MCI ONEHEALTH TECHNOLOGIES INC.

Consolidated Financial Statements
(In Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of MCI Onehealth Technologies Inc.

Opinion

We have audited the consolidated financial statements of MCI Onehealth Technologies Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and 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 consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Group 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment

Description of the key audit matter

As discussed in Note 2 to the consolidated financial statements, cash generating units ("CGUs") are tested for impairment at any reporting date when indicators of impairment are present.

Auditing management's impairment test for the CGUs involved significant auditor attention because there is significant judgement required in determining the fair value of the CGU. The estimates of the CGU fair values are calculated using discounted cash flows, including significant assumptions about revenue and medical cost trends, operating costs and discount rates, which are impacted by expectations about future market or economic conditions.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

How the key audit matter was addressed in the audit

Our audit procedures related to the assumptions used by management to estimate the fair value of certain CGUs included the following, among others:

- We compared the significant assumptions used in management's model to current industry and economic trends, recent historical performance and other relevant factors.
- We performed sensitivity analysis of significant assumptions to evaluate the changes in the fair value of the CGU that would result from changes in the assumptions.
- We evaluated the incorporation of the applicable assumptions into the model and tested the model's computational accuracy.
- We involved our valuation specialists in review of the modelling approach used by management, testing significant assumptions such as discount and growth rates, and assessing the underlying data used by the Company in its model for completeness.

Business combinations

Description of the key audit matter

During the year ended December 31, 2021, the Group completed three acquisitions for aggregated consideration of approximately $19 million.

Business combinations were determined to be a key audit matter requiring special audit consideration given there are significant estimates and judgement over the measurement of the transaction price as well as the determination of the allocation of the transaction price to the acquired assets and liabilities based on their respective fair values. Please refer to note 11 to the consolidated financial statements for details on the Group's business acquisitions during the year

How the Audit Matter was Addressed in the Audit

Our audit procedures related to the assumptions used by management to estimate the purchase price allocation included the following, among others:

- We reviewed the share purchase agreements for the acquisitions, reviewed management's estimates of the measurement of the transaction price, including the estimated fair value of the contingent consideration, as well as the fair value allocation to the assets and liabilities acquired in each acquisition.
- We utilized our valuation specialists to assist in the assessment of the reasonableness of management's valuation methodology as well as the significant assumptions used in measuring any contingent consideration and the allocation to various individual identifiable intangible assets, including evaluating the estimates surrounding discount rates, forecast growth and terminal growth rates where applicable.
- We also performed sensitivity analysis around the key inputs and assumptions and considered the likelihood of reasonably possible movements in those key assumptions in the context of the scope and size of the acquisitions.

Other Information

Management is responsible for the other information. The other information comprises the information, included in Management's Discussion and Analysis for the year ended December 31, 2021.

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 identified above 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.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRSs, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Jamie Barron, CPA, CA.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
March 31, 2022

MCI ONEHEALTH TECHNOLOGIES INC.

Consolidated Statement of Financial Position
(In thousands of Canadian dollars, except per share amounts)
As at 31 December 2021 and 2020

	Note	2021	2020
ASSETS			
Current assets			
Cash		**$ 7,142**	$ 894
Accounts receivable	4	**6,328**	3,637
Net investment in subleases	15	**542**	381
Current portion of other assets	5	**2,499**	866
Total current assets		**16,511**	5,778
Non-current			
Net investment in subleases	15	**1,440**	1,304
Property and equipment	8	**13,931**	13,572
Intangible assets	9	**22,523**	640
Deferred tax assets	21	**1,557**	813
Equity accounted investments	10	**2,520**	-
Investments	10	**2,018**	-
Other assets	5	**390**	251
Total assets		**60,890**	22,358
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	14	**9,527**	6,998
Related party loan	6	**-**	1,210
Deferred revenue		**282**	-
Liability for contingent consideration	13	**1,598**	-
Current portion of lease liability	15	**3,086**	2,535
Total current liabilities		**14,493**	10,743
Non-current portion of lease liability	15	**11,261**	11,298
Liability for contingent consideration	13	**1,524**	-
Deferred tax liabilities	21	**2,431**	-
Non-controlling interest redeemable liability	11.c	**1,305**	-
Other liabilities		**130**	80
Total liabilities		**31,144**	22,121
EQUITY			
Share capital	16	**39,787**	1,011
Contributed Surplus		**4,806**	-
Deficit		**(16,567)**	(897)
Equity attributable to MCI Onehealth Technologies Inc.		**29,494**	114
Non-controlling interest		**1,720**	123
Total equity		**29,746**	237
TOTAL LIABILITIES AND EQUITY		**$ 60,890**	$ 22,358

