TERM DEBT

As part of the acquisition of the two Pharmacies *(Note 3),* effective July 17, 2019, the Company assumed an asset and capital financing with a Canadian chartered bank for a total of $2,369,844. The purpose of this loan was to pay out existing term debt held by the previous owner. The loan is broken down into 3 segments and bears interest calculated monthly in arrears, and payable monthly. The financing is secured on a first priority basis account on all accounts receivable, inventory, and machinery & equipment of the Pharmacies. During the six months period ended June 30, 2020, the Company made principal payments of $146,385.

As part of the acquisition of Livecare *(Note 3),* effective January 10, 2020, the Company assumed an asset and capital financing with a Canadian chartered bank for a total of $250,000. The purpose of this loan was to pay out existing term debt held by the previous owner. The loan bears interest calculated monthly in arrears, and payable monthly. The financing is secured on a first priority basis account on all accounts receivable, inventory, and machinery & equipment of Livecare. During the six months period ended June 30, 2020, the Company made principal payments of $37,500.

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Loan segment 'a' bears a fixed interest rate of 3.35% payable monthly, has an amortization period of 10 years, and a payment term of 5 years ending on October 31, 2021. | $ | 1,678,408 | $ | 1,796,595 |
| Loan segment 'b' bears a fixed interest rate of 3.20% payable monthly, has an amortization period of 10 years, and a payment term of 4 years ending on October 31, 2020. | | 200,128 | | 214,460 |
| Loan segment 'c' bears a fixed interest rate of 3.97% payable monthly, has an amortization period of 10 years, and a payment term of 2 years ending on October 31, 2021. | | 201,180 | | 215,046 |
| Livecare Loan bears a variable interest rate of prime + 1.00% payable monthly, has an amortization period of 5 years, and a payment term of 5 years ending on April 30, 2023 | | 212,500 | | - |
| | $ | 2,292,216 | $ | 2,226,101 |
| Less: current portion | | 374,850 | | 294,797 |
| Long term portion | $ | 1,917,366 | $ | 1,931,304 |

## 16. CONVERTIBLE DEBENTURE

During the year ended December 2016, the Company issued a convertible debenture to the former sole shareholder of Clinicas, who was also a director of the Company. The debenture had a face value of $1,931,700 (US$1,500,000) which was to mature on June 21, 2021 (the "Maturity Date"). The debenture accrued interest at a rate of 8.5% per annum, calculated and paid annually. At the option of the debenture holder, the debenture could be converted at any time prior to the Maturity Date in whole into common shares of the Company at a price of $0.25 per common share.

On issuance, $880,845, attributed to the equity conversion features of the debenture was classified as an equity component of the convertible debenture. The debt component (calculated using an effective interest rate of 26.6%) was accreted systematically to its face value over the term of the note by the recording of additional accretion expense.

On April 1, 2019, a settlement agreement was entered to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture issued on the original purchase of 99.9% of Clinicas. Since this debt was forgiven on April 1, 2019, the convertible debenture and its equity component of $880,845 are no longer outstanding *(Note 21)*.

## 17. LEASES

The Company leases various office, clinic, and pharmacy spaces for its operations. At adoption of IFRS 16 on January 1, 2019, the Company recognized $393,970 in lease liability in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. Right-of-use assets were measured at an amount equal to the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Management also used hindsight when determining the lease term if the contract contained an option to extend or terminate the lease. These assets and liabilities were measured at the present value of the remaining lease payments plus anticipated exercise of renewal options, discounted using the incremental borrowing rates as of January 1, 2019, which were estimated to be 4.15%.

During the six-month period, the Company renewed a lease agreement for one of the two pharmacies and a HealthVue clinic located in Stevenson. The amended agreement extended the lease period to seven year with a renewal period of five years. The asset value and liabilities were measured at the present value of the amended lease payments plus anticipated exercise of renewal options, discounted using the incremental borrowing rates as of January 1, 2019, which were estimated to be 4.15% and depreciated over the life of lease.

