

**Vitalhub Corp.**

**Unaudited Interim Condensed Consolidated Financial Statements**

**For the three and six months ended June 30, 2023 and 2022**

**Vitalhub Corp.****For the three and six months ended June 30, 2023 and 2022**Table of Contents

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**Vitalhub Corp.**  
**Interim Condensed Consolidated Statements of Financial Position**  
**As at June 30, 2023 and December 31, 2022**

(Unaudited)

(In Canadian dollars)

	June 30, 2023	December 31, 2022
	\$	\$
<b>Assets</b>		
Current assets		
Cash	22,944,268	17,452,210
Accounts receivable, net of expected credit loss (Note 5)	18,213,475	11,411,441
Inventory	449,557	704,407
Prepaid expenses	1,312,215	998,514
	<b>42,919,515</b>	<b>30,566,572</b>
Non-current assets		
Property and equipment (Note 6)	701,545	663,469
Intangible assets (Note 7)	30,766,450	30,845,739
Right-of-use assets (Note 12)	643,620	766,467
Goodwill (Note 8)	44,541,255	43,344,497
	<b>119,572,385</b>	<b>106,186,744</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	8,015,367	6,022,394
Contingent consideration (Note 11)	2,768,858	2,801,376
Income taxes payable	303,486	41,705
Lease liabilities (Note 12)	435,063	372,457
Deferred revenue	24,175,861	14,579,698
	<b>35,698,635</b>	<b>23,817,630</b>
Long term liabilities		
Lease liabilities (Note 12)	310,124	509,738
Deferred revenue	493,086	915,763
Deferred tax liability	6,171,171	5,545,170
	<b>42,673,016</b>	<b>30,788,301</b>
<b>Shareholders' equity</b>		
Share capital (Note 13)	79,800,382	79,729,340
Share-based payment reserve (Note 13 (c))	4,425,768	3,854,461
Deferred share units payment reserve (Note 13 (d))	351,060	253,500
Warrant reserve (Note 13 (e))	445,681	445,681
Accumulated other comprehensive loss	(467,211)	(444,609)
Deficit	(7,656,311)	(8,439,930)
	<b>76,899,369</b>	<b>75,398,443</b>
	<b>119,572,385</b>	<b>106,186,744</b>

Approved by the Board

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

Director

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

Director

**Vitalhub Corp.**
**Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**
**For the three and six months ended June 30, 2023 and 2022**

(Unaudited)

