

**Vitalhub Corp.**  
**Unaudited Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**

**Vitalhub Corp.**  
**For the three and six months ended June 30, 2022 and 2021**

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**Vitalhub Corp.**  
**Interim Condensed Consolidated Statements of Financial Position**  
**As at June 30, 2022 and December 31, 2021**  
(Unaudited)  
(in Canadian Dollars)

	June 30, 2022	December 31, 2021
	\$	\$
<b>Assets</b>		
Current assets		
Cash	36,830,071	16,389,982
Accounts receivable, net of expected credit loss (Note 5)	10,175,415	5,561,322
Inventory	332,919	199,732
Prepaid expenses	915,780	472,669
	<b>48,254,185</b>	<b>22,623,705</b>
Non-current assets		
Property and equipment (Note 6)	630,488	533,600
Intangible assets (Note 7)	27,114,668	19,585,056
Right-of-use assets (Note 13)	486,381	707,352
Goodwill (Note 8)	36,819,370	29,322,077
	<b>113,305,092</b>	<b>72,771,790</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	4,527,476	4,064,012
Loans payable (Note 11)	266,150	29,160
Contingent consideration (Note 12)	3,180,672	1,924,292
Income taxes payable	237,689	168,540
Lease liabilities (Note 13)	225,096	241,704
Deferred revenue	16,895,964	8,305,985
	<b>25,333,047</b>	<b>14,733,693</b>
Long term liabilities		
Deferred revenue	1,464,377	515,346
Deferred tax liability	4,380,415	2,176,357
Loans payable (Note 11)	9,807,538	-
Lease liabilities (Note 13)	435,520	521,649
	<b>41,420,897</b>	<b>17,947,045</b>
<b>Shareholders' equity</b>		
Share capital (Note 14 (b))	79,353,066	61,142,937
Share-based payment reserve (Note 14 (c))	3,330,820	2,755,986
Deferred share units payment reserve (Note 14 (d))	253,500	253,500
Warrant reserve (Note 14 (e))	445,682	465,235
Accumulated other comprehensive (loss)	(3,356,501)	(138,347)
Deficit	(8,142,372)	(9,654,566)
	<b>71,884,195</b>	<b>54,824,745</b>
	<b>113,305,092</b>	<b>72,771,790</b>

Approved by the Board

(Signed) Dan Matlow \_\_\_\_\_

Director

(Signed) Barry Tissenbaum \_\_\_\_\_

Director

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

# Vitalhub Corp.

## Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) For the three and six months ended June 30, 2022 and 2021

(Unaudited)

(in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$	\$	\$
<b>Revenue</b>				
Term licences, maintenance and support	7,232,646	4,628,927	12,965,537	8,497,284
Perpetual licences	149,253	222,981	2,916,776	578,254
Services	1,816,930	686,045	2,474,554	1,465,603
Hardware	237,977	64,437	495,166	340,058
Other	40,658	189,792	48,623	234,056
<b>Total revenue</b>	<b>9,477,464</b>	<b>5,792,182</b>	<b>18,900,656</b>	<b>11,115,255</b>
<b>Cost of sales</b>	<b>1,605,282</b>	<b>1,321,428</b>	<b>3,079,861</b>	<b>2,599,527</b>
<b>Gross profit</b>	<b>7,872,182</b>	<b>4,470,754</b>	<b>15,820,795</b>	<b>8,515,728</b>
<b>Expenses</b>				
General and administrative	2,099,943	1,077,532	3,921,577	2,276,451
Sales and marketing	1,023,250	917,407	2,071,639	1,672,037
Research and development	2,694,514	1,294,271	4,742,759	2,452,444
Depreciation (Note 6)	60,556	41,342	103,873	74,689
Depreciation of right-of-use assets (Note 13)	52,094	67,193	115,482	130,764
Stock based compensation (Note 14 (c))	314,540	284,303	583,784	604,080
Foreign currency loss	186,855	127,858	166,180	192,780
	<b>6,431,752</b>	<b>3,809,906</b>	<b>11,705,294</b>	<b>7,403,245</b>
<b>Income before the undernoted items</b>	<b>1,440,430</b>	<b>660,848</b>	<b>4,115,501</b>	<b>1,112,483</b>
Amortization of intangible assets (Note 7)	795,270	546,845	1,479,198	980,816
Business acquisition, restructuring and integration costs (Note 4)	528,337	612,269	943,064	859,086
Interest expense and accretion (net of interest income)	110,405	(7,707)	105,686	(18,294)
Interest expense from lease liabilities (Note 13)	15,318	22,770	32,936	43,381
Loss on disposal of property and equipment	1,057	-	1,057	2,497
	<b>1,450,387</b>	<b>1,174,177</b>	<b>2,561,941</b>	<b>1,867,486</b>
<b>Income (loss) before income taxes</b>	<b>(9,957)</b>	<b>(513,329)</b>	<b>1,553,560</b>	<b>(755,003)</b>
<b>Provision for income taxes</b>				
Current	14,414	10,071	140,348	10,071
Deferred	(98,950)	-	(98,982)	-
	<b>(84,536)</b>	<b>10,071</b>	<b>41,366</b>	<b>10,071</b>
<b>Net income (loss)</b>	<b>74,579</b>	<b>(523,400)</b>	<b>1,512,194</b>	<b>(765,074)</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation gain (loss)	(1,164,021)	12,589	(3,218,154)	(134,525)
<b>Comprehensive income (loss)</b>	<b>(1,089,442)</b>	<b>(510,811)</b>	<b>(1,705,960)</b>	<b>(899,599)</b>
<b>Income (loss) per share</b>				
Basic	0.00	(0.01)	0.04	(0.02)
Diluted	0.00	(0.01)	0.03	(0.02)
<b>Weighted average number of shares outstanding</b>				
Basic	41,916,986	36,117,607	42,093,734	36,114,650
Diluted	43,787,986	36,117,607	43,964,734	36,114,650