(Expressed in Canadian Dollars)

## 17. LEASES *(continued…)*

### Right-of-use assets

The Company's right-of-use assets as at June 30, 2020 are as follows:

| | | Total |
|---|---|---|
| **Cost** | | |
| Balance as at January 1, 2019 | $ | 401,498 |
| Additions due to acquisition of Cloud Practice | | 370,634 |
| Additions due to acquisition of Pharmacies | | 1,953,159 |
| Balance as at December 31, 2019 | $ | 2,725,291 |
| Additions due to renewal | | 1,034,166 |
| Balance as at June 30, 2020 | $ | 3,759,457 |
| | | |
| **Accumulated Amortization** | | |
| January 1, 2019 | $ | - |
| Amortization | | 345,063 |
| December 31, 2019 | | 345,063 |
| Amortization | | 250,176 |
| Balance at June 30, 2020 | $ | 595,239 |
| | | |
| Net book value: December 31, 2019 | $ | 2,380,228 |
| Net book value: June 20, 2020 | **$** | **3,164,218** |

### Lease liability

The Company's lease liability as at June 30, 2020 and December 31, 2019 is as follows:

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Lease liability current | $ | 458,007 | $ | 459,386 |
| Lease liability non-current | | 2,814,828 | | 1,978,799 |
| Total lease liability | $ | **3,272,835** | **$** | **2,438,185** |

Lease liability interest expense recognized in profit and loss and lease payments recognized in the financing component of statement of cash flows are as follows:

| | | Total |
|---|---|---|
| Balance as at December 31, 2019 | $ | 2,438,185 |
| Additions due to renewal | | 1,034,166 |
| Interest expense | | 60,319 |
| Less lease cash payments | | (259,835) |
| Balance at June 30, 2020 | **$** | **3,272,835** |

As at June 30, 2020, the discounted payments under lease liabilities are as follows:

| | | Total |
|---|---|---|
| Less than one year | $ | 458,007 |
| One to five years | | 2,696,868 |
| More than five years | | 117,960 |
| | $ | 3,272,835 |

(Expressed in Canadian Dollars)

## 18. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors.

The aggregate values of transactions relating to key management personnel were as follows:

Three months ended:

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| Salaries paid to the CEO | $ 60,000 | $ 60,000 |
| Salaries paid to the CFO | $ 30,000 | $ 25,000 |
| Salaries paid to the COO | $ 27,500 | $ 25,000 |
| Consulting fees paid to Directors | $ 48,486 | $ - |
| Stock-based compensation to the CEO, CFO, COO and Directors | $ 212,156 | $ - |

Six months ended:

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| Salaries paid to the CEO | $ 120,000 | $ 120,000 |
| Salaries paid to the CFO | $ 60,000 | $ 50,000 |
| Salaries paid to the COO | $ 55,000 | $ 50,000 |
| Consulting fees to the former CEO, included in loss from discontinued *operations (Note 21)* | - | 5,079 |
| Consulting fees paid to Directors | $ 48,486 | $ - |
| Stock-based compensation to the CEO, CFO, COO and Directors | $ 399,952 | $ - |
| Accretion and interest expense on convertible debenture to the former CEO *(Note 16)* | $ - | $ 86,330 |

The consulting fee paid to directors relates to the services provided by the President and Director of the Company, Amit Mathur and the Director of the Company, Mark Kohler.

As at June 30, 2020, the Company had consulting services fee payable to related party for the amount of $22,441 and prepaid consulting fee recorded for related party for the amount of $97,705. The payable amount relates to services provided by the President and Director of the Company, Amit Mathur and the prepaid amount relates to consulting services provided by the Director of the Company, Mark Kohler.

## 19. SHARE CAPITAL

a) **Authorized:** unlimited common shares without par value

b) **Share Capital:** As at June 30, 2020, the issued share capital comprises 113,562,211 (December 31, 2019 – 81,213,470) common shares.

***During the* 6-month period ended June 30, 2020*, the Company had the following share capital transactions:***

- On January 10, 2020, the Company issued 3,000,000 common shares for the business acquisition of Livecare (*Note 3*). Pursuant to the agreement, 1,574,959 common shares were cancelled and returned to treasury on April 17, 2020.

- On January 31, 2020, the Company issued 1,500,000 common shares valued at $577,500 to settle debt of $600,000 acquired in conjunction with Livecare. *(Note 3)*

- On February 3, 2020, the Company issued 750,000 common shares valued at $296,250 for prepaid consulting fees.

- On March 20, 2020, the Company completed tranche 1 of a brokered private placement of 4,875,449 units for gross proceeds of $2,340,216 ($0.48 per unit). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.70 for two years from closing.

  In connection with this private placement, agents were paid cash commissions of $182,897 and issued 238,147 common shares, 119,073 agent's warrants with an exercise price of $0.70 per common share, and 381,036 agent's warrants with an exercise price of $0.48 per common share. The agent's warrants have a fair value equal to $111,259 (see Note 19 (c) for further information on the fair value calculation).

- On March 30, 2020, the Company completed tranche 2 of a brokered private placement of 1,423,166 units for gross proceeds of $683,120 ($0.48 per unit). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.70 for two years from closing.