(In Canadian dollars)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$	\$	\$
<b>Revenue</b>				
Term licences, maintenance and support	10,210,645	7,232,646	20,208,129	12,965,537
Perpetual licences	255,058	149,253	565,456	2,916,776
Services	2,246,214	1,816,930	4,084,763	2,474,554
Hardware	363,449	237,977	804,729	495,166
Other	10,075	40,658	17,538	48,623
<b>Total revenue</b>	<b>13,085,441</b>	<b>9,477,464</b>	<b>25,680,615</b>	<b>18,900,656</b>
Cost of sales	2,468,871	1,605,282	4,940,748	3,079,861
<b>Gross profit</b>	<b>10,616,570</b>	<b>7,872,182</b>	<b>20,739,867</b>	<b>15,820,795</b>
<b>Expenses</b>				
General and administrative	2,558,469	2,160,235	6,169,561	4,005,747
Sales and marketing	1,739,979	1,023,250	3,021,644	2,071,639
Research and development	3,293,624	2,634,222	5,813,645	4,658,589
Depreciation of property and equipment (Note 6)	82,885	60,556	158,168	103,873
Depreciation of right-of-use assets (Note 12)	101,742	52,094	197,649	115,482
Share-based compensation (Note 13 (c))	293,957	314,540	571,641	583,784
Deferred share-based compensation (Note 13 (d))	97,560	-	97,560	-
Foreign currency loss (gain)	54,176	186,855	(159,085)	166,180
	<b>8,222,392</b>	<b>6,431,752</b>	<b>15,870,783</b>	<b>11,705,294</b>
<b>Income before amortization of intangible assets, business acquisition, restructuring and integration costs, loss on change in fair value of contingent consideration, interest expense and accretion (net of interest income), interest expense from lease liabilities, loss on disposal of property and equipment and income taxes</b>	<b>2,394,178</b>	<b>1,440,430</b>	<b>4,869,084</b>	<b>4,115,501</b>
Amortization of intangible assets (Note 7)	1,070,214	795,270	2,124,461	1,479,198
Business acquisition, restructuring and integration costs (Note 4)	353,016	528,337	1,011,365	943,064
Loss on change in fair value of contingent consideration (Note 11)	246,325	-	246,325	-
Interest expense and accretion (net of interest income)	(37,368)	110,405	(76,355)	105,686
Interest expense from lease liabilities (Note 12)	19,475	15,318	40,344	32,936
Loss on disposal of property and equipment (Note 6)	-	1,057	-	1,057
	<b>1,651,662</b>	<b>1,450,387</b>	<b>3,346,140</b>	<b>2,561,941</b>
<b>Income (loss) before income taxes</b>	<b>742,516</b>	<b>(9,957)</b>	<b>1,522,944</b>	<b>1,553,560</b>
<b>Provision for income taxes</b>				
Current	464,128	14,414	651,054	140,348
Deferred	(343,063)	(98,950)	88,271	(98,982)
	<b>121,065</b>	<b>(84,536)</b>	<b>739,325</b>	<b>41,366</b>
<b>Net income</b>	<b>621,451</b>	<b>74,579</b>	<b>783,619</b>	<b>1,512,194</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation loss	(303,737)	(1,164,021)	(22,602)	(3,218,154)
<b>Comprehensive income (loss)</b>	<b>317,714</b>	<b>(1,089,442)</b>	<b>761,017</b>	<b>(1,705,960)</b>
<b>Income per share</b>				
Basic	0.02	0.01	0.02	0.04
Diluted	0.02	0.01	0.02	0.03
<b>Weighted average number of shares outstanding</b>				
Basic	43,628,373	41,916,986	43,646,388	42,093,734
Diluted	44,690,876	43,787,986	44,708,891	43,964,734

**Vitalhub Corp.**

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

**For the six months ended June 30, 2023 and 2022**

(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, 2021	36,939,428	61,142,937	2,755,986	253,500	465,235	(138,347)	(9,654,566)	54,824,745
Shares issued from financing (Note 13 (b)i))	5,645,200	16,296,220	-	-	-	-	-	16,296,220
Acquisition of Beautiful Information Limited (Note 4 (a))	90,266	258,214	-	-	-	-	-	258,214
Acquisition of Hicom Technology Limited (Note 4 (b))	475,104	1,338,715	-	-	-	-	-	1,338,715
Stock options exercised (Note 13 (c))	154,500	201,350	(8,950)	-	-	-	-	192,400
Share-based compensation (Note 13 (c))	-	-	583,784	-	-	-	-	583,784
Warrants exercised (Note 13 (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>
<b>Balance, December 31, 2022</b>	<b>43,599,648</b>	<b>79,729,340</b>	<b>3,854,461</b>	<b>253,500</b>	<b>445,681</b>	<b>(444,609)</b>	<b>(8,439,930)</b>	<b>75,398,443</b>
Repurchase of common shares (Note 13 (b)iii))	(12,900)	(39,069)	-	-	-	-	-	(39,069)
Acquisition of Coyote Software Corporation (Note 4 (e))	38,163	102,277	-	-	-	-	-	102,277
Stock options exercised (Note 13 (c))	5,000	7,834	(334)	-	-	-	-	7,500
Share-based compensation (Note 13 (c))	-	-	571,641	97,560	-	-	-	669,201
Net income and comprehensive loss for the period	-	-	-	-	-	(22,602)	783,619	761,017
<b>Balance, June 30, 2023</b>	<b>43,629,911</b>	<b>79,800,382</b>	<b>4,425,768</b>	<b>351,060</b>	<b>445,681</b>	<b>(467,211)</b>	<b>(7,656,311)</b>	<b>76,899,369</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, 2023 and 2022**

(Unaudited)

(In Canadian dollars)

