LEVEL JUMP
HEALTHCARE CORP.

# CONSOLIDATED FINANCIAL STATEMENTS

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

# (EXPRESSED IN CANADIAN DOLLARS)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
**Leveljump Healthcare Corp.**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Leveljump Healthcare Corp. (the Company), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

### Basis for Opinion

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

### Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $2,228,986 during the year ended December 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 26, 2022

(Expressed in Canadian Dollars)

| As at | 31-Dec-21 | 31-Dec-20 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | 756,260 | 905,546 |
| Accounts Receivable (Note 6) | 727,983 | 562,099 |
| Investments at Fair Value (Note 11 (a)) | 1,329,829 | - |
| Loans Receivable (Note 16) | 556,521 | - |
| Prepaid Expenses & Deposits | 427,971 | 366,028 |
| HST Receivable | 151,495 | 83,019 |
| **Total Current Assets** | **3,950,059** | **1,916,692** |
| **Non-Current Assets** | | |
| Right-Of-Use-Assets (Note 7) | 17,976 | 50,707 |
| Property and Equipment | 24,625 | - |
| Investment in Associate (Note 11 (b)) | 105,000 | - |
| **Total Non-Current Asset** | **147,601** | **50,707** |
| **Total Assets** | **4,097,660** | **1,967,399** |
| | | |
| **Liabilities & Shareholders' Equity** | | |
| **Current Liabilities** | | |
| Accounts Payable & Accrued Liabilities (Note 8, 16) | 1,871,797 | 1,347,063 |
| Current Portion of Lease Liabilities (Note 10) | 26,580 | 34,436 |
| Due to Related Party | - | 49,063 |
| **Total Current Liabilities** | **1,898,377** | **1,430,562** |
| **Non-Current Liabilities** | | |
| Lease Liabilities (Note 10) | - | 26,585 |
| Statute Barred Liabilities | 222,327 | 123,152 |
| Long Term Debt (Note 9) | - | 60,000 |
| **Total Non-current Liabilities** | **222,327** | **209,737** |
| **Total Liabilities** | **2,120,704** | **1,640,299** |
| **Shareholders' Equity** | | |
| Common Share Capital (Note 12) | 12,882,410 | 10,981,422 |
| Contributed Surplus (Note 13, 14 & 15) | 3,736,107 | 1,758,253 |
| Deficit | (14,641,561) | (12,412,575) |
| Total Shareholders' Equity | **1,976,956** | **327,100** |
| **Total Liabilities & Shareholders' Equity** | **4,097,660** | **1,967,399** |

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

Nature of operations and going concern (note 1)
Subsequent events (note 22)

Approved on behalf of the Board:

(Signed) Director

(Signed) Director

(Expressed in Canadian Dollars)

| For the year ended December 31, | 2021 | 2020 |
|---|---|---|
| **Revenues** | | |
| Teleradiology Revenue | 6,588,500 | 5,354,901 |
| Admin and Other Revenue | 130,772 | 100,939 |
| **Total Income** | **6,719,272** | **5,455,840** |
| **Cost of Sales** | | |
| Reading Fees | 5,167,834 | 4,285,897 |
| Medical Imaging Software | 127,810 | 67,611 |
| Medical Director Expenses | 57,500 | 47,140 |
| Internet Connectivity and others | 14,041 | 13,440 |
| **Total Cost of Sales** | **5,367,185** | **4,414,088** |
| **Total Gross Margin** | **1,352,087** | **1,041,752** |
| **Expenses** | | |
| Salaries & Wages (Note 16) | 1,444,254 | 513,197 |
| Stock Based Compensation (Note 16) | 743,713 | 67,603 |
| Advertising & Marketing | 677,219 | 9,102 |
| Professional Fees | 386,914 | 51,608 |
| General & Administrative | 145,346 | 148,261 |
| Insurance | 106,675 | 26,087 |
| Depreciation and Amortization Expense | 33,580 | 32,730 |
| Premises Rental | 11,242 | 10,615 |
| Professional Fees related to QT | - | 211,138 |
| **Total Operating Expenses** | **3,548,943** | **1,070,341** |
| **Net (loss) before interest and undernoted items** | **(2,196,856)** | **(28,589)** |
| **Other Income/Expense** | | |
| Debt Forgiveness (Note 9) | 20,000 | - |
| Finance Costs | (37,822) | (81,211) |
| Loss on Debt Settlement (Note 16) | (31,446) | - |
| Listing Expense (Note 5) | - | (8,749,541) |
| Royalty Expense | - | (2,121,157) |
| Share Swap (Note 17) | - | (546,000) |
| Foreign Exchange Gain (Loss) | 960 | (7,471) |
| Other Miscellaneous Income (Expense) | 16,178 | (29,073) |
| **Total Other Income/Expense** | **(32,130)** | **(11,534,453)** |
| **Net Loss and Comprehensive Loss** | **(2,228,986)** | **(11,563,042)** |
| **Basic and diluted net comprehensive income (loss) per share** | (0.05) | (4.36) |
| **Weighted average common shares outstanding - basic and diluted (Note 18)** | 47,700,351 | 2,654,247 |