  In connection with this private placement, agents were paid cash commissions of $37,930 and issued 49,388 common shares, 79,020 agent's warrants with an exercise price of $0.70 per common share, and 24,694 agent's warrants with an exercise price of $0.48 per common share. The agent's warrants have a fair value equal to $26,085 (see Note 19 (c) for further information on the fair value calculation).

  The Company incurred additional share issuance costs amounting to $157,007 in connection to the above private placement.

- On March 30, 2020, in connection with the above private placement, the Company issued 6,500 common shares, paid a cash fee of $1,920 and issued 233,278 agent's warrants with an exercise price of $0.70 per common share. The agent's warrants have a fair value equal to $50,668 (see Note 19 (c) for further information on the fair value calculation).

## 19. SHARE CAPITAL *(continued…)*

### *b)* Share Capital *(continued…)*

- On May 21, 2020, the Company issued 150,000 common shares valued at $112,500 to Mr. Kohler, a director of the Company and chairman of the Board, in consideration of future services.

- On June 2, 2020, the Company closed a short-form prospectus offering, on a bought deal basis, including the full exercise of the underwriters' overallotment option. The Company issued a total of 21,357,800 units at the price of $0.70 cents per unit for aggregate gross proceeds of $14,950,460. Each unit comprises one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $1.00 for two years from closing.

  In connection with the bought deal, the underwriters were paid cash commissions of $1,046,532 and issued 1,495,046 agent's warrants. Each agent warrant is exercisable to acquire one common share of the Company at the exercise price of $1 per common share for a period of 2 years from the closing date of the offering. The agent's warrants have a fair value equal to $497,147 (see Note 19 (c) for further information on the fair value calculation).

  The Company incurred additional share issuance costs amounting to $295,255 in connection to the above bought deal.

- During the 6-month period ending June 30, 2020, the Company issued 573,250 common shares upon the exercise of 101,250 shareholder warrants at an exercise price of $0.65 per share, and a fair value of $Nil, 22,000 agent warrants at an exercise price of $0.65 per share, and a fair value of $4,048 and 450,000 stock options at an exercise price of $0.40 per share, and a fair value of $134,383.

***During the year ended December 31, 2019, the Company had the following share capital transactions:***

- The Company issued 3,947,368 common shares with a fair value of $2,325,964 for the business acquisition of Cloud Practice. *(Note 3).*

- The Company issued 3,432,384 common shares with a fair value of $714,981 for the business acquisition of two pharmacies based in Metro Vancouver, B.C. *(Note 3).*

- On November 19, 2019, the Company announced the appointment of Dr. David Ostrow, MD as Chief Medical Officer and the addition of Mona Elesseily to its newly formed advisory board as a Digital Marketing Strategist. The Company issued an aggregate of 510,000 common shares in consideration for future services at a price of $0.35 per common share.

- The Company completed a non-brokered private placement of 3,734,687 units for gross proceeds of $2,427,547 ($0.65 per unit). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $1.00 for two years from closing.
- In connection with this private placement, agents were paid cash commissions of $108,163 and issued 161,520 agent's warrants. Each agent's warrant is exercisable into one additional common share at an exercise price of $1.00 until April 26, 2021. The agent's warrants have a fair value equal to $46,685 (see *Note 19 (c)* for further information on the fair value calculation).

**19. SHARE CAPITAL *(continued…)***

*b)* **Share Capital *(continued…)***

- The Company closed a non-brokered private placement of 5,250,000 units for gross proceeds of $2,100,000 ($0.40 per unit). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.65 until September 30, 2021.

  In connection with this private placement, agents were paid cash commissions of $136,000 and issued 340,000 agent's warrants. Each agent's warrant is exercisable into one additional common share at an exercise price of $0.65 until September 30, 2021. The agent's warrants have a fair value equal to $62,566 (see *Note 19 (c)* for further information on the fair value calculation).

- The Company issued 600,000 common shares at a price of $0.50, for gross proceeds of $300,000 through the exercise of options. The options had a fair value of $147,570, which was removed from the share-based payment reserve into share capital.

- The Company issued 1,600,000 common shares at a price of $0.25, for gross proceeds of $400,000 through the exercise of options. The options had a fair value of $297,886, which was removed from the share-based payment reserve into share capital

- The Company issued 475,000 common shares valued at 205,750, as part of the settlement agreement to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas (see *Note 21* for further information on the Settlement Agreement).