	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$
<b>Operating activities</b>		
Net income	783,619	1,512,194
Adjustments for:		
Depreciation of property and equipment (Note 6)	158,168	103,873
Depreciation of right-of-use assets (Note 12)	197,649	115,482
Amortization of intangible assets (Note 7)	2,124,461	1,479,198
Unrealized foreign exchange (loss) gain	(159,085)	166,180
Loss on disposal of property and equipment (Note 6)	-	1,057
Change in fair value and accretion of contingent consideration (Note 11)	254,101	-
Interest expense from lease liabilities (Note 12)	40,344	32,936
Share-based compensation (Note 13 (c))	571,641	583,784
Deferred share-based compensation (Note 13 (d))	97,560	-
Changes in working capital		
Accounts receivable, net of expected credit loss	(6,524,006)	(1,336,391)
Inventory	254,850	(133,187)
Prepaid expenses	(299,945)	(235,675)
Accounts payable and accrued liabilities	1,876,933	(1,814,465)
Deferred revenue	8,870,111	7,288,242
Income taxes payable	272,356	(78,556)
Deferred tax liability	152,626	(504,515)
	<b>8,671,383</b>	<b>7,180,157</b>
<b>Investing activities</b>		
Purchase of property and equipment (Note 6)	(162,304)	(116,164)
Purchase of intangible assets (Note 7)	(29,719)	-
Acquisition of Beautiful Information Limited (net of cash acquired) (Note 4 (a))	-	(2,302,436)
Acquisition of Hicom Technology Limited (net of cash acquired) (Note 4 (b))	-	(10,946,401)
Acquisition of Coyote Software Corporation (net of cash acquired) (Note 4 (e))	(1,835,129)	-
Payments of contingent consideration (Note 11)	(766,710)	(483,270)
	<b>(2,793,862)</b>	<b>(13,848,271)</b>
<b>Financing activities</b>		
Proceeds from Scotiabank loan	-	9,999,982
Proceeds from issuance of shares - net of issuance costs (Note 13 (b)i))	-	16,296,220
Principal payments on loans payable	-	(26,137)
Principal payments on lease liabilities (Note 12)	(194,363)	(135,672)
Repurchase of common shares (Note 13 (b)iii))	(39,069)	-
Proceeds from exercise of options (Note 13 (c))	7,500	192,400
Proceeds from exercise of warrants (Note 13 (e))	-	96,077
	<b>(225,932)</b>	<b>26,422,870</b>
Effect of foreign exchange rate changes on cash	(159,531)	685,333
Increase in cash	5,492,058	20,440,089
Cash, beginning of the period	17,452,210	16,389,982
<b>Cash, end of the period</b>	<b>22,944,268</b>	<b>36,830,071</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, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 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 Records (EHR), Case Management, Care Coordination, Patient Flow and Operational Visibility and Mobile Apps.

Vitalhub Corp. has nine wholly owned subsidiaries: Vitalhub (PVT) Ltd, H.I.Next LLC, Vitalhub UK Limited, S12 Solutions Limited, Vitalhub Australia PTY Ltd, Hicom Technology Limited, Community Data Solutions, MyPathway Solutions Limited, and Coyote Software Corporation.

On January 1, 2023, Oculys Health Informatics Inc., a wholly owned Subsidiary of the Company was amalgamated with Vitalhub Corp. On January 1, 2023, Intouch with Health Limited, Transforming Systems Limited., Alamac Limited, and Beautiful Information Limited, wholly owned subsidiaries of the Company were amalgamated with Vitalhub UK Limited.

The Company's shares trade on the 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, 2022.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 10, 2023.

#### 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, 2022.

#### 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 Beautiful Information Limited

On January 27, 2022, the Company acquired all of the issued and outstanding shares of Beautiful Information Limited ("Beautiful Information"). Beautiful Information 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.