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

# Vitalhub Corp.

## Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2022 and 2021

(Unaudited)

(in Canadian Dollars)

	Number of common shares	Share capital \$	Share-based payment reserve \$	Deferred share units payment reserve	Warrant reserve \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
Balance, December 31, 2020	35,106,314	55,683,203	1,315,592	-	990,032	29,781	(7,707,925)	50,310,683
Acquisition of S12 Solutions Ltd. (Note 4 (a))	229,144	654,984	-	-	-	-	-	654,984
Acquisition of Jayex Healthcare Limited. (Note 4 (b))	150,078	442,790	-	-	-	-	-	442,790
Stock options exercised (Note 14 (c))	104,774	119,749	(13,175)	-	-	-	-	106,574
Stock based compensation (Note 14 (c))	-	-	604,080	-	-	-	-	604,080
Warrants exercised (Note 14 (e))	1,031,250	3,437,207	-	-	(446,582)	-	-	2,990,625
Net (loss) and comprehensive (loss) for the period	-	-	-	-	-	(134,525)	(765,074)	(899,599)
<b>Balance, June 30, 2021</b>	<b>36,621,560</b>	<b>60,337,933</b>	<b>1,906,497</b>	<b>-</b>	<b>543,450</b>	<b>(104,744)</b>	<b>(8,472,999)</b>	<b>54,210,137</b>
<b>Balance, December 31, 2021</b>	<b>36,939,428</b>	<b>61,142,937</b>	<b>2,755,986</b>	<b>253,500</b>	<b>465,235</b>	<b>(138,347)</b>	<b>(9,654,566)</b>	<b>54,824,745</b>
Shares issued from financing (Note 14 (b))	5,645,200	16,296,220	-	-	-	-	-	16,296,220
Acquisition of Beautiful Information Limited (Note 4 (d))	90,266	258,214	-	-	-	-	-	258,214
Acquisition of Hicom Technology Limited (Note 4 (e))	475,104	1,338,715	-	-	-	-	-	1,338,715
Stock options exercised (Note 14 (c))	154,500	201,350	(8,950)	-	-	-	-	192,400
Stock based compensation (Note 14 (c))	-	-	583,784	-	-	-	-	583,784
Warrants exercised (Note 14 (e))	45,750	115,630	-	-	(19,553)	-	-	96,077
Net income and comprehensive (loss) for the period	-	-	-	-	-	(3,218,154)	1,512,194	(1,705,960)
<b>Balance, June 30, 2022</b>	<b>43,350,248</b>	<b>79,353,066</b>	<b>3,330,820</b>	<b>253,500</b>	<b>445,682</b>	<b>(3,356,501)</b>	<b>(8,142,372)</b>	<b>71,884,195</b>