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

(Expressed in Canadian Dollars)

| **For the year ended December 31,** | **2021** | **2020** |
|---|---|---|
| **Operating Activities** | | |
| Comprehensive (loss) | (2,228,986) | (11,563,042) |
| Adjustments For: | | |
| Debt Forgiveness | (20,000) | - |
| Loss on Debt Settlement | 31,446 | - |
| Accretion on Lease Liability | 10,370 | 17,006 |
| Depreciation and Amortization | 33,579 | 32,730 |
| Interest Accrued on Director Loan | - | 6,078 |
| Stock Based Compensation | 743,713 | 67,603 |
| Listing Expense | - | 9,097,700 |
| | **(1,429,878)** | **(2,341,925)** |
| Changes in non-cash working capital items | | |
| Accounts Payable and Accrued Liabilities | (39,800) | (173,043) |
| Accounts Receivable | (165,885) | (32,480) |
| HST Receivable / Payable | (68,474) | (79,106) |
| Prepaid Expenses and Deposits | (61,943) | (358,578) |
| **Net cash (used in) operating activities** | **(1,765,980)** | **(2,985,132)** |
| **Investing Activities** | | |
| Software Interfaces | (25,474) | - |
| Proceeds from Sale of Shares | - | 137,576 |
| Cash Acquired in RTO | - | 210,802 |
| **Net cash (used in) provided by operating activities** | **(25,474)** | **348,378** |
| **Financing Activities** | | |
| Sale of Common Shares and Warrants | 1,600,000 | - |
| Stock Option/Warrant exercise | 30,500 | - |
| Advances from Directors | 145,515 | 185,318 |
| Proceeds from Long-Term Debt | - | 60,000 |
| Proceeds from Issue of Subscription Receipts | - | 3,443,702 |
| Lease Liabilities | (44,784) | (44,786) |
| Advances (to)/from related party | (49,063) | (836) |
| Repayment of Long -Term Debt | (40,000) | (98,995) |
| **Net cash provided by operating activities** | **1,642,168** | **3,544,403** |
| **Net change in cash for the year** | **(149,286)** | 907,649 |
| **Cash, beginning of year** | **905,546** | **(2,103)** |
| **Cash, end of year** | **756,260** | **905,546** |

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

(Expressed in Canadian Dollars)

| | Common Share Capital | | | | |
|---|---|---|---|---|---|
| | Number of shares | Amount | Contributed Surplus | Deficit | Total Equity (Deficiency) |
| **Balance, December 31, 2019** | **160** | **$130,669** | **$ -** | $ (849,533) | $ (718,864) |
| Common shares and warrants issued for cash | 8,700,511 | 2,679,758 | 1,235,472 | - | 3,915,230 |
| Common shares and warrants issued pursuant to royalty buyout | 1,111,111 | 342,222 | 157,778 | - | 500,000 |
| Share issuance costs | - | (471,527) | - | - | (471,527) |
| Issuance of shares, warrants and options on RTO transaction | 30,302,618 | 8,400,700 | 84,500 | - | 8,485,200 |
| Shares and warrants issued to agents | 250,000 | 77,000 | 35,500 | - | 112,500 |
| Fair value of broker options issued to agents | - | (177,400) | 177,400 | - | - |
| Stock-based compensation | - | - | 67,603 | - | 67,603 |
| Net loss for the year | - | - | - | (11,563,042) | (11,563,042) |
| **Balance, December 31, 2020** | **40,364,400** | **$ 10,981,422** | **$ 1,758,253** | **$ (12,412,575)** | **$ 327,100** |
| Common shares issued (Note 12) | 19,558,797 | 1,900,988 | - | - | 1,900,988 |
| Stock-based compensation (Note 13) | - | - | 743,713 | - | 743,713 |
| Issuance of warrants (Note 14) | - | - | 1,251,975 | - | 1,251,975 |
| Fair value of warrants and options exercised (Note 12) | - | - | (17,834) | | (17,834) |
| Net loss for the year | - | - | - | (2,228,986) | (2,228,986) |
| **Balance, December 31, 2021** | **59,923,197** | **$ 12,882,410** | **$ 3,736,107** | **$ (14,641,561)** | **$ 1,976,956** |

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

## 1. Nature of Operations and Going Concern

Leveljump Healthcare Corp. was incorporated as Good2Go2 Corp., ("G2G2") under the Canada Business Corporations Act on March 21, 2019 ("Jump" or the "Company").

On July 15, 2020, the Company incorporated a wholly owned subsidiary, 12199483 Canada Inc., under the Canada Business Corporations Act, for the purpose of completing it's QT with Canadian Teleradiology Services, Inc. ("CTS").

On December 7, 2020, the Company closed its QT involving CTS wherein the Company acquired 100% of the issued and outstanding shares of CTS and began trading on the Exchange under the Symbol "JUMP". These consolidated financial statements reflect the continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, CTS (see Reverse Take-Over Note 5).

The Company's principal business activity is providing teleradiology services. Teleradiology is the process of providing remote off site reading of radiology scans such as CT, MRI, US, and X-ray. Hospital staff scan their emergency room patients, then page the Company's radiologist on call, who can then remotely view, via secured server, the images and diagnose the patient and provide a report back to the hospital.

The Company's head office and registered office is located at 85 Scarsdale Road, Suite 304, Toronto, Ontario, M3B 2R2.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a comprehensive loss of $2,228,986 during the year ended December 31, 2021, and as of December 31, 2021, the Company's accumulated deficit was $14,641,561. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## 2. Significant Accounting Policies

### Basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of April 26, 2022, the date the Board of Directors approved the statements.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. They have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value through profit and loss (FVTPL), as explained in the accounting policies.

### Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income, and expenses are eliminated upon consolidation.

### Revenue recognition

The Company generates virtually all its revenue from the provision of teleradiology services to hospitals and imaging centres, or radiology groups. The Company recognizes revenues at the fair value of the consideration received or receivable when a performance obligation is satisfied. Teleradiology revenue is recognized after the radiology report is provided to the hospital, on the basis the Company has satisfied all performance obligations at that point.