The financial statements were approved by the Board of Directors and authorised for issue on March 29, 2022.
They were signed on behalf of the Company by:

"Dr. George Christodoulou" – Director "Dr. Sven Grail"– Director

See accompanying notes to the consolidated financial statements.

MCI ONEHEALTH TECHNOLOGIES INC.

Consolidated Statement of Income (loss) and Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)
For the years ended 31 December 2021 and 2020

	Note	2021	2020
Revenues		$ 47,817	$ 38,573
Cost of sales		32,806	25,649
Gross profits		15,011	$ 12,924
Operating Expenses			
Research and development		155	-
Sales and marketing		1,115	125
General and administrative		30,181	13,614
Operating expenses	19	31,451	13,739
Loss before other (income) expense and taxes		**(16,440)**	**(815)**
Net financing expenses	20	484	543
Gain on sublease contracts		(28)	(19)
Fair value change in contingent consideration		(608)	-
		(152)	524
Loss before taxes		(16,288)	(1,339)
Income taxes (recovery)	21	(747)	(312)
Net loss and comprehensive loss for the year		$ (15,541)	$ (1,027)

ATTRIBUTED TO	2021	2020
Shareholders of MCI Onehealth Technologies Inc.	$ (15,670)	$ (1,029)
Non-controlling interest	129	2
	$ (15,541)	$ (1,027)
Loss per share attributable to MCI Onehealth Technologies Inc.		
Basic and diluted	25 $ (0.33)	$ (0.03)

See accompanying notes to the consolidated financial statements.

MCI ONEHEALTH TECHNOLOGIES INC.

Consolidated Statement of Changes in Equity
(In thousands of Canadian dollars)

		Class A shares							Class B shares
	Note	Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total	Non-Controlling interest	Total Equity	Shares
Balance-January 1, 2020	16	200	-	-	$ 2,141	$2,141	$ 121	$ 2,262	
Net income (loss) and comprehensive income (loss)		-	-	-	(1,029)	(1,029)	2	(1,027)	
Dividends issued		-	-	-	(2,009)	(2,009)	-	(2,009)	
Share issuance		11	1,011	-	-	1,011	-	1,011	
Cancellation of Common shares		(211)	(1,011)	-	-	(1,011)	-	(1,011)	
Class A Subordinate Voting Shares	16	40,000	1,011	-	-	1,011	-	1,011	
Class B Multiple Voting shares		-	-	-	-	-	-	-	36,000
Balance- December 31, 2020		40,000	$ 1,011	$ -	$ (897)	$ 114	$ 123	$ 237	36,000

		Class A shares							Class B shares
	Note	Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit	Total	Non-Controlling interest	Total Equity	Shares
Balance-January 1, 2021		40,000	$ 1,011	-	$ (897)	$114	$ 123	$ 237	36,000
Net loss and comprehensive loss		-	-		(15,670)	(15,670)	129	(15,541)	
Share issuance	16	6,000	30,000	-	-	30,000	-	30,000	
Share issuance expenses, net of deferred taxes	16	-	(1,855)	-	-	(1,855)	-	(1,855)	
Share-based payments	17	-	-	6,111	-	4,806	-	4,806	
Shares issued for acquisition	16	2,044	6,067	-	-	6,067	-	6,067	
Shares issued in exchange for investments	16	1,181	3,726	-	-	3,726	-	3,726	
Share issued in exchange for achieving milestone		1,170	1,708	-	-	1,708		1,708	
Non-controlling interest-equity		-	-	-	-	1,468	1,468	1,468	
Non controlling interest redeemable liability				(1,305)					
Repurchase of shares	16	(320)	(870)	-	-	(870)	-	(870)	
Balance- December 31, 2021		50,075	$ 39,787	$ 4,806	$ (16,567)	$ 29,494	$ 1,720	$ 29,746	36,000

See accompanying notes to the consolidated financial statements.