<b>Consideration</b>	
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>
<b>Purchase price allocation</b>	
Cash	\$ 279,861
Accounts receivable	616,900
Prepays	10,649
Property and equipment	1,795
Accounts payable and accrued liabilities	(136,182)
Loans payable	(76,822)
Deferred revenue	(408,885)
Income taxes payable	(17,574)
Deferred tax liability	(404,932)
Acquired technology	204,370
Customer relationships	1,430,591
Goodwill	1,350,009
	<b>\$ 2,849,780</b>

During the three and six months ended June 30, 2023, the Company incurred \$441 and \$3,078 in acquisition, restructuring and integration costs with this acquisition (three and six months ended June 30, 2022 - \$32,279 and \$165,929). These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 4. Business acquisitions (continued)

##### b) 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.

##### Consideration

Cash consideration on closing	\$	11,637,713
Cash held in escrow		1,297,836
Issued shares (475,104 shares issued at \$2.98/share)		1,338,715
Fair value of contingent consideration		1,739,650
	\$	<b>16,013,914</b>

##### Purchase price allocation

Cash	\$	1,989,148
Accounts receivable		2,660,802
Prepays		196,787
Property and equipment		194,574
Accounts payable and accrued liabilities		(2,141,747)
Deferred revenue		(1,841,883)
Income taxes payable		(130,131)
Deferred tax liability		(2,303,641)
Acquired technology		1,427,620
Customer relationships		7,170,544
Brand		454,243
Goodwill		8,337,598
	\$	<b>16,013,914</b>

The Company has a contingent consideration in the amount of \$1,739,650 payable over a two-year period after the closing and is contingent upon meeting certain revenue targets.

During the three and six months ended June 30, 2023, the Company incurred \$176,581 and \$521,868 in acquisition, restructuring and integration costs with this acquisition (three and six months ended June 30, 2022 - \$429,625 and \$429,625). These costs are included and separately disclosed in the unaudited interim condensed consolidated statements of operations and comprehensive income (loss).

##### c) Acquisition of Community Data Solutions

On October 11, 2022, the Company acquired all of the issued and outstanding shares of Community Data Solutions ("CDS"), a company incorporated and conducting business in Australia. CDS offers an online case management system and supporting products serving 350+ agencies located in all states and internal territories of Australia.

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 CDS acquisition has been completed using provisional amounts within these unaudited interim condensed consolidated financial statements.

##### Consideration

Cash consideration on closing	\$	6,399,596
Cash held in escrow		711,067
	\$	<b>7,110,663</b>

##### Purchase price allocation

Cash	\$	706,965
Accounts receivable		513,517
Prepays		30,554
Property and equipment		17,108
Accounts payable and accrued liabilities		(626,184)
Deferred revenue		(643,912)
Income taxes payable		(102,652)
Deferred tax liability		(958,478)
Acquired technology		355,657
Customer relationships		3,261,631
Brand		199,515
Goodwill		4,356,942
	\$	<b>7,110,663</b>



## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 4. Business acquisitions (continued)

##### c) Acquisition of Community Data Solutions (continued)

During the three and six months ended June 30, 2023, the Company incurred \$45,067 and \$68,359 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).

##### d) Acquisition of Advanced Digital Innovation (UK) Limited

On November 4, 2022, the Company acquired certain assets to maintain the business of Advanced Digital Innovation (UK) Limited ("ADI") with the product widely known as MyPathway. MyPathway is a digital health platform which is used to improve patient interactions during treatment.

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	\$	380,020
	\$	<b>380,020</b>

##### Purchase price allocation

Accounts receivable	\$	19,775
Deferred revenue		(324,542)
Acquired technology		52,971
Customer relationships		290,117
Brand		11,788
Goodwill		329,911
	\$	<b>380,020</b>

During the three and six months ended June 30, 2023, the Company incurred \$476 and \$12,748 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).

##### e) Acquisition of Coyote Corporation Software

On January 20, 2023, the Company acquired all of the issued and outstanding shares of Coyote Software Corporation ("Coyote"). Coyote is a Canadian-based company, that specializes in tailored software solutions that streamline the workflows of health and social service organizations.

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 Coyote acquisition has been completed using provisional amounts within these unaudited interim condensed consolidated financial statements.

##### Consideration

Cash consideration on closing	\$	1,925,699
Cash held in escrow		339,829
Issued shares (38,163 shares issued at \$2.68/share)		102,277
Fair value of contingent consideration		426,000
	\$	<b>2,793,805</b>

##### Purchase price allocation

Cash	\$	430,399
Accounts receivable		278,028
Prepays		13,756
Property and equipment		5,322
Accounts payable and accrued liabilities		(116,040)
Deferred revenue		(303,375)
Income taxes recoverable		10,575
Deferred tax liability		(473,375)
Acquired technology		230,000
Customer relationships		1,490,000
Brand		61,000
Goodwill		1,167,515
	\$	<b>2,793,805</b>

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 4. Business acquisitions (continued)

##### e) Acquisition of Coyote Corporation Software (continued)

In addition, the Company has a contingent consideration in the amount of \$426,000 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, 2023, the Company incurred \$32,303 and \$214,834 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).