### Cash and cash equivalents

Cash and cash equivalents include cash on deposit at banking institutions, deposits in transit and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to significant risk of change in value. The Company did not have any cash equivalents as at December 31, 2021 ($nil – December 31, 2020).

### Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company elected to not recognize right of use assets and lease liabilities that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

### Share-based compensation

The Company accounts for all equity-settled stock-based payments using a fair value-based method incorporating the Black-Scholes option pricing model. Under the fair value-based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period. In the latter case, the Company estimates forfeitures at the time of grant and the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements with non-employees in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

## Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen because of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

## Foreign currency transactions

The Company incurs certain expenses in United States dollars. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing rate, being the rate prevailing on the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates of exchange at the time of the acquisition of assets or obligations incurred. Revenues and expenses are translated at the rate of exchange in effect at the date of the transactions. Foreign exchange translation gains and losses are recorded in operations in the period in which they occur.

## Financial instruments

### Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

### Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

(i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive loss (“FVTOCI”); and
(ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

(i) amortized cost;
(ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
(iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments classified and measured as follows:

| Financial Instruments | Category under IFRS 9 |
|---|---|
| Cash and cash equivalents | FVTPL |
| Investments at Fair Value | FVTPL |
| Accounts receivables | Amortized cost |
| Due to/from related party | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Long term debt | Amortized cost |
| Due to director | Amortized cost |
| Lease liability | Amortized cost |

### Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

### Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

### Loss per share

Basic and diluted net loss per share is calculated using the weighted average number of outstanding shares. The calculation of diluted loss per share considers the potential impact of the exercise of all dilutive instruments (such as stock options) on the theoretical number of shares using the treasury method. The Company had 9,454,890 stock options, 23,424,073 warrants and 696,040 broker options to purchase common stock, dilutive instruments as at December 31, 2021 and 4,245,556 stock options, 10,186,622 warrants, and 696,040 broker options to purchase common stock, dilutive instruments as at December 31, 2020.

### Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

### Income tax

Current income tax expense represents the sum of income tax currently payable. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the date of the statement of financial position.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

**Investment in associate**

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. The Company also provides loans to these entities. Investment in associate are carried in the consolidated statement of financial position using the equity method. The equity method is the basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings and other comprehensive income of the investee. Funding advances to the investee increase the carrying value of the investment and profit distributions from the investment, if any, reduce the carrying value of the investment.

## 3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies. Actual results in the future can differ from these estimates, which may be material to future financial statements.

Significant estimates and underlying assumptions are reviewed on a periodic basis. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are outlined below:

### Critical accounting estimates

Non-current assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

Share-based compensation – management is required to make several estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate, and expected life of the instruments.

Warrants – management is required to make several estimates when measuring the value of warrants including the forfeiture rate and expected life of the instruments.
Right-of-use assets - management is required to estimate the useful lives and residual value of right-of-use assets which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of comprehensive income (loss).

Trade receivables – recoverability of receivables through the provision for doubtful accounts.

Share issued for non-cash consideration – Shares issued for non-cash consideration are measured by reference to the more reliable of the fair value of the consideration received or paid.

Fair value of investment in securities not quoted in an active market or private company investments - where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. As valuations of investments for which market quotations are not readily available are inherently uncertain, determination of fair value may differ materially from the values that would have resulted if a ready market existed.

### Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs after the issuance of the consolidated financial statements. Judgment is also required in assessing whether the realization of tax losses against future taxable income for income tax purposes is probable.

Going concern – the assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 1.

## 4. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and adjusts according to market conditions to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, contributed surplus, and deficit, which on December 31, 2021 totaled $1,976,956 (December 31, 2020 $327,100). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

## 5. Reverse Take-Over

On July 15, 2020, the Company entered into a Business Combination Agreement ("BCA") with CTS under which a reverse acquisition transaction (the "Transaction") was contemplated. Under the terms of the BCA, the Company would acquire all the issued and outstanding common shares of CTS. Upon the BCA closing on December 7, 2020, the former CTS shareholders held approximately 91% of the outstanding shares of the Company. In substance, the Transaction involves former CTS shareholders obtaining control of the Company; accordingly, the Transaction is a reverse acquisition under which CTS is identified as the accounting acquirer. The future consolidated financial statements of the combined entity therefore represent the continuation of CTS.

G2G2 did not meet the definition of a business under IFRS 3 Business Combinations ("IFRS 3") prior to the Transaction. The Transaction is therefore accounted for in accordance with IFRS 2 Share-based Payment ("IFRS 2") whereby CTS is deemed to have issued shares in exchange for the net assets of G2G2 at the fair value of the consideration received by CTS.

As a result of this asset acquisition, a listing expense of $8,749,541 has been recorded. This reflects the difference between the estimated fair value of consideration given is as follows:

| **Fair value of net assets acquired** | | |
|---|---|---|
| Cash and cash equivalents | $ | 210,802 |
| Amounts receivable | | 13,700 |
| Accounts payable and accrued liabilities | | (143,021) |
| Listing expense | | 8,749,541 |
| | **$** | **8,831,022** |

| **Consideration given** | | |
|---|---|---|
| Common shares | $ | 8,400,700 |
| Stock options and warrants | | 84,500 |
| Professional fees | | 345,822 |
| | **$** | **8,831,022** |

## 6. Accounts Receivable

Accounts receivables are collectible from customer sales. The following is an aging analysis of the Company's trade and other receivables:

| | | Aging Days | | | |
|---|---|---|---|---|---|
| | **Total Receivable** | **Current** | **31 to 60** | **61 to 90** | **90+** |
| December 31, 2020 | $ 562,099 | 453,669 | 99,684 | - | 8,746 |
| **December 31, 2021** | **$727,983** | **709,973** | **14,703** | **-** | **3,307** |

As at December 31, 2021 and 2020, no impairment was recorded for any portion of the trade receivables. Credit risk is discussed in note 20.