(Expressed in Canadian Dollars)

## 19. SHARE CAPITAL *(continued…)*

c) **Agent's Warrants**

During the 6-month period ended June 30, 2020, the Company issued a total of 2,332,147 agent's warrants in connection with its private placements, valued at $685,160 using the Black Scholes Option Pricing Model, with the following weighted average assumptions: volatility of 100%, expected life of 2 years, risk free interest rate of 0.40%, and a dividend yield of 0%.

During the year ended December 31, 2019, the Company issued a total of 501,250 agent's warrants in connection with its private placements, valued at $109,251 using the Black Scholes Option Pricing Model, with the following weighted average assumptions: volatility of 100%, expected life of 2 years, risk free interest rate of 1.52%, and a dividend yield of 0%.

*The following is a summary of agent's warrants activities during the 6-month period ended June 30, 2020 and the year ended December 31, 2019:*

| | **June 30, 2020** | | December 31, 2019 | |
|---|---|---|---|---|
| | **Number of Agent's Warrants** | **Weighted Average Exercise Price $** | Number of Agent's Warrants | Weighted Average Exercise Price $ |
| Balance outstanding beginning of year | 501,520 | 0.76 | - | - |
| Agent's warrants Issued | 2,332,147 | 0.85 | 501,520 | 0.76 |
| Agent's warrants Exercised | (22,000) | 0.65 | - | - |
| Balance outstanding end of period | **2,811,667** | **0.84** | 501,520 | 0.76 |

*As at June 30, 2020, the Company had the following agent's warrants outstanding, all of which are exercisable at June 30, 2020:*

| **Outstanding** | **Exercise Price $** | **Remaining Life (Years)** | **Expiry Date** |
|---|---|---|---|
| 161,520 | 1.00 | 0.82 | April 26, 2021 |
| 318,000 | 0.65 | 1.25 | September 30, 2021 |
| 119,073 | 0.70 | 1.72 | March 20, 2022 |
| 381,036 | 0.48 | 1.72 | March 20, 2022 |
| 257,972 | 0.70 | 1.75 | March 30, 2022 |
| 79,020 | 0.48 | 1.75 | March 30, 2022 |
| 1,495,046 | 1.00 | 1.92 | June 2, 2022 |
| **2,811,667** | **0.84** | **1.73** | |

(Expressed in Canadian Dollars)

## 19. SHARE CAPITAL *(continued…)*

d) **Shareholders' Warrants**

During the 6-month period ended June 30, 2020, the Company issued a total of 13,828,207 shareholders' warrants in connection with its private placements. These warrants have a fair value of $nil, valued using the residual value method.

During the year ended December 31, 2019, the Company issued a total of 4,492,344 shareholders' warrants in connection with its private placements. These warrants have a fair value of $nil, valued using the residual value method.

*The following is a summary of* shareholders' *warrants activities during the 6-month period ended June 30, 2020 and the year ended December 31, 2019:*

| | **June 30, 2020** | | December 31, 2019 | |
|---|---|---|---|---|
| | **Number of Shareholders' Warrants** | **Weighted Average Exercise Price $** | Number of Shareholders' Warrants | Weighted Average Exercise Price $ |
| Balance outstanding beginning of year | 4,492,344 | 0.80 | - | - |
| Shareholders' warrants Issued | 13,828,207 | 0.93 | 4,492,344 | 0.80 |
| Shareholders' warrants Exercised | (101,250) | 0.65 | - | - |
| Balance outstanding end of year | **18,219,301** | **0.90** | 4,492,344 | 0.80 |

*As at June 30, 2020, the Company had the following* shareholders' *warrants outstanding, all of which are exercisable at June 30, 2020:*

| **Outstanding** | **Exercise Price $** | **Remaining Life (Years)** | **Expiry Date** |
|---|---|---|---|
| 1,525,067 | 1.00 | 0.82 | April 26, 2021 |
| 342,277 | 1.00 | 0.88 | May 16, 2021 |
| 2,523,750 | 0.65 | 1.25 | September 16, 2021 |
| 2,437,724 | 0.70 | 1.72 | March 20, 2022 |
| 711,583 | 0.70 | 1.75 | March 30, 2022 |
| 10,678,900 | 1.00 | 1.92 | June 2, 2022 |
| **18,219,301** | $0.80 | **1.68** | |

**19. SHARE CAPITAL *(continued…)***

e) **Escrow Shares**

As at June 30, 2020, the Company has 10,779,471 common shares held in escrow.