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

**Vitalhub Corp.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$
<b>Operating activities</b>		
Net income (loss)	1,512,194	(765,074)
Adjustments for:		
Depreciation of property and equipment (Note 6)	103,873	74,689
Depreciation of right-of-use assets (Note 13)	115,482	130,764
Amortization of intangible assets (Note 7)	1,479,198	980,816
Unrealized foreign exchange (gain) loss	155,624	(424,121)
Loss on disposal of property and equipment (Note 6)	1,057	2,497
Interest expense from lease liabilities (Note 13)	32,936	43,381
Stock based compensation (Note 14 (c))	583,784	604,080
<b>Cash flow from operations before changes in working capital</b>	<b>3,984,148</b>	<b>647,032</b>
Changes in working capital		
Accounts receivable	2,306,614	222,333
Inventory	(133,187)	117,541
Lease receivable	-	5,225
Prepaid expenses	(235,675)	5,256
Accounts payable and accrued liabilities	(1,797,435)	(1,095,605)
Contingent consideration	(481,345)	(100,143)
Deferred revenue	3,645,236	2,387,218
Income taxes payable	(60,982)	(30,649)
Deferred tax liability	(223,905)	-
	<b>7,003,469</b>	<b>2,158,208</b>
<b>Investing activities</b>		
Purchase of property and equipment (Note 6)	(116,154)	(121,970)
Acquisition of Beautiful Information (net of cash acquired) (Note 4 (d))	(2,302,436)	(5,634,848)
Acquisition of Hicom Technology Limited (net of cash acquired) (Note 4 (e))	(10,789,670)	(1,570,068)
	<b>(13,208,260)</b>	<b>(7,326,886)</b>
<b>Financing activities</b>		
Proceeds from Scotiabank loan	9,999,982	-
Proceeds from issuance of shares - net of issuance costs (Note 14 (b))	16,296,220	-
Principal payments on loans payable (Note 11)	(26,137)	(21,152)
Principal payments on lease liabilities (Note 13)	(135,672)	(160,675)
Proceeds from exercise of options (Note 14 (c))	192,400	106,574
Proceeds from exercise of warrants (Note 14 (e))	96,077	2,990,625
	<b>26,422,870</b>	<b>2,915,372</b>
Effect of foreign exchange rate changes on cash	258,589	(95,260)
Increase (decrease) in cash	20,476,668	(2,348,566)
Cash, beginning of the period	16,389,982	23,391,946
<b>Cash, end of the period</b>	<b>36,866,650</b>	<b>21,043,380</b>

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

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

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**1. Description of business**

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

Vitalhub Corp. has eleven wholly owned subsidiaries: Vitalhub (PVT) Ltd., H.I.Next LLC, Vitalhub UK Limited, Oculys Health Informatics Inc., Intouch with Health Ltd., Transforming Systems Ltd., S12 Solutions Ltd., Vitalhub Australia PTY Ltd, Alamac Limited, Beautiful Information Limited., and Hicom Technology Limited.

The Company’s shares trade on TSX under the symbol “VHI”. The Company is incorporated and domiciled in Canada. The address of the Company’s registered office is 480 University Avenue, Suite 1001, Toronto, Ontario, M5G 1V2.

**2. Basis of presentation**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as set out in the Handbook of Chartered Professional Accountants Canada (“CPA Canada Handbook”). These unaudited interim condensed consolidated financial statements are presented in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 11, 2022.

*COVID-19*

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in the World Health Organization declaring this virus a global pandemic in March 2020. Governments around the world have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing and closure of businesses have caused material disruption to businesses resulting in an economic slowdown. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize the financial markets. A critical estimate for the Company is to assess the impact of the pandemic on the recoverability of long-lived assets, accounts receivable, goodwill, intangible assets as well as the availability of future financing in assessing the going concern assumption. The Company has experienced work stoppages and delays on some projects due to the ongoing COVID-19 pandemic, as hospitals and their staff are focused on dealing with the pandemic and as such the Company’s staff are limited to go on site. The Company has received government incentives as disclosed in Note 18.

**3. Summary of significant accounting policies**

The accounting policies applied in these unaudited interim condensed consolidated financial statements are consistent with those disclosed in Note 3 to the annual consolidated financial statements for the year ended December 31, 2021.

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

(Unaudited)

(in Canadian Dollars)

### 4. Business acquisitions

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

a) Acquisition of S12 Solutions Ltd.

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

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

#### Consideration

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

#### Purchase price allocation

Cash	\$	584,426
Accounts receivable		405,568
Prepays		14,780
Property and equipment		66,681
Accounts payable and accrued liabilities		(459,928)
Deferred revenue		(1,877,078)
Deferred tax liability		(859,687)
Acquired technology		815,210
Customer relationships		3,573,049
Brand		242,829
Goodwill		5,460,340
	\$	<b>7,966,190</b>

The Company has a contingent consideration in the amount of \$1,091,932 payable over a three-year period after closing and is contingent upon meeting certain revenue targets.

During the three and six months ended June 30, 2022, the Company incurred \$64,347 and \$155,757 in acquisition, restructuring and integration costs with this acquisition (three months ended June 30, 2021 - \$180,066). These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

The acquisition of S12 resulted in revenue from the date of acquisition to December 31, 2021 of \$2,074,190 and a net loss of \$250,720, which is included in the Company's results for the year ended December 31, 2021.