The Company held no collateral for any receivable amounts outstanding as of December 31, 2021 and 2020.

(Expressed in Canadian Dollars)

## 7. Right-of-use Assets

| | |
|---|---|
| **Balance, December 31, 2019** | **$ 83,437** |
| Amortization | (32,731) |
| **Balance, December 31, 2020** | **$ 50,706** |
| Amortization | (32,730) |
| **Balance, December 31, 2021** | **$17,976** |

Right-of-use assets consist of office space and computers. Computers are amortized over 36 months and office space is amortized over 36 months.

## 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for subcontracted radiologists and for other amounts relating to operating activities.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts Payable | $ 726,589 | $ 921,681 |
| Accrued Liabilities | 1,145,208 | 425,382 |
| | $ 1,871,797 | $ 1,347,063 |

The standard maturity terms of the Company's accounts and other payables are 30 to 60 days.

## 9. Long Term Debt

The Company had a term loan from iCapital Financial Services Corp. ("iCapital") that was issued on December 5, 2018, for a principal amount of $100,000 with a total cost of borrowing of $43,000. On May 8, 2019, the Company borrowed an additional $80,000 from iCapital with a total cost of borrowing of $34,400. On December 15, 2020, the Company repaid the balances due on the loans from iCapital.

During the year ended December 31, 2020, the Company incurred interest of $45,869 on the loans from iCapital.

On April 17, 2020, the Company entered the Canada Emergency Business Account ("CEBA") loan with TD Canada Trust for $40,000. The initial term of the loan was until December 31, 2022, and if paid in full by that time no interest would be due under the loan and the Company will only be required to pay back $30,000. If the loan was not paid in full by December 31, 2022, it would convert into a three-year term loan with interest at 5%.

On December 30, 2020, the Company received the CEBA extension loan of $20,000 so the CEBA loan balance was then $60,000 as of December 31, 2020. On May 10, 2021, the Company repaid the CEBA loan in full for $40,000 and realized a $20,000 gain on debt forgiveness.

(Expressed in Canadian Dollars)

## 10. Lease Liabilities

The Company's leases end in July and August 2022. The aggregate lease payment is $3,732/month.

On August 1, 2019, the Company entered into a lease agreement with Capitol Building Properties with respect to its head office location. The lease expires on July 31, 2022.

On August 12, 2019, the Company entered into a lease agreement with Dell, with respect to two computer servers. The lease expires on August 11, 2022.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current Portion | **$ 26,580** | $ 34,436 |
| Non-current Portion | **-** | 26,585 |
| | **$ 26,580** | $ 61,021 |

## 11. Investments

(a) Investment in Real Time Medical Inc.

From November 24, 2021 to December 7, 2021, the Company purchased a 16.8% interest in Real Time Medical Inc. In connection with this transaction, the Company issued 8,662,353 shares valued at $0.14 per share and 2,887,451 warrants to purchase a common share of the Company with an exercise price of $0.35 per common share and an expiry date of December 31, 2023. The warrants have a Black Scholes valuation of $117,100 in total.

The Company has accounted for the transactions as an investment at fair value through profit and loss (FVTPL), with an initial aggregate acquisition cost carrying value in the amount of $1,329,829. The investment is at level 3 in the fair value hierarchy. Management determined that the Company does not have significant influence over these investments. The Company continues to review the accounting treatment for this investment and will make any adjustment in the future as required under IFRS.

(b) Investment in Associates (Shaw Vision Inc. and Shaw Lens Inc).

On September 13, 2021, the Company purchased a 24.5% interest in Shaw Lens Inc. and Shaw Vision Inc. ("Shaw"). In connection with this transaction, the Company issued 350,000 shares valued at $0.21 per share and 350,000 warrants to purchase a common share of the Company with an exercise price of $0.30 per common share and an expiry date of December 31, 2023. The warrants have a Black Scholes valuation of $31,500 in total.

The Company has accounted for the transactions as an investment in associate, with an initial aggregate acquisition cost carrying value in the amount of $105,000, and will follow equity accounting, with a provision for write-downs, if required, in the future. Management determined that the Company does have significant influence over these investments. The Company continues to review the accounting treatment for this investment and will make any adjustment in the future as required under IFRS.

(Expressed in Canadian Dollars)

## 12. Common Share Capital

### Authorized Share Capital

Unlimited number of common shares, with no par value.