*Escrow shares will be released as follows:*

- 1,800,000 shares on August 1, 2020, and the same amount released each six months thereafter until the last 1,800,000 are released on August 1, 2021.
- 686,477 shares on September 17, 2020, and the same amount released each four months thereafter until the last 686,476 are released on May 17, 2021.
- 25,000 shares on July 16, 2020, and the same amount released each month thereafter until the last 25,000 are released on April 19, 2021.
- 5,000 shares on July 16, 2020, and the same amount released each month thereafter until the last 5,000 are released on October 19, 2020.
- 570,017 shares on January 9, 2021, plus 285,008 shares on May 9, 2021, and the same amount released each four months thereafter until the last 285,008 are released on January 8, 2022.
- 600,000 shares on January 31, 2021, plus 300,000 shares on May 31, 2021, and the same amount released each four months thereafter until the last 300,000 are released on January 30, 2022.
- 12,500 shares on July 21, 2020, and the same amount released each month thereafter until the last 12,500 are released on April 21, 2021.

f) **Stock Options**

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

***The following grants were made during the six-month period ended June 30, 2020:***

- On January 7, 2020, 300,000 options were granted to consultants of the Company, exercisable at $0.40 per share. The options vest 4 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $89,635, of which $89,635 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On January 13, 2020, 1,350,000 options were granted to management and employees of the Company, exercisable at $0.50 per share. The options vesting periods ranged from a 5-month vesting period to 25% of options granted vesting every 6 months. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $497,946, of which $440,226 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On February 3, 2020, 125,000 options were granted to employees of the Company, exercisable at $0.50 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $35,261, of which $14,772 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

**19. SHARE CAPITAL *(continued…)***

f) **Stock Options *(continued…)***

- On March 2, 2020, 200,000 options were granted to employees of the Company, exercisable at $0.55 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $79,899 of which $32,213 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On March 16, 2020, 200,000 options were granted to consultants of the Company, exercisable at $0.50 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $73,380 of which $22,017 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On March 23, 2020, 80,000 options were granted to a director of the Company, exercisable at $0.48 per share. The options shall vest 20% every 6 months, commencing on March 23, 2020. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $22,950 of which $9,735 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On March 23, 2020, 200,000 options were granted to a director of the Company, exercisable at $0.50 per share. The options shall vest 20% every 6 months, commencing on March 23, 2020. The options vest 5 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $56,926 of which $39,810 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On April 7, 2020, 212,000 options were granted to consultants of the Company, exercisable at $0.50 per share. The options vesting periods ranged from immediately to a 12-month vesting period and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $69,190 of which $43,771 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On April 28, 2020, 175,000 options were granted to consultants and employees of the Company, exercisable at $0.73 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $94,350 of which $16,917 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On June 26, 2020, 100,000 options were granted to consultants of the Company, exercisable at $0.70 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $43,058 of which $490 was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

The option pricing model used an average risk-free rate ranging from 0.28% and 1.62% with an average risk-free rate of 0.90%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

## *19.* SHARE CAPITAL *(continued…)*

f) **Stock Options** ***(continued…)***

***The following grants were made during the year ended December 31, 2019:***

- On February 4, 2019, 300,000 options were granted to consultants of the Company, exercisable at $0.76 per share. The options vest 4 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $181,116, of which all was recorded in the year ended December 31, 2019 based on vesting conditions.

- On February 4, 2019, 2,050,000 options were granted to employees of the Company, exercisable at $0.76 per share. The options shall vest 25% every 6 months, commencing on August 4, 2019. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $1,237,623, of which $209,537 ($916,026 in the period ended December 31, 2019) was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On July 17, 2019, 200,000 options were granted to employees of the Company, exercisable at $0.32 per share. The options shall vest 25% every 6 months, commencing on January 16, 2020. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $47,736, of which $14,018 ($22,565 in the period ended December 31, 2019) was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

- On August 20, 2019, 2,400,000 options were granted to consultants of the Company, exercisable at $0.25 per share. The options vested immediately. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $446,829, of which all was recorded in the year ended December 31, 2019 based on vesting conditions.

- On November 6, 2019, 300,000 options were granted to consultants of the Company, exercisable at $0.40 per share. The options vested immediately. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $89,566, of which all was recorded in the year ended December 31, 2019 based on vesting conditions.

The option pricing model used an average risk-free rate ranging from 1.27% and 1.8% with an average risk-free rate of 1.50%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

***The following grants were made during the year ended December 31, 2018:***

- On August 13, 2018, 3,200,000 options were granted to consultants and officers of the Company, exercisable at $0.50 per share. The options vest 4 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was $787,041, of which all was recorded in the year ended December 31, 2018 based on vesting conditions.