MCI ONEHEALTH TECHNOLOGIES INC.

Consolidated Statement of Cash Flows
(In thousands of Canadian dollars, except per share amounts)
for the years ended 31 December 2021 and 2020

	Note	2021	2020
Operating activities:			
Net loss and comprehensive loss for the year		**$ (15,541)**	$ (1,027)
Items not affecting cash:			
Depreciation and amortization	26	**4,309**	2,955
Deferred tax	21	**(794)**	(433)
Non-cash interest accreted income	15	**(58)**	(64)
Non-cash interest accreted expense	20	**462**	497
Share based compensation	17	**6,111**	751
Expected credit losses	4	**696**	202
Rent concessions		**-**	(371)
Investment income		**-**	-
Fair value change in contingent consideration		**(608)**	-
Gain on sublease contracts		**(28)**	(19)
		(5,450)	2,491
Change in non-cash operating items:	22	**(1,648)**	1,731
Net cash flows generated by operating activities		**(7,098)**	4,222
Investing activities			
Purchase of property and equipment	8	**(833)**	(85)
Software development costs	9	**(1,535)**	(149)
Acquisition of subsidiaries, net of cash acquired	11	**(5,466)**	-
Investments	10	**(810)**	-
Net cash flows used in investing activities		**(8,644)**	(234)
Financing activities			
Repayment to related parties, net	6	**(1,918)**	(43)
Dividends		**-**	(2,009)
Proceeds from share issuance, net of expenses	16	**27,542**	-
Payment of promissory note		**-**	(100)
Proceeds from CEBA loan		**-**	80
Issuance of loan	7	**(600)**	-
Repurchase of shares	16	**(870)**	-
Lease payments	15	**(3,199)**	(2,606)
Lease payments received	15	**498**	456
Net cash flows from financing activities		**21,990**	(4,222)
Net increase (decrease) in Cash		**6,248**	(234)
Cash and cash equivalent at beginning		**894**	1,128
Cash and cash equivalent at ending		**$ 7,142**	$ 894

NATURE OF BUSINESS AND BASIS OF PREPARATION

1. REPORTING ENTITY

MCI Onehealth Technologies Inc. ("MCI") is a company incorporated in Canada. MCI changed its name from MCI Brighthealth Technologies Inc. on December 2, 2020, prior to which it had previously changed its name from MCI Brighthealth Inc. on September 14, 2020 and Altima Healthcare Canada Inc. on August 27, 2020.

The consolidated financial statements of MCI as at and for the years ending December 31, 2021, and December 31, 2020, comprise MCI and its subsidiaries (together referred to as the "Company"). The Company provides:

- Government-insured primary and specialty healthcare through medical clinics owned and operated in Ontario and Alberta, its virtual care platform "MCI Connect," and telemedicine.
- Privately insured healthcare to the employees of corporate customers.
- Concierge medical services through its Executive Concierge Canada subsidiary.
- Technology-enabled rare disease screening through its Khure Health subsidiary.
- Clinical research through its Canadian Phase Onward subsidiary; and
- Pulmonary function testing lab services through its North York Pulmonary Function Test Centre subsidiary.

The head office, principal address, and records of the Company are located at 4881 Yonge Street, Suite 300, Toronto, Ontario M2N 5X3.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the Board of Directors on March 29, 2022.

b) Functional and presentation currency:

These consolidated financial statements are presented in their functional currency, which is Canadian dollars. Each entity within the consolidated financial statements operates in Canada and reports in Canadian dollars.

c) Use of Estimates and Judgement

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual consolidated financial statements are disclosed.

Significant accounting estimates, judgements and assumptions include the following:

(i) Leases

Management uses judgment and estimates in the determination of the lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. Management uses judgment and estimates in the determination of the incremental borrowing rate used to measure lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for leases.