**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

**4. Business acquisitions (continued)**

b) Acquisition of Jayex Healthcare Limited

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

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

**Consideration**

Cash consideration on closing	\$ 575,462
Cash held in escrow	994,606
Issued shares (150,078 shares issued at \$2.93/share)	442,790
Fair value of contingent consideration	26,194
	<b>\$ 2,039,052</b>

**Purchase price allocation**

Inventory	\$ 133,247
Prepays	14,875
Property and equipment	6,795
Accounts payable and accrued liabilities	(33,585)
Deferred revenue	(267,644)
Acquired technology	51,222
Customer relationships	1,280,543
Goodwill	853,599
	<b>\$ 2,039,052</b>

The Company has a contingent consideration in the amount of \$26,194 payable over a two-year period after the closing, which has been discounted using a rate of 1.2% and is contingent upon meeting certain revenue targets.

During the three and six months ended June 30, 2022, the Company incurred \$2,148 and \$18,645 in acquisition, restructuring and integration costs with this acquisition (three months ended June 30, 2021 - \$240,666). These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

The acquisition of Jayex resulted in revenue from the date of acquisition to December 31, 2021 of \$543,771 and a net loss of \$487,153, which is included in the Company's results for the year ended December 31, 2021.

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

**4. Business acquisitions (continued)**

c) Acquisition of Alamac Limited

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

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

<b>Consideration</b>	
Cash consideration on closing	\$ 2,485,086
Cash held in escrow	316,467
	<b>\$ 2,801,553</b>
<b>Purchase price allocation</b>	
Cash	\$ 209,500
Accounts receivable	23,011
Income taxes recoverable	62,999
Prepays	28,520
Property and equipment	10,549
Accounts payable and accrued liabilities	(151,478)
Deferred revenue	(105,325)
Deferred tax liability	(353,758)
Acquired technology	239,487
Customer relationships	1,180,328
Goodwill	1,657,720
	<b>\$ 2,801,553</b>

During the three and six months ended June 30, 2022, the Company incurred \$1,439 and \$2,400 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

The acquisition of Alamac resulted in revenue from the date of acquisition to December 31, 2021 of \$851,400 and net income of \$85,521 which is included in the Company’s results for the year ended December 31, 2021.

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

**4. Business acquisitions (continued)**

d) Acquisition of Beautiful Information Limited

On January 27, 2022, the Company acquired all of the issued and outstanding shares of Beautiful Information Limited. ("BI"). BI is a UK-based company, which offers unique real-time information to NHS trusts to help them plan and resource clinical services to meet hourly fluctuations in patient flow.

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

**Consideration**

Cash consideration on closing	\$ 2,224,123
Cash held in escrow	358,174
Issued shares (90,266 shares issued at \$2.96/share)	267,483
	<b>\$ 2,849,780</b>

**Purchase price allocation**

Cash	\$ 279,861
Accounts receivable	616,900
Prepays	10,649
Property and equipment	1,795
Accounts payable and accrued liabilities	(119,154)
Deferred revenue	(408,885)
Deferred tax liability	(404,932)
Loans payable	(76,822)
Acquired technology	204,370
Customer relationships	1,413,561
Goodwill	1,332,437
	<b>\$ 2,849,780</b>

During the three and six months ended June 30, 2022, the Company incurred \$32,279 and \$165,929 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

The acquisition of Beautiful Information resulted in revenue from the date of acquisition to June 30, 2022 of \$693,375 and net income of \$42,505 which is included in the Company's results for the period ended June 30, 2022.

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
(Unaudited)  
(in Canadian Dollars)

**4. Business acquisitions (continued)**

e) Acquisition of Hicom Technology Limited

On April 25, 2022, the Company acquired all of the issued and outstanding shares of Hicom Technology Limited. ("Hicom"), a company incorporated and registered in England and Wales. Hicom is a developer of software that automates healthcare and business processes across a diverse 200+ strong client base

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

<b>Consideration</b>	
Cash consideration on closing	\$ 11,480,982
Cash held in escrow	1,297,836
Issued shares (475,104 shares issued at \$3.02/share)	1,338,715
Fair value of contingent consideration	1,737,725
	<b>\$ 15,855,258</b>
<b>Purchase price allocation</b>	
Cash	\$ 1,989,148
Accounts receivable	6,303,807
Prepays	196,787
Property and equipment	194,574
Accounts payable and accrued liabilities	(2,141,745)
Deferred revenue	(5,484,889)
Income taxes payable	(130,131)
Deferred tax liability	(2,023,031)
Acquired technology	1,427,620
Customer relationships	7,154,321
Brand	454,243
Goodwill	7,914,554
	<b>\$ 15,855,258</b>

The Company has a contingent consideration in the amount of \$1,737,725 payable over a two-year period after the closing and is contingent upon meeting certain revenue targets.

During the period ended June 30, 2022, the Company incurred \$429,625 in acquisition, restructuring and integration costs with this acquisition. These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

The acquisition of Hicom resulted in revenue from the date of acquisition to June 30, 2022 of \$1,581,693 and net income of \$6,269 which is included in the Company's results for the period ended June 30, 2022.