- On August 13, 2018, 800,000 options were granted to employees of the Company, exercisable at $0.50 per share. The options shall vest 25% every 6 months, commencing on February 13, 2019. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was $196,760, of which $16,186 ($177,601 in the period ended December 31, 2019) was recorded in the 6-month period ended June 30, 2020 based on vesting conditions.

(Expressed in Canadian Dollars)

## 19. SHARE CAPITAL *(continued…)*

### f) Stock Options *(continued…)*

The option pricing model used an average risk-free rate of 0.9%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

*The following is a summary of option activities the six-month period ended June 30, 2020 and the year ended December 31, 2019:*

| | **June 30, 2020** | | December 31, 2019 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted Average Exercise Price $** | Number of Options | Weighted Average Exercise Price $ |
| Balance outstanding beginning of year | 5,250,000 | 0.60 | 4,000,000 | 0.50 |
| Options Granted | 2,942,000 | 0.61 | 5,250,000 | 0.49 |
| Options Cancelled | (100,000) | 0.50 | (1,800,000) | 0.39 |
| Options Exercised | (450,000) | 0.40 | (2,200,000) | 0.32 |
| Balance outstanding end of period | **7,642,000** | **$ 0.58** | **5,250,000** | **$ 0.60** |

*As at June 30, 2020, the Company had the following stock options outstanding and exercisable:*

| **Outstanding** | **Exercisable** | **Exercise Price $** | **Remaining Life (Years)** | **Expiry Date** |
|---|---|---|---|---|
| 2,300,000 | 2,125,000 | $0.50 | 3.12 | August 12, 2023 |
| 2,350,000 | 1,325,000 | $0.76 | 3.60 | February 3, 2024 |
| 200,000 | 50,000 | $0.32 | 4.05 | July 16, 2024 |
| 150,000 | 150,000 | $0.40 | 4.52 | January 6, 2025 |
| 1,350,000 | 1,050,000 | $0.50 | 4.54 | January 12, 2025 |
| 125,000 | - | $0.50 | 4.60 | February 2, 2025 |
| 200,000 | - | $0.55 | 4.67 | March 1, 2025 |
| 200,000 | - | $0.50 | 4.71 | March 15, 2025 |
| 80,000 | 16,000 | $0.48 | 4.73 | March 22, 2025 |
| 200,000 | - | $0.50 | 4.73 | March 22, 2025 |
| 212,000 | 87,000 | $0.50 | 4.77 | April 6, 2025 |
| 175,000 | - | $0.73 | 4.83 | April 27, 2025 |
| 100,000 | - | $0.70 | 4.99 | June 25, 2025 |
| **7,642,000** | **4,803,000** | | **3.84** | |

## 20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW

**Non-cash activities affecting cash flows from investing and financing activities during the six months ended June 30, 2020:**

- The Company issued 1,425,041 shares valued at $662,644 for acquisition of Livecare *(Note 3).*
- The Company issued 1,500,000 shares valued at $577,500 for settlement of $600,000 of debt acquired from Livecare *(Note 3).*
- The Company issued 900,000 shares valued at $408,750 for prepaid consulting and advisory services, of which 135,070 were expensed during the period.
- The Company issued 2,332,147 agent warrants valued at $685,157 as share issuance costs.

**Non-cash activities affecting cash flows from investing and financing activities during the six months ended June 30, 2019:**

- The Company issued 3,947,368 shares valued at $2,325,964 for the acquisition of Cloud Practice.

## 21. DISCONTINUED OPERATIONS

During the year ended December 31, 2018, the Company entered into a share purchase agreement (the "Purchase Agreement") with the Company's former CEO, who is also the former sole shareholder of Clinicas (the "Purchaser"). The Purchase Agreement was entered into as a prerequisite to entering into an acquisition agreement that would result in a change of control of the Company. The terms of the Purchase Agreement were as follows:

- The Company will transfer 51% of the shares of Clinicas to the Purchaser immediately on the closing date, and transfer the remaining 49% of the shares of Clinicas of when the Company has a satisfactory replacement assets in place to satisfy corporate law requirement to maintain a business undertaking at all time, as well as continue to qualify for Listing on the Canadian Securities Exchange.
- The Purchaser will forgive the convertible debenture of US$1,500,000 and all accrued interest proportionally to the shares of Clinicas transferred *(Note 16).*

This Purchase Agreement constituted a discontinued operation involving the loss of control of Clinicas by the Company as at December 31, 2018. During the year ended December 31, 2018, the Purchase Agreement was not executed. As a result, a subsequent settlement agreement was entered into on April 1, 2019 (the "Settlement Agreement"). As a result, all of the assets and liabilities of Clinicas were classified as held-for-sale as at December 31, 2018. This resulted in a net liability of $139,372 from discontinued operation as at December 31, 2018.