#### 5. Accounts receivable

	June 30, 2023	December 31, 2022
	\$	\$
Trade accounts receivable	17,208,905	10,124,822
Other receivables	1,356,506	1,649,854
	<b>18,565,411</b>	<b>11,774,676</b>
Expected credit loss provision	<b>(351,936)</b>	<b>(363,235)</b>
Net carrying value	<b>18,213,475</b>	<b>11,411,441</b>

#### 6. Property and equipment

	Computers	Furniture & fixtures	Leasehold improvements	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, December 31, 2021	415,771	295,226	155,603	866,600
Acquisitions (Note 4)	196,984	16,493	-	213,477
Additions	266,837	-	-	266,837
Disposals	(2,985)	-	-	(2,985)
Effect of movements in exchange rates	(96,755)	(28,055)	(20,954)	(145,764)
<b>Balance, December 31, 2022</b>	<b>779,852</b>	<b>283,664</b>	<b>134,649</b>	<b>1,198,165</b>
Acquisitions (Note 4)	2,488	2,834	-	5,322
Additions	158,443	3,861	-	162,304
Disposals	-	-	(8,939)	(8,939)
Effect of movements in exchange rates	23,067	4,421	6,453	33,941
<b>Balance, June 30, 2023</b>	<b>963,850</b>	<b>294,780</b>	<b>132,163</b>	<b>1,390,793</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2021	164,815	116,024	52,161	333,000
Depreciation expense	157,061	75,179	18,047	250,287
Disposals	(1,928)	-	-	(1,928)
Effect of movements in exchange rates	(25,184)	(19,594)	(1,885)	(46,663)
<b>Balance, December 31, 2022</b>	<b>294,764</b>	<b>171,609</b>	<b>68,323</b>	<b>534,696</b>
Depreciation expense	115,634	31,856	10,678	158,168
Disposals	-	-	(8,939)	(8,939)
Effect of movements in exchange rates	3,661	4,425	(2,763)	5,323
<b>Balance, June 30, 2023</b>	<b>414,059</b>	<b>207,890</b>	<b>67,299</b>	<b>689,248</b>
<b>Net book value as at:</b>				
December 31, 2022	485,088	112,055	66,326	663,469
<b>June 30, 2023</b>	<b>549,791</b>	<b>86,890</b>	<b>64,864</b>	<b>701,545</b>

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 7. Intangible assets

	Acquired technologies	Customer relationships	Brands	Training videos	Patents and trademarks	Total
<b>Cost</b>	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	5,013,590	20,281,447	1,218,862	80,038	1,546	26,595,483
Acquisitions (Note 4)	2,040,618	12,152,883	665,546	-	-	14,859,047
Additions	-	-	-	28,210	-	28,210
Effect of movements in exchange rates	(140,789)	(228,080)	(17,616)	(3,011)	-	(389,496)
<b>Balance, December 31, 2022</b>	<b>6,913,419</b>	<b>32,206,250</b>	<b>1,866,792</b>	<b>105,237</b>	<b>1,546</b>	<b>41,093,244</b>
Acquisitions (Note 4)	230,000	1,490,000	61,000	-	-	1,781,000
Additions	-	-	-	29,719	-	29,719
Disposal	-	-	-	-	(1,546)	(1,546)
Effect of movements in exchange rates	77,775	211,071	14,201	30,814	-	333,861
<b>Balance, June 30, 2023</b>	<b>7,221,194</b>	<b>33,907,321</b>	<b>1,941,993</b>	<b>165,770</b>	<b>-</b>	<b>43,236,278</b>
<b>Accumulated amortization</b>						
Balance, December 31, 2021	1,387,663	5,305,838	274,600	42,326	-	7,010,427
Amortization expense	948,885	2,130,211	180,513	20,049	145	3,279,803
Effect of movements in exchange rates	(6,237)	(33,511)	(1,747)	(1,230)	-	(42,725)
<b>Balance, December 31, 2022</b>	<b>2,330,311</b>	<b>7,402,538</b>	<b>453,366</b>	<b>61,145</b>	<b>145</b>	<b>10,247,505</b>
Amortization expense	566,258	1,431,123	110,061	15,638	1,381	2,124,461
Disposal	-	-	-	-	(1,546)	(1,546)
Effect of movements in exchange rates	21,557	44,237	3,645	29,949	20	99,408
<b>Balance, June 30, 2023</b>	<b>2,918,126</b>	<b>8,877,898</b>	<b>567,072</b>	<b>106,732</b>	<b>-</b>	<b>12,469,828</b>
<b>Net book value as at:</b>						
December 31, 2022	4,583,108	24,803,712	1,413,426	44,092	1,401	30,845,739
<b>June 30, 2023</b>	<b>4,303,068</b>	<b>25,029,423</b>	<b>1,374,921</b>	<b>59,038</b>	<b>-</b>	<b>30,766,450</b>