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Unaudited)

(in Canadian Dollars)

### 5. Accounts receivable

	June 30, 2022	December 31, 2021
	\$	\$
Trade accounts receivable	9,184,887	5,276,476
Other receivables	1,277,998	572,315
	<b>10,462,885</b>	5,848,791
Expected credit loss provision	<b>(287,470)</b>	(287,469)
Net carrying value	<b>10,175,415</b>	5,561,322

### 6. Property and equipment

	Computers	Furniture & fixtures	Leasehold improvements	Total
<b>Cost</b>	\$	\$	\$	\$
Balance, December 31, 2020	285,749	187,900	113,950	587,599
Acquisitions (Note 4)	6,795	77,230	-	84,025
Additions	148,721	30,646	41,701	221,068
Disposals	(23,973)	(1,122)	-	(25,095)
Effect of movements in exchange rates	(1,521)	572	(48)	(997)
Balance, December 31, 2021	415,771	295,226	155,603	866,600
Acquisitions (Note 4)	188,422	7,947	-	196,369
Additions	115,848	316	-	116,164
Disposals	(2,995)	-	-	(2,995)
Effect of movements in exchange rates	(82,398)	(4,689)	1,004	(86,083)
<b>Balance, June 30, 2022</b>	<b>634,648</b>	<b>298,800</b>	<b>156,607</b>	<b>1,090,055</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2020	110,514	52,501	30,179	193,194
Depreciation expense	75,665	64,739	22,020	162,424
Disposals	(21,820)	(1,682)	-	(23,502)
Effect of movements in exchange rates	456	466	(38)	884
Balance, December 31, 2021	164,815	116,024	52,161	333,000
Depreciation expense	60,484	33,547	9,842	103,873
Disposals	(1,938)	-	-	(1,938)
Effect of movements in exchange rates	29,291	(4,629)	(30)	24,632
<b>Balance, June 30, 2022</b>	<b>252,652</b>	<b>144,942</b>	<b>61,973</b>	<b>459,567</b>
<b>Net book value as at:</b>				
December 31, 2021	250,956	179,202	103,442	533,600
<b>June 30, 2022</b>	<b>381,996</b>	<b>153,858</b>	<b>94,634</b>	<b>630,488</b>

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
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**7. Intangible assets**

	Acquired technologies	Customer relationships	Brands	Training videos	Patents and trademarks	Total
<b>Cost</b>	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	3,948,556	14,348,989	986,926	41,954	-	19,326,425
Acquisitions (Note 4)	1,105,919	6,033,920	242,829	-	-	7,382,668
Additions	-	-	-	36,996	1,546	38,542
Effect of movements in exchange rates	(40,885)	(101,462)	(10,893)	1,088	-	(152,152)
Balance, December 31, 2021	5,013,590	20,281,447	1,218,862	80,038	1,546	26,595,483
Acquisitions (Note 4)	1,631,990	8,567,882	454,243	-	-	10,654,115
Additions	-	-	-	-	-	-
Effect of movements in exchange rates	(392,920)	(1,376,989)	(90,844)	(4,640)	-	(1,865,393)
<b>Balance, June 30, 2022</b>	<b>6,252,660</b>	<b>27,472,340</b>	<b>1,582,261</b>	<b>75,398</b>	<b>1,546</b>	<b>35,384,205</b>
<b>Accumulated amortization</b>						
Balance, December 31, 2020	720,774	3,923,131	123,930	9,030	-	4,776,865
Amortization expense	669,564	1,389,126	151,034	31,527	-	2,241,251
Effect of movements in exchange rates	(2,675)	(6,419)	(364)	1,769	-	(7,689)
Balance, December 31, 2021	1,387,663	5,305,838	274,600	42,326	-	7,010,427
Amortization expense	446,023	936,486	83,297	13,318	74	1,479,198
Effect of movements in exchange rates	(58,321)	(148,633)	(11,044)	(2,090)	-	(220,088)
<b>Balance, June 30, 2022</b>	<b>1,775,365</b>	<b>6,093,691</b>	<b>346,853</b>	<b>53,554</b>	<b>74</b>	<b>8,269,537</b>
<b>Net book value as at:</b>						
December 31, 2021	3,625,927	14,975,609	944,262	37,712	1,546	19,585,056
<b>June 30, 2022</b>	<b>4,477,295</b>	<b>21,378,649</b>	<b>1,235,408</b>	<b>21,844</b>	<b>1,472</b>	<b>27,114,668</b>

**8. Goodwill**

	<b>\$</b>
Balance, December 31, 2020	20,868,384
Additions through business acquisitions (Note 4)	7,971,659
Effect of movements in exchange rates	482,034
Balance, December 31, 2021	29,322,077
Additions through business acquisitions (Note 4)	9,246,991
Effect of movements in exchange rates	(1,749,698)
<b>Balance, June 30, 2022</b>	<b>36,819,370</b>