(ii) Estimated useful lives of property and equipment and intangible assets

Management estimates the useful lives of property and equipment and intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation and amortization for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and intangible assets in the future.

(iii) Impairment of non-financial assets, tangible assets and goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Changes in these assumptions could result in impairment being recorded. Reducing growth rates where the estimates include significant recovery in cashflow after suffering the effects of the COVID environment could result in an impairment.

(iv) Accounts Receivable

The Company evaluates the collectability of the trade receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired, together with receivables that are not individually significant, are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

(v) Fair Value of Share-Based Payments

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and the expected life of the stock options issued. Fair value inputs are subject to market factors, expected forfeiture rates as well as internal estimates.

(vi) Recognition of Contingent Consideration

In certain acquisitions, the Company may include contingent consideration which is subject to the acquired business achieving certain performance targets.

Contingent consideration liabilities are initially recorded on the closing date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated fair value at the various acquisition dates and is measured at fair value at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate.

Changes in the probability of the acquired business achieving its revenue and/or earning targets may, amongst other factors, result in changes to the fair value. Any changes in the fair value of the contingent consideration classified as a liability between reporting periods are included in the determination of net income/loss.

(vii) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized on a net basis to the extent they are related to the same fiscal entity and fall due in approximately the same period.

Significant judgements are utilized by the Company in interpreting tax rules and regulations when calculating deferred tax assets and liabilities. Judgement is used to evaluate whether a deferred tax asset can be recovered based on the Company's assessment of existing tax laws, to estimate future profitability, and to develop tax planning strategies. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

(viii) Business Combinations

On the completion of business acquisitions, management's judgment is required to estimate the fair value of purchase consideration and to identify and estimate the fair values of assets, liabilities and non-controlling interests. The determination of the fair value of assets and liabilities acquired is based on management's estimates using the excess earnings method to value intangible assets using discounted cash flow models and the cost approach. Significant assumptions included revenue growth rates, customer attrition, discount rates, and opportunity cost.

d) Change in Presentation from 'By Nature' to 'By Function'

During the year 2021, the Company determined, based on a review of other public companies in its industry, that classification of expenses in the statement of income (loss) and comprehensive income (loss) on a 'by function' basis is the predominant practice and would, for ease of comparison to other companies, provide more relevant information to investors. As a result, during the year 2021, the Company changed its accounting policy for income statement presentation to a 'by function' presentation from its previous 'by nature' presentation. The Company has amended the prior year presentation to conform to the current year's presentation. The amounts previously reported for the comparative periods under the 'by nature' presentation are disclosed in the table below:

	2021	2020
Revenues	$ 47,817	$ 38,573
Expenses		
Physician, nursing, and related costs	32,806	26,763
Salary, wages, and benefits	12,749	5,828
Occupancy costs	2,545	1,117
Office expenses	5,887	2,631
Stock compensation	6,111	-
Depreciation and amortization	3,882	2,955
Other income	418	109
Expected credit losses	696	202
	64,257	39,388
Loss before other (income) expense and taxes	(16,440)	(815)
Net finance cost	484	543
Fair value changes in contingent consideration	(608)	-
Gain on sublease contracts	(28)	(19)
	(152)	523
Loss before taxes	(16,288)	(1,339)

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements include the following significant accounting policies:

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries after elimination of inter-company transactions and balances. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of loss and comprehensive loss.

Profit or loss and each component are attributed to the equity holders of the parent of the Company and to the non-controlling interests.

These consolidated financial statements include the Company and the following subsidiaries:

MCI Medical Clinics Inc.	wholly owned subsidiary

MCI Medical Clinics (Alberta) Inc.	wholly owned subsidiary
MCI Medical Clinics (BC) Inc.	wholly owned subsidiary (dormant)
MCI Polyclinic Group Inc.	80% owned subsidiary
MCI Prime Urgent Care Inc.	80% owned subsidiary
Onehealth Technologies Inc.	wholly owned subsidiary
Khure Health Inc.	wholly owned subsidiary
The Quit Clinic Inc.	80% owned subsidiary
Executive Concierge Canada (2021) Ltd.	80% owned subsidiary
Canadian Phase Onward	80% owned subsidiary
North York Pulmonary Function Test Centre	80% owned subsidiary

All the subsidiaries of the Company are incorporated and located in Canada.

b) Business Combinations and Goodwill:

The Company applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of loss and comprehensive loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

c) Cash:

Cash consists of cash on hand and held in bank accounts.

d) Revenue recognition:

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. If the consideration promised in a contract includes a variable amount, for example, contingent fees or service level penalties, the Company includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur.