On April 1, 2019, the Company entered into the Settlement Agreement to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas.

As part of the Settlement Agreement, the Company completed the following:

- on April 1, 2019, as part of the settlement, the convertible debenture was forgiven. (*Note 16*),
- on April 1, 2019, the Company assigned to the Purchaser's company, Benras Holdings Inc., the following promissory notes as security for, and in full and final satisfaction of any amount owed by the Company to the Purchaser: (i) a promissory note dated February 20, 2018 plus interest owed to the Company by the former CFO and a company owned by the former CFO with an amount outstanding as at March 31, 2019 of $43,001, and (ii) a promissory note dated February 20, 2018 in the amount of $220,000 plus interest owed to the Company by Explorinvest Capital Corp., a company partially owned by the former CFO of the Company,
- the Company issued 475,000 common shares at a value of $205,750.

(Expressed in Canadian Dollars)

## 21. DISCONTINUED OPERATIONS *(continued…)*

As at December 31, 2019 and June 30, 2020, no amounts were owing with regards to the Settlement Agreement.

There was no revenue or expenses from Clinicas for the 3 months ended June 30, 2020 and 2019.

*Revenues and expenses from Clinicas are as follows for the six month period ended June 30:*

| | **June 30, 2020** | June 30, 2019 |
|---|---|---|
| **REVENUE** | **$ -** | $ 59,462 |
| **EXPENSES** | | |
| Advertising | - | 1,342 |
| Amortization | - | 12,853 |
| Bank charges an interest | - | 5,791 |
| Consulting fees *(Note 18)* | - | 5,079 |
| Insurance | - | 2,032 |
| Office and administration | - | 8,820 |
| Professional fees | - | 4,886 |
| Rent | - | 12,672 |
| Repair and maintenance | - | 534 |
| Wages and related expenses | - | 27,600 |
| Other expense | - | 820 |
| **Loss from discontinued operations** | **$ -** | $ (22,967) |

## 22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach in its management of capital during the period.

## 23. FINANCIAL INSTRUMENTS

The Company's financial instrument consist of cash and cash equivalents; accounts receivable, deposits, marketable securities; short term investments; accounts payable, other current liabilities, and long-term debt.

The Company's cash and cash equivalents; marketable securities; and short term investments are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The Company's accounts receivable, accounts payable, and other current liabilities, have amortized costs that approximate their fair value due to their short terms to maturity. The Company's deposits and long-term debt are measured at amortized cost, which approximates fair value.

The Company's risk exposures and the possible impact of these expenses on the Company's financial instruments are summarized below:

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As of June 30, 2020, the Company is exposed to credit risk from financial institutions and from its clients should they become unable to meet their payment obligations. Trade receivables include amounts receivables from the sale of services and GST receivables. The Company does not feel it has significant credit risk from customers, as it has historically collected the majority of receivables when due. The Company keeps its cash and cash equivalents with accredited Canadian financial institutions. Should these accredited Canadian institutions fail, the Company would be exposed to a risk totaling the value of its cash and cash equivalents.

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company has $13,786,797 in cash and cash equivalents to settle its financial liabilities as they come due.

### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### a) Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is insignificant, as the majority of its debt has fixed interest rates.

#### b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and the majority of its transactions are in Canadian dollars. The Company's exposure to foreign currency risk is low.

#### c) Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors those prices to determine the appropriate course of action to be taken. The maximum exposure to the Company is the fair value of its marketable securities, which have been recorded at $1.

## 24. CONTINGENT LIABILITIES

During the period ending June 30, 2020, Gravitas Securities Inc. (“Gravitas”), has commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020 (the “Alternative Financing”), and was completed on June 2, 2020. Gravitas is claiming damages in excess of $1,000,000 and unspecified damages associated with the value of share purchase warrants that were issued in connection with the Alternative Financing. The Company disputes these claims. In the further alternative, if the Company had breached these terms, management’s best estimate as to the quantum of damages is approximately $400,000. Accordingly, the Company has recorded a provision for a contingent liability of $400,000.