### Common Shares Issued

| | Number of common shares | | Amount |
|---|---|---|---|
| **Balance, December 31, 2019** | **160** | | **$130,669** |
| Shares issued for cash (a) | 8,700,511 | | 2,679,758 |
| Common shares issued pursuant to royalty buyout (a) | 1,111,111 | | 342,222 |
| Share issue cost (b) | - | | (471,527) |
| Shares issued in Qualifying Transaction (Note 5) | 30,302,618 | | 8,400,700 |
| Shares issued to agents (a) | 250,000 | | 77,000 |
| Fair value of compensation options issued to agents | - | | (177,400) |
| **Balance, December 31, 2020** | **40,364,400** | **$** | **10,981,422** |
| Exercise of warrants (c) | 125,000 | | 22,500 |
| Fair value of warrants exercised | - | | 11,871 |
| Exercise of options (d) | 44,444 | | 8,000 |
| Fair value of warrants exercised | - | | 5,963 |
| Shares issued for debt (e)(g) | 127,000 | | 46,425 |
| Shares issued for private placement (f)(h) | 10,250,000 | | 520,000 |
| Shares issued for Shaw Lens and Shaw Vision investment (i) | 350,000 | | 73,500 |
| Shares issued for Real Time Medical investment (J)(K) | 8,662,353 | | 1,212,729 |
| **Balance, December 31, 2021** | **59,923,197** | | **$12,882,410** |

(a) As part of the reverse take-over with G2G2, the company completed a two-tranche brokered private placement (the "Concurrent Financing") pursuant to which an aggregate of 10,061,622 subscription receipts ("Subscription Receipts") were issued as follows:

(i) 8,700,511 Subscription Receipts for aggregate cash gross proceeds of $3,915,230;
(ii) 1,111,111 Subscription Receipts to Flow Capital Corp. at a deemed value of $500,000 as part of the royalty buy-out (see note 16); and
(iii) 250,000 Subscription Receipts as payment for a work fee and advisory fee.

Immediately prior to closing of the reverse take-over, each Subscription Receipt was deemed to be exercised without payment of any additional consideration and without further action on the part of the holders thereof, to receive one common share and one common share purchase warrant. Each common share purchase warrant entitled the holder thereof to acquire one common share at a price of $0.50 per share for a period of thirty-six months.

The 10,061,622 common share purchase warrants issued were assigned a value of $1,428,750 using the Black-Scholes valuation model using the following assumptions: weighted average share price of $0.308, risk-free rate of return of 0.32%, expected volatility of 90%, dividend yield of 0%, and expected life of 3 years.

(b) Further to the brokered private placement and reverse take-over, the company incurred share issuance costs of $471,527.

(c) On January 22, 2021, 125,000 warrants were exercised for gross proceeds of $22,500.

(d) On March 11, 2021, 44,444 options were exercised for gross proceeds of $8,000.

(e) On February 8, 2021, 125,000 units, consisting of 1 common share and 1 warrant to purchase a common share at a price of $0.50 good until December 13, 2023, in exchange for debt of $37,500. The Company recognized $37,250 loss on debt settlement in connection with the transaction.

(f) On May 12, 2021, 10,000,000 units, consisting of 1 common share and 1 warrant to purchase a common share at a price of $0.20 good until March 31, 2024, were issued as part of a non-brokered private placement for proceeds of $1,500,000. The fair value of the warrants granted is estimated at $1,080,000 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.27%; dividend yield - 0%; expected stock volatility - 90% and a warrant life - 3 years.

(g) On June 9, 2021, 2,000 shares were issued to employees in exchange for $800 of bonuses.

(h) On August 5, 2021, 250,000 shares were issued to an accredited investor at a price of $0.40 per shares for total proceeds of $100,000.

(i) On September 13, 2021, 350,000 units, consisting of 1 common share and 1 warrant, good to purchase a common share at an exercise price of $0.30 per share with an expiry of December 31, 2023, were issued at a value of $73,500. The units were issued in exchange for 24.5% ownership interest in each of Shaw Lens Inc. and Shaw Vision Inc. (Note 11 (b))

(j) On November 24, 2021, 2,494,576 units, consisting of 3 common shares and 1 warrant, to purchase a common share at an exercise price of $0.35 per share with an expiry date of December 31, 2023, were issued at a deemed value of $1,047,722. The units were issued in exchange for 2,494,576 shares of Real Time Medical. (Note 11 (a))

(k) On December 10, 2021, 392,875, units consisting of 3 common share and 1 warrant, to purchase a common share at an exercise price of $0.35 per share with an expiry date of December 31, 2023, were issued at a deemed value of $123,756. The units were issued in exchange for 392,875 shares of Real Time Medical. (Note 11 (a))

(Expressed in Canadian Dollars)

## 13. Stock Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 20% of the total number of common shares issued and outstanding as of the date of the RTO transaction. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on several estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| **Balance, December 31, 2019** | **-** | **$ nil** |
| Granted (a)(b)(c)(d) | 4,245,555 | 0.43 |
| Cancelled | - | - |
| Exercised | - | - |
| **Balance, December 31, 2020** | 4,245,555 | 0.43 |
| Granted (c)(d)(f) | 5,596,000 | 0.20 |
| Cancelled | (342,221) | 0.30 |
| Exercised | (44,444) | 0.18 |
| **Balance, December 31, 2021** | **9,454,890** | **0.31** |

(a) On February 20, 2020, the Company granted incentive stock options to its directors to purchase up to an aggregate of 280,555 common shares of the Company. The options are exercisable for a period of 5 years at a price of $0.18 per share. The fair value of the stock options granted is estimated at $63,500 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.37%; dividend yield - 0%; expected stock volatility - 90% and an option life - 4.2 years.

(b) (b) On December 22, 2020, the Company granted incentive stock options to its directors, employees and consultants to purchase up to an aggregate of 3,965,000 common shares of the Company. The options are exercisable for a period of three years at a price of $0.45 per share and the options vest over a one-year period at a rate of 1/12 per month. The fair value of the 3,965,000 stock options granted is estimated at $811,400 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.27%; dividend yield - 0%; expected stock volatility - 90% and an option life - 3 years. For the year ended December 31, 2020, $67,603 was expensed to stock-based compensation.