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer. Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations.

The Company operates medical clinics in Ontario and Alberta and health information screening technology through its wholly owned Khure Health subsidiary. The Company generates revenue from two main sources: health services and healthcare information.

A. Health services revenue is derived from:
   - Medical services earned at a single point in time through the Company's medical clinics, telehealth, and virtual care platform. The majority of this revenue is reimbursed by provincial health insurers in Alberta and Ontario
   - Medical services not eligible for government reimbursement but charged directly to patients, corporations and/or third parties such as insurance companies. The Company's performance obligations for medical services are satisfied as services are rendered.
   - Clinical research services charged to large pharmaceutical, medical device and consumer products companies to study the efficacy and use of pharmaceuticals, medical devices and consumer products.

B. Healthcare information used to develop, study, and monitor treatments, pharmaceuticals and other products as well as for pure research by academic institutions and healthcare system performance by healthcare service reimbursing institutions.

Revenue from all healthcare insurers and corporations is subject to audit and retroactive adjustments. To management's knowledge, there are no material claims, disputes or other unsettled matters that exist concerning payments from provincial insurers.

Other income consists of sub-lease rental income which is recognized over the course of the lease term. Pharmacy revenue consists of fixed monthly payments from certain pharmacies based on the number of patients seen at MCI clinics. Pharmacy revenue is recognized at the end of each month based on the stated contract rates and the number of patients seen in that month. Revenue is recorded when collection is reasonably assured. Affiliate revenue consists of arrangements with third party entitles to provide space to market and sell medical products for a fixed monthly fee and a commission on product sales.

e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditures that are directly attributable to the acquisition of an asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognised net within other expenses in the consolidated statement of loss and comprehensive loss.

Costs associated with the day-to-day servicing of property and equipment are recognised in the consolidated statement of loss and comprehensive loss as incurred.

Depreciation is provided on a straight-line basis over the estimated useful life of property, plant, and equipment, as this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset. Useful lives are as follows:

Medical equipment	-	3 - 10 years
Furniture and equipment	-	5 - 10 years
Right-of-use assets	-	Term of the right-of-use plus renewal options
Leasehold improvements	-	Term of lease plus renewal options

f) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss and comprehensive loss. Amortization is being provided over the estimated useful life of the assets using the straight-line method over the following.

Physician contracts	5 years
Favourable contracts	5 years
Software Development	3 years
Customer relationships	10-12 years

g) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Leases are those contracts that meet the following criteria:

- there is an identified asset.
- the Company obtains substantially all the economic benefits from the use of the asset; and
- the Company has the right to direct the use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the provider has those rights, the contract is not identified as a lease.

In determining whether the Company derives substantially all the economic benefits from the use of the asset, the Company considers only the economic benefits arising from the use of the asset, not those incidentals to legal ownership or other potential benefits.

In determining whether the Company is entitled to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If important decisions are not made because they are predetermined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for

what purpose the asset will be used throughout the period of use. If the contract or part of a contract does not meet these criteria, the Company applies other applicable IFRS instead of IFRS 16.

All leases are accounted by recognizing a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of 12 months or less.

The right-of- use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of- use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The estimated discount rate of the Company's leases was between 2.11% and 3.89%.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognized in the statement of loss and comprehensive loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of- use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract

as a lease, i.e., it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

In classifying a sublease, the Company classifies the sublease as a finance lease, or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease.
- Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Effective June 1, 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- The reduction is lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Company, occurred from March 2020 to December 2020. Accounting for the rent concessions as lease modifications would have resulted in the Company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

h) Impairment of Non-Financial Assets:

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of loss and comprehensive loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss and comprehensive loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Taxes:

Current income tax

Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years.