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

(Unaudited)

(in Canadian Dollars)

### 9. Accounts payable and accrued liabilities

	June 30, 2022	December 31, 2021
	\$	\$
Trade accounts payable and accrued liabilities	1,903,997	1,808,566
Accrued payroll and related compensation	1,582,992	1,272,182
Government remittances	843,341	843,711
Royalties payable	197,146	139,553
	<b>4,527,476</b>	<b>4,064,012</b>

### 10. Share purchase

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

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

During the three and six months ended June 30, 2022, the Company earned \$nil of net revenues (for the year ended December 31, 2021 - \$nil) pursuant to the BC agreement. The Company has accrued \$75,766 of royalties in accounts payable and accrued liabilities as at June 30, 2022 (December 31, 2021 - \$75,766) for revenues earned in prior periods.

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

(Unaudited)

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### 11. Loans payable

	Note	June 30, 2022	December 31, 2021
		\$	\$
Scotiabank revolving facility loan	(a)	9,999,982	-
Lloyds Bank loan (GBP £40,833)	(b)	63,986	-
Business Development Bank of Canada loan	(c)	9,720	29,160
		<b>10,073,688</b>	29,160
Current portion of loans payable		266,150	29,160
Long-term portion of loans payable		9,807,538	-
		<b>10,073,688</b>	29,160

Future principal repayments are as follows:

2023	266,150
2024	1,083,130
2025	1,089,430
2026	1,089,430
2027 and later	6,545,548
	<b>10,073,688</b>

- a) The Company has an agreement with The Bank of Nova Scotia ("Scotia") to provide a \$1,000,000 operating credit limit, bearing interest at Scotia's prime rate plus 1%. The Company also has available a \$10,000,000 revolving term acquisition facility, bearing interest at Scotia's prime rate plus a spread per annum as follows: Funded debt/EBITDA greater than 2.5x plus 2.75%, Funded debt/EBITDA equal to or less than 2.5x plus 1.5%. The facilities are secured by a general security agreement with a first ranking security interest over all property of the Company and guarantees and postponements of claim from the subsidiaries of the Company. As at June 30, 2022, \$9,999,982 has been drawn on the revolving term acquisition facility. The current prime rate is at 3.2% and the principal and interest repayment schedule will begin in February 2023, the Company has accrued \$123,899 of interest related to the revolving term acquisition facility.

The Company is subject to maintaining the following covenants:

- i) Funded Debt to EBITDA ratio, calculated on a trailing 12 month basis that is:
1. equal to or less than 3.75:1, from the Closing Date to June 30th, 2022;
  2. equal to or less than 3.00:1, from the July 1, 2022 to June 30th, 2023; and
  3. equal to or less than 2.50:1, from July 1, 2023 and thereafter,
- ii) As well as a Fixed Charge Coverage Ratio (calculated on a trailing 12 month basis that is) of not less than 1.20:1.

As at June 30, 2022, the Company is in compliance with all of its covenants.



# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

(Unaudited)

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### 11. Loans payable (continued)

- b) The Lloyd's Bank ("Lloyd's") loan bears interest at 2.5% fixed per annum and is due July 15, 2026. The loan is repayable in fixed monthly installments of GBP £937.50 of the principal and interest which began on July 15, 2020. The loan is secured by a general security agreement with a second ranking security interest over property of Beautiful Information Limited. During the three and six months ended June 30, 2022, the Company paid \$3,917 and \$6,697 (GBP £2,500 and £4,274) in principal and \$430 and \$755 (GBP £267 and £461) of interest expense.
- c) The Business Development Bank of Canada ("BDC") loan bears interest at BDC's floating base rate plus 3% and is due September 30, 2022. The loan is repayable in 1 monthly installment of principal of \$3,328 and 59 monthly installments of principal of \$3,240 plus interest, which began October 31, 2017. The loan is secured by a general security agreement with a second ranking security interest over all property of the Company except the property of Beautiful Information Limited which is pledged to Llyod's Bank. During the three and six months ended June 30, 2022, the Company paid \$9,720 and \$19,440 (three and six months ended June 30, 2021 - \$9,720 and \$19,440) in principal and \$336 and \$823 (three and six months ended June 30, 2021 - \$1,036 and \$2,243) of interest expense.