(Expressed in Canadian Dollars)

(c) On November 21, 2021, the Company granted incentive stock options to its directors to purchase up to an aggregate of 1,900,000 common shares of the Company. The options are exercisable for a period of 2 years at a price of $0.20 per share and vest at a rate of 1/12 of the option per each calendar month following the effective date. The fair value of the stock options granted is estimated at $140,900 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.25%; dividend yield - 0%; expected stock volatility - 113% and an option life - 2 years.

(d) On November 22, 2021, the Company granted incentive stock options to member of the advisory board to purchase up to an aggregate of 96,000 common shares of the Company. The options are exercisable for a period of 2 years at a price of $0.35 per share and vest at a rate of 1/12 of the option per each calendar month following the effective date. The fair value of the stock options granted is estimated at $6,432 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.25%; dividend yield - 0%; expected stock volatility - 113% and an option life - 2 years.

(e) On December 15, 2021, the Company granted incentive stock options to employees to purchase up to an aggregate of 3,600,000 common shares of the Company. The options are exercisable for a period of 4 years at a price of $0.20 per share and vest at a rate of 2,000,0000 on January 1, 2021, 800,000 on January 1, 2023 and 800,000 on January 1, 2024. The fair value of the stock options granted is estimated at $200,600 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 1.14%; dividend yield - 0%; expected stock volatility - 98% and an option life - 4 years.

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

| Expiry date | Exercise price ($) | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable) |
|---|---|---|---|---|
| 03-May-22 | 0.45 | 0.34 | 50,000 | 50,000 |
| 06-Dec-22 | 0.18 | 0.93 | 47,222 | 47,222 |
| 06-Dec-22 | 0.45 | 0.93 | 916,668 | 916,668 |
| 21-Dec-23 | 0.45 | 1.97 | 2,845,000 | 2,845,000 |
| 21-Dec-23 | 0.20 | 1.97 | 1,000,000 | 166,667 |
| 21-Dec-23 | 0.35 | 1.97 | 96,000 | 16,000 |
| 31-Dec-23 | 0.20 | 2.00 | 900,000 | 75,000 |
| 31-Dec-25 | 0.30 | 4.00 | 3,600,000 | - |
| | 0.31 | 2.54 | 9,454,890 | 4,611,557 |

(Expressed in Canadian Dollars)

## 14. Warrants

The following table reflects the continuity of warrants for the year ended December 31, 2021 and 2020:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Balance December 31, 2019 | **-** | **$ nil** |
| Exercised | **-** | **-** |
| Granted (a)(b) | 10,186,662 | 0.49 |
| Cancelled | **-** | **-** |
| Balance, December 31, 2020 | 10,186,622 | 0.49 |
| Exercised | (125,000) | 0.18 |
| Granted (c)(d)(e)(f)(g) | 13,362,451 | 0.24 |
| Cancelled | - | - |
| **Balance, December 31, 2021** | **23,424,073** | **0.35** |

(a) On February 13, 2020, the Company issued 125,000 warrants to Haywood Securities as compensation for services. Each warrant is exercisable into one common share at a price of $0.18 per share and expires on February 12, 2022. The fair value assigned to the warrants has been revalued on the reverse take-over date and has been estimated at $21,000 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.28%; dividend yield - 0%; expected stock volatility - 90% and an expected life of 1.2 years.

(b) On December 7, 2020, as part of the reverse take-over, the Company issued 10,061,622 warrants. Each warrant is exercisable into one common share at a price of $0.50 per share and expires on December 7, 2023. The fair value of $1,428,750 was assigned to the warrants and has been estimated using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.32%; dividend yield - 0%; expected stock volatility - 90% and an expected life of 3 years.

(c) On February 8, 2021, the Company issued 125,000 warrants to it attorney as a partial settlement of debts. Each warrant is exercisable into one common share at a price of $0.50 per share and expires on December 13, 2023. The fair value assigned to the warrants has been estimated at $23,400 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.23%; dividend yield - 0%; expected stock volatility - 95% and an expected life of 2.8 years.

(d) On May 12, 2021, the Company issued 10,000,000 warrants to investors as part of a non-brokered private placement. Each warrant is exercisable into one common share at a price of $0.20 per share and expires on March 31, 2024. The fair value assigned to the warrants has been estimated at $1,080,000 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.25%; dividend yield - 0%; expected stock volatility - 90% and an expected life of 2.9 years.

(e) On September 13, 2021, the Company issued 350,000 warrants to the seller as part of its purchase of Shaw Vision Inc. and Shaw Lens Inc. Each warrant is exercisable into one common share at a price of $0.30 per share and expires on December 31, 2023. The fair value assigned to the warrants has been estimated at $31,500 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.25%; dividend yield - 0%; expected stock volatility - 90% and an expected life of 2.3 years.

(Expressed in Canadian Dollars)

(f) On November 24, 2021, the Company issued 2,494,576 warrants to the seller as part of its purchase of shares of Real Time Medical. Each warrant is exercisable into one common share at a price of $0.35 per share and expires on December 31, 2023. The fair value assigned to the warrants has been estimated at $107,300 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 1.06%; dividend yield - 0%; expected stock volatility - 97% and an expected life of 2.1 years.

(g) On December 7, 2021, the Company issued 392,875 warrants to the seller as part of its purchase of its purchase of shares of Real Time Medical. Each warrant is exercisable into one common share at a price of $0.35 per share and expires on December 31, 2023. The fair value assigned to the warrants has been estimated at $9,800 using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate – 0.1.15%; dividend yield - 0%; expected stock volatility - 97% and an expected life of 2.1 years.