#### 8. Goodwill

	\$
Balance, December 31, 2021	29,322,077
Additions through business combinations (Note 4)	14,374,460
Effect of movements in exchange rates	(352,040)
<b>Balance, December 31, 2022</b>	<b>43,344,497</b>
Additions through business combinations (Note 4)	1,167,515
Effect of movements in exchange rates	29,243
<b>Balance, June 30, 2023</b>	<b>44,541,255</b>

#### 9. Accounts payable and accrued liabilities

	June 30, 2023	December 31, 2022
	\$	\$
Trade accounts payable and accrued liabilities	1,711,436	2,120,541
Accrued payroll and related compensation	2,483,796	2,261,528
Government remittances	3,714,675	1,425,268
Royalties payable	105,460	215,057
	<b>8,015,367</b>	<b>6,022,394</b>

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 10. Loans payable

The Company has an agreement with The Bank of Nova Scotia ("Scotia") to provide a \$6,000,000 operating credit limit, and a \$27,000,000 revolving term facility. The operating credit limit bears interest at Scotia's prime rate plus 1%. The revolving term facility, bears 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.

The Company is subject to maintain the following covenants:

- i) Funded Debt to EBITDA ratio, calculated on a trailing 12-month basis that is:
  1. equal to or less than 3.00:1, from July 1, 2022 to June 30th, 2023; and,
  2. equal to or less than 2.50:1, from July 1, 2023 and thereafter.
- ii) 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, 2023, the Company is in compliance with all of its covenants, and has no debt outstanding.

#### 11. Contingent consideration

	\$
Balance, December 31, 2021	1,924,292
Additions through business combinations (Note 4)	1,739,650
Payments	(1,516,310)
Accretion	15,552
Change in fair value	695,402
Effect of movements in exchange rates	(57,210)
<b>Balance, December 31, 2022</b>	<b>2,801,376</b>
Additions through business combinations (Note 4)	426,000
Payments made	(766,710)
Accretion	7,776
Change in fair value	246,325
Effect of movements in exchange rates	54,091
<b>Balance, June 30, 2023</b>	<b>2,768,858</b>

#### 12. Lease liabilities

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

Right of use asset	Premise lease
<b>Cost</b>	\$
Balance, December 31, 2021	1,305,948
Additions	499,599
Effect of movements in exchange rates	(212,198)
<b>Balance, December 31, 2022</b>	<b>1,593,349</b>
Additions	56,183
Disposal	(25,348)
Effect of movements in exchange rates	36,141
<b>Balance, June 30, 2023</b>	<b>1,660,325</b>

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 12. Lease liabilities (continued)