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as well as the impact of unused tax loss carry forwards and unused tax credits at the reporting date. Temporary tax differences that do not result in temporary differences include goodwill, the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit, and investments in subsidiaries, associates, Deferred tax assets not recognized and interests in joint arrangements where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable. Enacted or substantively enacted rates in effect at the consolidated balance sheet date that are expected to apply when the deferred income tax asset is realized, or the deferred tax liability is settled are used to calculate deferred income taxes. A valuation allowance has been set up for non capital loss and deferred financing costs where it is not certain that deferred tax asset on these tax attributes will be realized based on future profits generated by that entity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

j) Financial Instruments:

Classification of Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Cash	Amortized cost
Accounts receivable	Amortized cost
Other assets	Amortized cost
Related party loan	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Non-controlling interest redeemable liability	Amortized cost
Liability for contingent consideration	FVTPL
Investments	FVTPL
Other liabilities	Amortized cost

Measurement of Financial Instruments

Financial assets and liabilities at amortized cost

Except for trade receivables, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, Company measured the financial assets and liabilities at amortised cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Impairment

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables and contracts assets are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that

can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

k) Government Grants and Disclosure of Government Assistance

The Company recognizes government grants when there is reasonable assurance that the Company will comply with the corresponding conditions attached to the grant and that the grant will be received. Government grants are recognized in the consolidated statement of loss and comprehensive loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are disclosed as part of other Income. Any government grants due but not received at the reporting date are included in accounts receivable.

l) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

m) SR&ED Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development (“SR&ED”) expenditures. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive profit and loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be materially different from the recorded amount upon assessment by regulatory authorities. To date, no SR&ED investment tax credits have been claimed or recorded.

n) Investment in Associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting within equity accounted investments on the consolidated statement of financial position.

Interests in associates accounted for using the equity method are initially recognized at cost. At the time of initial recognition, if the cost of the associate is lower than the proportionate share of the investment's underlying fair value, the Company records a gain on the difference between the cost and the underlying fair value of the investment in net income. If the cost of the associate is greater than the Company's proportionate share of the underlying fair value, goodwill relating to the associate is included in the carrying amount of the investment. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. Profit and losses resulting from transactions with an associate are recognized in the consolidated financial statements based on the interests of unrelated investors in the investee. The carrying value of associates is tested for impairment when there is an indication of a possible impairment. Impairment losses on equity-accounted investments may be subsequently reversed in net income. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

o) Share-Based Payment Transactions

(i) Share-Based Payment Plan

The Company has a share-based payment plan under which the Company issues stock options. Stock options generally vest over a four-year vesting period with 25% of the options vested and exercisable after the first year and each of the next three years. The Company applies a fair value method of accounting to each instalment of stock options granted to employees.

The grant date fair value of stock options granted to employees is recognized as share-based compensation expense, with a corresponding increase to contributed surplus, over the period that the employees become unconditionally entitled to the stock options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. Compensation cost is recognized so that each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. No compensation expense is recognized for options that are forfeited and have not met the service requirement for vesting. When options are exercised, the proceeds, as well as the related amount in contributed surplus, are credited to share capital. The Company uses the Black-Scholes option pricing model to determine fair value of stock options at the grant date. Measurement inputs include the price of shares on the measurement date, exercise price of the option, expected volatility, weighted average expected life of the option (based on historical experience), expected dividends and the risk-free interest rate.