The following table reflects the warrants issued and outstanding as of December 31, 2021:

| **Expiry date** | **Exercise price ($)** | **Warrants outstanding** |
|---|---|---|
| December 13, 2023 | $0.50 | 10,186,622 |
| March 31, 2024 | $0.20 | 10,000,000 |
| December 31, 2023 | $0.30 | 350,000 |
| December 31, 2023 | $0.35 | 2,887,451 |
| | **$0.35** | **23,424,073** |

## 15. Broker Options

As part of the concurrent Financing completed prior to the RTO transaction, the Company was required to issue 696,040 Broker options of the Company. Each Broker option entitles the holder to purchase a Unit of the Company at a price of $0.45 good for 3 years. Each Unit consists of one common share and one warrant to purchase one common share at a price of $0.50, which expires on December 7, 2023. The fair value of the 696,040 broker options granted is estimated at $177,400 using the Black-Scholes model for option pricing. The assumptions underlying the fair value of the share purchase options were as follows: risk free interest rate – 0.32%; dividend yield - 0%; expected stock volatility - 90% and an option life - 3 years.

(Expressed in Canadian Dollars)

## 16. Related Party Transactions

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

| | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|
| Key management compensation - salary | $1,112,433 | $477,600 |
| Share-based compensation | 642,268 | 53,196 |
| Interest expense on directors loan | - | 6,079 |
| Share swap compensation (note 17) | - | 546,000 |
| | $1,754,701 | $1,082,875 |

As at December 31, 2021, $556,521 (December 31, 2020 - $nil) was loaned to the Company by directors of the Company. The loans are due on demand and bear no interest.

As at December 31, 2021, $1,042,150 (December 31, 2020 - $260,114) included in accounts payable and accrued liabilities was payable to key management personnel.

## 17. Royalty Expense

On October 1, 2018, CTS became party to the Amended and Restated Secured Royalty Purchase Agreement (the “Agreement”) between CTS’ then parent company, MEDD Medical Imaging Corp. (“MIC”), and Flow Capital Corp (“Flow”). The terms impacting CTS were as follows:

- Effective October 1, 2018, CTS will pay a gross sales royalty based on of 2.5% of its revenues or $6,000 USD (whichever is greater) monthly to Flow.
- There was a cross-guarantee such that CTS will guarantee all royalty payments of MIC and vice-versa.
- Agreement secured by a general security agreement covering all the CTS’ current and future assets.

As part of the RTO transaction and concurrent financing on December 7, 2020, CTS bought out all its obligations under the Agreement for $2,000,000. The proceeds were paid as $1,500,000 in cash from the proceeds of the concurrent financing and 1,111,111 in Subscription Receipts of the concurrent financing valued at $500,000. Immediately prior to closing of the RTO each Subscription Receipt was deemed to be exercised without payment of any additional consideration and without further action on the part of the holders thereof, to receive one common share and one common share purchase warrant. Each common share purchase warrant entitled the holder thereof to acquire one common share at a price of $0.50 per share for a period of thirty-six months.

As part of the Agreement buyout, officers of the Company and MIC agreed to swap their escrow allotment of shares for June 7, 2021 with Flow giving rise to a liability of $546,000 for which they were reimbursed by the Company (“Share swap”).

(Expressed in Canadian Dollars)

## 18. Loss Per Share

For the year ended December 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shares of $2,228,986 (2020 – loss of $11,563,042) and weighted average number of common shares outstanding of 47,700,351 (2020 – 2,654,247).

As at December 31, 2021 the Company had 59,923,197 common shares outstanding (see Statement of Changes in Equity). The Statement of Comprehensive Loss in this report uses the volume weighted number of shares outstanding during the year for calculating the loss per share.

## 19. Income Taxes

### Reconciliation of statutory tax rate

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

| | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|
| Income (loss) before income taxes | $ (2,228,986) | $ (11,563,042) |
| Combined statutory income tax rate | 26.50% | 26.50% |
| Expected income tax expense (recovery) | (590,681) | (3,064,206) |
| | | |
| Non-deductible listing expense | - | 2,226,986 |
| Non-deductible stock-based compensation | 197,084 | 17,915 |
| Share issue costs charged directly to equity | - | (124,955) |
| Tax losses acquired on RTO | - | (60,833) |
| Other permanent differences | 217,185 | 36,194 |
| Losses utilized in current year | (151,557) | - |
| Change in deferred tax asset not recognized | 327,969 | 968,900 |
| **Income tax expense/recovery** | $ - | $ - |

### Deferred Income Taxes

Deferred income taxes are provided because of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

| | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|
| Non-capital losses carried forward | $ 1,320,169 | $ 1,078,034 |
| Non-current assets and other | 129,104 | 11,808 |
| Share issue costs | 78,357 | 109,819 |
| | $ 1,527,630 | $ 1,199,661 |
| Less: deferred tax assets not recognized | (1,527,630) | (1,199,661) |
| Net deferred tax assets | $ - | $ - |

As at December 31, 2021, the Company had a 100% valuation allowance against its deferred income tax balances as it is not considered probable that sufficient future taxable income for income tax purposes will allow the deferred tax assets to be realized.

The Company has non-capital losses, available to offset future taxable income for income tax purposes of $4,481,769 which expire between 2035 and 2041.