<b>Accumulated amortization</b>	\$
Balance, December 31, 2021	598,596
Amortization	342,863
Effect of movements in exchange rates	(114,577)
<b>Balance, December 31, 2022</b>	<b>826,882</b>
Amortization	197,649
Disposals	25,348
Effect of movements in exchange rates	(33,174)
<b>Balance, June 30, 2023</b>	<b>1,016,705</b>
<b>Net book value as at:</b>	
December 31, 2022	766,467
<b>June 30, 2023</b>	<b>643,620</b>
<b>Lease liabilities</b>	<b>Premise lease</b>
	\$
Balance, December 31, 2021	763,352
Additions	499,599
Financing costs	29,431
Payments	(410,187)
<b>Balance, December 31, 2022</b>	<b>882,195</b>
Additions	56,183
Financing costs	40,344
Payments	(194,363)
Effect of movements in exchange rates	(39,172)
<b>Balance, June 30, 2023</b>	<b>745,187</b>
Current portion of lease liabilities	435,063
Long-term portion of lease liabilities	310,124
<b>Balance, June 30, 2023</b>	<b>745,187</b>

#### 13. 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

i) 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 \$249,899 relating to professional and advisory services resulting in net proceeds of the bought deal of \$16,296,220.

ii) During the six months ended June 30, 2023, the Company repurchased 12,900 of its common shares for \$39,069, under a share repurchase program.

The share repurchase program provides that the Company may, during the 12-month period commencing August 29, 2022 and ending August 28, 2023, purchase up to 1,302,007 common shares. The price which the Company will pay for any such shares will be the prevailing market price at the time of acquisition. The aggregate number of shares purchased under this agreement shall not exceed on a daily basis: 7,866 shares, and on an aggregate basis over the term of the repurchase program until the occurrence of a termination event: 1,302,007 common shares, subject to certain prescribed exceptions.

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 13. Share capital (continued)

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

A summary of changes in share-based compensation for the six months ended June 30, 2023 and for the year ended December 31, 2022 is as follows:

Measurement date	Number of options #	Weighted average exercise price \$
Balance, December 31, 2021	2,468,203	2.17
Granted	520,000	2.78
Exercised	(495,500)	1.50
Forfeited	(42,497)	2.03
Balance, December 31, 2022	2,450,206	2.45
Granted	468,000	2.68
Exercised	(5,000)	1.50
<b>Balance, June 30, 2023</b>	<b>2,913,206</b>	<b>2.46</b>

The following tables summarize information about the Company's share options outstanding at June 30, 2023 and December 31, 2022.

Exercise price	June 30, 2023			December 31, 2022		
	Number of share options outstanding	Number of share options exercisable	Weighted average remaining contractual life	Number of share options outstanding	Number of share options exercisable	Weighted average remaining contractual life
\$1.45	20,000	20,000	0.52	20,000	20,000	0.99
\$1.50	200,000	200,000	4.86	205,000	205,000	5.21
\$1.65	90,000	90,000	4.44	90,000	90,000	4.91
\$1.80	125,000	125,000	0.55	125,000	125,000	1.02
\$2.03	532,503	502,994	4.04	532,503	414,224	2.63
\$2.33	95,000	-	4.40	95,000	-	4.87
\$2.66	875,000	475,840	3.29	555,000	385,421	2.91
\$2.67	80,000	-	4.15	80,000	-	4.62
\$2.71	148,000	-	7.94	-	-	-
\$2.77	150,000	54,167	3.89	150,000	-	4.36
\$2.85	50,000	50,000	3.28	50,000	50,000	3.75
\$2.90	157,703	83,235	5.56	157,703	56,949	3.88
\$2.98	40,000	14,444	3.85	40,000	-	4.32
\$3.05	70,000	31,109	3.62	70,000	-	4.10
\$3.07	85,000	33,055	3.78	85,000	-	4.25
\$3.15	195,000	124,577	3.03	195,000	97,497	3.50
	<b>2,913,206</b>	<b>1,804,421</b>	<b>3.90</b>	<b>2,450,206</b>	<b>1,444,091</b>	<b>3.45</b>

During the six months ended June 30, 2023, 468,000 share options were issued (for the year ended December 31, 2022 - 520,000) with a weighted average aggregate value of \$748,332 at the date of grant (2022 - \$912,217) to employees.

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

	2023	2022
Share price	\$2.66 - \$2.71	\$2.67 - \$3.07
Exercise price	\$2.66 - \$2.71	\$2.67 - \$3.07
Expected volatility	61% - 79%	72% - 84%
Expected option life	5 - 10 years	5 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	2.71% - 3.66%	1.23% - 3.52%

During the three and six months ended June 30, 2023, the Company recognized stock-based compensation expense of \$293,957 and \$571,641 (three and six months ended June 30, 2022 - \$314,540 and \$583,784).