(ii) Deferred Share Unit ("DSU")

The Company may also issue DSUs under its share-based payment plan to directors, either as a component of their annual remuneration or as an individual award. These DSUs may be awarded as equity-settled or cash-settled. Changes in the fair value of cash-settled awards are recorded in the statements of comprehensive loss using the Company's share price as of the reporting date. Equity-settled awards are recorded as contributed surplus in the statements of changes in shareholders' equity. The measurement of the compensation costs for these awards is based on the fair value of the award at the date of the grant. These DSUs may be issued with vesting terms or may be issued fully vested,

and do not have an exercise price or expiry date and are only settled when the board member is no longer rendering service to the Company.

p) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the loss for the year by the sum of the weighted average number of Class A Subordinate Voting Shares ("MCI Shares") outstanding and any dilutive MCI Share equivalents outstanding during the year. MCI Share equivalents consist of the shares issuable upon exercise of stock options calculated using the treasury stock method. MCI Share equivalents are not included in the calculation of the weighted average number of shares outstanding for diluted loss per share when the effect would be anti-dilutive. Class B Multiple Voting Shares of the Company are not included in loss per share calculations as they do not have any economic rights.

q) Business Acquisition Under Common Control

The Company applies the acquisition method in accordance with IFRS 3 for business combinations under common control. In applying this method, the Company will fair value the assets and liabilities acquired on the acquisition date.

r) Non-Controlling Interest

Non-controlling interest represents accumulated interest for minority shareholders in subsidiaries that are less than 100 percent owned by the Company. The net worth of a subsidiary is assumed to be proportionally owned by the Company and other minority shareholders according to their respective ownership percentages.

Non controlling interest redeemable liability

Non controlling interest with redemption features such as survivorship provisions, put options, that are not solely within the Company's control are consider redeemable and are recognized as non-controlling interest redeemable liability.

The Company will measure its non-controlling interest redeemable liability by estimating the present value of the redemption amount. This estimation is intended to approximate the redemption value of the options as indicated in the applicable agreements.

s) Adoption of New or Amended Accounting Not Yet Effective

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

t) Covid-19 Pandemic

Covid-19 Pandemic On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

During the years ended December 31, 2020 and 2021, the pandemic did not have a material impact on the Company's operations. While medical clinics had generally been deemed an essential business, the Company was able to switch to virtual appointments thereby reducing the impact on operations and enabled the Company to achieve savings in clinical operating expenses. As at December 31, 2020 and 2021, the Company did not observe any impairment of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic. The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings and participation in virtual Company events, trade shows, customer meetings and other virtual events. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2021	2020
Trade receivables - Public insured health services	$ 3,416	$ 2,405
Trade receivables - Others	3,107	1,427
Expected credit losses	(195)	(195)
	$ 6,328	$ 3,637

The change in the allowance for expected credit losses are as follows:

	2021	2020
As at January 1,	$ 195	$ 6
Provision for expected credit losses	96	202
Write-off	(96)	(13)
	$ 195	$ 195

5. OTHER ASSETS

Other assets consist of:

	2021	2020
Prepaid expenses	$ 1,587	$ 329
Harmonized Sales Tax (HST)	467	48
Share issuance expenses	-	489

Other receivable	450	-
Security deposits	385	251
	2,889	1,117
Less: current portion	(2,499)	(866)
	$ 390	$ 251

6. RELATED PARTY BALANCES AND TRANSACTIONS

The following related parties have engaged in transactions with the Company:

a) Altima Dental Services Ontario Inc. – directors of the Company hold key management positions.
b) MCI Dermatology (Woodbridge) Inc. – controlled by directors of the Company.
c) Onehealth Technologies Inc. – a wholly-owned subsidiary and member of the Company (2020- controlled by directors of the Company) (Note 11).
d) First Canadian Holding Corp. – controlled by directors of the Company.
e) 5015924 Ontario Inc. – controlled by directors of the Company.
f) ReGen Scientific Inc. – an associate that the Company has significant influence over.

Amounts due to (from) related parties are as follows:

	2021	2020
Due from Onehealth Technologies Inc.	$ -	$ (43)
Due to 5015924 Ontario Inc.	-	1,253
	$ -	$ 1,210

The Company has engaged in the following transactions with related parties:

	2021	2020
Altima Dental Services Ontario Inc.		
Occupancy costs	144	150
Rental income	367	415
MCI Dermatology (Woodbridge) Inc.		
Advances to related party	8	13
Expected credit loss expense (Note 5)	8	(13)
Two founders and Directors of the Company		
Promissory note payable	115	-
Acquisition of a subsidiary *	-	-
Repayment of promissory note	(115)	-
First Canadian Holding Corp		
Occupancy cost	77	54

Regen Scientific Inc.		
Short term loan receivable	1,000	-
Interest on short term loan	10	-
Receipt of loan repayment and interest	(1,010)	-

* The subsidiary acquisition price was one dollar.