### 12. Contingent consideration

	\$
Balance, December 31, 2020	1,649,516
Additions through business combinations (Note 4)	1,118,126
Payments	(419,318)
Shares issued for contingent consideration	(274,264)
Accretion	11,510
Change in fair value	(128,270)
Effect of movements in exchange rates	(33,008)
<b>Balance, December 31, 2021</b>	<b>1,924,292</b>
Additions through business combinations (Note 4)	1,737,725
Payments	(273,546)
Accretion	7,776
Effect of movements in exchange rates	(215,575)
<b>Balance, June 30, 2022</b>	<b>3,180,672</b>

### 13. Leases

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

Right of use asset	Premise lease
<b>Cost</b>	<b>\$</b>
Balance, December 31, 2020	1,211,522
Additions	94,426
<b>Balance, December 31, 2021 and June 30, 2022</b>	<b>1,305,948</b>
<b>Accumulated amortization</b>	<b>\$</b>
Balance, December 31, 2020	326,114
Amortization	272,482
Balance, December 31, 2021	598,596
Amortization	115,482
Effect of movements in exchange rates	105,488
<b>Balance, June 30, 2022</b>	<b>819,566</b>
<b>Net book value as at:</b>	
December 31, 2021	707,352
<b>June 30, 2022</b>	<b>486,382</b>

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

(Unaudited)

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### 13. Leases (continued)

Lease liabilities	Premise lease
	\$
Balance, December 31, 2020	916,320
Additions	94,426
Financing costs	82,432
Payments	(329,826)
<b>Total lease liabilities at December 31, 2021</b>	<b>763,352</b>
Financing costs	32,936
Payments	(135,672)
<b>Total lease liabilities at June 30, 2022</b>	<b>660,616</b>
Current portion of lease liabilities	225,096
Long-term portion of lease liabilities	435,520
<b>Total lease liabilities at June 30, 2022</b>	<b>660,616</b>

### 14. Share capital

#### a) Authorized share capital

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

#### b) Issued share capital

On April 21, 2022, the Company completed a bought deal offering under which 5,645,200 common shares were issued at \$3.10 per common share for total gross proceeds of \$17,500,120. The Company paid agent fees and commissions of \$952,286 and incurred additional costs of \$251,614 relating to professional and advisory services resulting in net proceeds of the bought deal of \$16,296,220.

#### c) Share based compensation and share based payment reserve

A summary of changes in share-based compensation for the six months ended June 30, 2022 and for the year ended December 31, 2021 is as follows:

Measurement date	Number of options	Weighted average exercise price
	#	\$
Balance, December 31, 2020	2,196,274	1.92
Granted	442,704	3.02
Exercised	(150,775)	1.09
Forfeited	(20,000)	1.50
<b>Balance, December 31, 2021</b>	<b>2,468,203</b>	<b>2.17</b>
Granted	345,000	2.93
Exercised	(154,500)	1.25
<b>Balance, June 30, 2022</b>	<b>2,658,703</b>	<b>2.32</b>

**Vitalhub Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
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**14. Share capital (continued)**

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

The following tables summarize information about the Company's share options outstanding at June 30, 2022 and December 31, 2021:

Exercise price	June 30, 2022			December 31, 2021		
	Number of stock options outstanding	Number of stock options exercisable	Weighted average remaining contractual life	Number of stock options outstanding	Number of stock options exercisable	Weighted average remaining contractual life
\$1.250	75,000	75,000	0.38	84,500	84,500	0.02
\$1.300	50,000	50,000	0.27	75,000	75,000	0.88
\$1.450	20,000	20,000	1.49	120,000	120,000	0.76
\$1.500	205,000	205,000	0.83	20,000	20,000	1.99
\$1.650	201,000	201,000	0.41	205,000	205,000	1.33
\$1.800	125,000	125,000	1.53	201,000	201,000	0.90
\$1.950	97,500	97,500	0.51	125,000	117,254	2.02
\$2.030	542,500	331,564	3.14	97,500	97,500	1.01
\$2.660	555,000	292,919	3.41	542,500	241,126	3.63
\$2.770	150,000	-	4.87	555,000	200,417	3.91
\$2.850	50,000	50,000	4.25	50,000	50,000	4.75
\$2.900	157,703	-	4.39	157,703	-	4.88
\$3.030	40,000	-	4.81	-	-	-
\$3.050	70,000	-	4.60	-	-	-
\$3.070	85,000	-	4.75	-	-	-
\$3.080	40,000	40,000	3.60	40,000	33,330	4.10
\$3.150	195,000	65,001	4.00	195,000	-	4.50
	<b>2,658,703</b>	<b>1,552,984</b>	<b>2.87</b>	<b>2,468,203</b>	<b>1,445,127</b>	<b>2.91</b>

During the six months ended June 30, 2022, 345,000 stock options were issued (for the year ended December 31, 2021 – 442,704) with a weighted average aggregate fair value of \$636,470 at the date of grant (2021 - \$926,384) to directors and employees.

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

	2022	2021
Share price	\$2.77 - \$3.07	\$2.85 - \$3.15
Exercise price	\$2.77 - \$3.07	\$2.85 - \$3.15
Expected volatility	77% - 78%	90% - 100%
Expected option life	5 years	5 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	1.23% - 2.62%	0.33% - 1.33%

During the three and six months ended June 30, 2022, the Company recognized stock-based compensation expense of \$314,540 and \$583,784 (2021 - \$284,303 and \$604,080).