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 13. Share capital (continued)

##### d) Deferred share units payment reserve

Measurement date	Number of deferred share units	Weighted average exercise price
	#	\$
Balance, December 31, 2021 and 2022	87,414	2.90
Issued	36,000	2.71
<b>Balance, June 30, 2023</b>	<b>123,414</b>	<b>2.84</b>

The fair value of the deferred share units granted during the period were determined using the share price at the date of grant of \$2.71. For the six months ended June 30, 2023, the Company recognized deferred share compensation expense of \$97,560 related to their fully vested deferred share units.

During the six months ended June 30, 2023, 36,000 deferred share units were issued with a weighted average aggregate fair value of \$97,560 at the date of grant to key management.

##### e) Warrants

A summary of changes in warrants for the six months ended June 30, 2023 and for the year ended December 31, 2022 is as follows:

Measurement date	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2021	1,077,000	3.82
Exercised	(45,750)	2.10
Expired	(1,031,250)	3.90
Balance, December 31, 2022	-	-
<b>Balance, June 30, 2023</b>	<b>-</b>	<b>-</b>

#### 14. Expenses by nature

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$	\$	\$
Business acquisition, restructuring and integration costs	353,016	528,337	1,011,365	943,064
Computer expenses	429,688	329,816	912,890	582,946
Consulting	487,400	639,117	997,173	1,282,399
Deferred share-based compensation	97,560	-	97,560	-
Depreciation and amortization	1,254,841	907,920	2,480,278	1,698,553
Facilities	141,913	108,643	265,897	174,717
Foreign currency loss (gain)	54,176	186,855	(159,085)	166,180
Loss on change in fair value of contingent consideration	246,325	-	246,325	-
Hardware	239,281	73,755	463,126	179,899
Hosting and software licenses	534,970	346,482	1,015,974	644,760
Insurance	64,610	42,690	137,019	73,167
Interest expense and accretion (net of interest income)	(17,893)	125,723	(36,011)	138,622
Investor relations	57,031	60,500	72,781	111,300
Marketing	183,285	76,737	264,457	139,526
Office and telephone	69,388	54,488	138,566	96,937
Other	101,987	111,321	179,501	161,862
Professional fees	304,004	237,447	549,023	393,042
Recruiting	4,093	23,263	8,827	33,946
Royalties	37,336	45,838	107,770	113,602
Salaries, wages and benefits	7,266,268	5,076,127	14,381,045	9,329,259
Share-based compensation	293,957	314,540	571,641	583,784
Transfer agent filing fees	18,667	48,954	62,533	279,724
Travel	121,022	148,870	389,016	219,807
	<b>12,342,925</b>	<b>9,487,421</b>	<b>24,157,671</b>	<b>17,347,096</b>

## Vitalhub Corp.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(In Canadian dollars)

#### 15. 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, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$	\$	\$
Salaries and short-term employee benefits	254,535	223,920	509,069	447,840
Share-based compensation	22,925	36,048	39,649	75,398
Deferred share-based compensation	97,560	-	97,560	-
	<b>375,020</b>	259,968	<b>646,278</b>	523,238

#### 16. 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, 2023 and 2022 are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$	\$	\$
Canada	3,288,801	2,131,384	5,566,119	3,876,952
USA	263,621	266,907	521,044	530,593
United Kingdom	7,822,149	6,845,502	16,593,466	13,971,847
Australia	1,370,661	95,731	2,328,572	159,406
Western Asia	241,089	81,975	481,731	240,306
Rest of the world	99,120	55,965	189,683	121,552
Total revenues	<b>13,085,441</b>	9,477,464	<b>25,680,615</b>	18,900,656

The total non-current assets in each of these geographic locations as at June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
	\$	\$
Canada	19,597,636	17,195,741
United Kingdom	48,891,289	50,363,314
USA	870	937
Sri Lanka	408,496	406,212
Australia	7,754,579	7,653,968
Total non-current assets	<b>76,652,870</b>	75,620,172