## 25. SUBSEQUENT EVENTS

- Subsequent to June 30, 2020, the Company issued 877,091 common shares upon exercise of 490,000 shareholder warrants at an exercise price ranging from $0.65 to $1.00 per share, 137,091 agent warrants at an exercise price from between $0.48 to $0.65 per share and 250,000 stock options at an exercise price ranging from $0.50 to $0.76 per share

- On July 16, 2020, the Company announced the signing of a binding term sheet to acquire 100 per cent of Snapclarity Inc. “Snapclarity”. Snapclarity is a mental health care pioneer. Its on-demand digital platform provides an assessment for an individual's personal risk of mental health disorders resulting in a personalized care plan, access to on-line resources, a clinical health care team and the ability to match to the right therapists. Snapclarity's product offering is a connected, collaborative model that leaves individuals feeling empowered, motivated, and supported throughout their entire treatment journey.

  Under the terms of the agreement, in consideration for the purchase of all of the outstanding Snapclarity securities, the Company has agreed to pay shareholders aggregate consideration of $3.35-million, subject to certain holdbacks, payable as up to $975,000 in cash and up to $2,375,000 in shares of the Company. All shares issued pursuant to the acquisition are subject to a two-year release. Additionally, subject to the achievement of certain performance conditions in 2021 and 2022, Snapclarity may earn an additional $3.65-million in equity-based consideration.

- On July 20, 2020, the Company issued 700,000 options to management of the Company at an exercise price of $0.70 per share. The options have a five-year expiry date from the date of grant.

- On July 23, 2020, the Company issued 250,000 options to consultants of the Company at an exercise price of $0.70 per share. The options have a 1-year expiry date from the date of grant.

- On July 28, 2020, the Company issued 100,000 options to a director of the Company at an exercise price of $0.70 per share. The options have a five-year expiry date from the date of grant.

- On August 5, 2020, the Company announced closing of the acquisition of South Surrey Medical Clinic. ("South Surrey"). South Surrey is a premier provider of integrated medical solutions, operating with 24 health care professionals, with 12 physicians across various specialities, including mental health, women's health, sports medicine, gynecology, and psychiatry. South Surrey services over 60,000 patients and is fully equipped with on-line booking, electronic medical records (EMR) software and telemedicine, which will be easily integrated into the Company's software and clinic network.

**25. SUBSEQUENT EVENTS *(continued…)***

Under the terms of the agreement, in consideration for the purchase of all of the outstanding South Surrey securities, the Company has agreed to pay shareholders aggregate consideration of up to $700,000, payable as up to $200,000 in cash and up to $500,000 in shares of the Company, a portion of which is subject to the achievement of certain performance conditions and a customary working capital adjustment. The consideration shares will be subject to certain contractual restrictions on trading for a period of thirty months from the date of issuance.

- On August 6, 2020, the Company announced it has entered into a binding agreement to acquire 100% of a United States-based medical clinic serving chronic care patients as a part of its broader strategy for entering the U.S. market with its comprehensive suite of telehealth products.

- On August 11, 2020, the Company announced the appointment of Patrick Lo, a leading expert on data protection and regulatory privacy matters for the health care sector in North America, as a strategic adviser. Mr. Lo will act as a strategic adviser to the Company's corporate development and risk management committee, which was recently formed to ensure customers and patients are provided with the very best in critical oversight of data protection and privacy matters.

- On August 13, 2020, the Company announced it has entered into a share purchase agreement to acquire a 51% interest in West Mississauga Medical Ltd., a comprehensive family medicine and specialist medical clinic with eight family doctors and four specialists serving over 100,000 patients.

  Under the terms of the agreement, in consideration for the purchase of 51% of the outstanding securities of West Mississauga Medical, the Company has agreed to pay shareholders aggregate consideration of $200,000 payable as to $140,000 in cash and $60,000 in common shares of the Company. The consideration shares will be subject to certain contractual restrictions on trading for a period of thirty months from the date of issuance.

- On August 26, 2020, the Company announced it has entered into a binding term sheet to acquire a 100% interest of Re:Function Health Group. ("ReFunction"), a leading integrated clinic network offering various rehabilitation services 35 Specialists & Allied Professionals including: Occupational Therapists, Physiotherapists, Kinesiologists, Psychologists, Psychiatrists, and Counsellors serving approximately 500,000 patients.

  Under the terms of the agreement, in consideration for the purchase of 100% of the outstanding securities of ReFunction, the Company has agreed to pay shareholders aggregate consideration of $8,000,000 payable as $3,000,000 in cash, $3,500,000 in common shares of the Company and a performance-based earnout of $1,500,000 payable in annual issuances over a period of three years. The consideration shares will be subject to certain contractual restrictions on trading for a period of thirty months from the date of issuance.