## 20. Financial Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

The Company’s major financial risk factors and their impact on the financial statement are summarized below:

### Credit risk

Credit risk is the risk of loss associated with a counter-party’s inability to fulfill its payment obligations. The Company’s cash and accounts receivable are exposed to credit risk. JUMP’s cash is held with major Canadian-based financial institutions as such management believes that the associated credit risk is remote.

Account’s receivables represent revenue earned from services rendered to hospitals. The Company has adopted a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment terms and conditions are offered.

The Company’s trade receivables are concentrated among customers in the healthcare industry, which may be affected by adverse government policy impacting that industry. As at December 31, 2021, three customers accounted for greater than 68% of the Company’s trade receivable balance.

As at December 31, 2021 and 2020, the Company's maximum exposure to credit risk was the carrying value of cash and accounts receivable. There have been no changes to this risk exposure from 2020.

### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. The Company is expanding and to meet its short and longer-term working capital requirements, the Company will attempt, if necessary, to secure further financing to ensure that those obligations are properly discharged. Operationally, the Company manages its liquidity by continuously monitoring forecasted and actual gross profit, expenses, and cash flows from operations. There have been no changes to this risk exposure from 2020.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. There have been no changes to this risk exposure from 2020.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Company is exposed to interest rate risk arising from fluctuations in the bank's prime rate related to its term loans. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities such as entering fixed interest rate contracts. There have been no changes to this risk exposure from 2020.

#### Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is exposed to foreign currency risk with respect to the expenditures incurred from US vendors.

### Fair Value

With the exception of the Company's FVTPL investments. The carrying amount of each of the Company's financial instruments approximates their fair value because of the short-term or demand maturities of these items.

## 21. Comparative Figures

The Consolidated Financial Statements have been reclassified, where applicable, to conform to the presentation method used in the current year. The changes had no impact on previously reported net income and deficit.

## 22. Subsequent Events

Unless disclosed elsewhere, the Company's subsequent events comprise the following:

On January 4, 2022 the CEO and CFO each agreed to convert $120,000 of past due salary into common shares at a price of $0.12 per share for a total of $240,000 and 2 million shares. $120,000 of this amount has been converted with the balance to be converted upon the approval of disinterested shareholders at the next annual meeting of the Company.

On February 4, 2022, the Company closed a non-brokered private placement financing of 2,001,900 units at a price of $0.15 per unit for gross proceeds of $300,285. Each unit consists of one common share of Leveljump and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of Leveljump at an exercise price of $0.20 until January 31, 2024. Net proceeds from the financing will be used towards acquisitions and for general working capital purposes.

On February 8, 2022, the Company announced that it has closed the acquisition of three Ontario-based independent health facilities. The purchase was structured as an all-cash purchase with an aggregate value of $4.3 million. Funding was provided through a combination of a term loan from the TD bank of $3.2 million to the Company's wholly owned subsidiary, Canadian Teleradiology Services, Inc., as well as cash on hand. The TD Loan is amortized over 10 years with an initial 2-year interest rate of 4.02%, with monthly payments of principal and interest and an annual payment of 25% of excess EBITDA towards principal. The TD loan is secured through a general security agreement over all of the assets of CTS and the newly acquired IHF's as well as corporate guarantees and GSA's provided by the IHF's over their operating assts. The Company is also providing a limited recourse guarantee which is only realizable to the extent of any deficiency in the event of a sale of CTS.

On February 9, 2022, the Company announced that is has closed second round of non-brokered private placement financing of 1,183,334 units at a price of $0.15 per unit for gross proceeds of $177,500. Each unit will consist of one common share of Leveljump and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of Leveljump at an exercise price of $0.20 until January 31, 2024. The net proceeds from the financing will be used towards acquisitions and for general working capital purposes.

On February 15, 2022, the Company announced that it has closed the purchase of an additional 1,335,961 shares of Real Time Medical Inc. (RTM), a private Ontario company in exchange for 1,420,961 units of Leveljump. Each unit will be issued at a price of $0.65 per unit with each unit being comprised of five Leveljump common shares at a deemed price of $0.12 per share and one share purchase warrant of Leveljump, each warrant entitling the holder to acquire one additional common share of Leveljump at a price of $0.35 per common share on or before December 31, 2023. In addition to the purchase of the RTM shares, the Company has agreed to purchase from one of the vendors a promissory note due from RTM to the holder, with a face amount of $100,000 and accrued interest of approximately $30,000. The Company has paid a $50,000 deposit to the note holder upon closing the purchase of the RTM shares and the balance of the note principal and accrued interest on or before June 30, 2022.

On February 23, 2022, the Company completed the purchase of 56,666 shares of Real Time Medical for $28,333 in cash.

On February 28, 2022, the Company agreed with the shareholders of Telehospital Inc. to extend the closing date of the purchase of Telehospital by the Company to April 30th, 2022 in order to give both sides more time to complete the required diligence and legal documents for the transaction.

On March 31, 2022, the Company purchased 280,000 shares of each of Shaw Vision Inc. and Shaw Lens Inc. various shareholders. The total of 560,000 shares were purchased for $0.20 each.

On March 31, 2022, the Company announced that is has closed third round of non-brokered private placement financing of 6,983,325 units at a price of $0.15 per unit for gross proceeds of $1,047,499. Each unit will consist of one common share of Leveljump and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of Leveljump at an exercise price of $0.20 until January 31, 2024. The net proceeds from the financing will be used towards acquisitions and for general working capital purposes.

On April 19, 2022, the Company agreed with the shareholders of Telehospital Inc. to extend the closing date of the purchase of Telehospital by the Company to June 30th, 2022 in order to give both sides more time to complete the required diligence and legal documents for the transaction.