**Vitalhub Corp.**  
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**14. Share capital (continued)**

d) Deferred share units payment reserve

During the six months ended June 30, 2022 no deferred share units were issued (for the ended December 31, 2021, 87,414 deferred share units were issued with a weighted average aggregate fair value of \$253,500 at the date of grant to key management).

The fair value of the deferred share units granted for the year ended December 31, 2021 was determined using the share price at the date of grant of \$2.90.

During the six months ended June 30, 2022 no stock based compensation expense was recognized (for the year ended December 31, 2021 - \$253,500, was recognized related to fully vested deferred share units).

e) Warrants

A summary of changes in warrants for the six months ended June 30, 2022 and for the year ended December 31, 2021 is as follows:

Measurement date	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2020	2,291,250	3.27
Exercised	(1,214,250)	2.78
Balance, December 31, 2021	1,077,000	3.82
Exercised	(45,750)	2.10
Expired	(1,031,250)	3.90
<b>Balance, June 30, 2022</b>	<b>-</b>	<b>-</b>

During the six months ended June 30, 2022, 45,750 warrants were exercised for proceeds of \$96,075 (for the year ended December 31, 2021 - 1,214,250 warrants were exercised for proceeds of \$3,374,925).

The following table summarizes information about the Company's warrants outstanding at June 30, 2022 and December 31, 2021:

Exercise price	June 30, 2022			December 31, 2021		
	Number of warrants outstanding	Number of warrants exercisable	Weighted average remaining contractual life	Number of warrants outstanding	Number of warrants exercisable	Weighted average remaining contractual life
\$2.100	-	-	-	45,750	45,750	0.21
\$3.900	-	-	-	1,031,250	1,031,250	0.05
	-	-	-	1,077,000	1,077,000	0.62

**Vitalhub Corp.**  
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**15. Expenses by nature**

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$	\$	\$
Business acquisition, restructuring and integration costs	528,337	612,269	943,064	859,086
Computer expenses	329,816	171,807	582,946	342,569
Consulting	639,117	420,315	1,282,399	726,146
Depreciation and amortization	907,920	655,380	1,698,553	1,186,270
Facilities	108,643	217	174,717	65,934
Foreign currency loss	186,855	127,858	166,180	192,780
Hardware	73,755	90,915	179,899	188,358
Hosting and software licenses	346,482	313,803	644,760	611,497
Insurance	42,690	24,218	73,167	47,308
Interest and accretion	125,723	15,063	138,622	25,087
Investor relations	60,500	53,400	111,300	91,225
Marketing	76,737	69,947	139,526	90,382
Office expenses	54,488	42,292	96,937	82,357
Other	111,321	215,894	161,862	244,542
Professional fees	237,447	216,350	393,042	385,830
Recruiting	23,263	2,079	33,946	22,026
Royalties	45,838	44,878	113,602	141,498
Salaries, wages and benefits	5,076,127	2,919,028	9,329,259	5,906,211
Stock based compensation	314,540	284,303	583,784	604,080
Transfer agent filing fees	48,954	6,156	279,724	24,921
Travel	148,870	19,339	219,807	32,151
	<b>9,487,421</b>	<b>6,305,511</b>	<b>17,347,096</b>	<b>11,870,258</b>

**16. Key management compensation**

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

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$	\$	\$
Salaries and short-term employee benefits	223,920	182,124	447,840	364,219
Stock-based compensation	36,048	54,763	75,398	70,767
	<b>259,968</b>	<b>236,887</b>	<b>523,238</b>	<b>434,986</b>

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021

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### 17. Segmented information

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

The revenues in each of these geographic locations for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$	\$	\$
Canada	2,131,384	1,788,307	3,876,952	3,775,771
USA	266,907	273,280	530,593	578,118
United Kingdom	6,845,502	3,358,050	13,971,847	6,122,863
Australia	95,731	59,081	159,406	206,486
Western Asia	81,975	286,176	240,306	394,341
Rest of the world	55,965	27,288	121,552	37,676
Total revenues	9,477,464	5,792,182	18,900,656	11,115,255

The total non-current assets in each of these geographic locations as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Canada	17,682,692	18,160,118
United Kingdom	46,981,654	31,434,997
USA	982	1,077
Sri Lanka	385,579	551,893
Total non-current assets	65,050,907	50,148,085

### 18. Government subsidies

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

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

# Vitalhub Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 18. Government subsidies (continued)

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

The Company qualified and received \$454,105 for the year ended December 31, 2021 for the CEW program and \$78,123 for the year ended December 31, 2021 for the CER program.

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