Advances to and from related parties are non-interest bearing and due on demand. All related party transactions have been recorded at the amount of consideration established and agreed upon by the related parties. During the year ended December 31 2021, the Company repaid the amount owing to 5015924 Ontario Inc.

7. LOAN RECEIVABLE

	2021	2020
Advance for Potential Acquisition	$ 600	$ -
Expected credit loss provision	(600)	-
	$ -	$ -

The Company advanced $600 as a loan to the sole shareholder of a potential acquisition target under a letter of intent dated April 6, 2021. The loan was to be offset against the cash component of the purchase price payable for the acquisition or repaid within 30 days if the acquisition was not completed by August 31, 2021, or such other date as the parties may agree. The loan was guaranteed by the acquisition target and both the target, and its sole shareholder had granted MCI a security interest in their personal property to secure their obligations in respect of the loan and guarantee.

The acquisition was ultimately not completed, and the loan matured on September 30, 2021, but has not been repaid. The Company has delivered a demand for repayment and is in the process of taking steps to recover the advance. The Company has evaluated the likelihood of recovery of the loan, having regard to the anticipated cost of enforcement and the assets expected to be available for realization of its security, and has recorded a $600 provision for expected credit losses during the year.

8. PROPERTY AND EQUIPMENT

Property, plant and equipment consist of the following:

a) Cost

	Medical equipment	Furniture and Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance, December 31, 2019	$ 1,473	$ 4,879	$ 9,404	$ 21,595	$ 37,351
Additions	11	31	43	-	85
Modifications of ROU assets	-	-	-	542	542
Disposals	-	-	-	(201)	(201)
Balance, December 31, 2020	1,484	4,910	9,447	21,936	37,777
Additions	17	563	239	14	833

Modification				(2,933)	(2,933)
Acquisitions through business combination	42	36	50	3,067	3,195
Disposals	-	-	-	(238)	(238)
Balance, December 31, 2021	$ 1,543	$ 5,509	$ 9,736	$ 21,846	$ 38,634

b) Accumulated Depreciation

	Medical equipment	Furniture and Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance, December 31, 2019	$1,340	$ 4,518	$ 7,947	$ 7,716	$ 21,521
Depreciation	37	99	283	2,484	2,903
Modifications of ROU assets	-	-	-	(18)	(18)
Disposals	-	-	-	(201)	(201)
Balance, December 31, 2020	$ 1,377	$ 4,617	$ 8,230	$ 9,981	$ 24,205
Depreciation	39	117	303	2,635	3,094
Modifications of ROU assets	-	-	-	(2,372)	(2,372)
Disposals	-	-	-	(224)	(224)
Balance, December 31, 2021	$ 1,416	$ 4,734	$ 8,533	$ 10,020	$ 24,703

c) Carrying Amounts

	Medical equipment	Furniture and Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance, December 31, 2020	$ 107	$ 293	$ 1,217	$ 11,955	$ 13,572
Balance, December 31, 2021	$ 127	$ 775	$ 1,203	$ 11,826	$ 13,931

9. INTANGIBLE ASSETS

Intangible assets consist of the following:

a) Cost

	Physician Contracts	Customer Relationships	Favourable Contracts	Goodwill	Software	Total
Balance, December 31, 2019	$ 187	$ -	$ 75	$ 151	$ -	$ 413
Additions	-	-	-	-	410	410
Balance, December 31, 2020	187	-	75	151	410	823

Additions	-	-	-	-	1,535	1,535
Acquisitions through business combination	-	9,200	-	9,923	2,440	21,563
Balance, December 31, 2021	$ 187	$ 9,200	$ 75	$ 10,074	$ 4,385	$ 23,921

b) Accumulated Amortization

	Physician Contracts	Customer Relationships	Favourable Contracts	Goodwill	Software	Total
Balance, December 31, 2019	$ 93	$ -	$ 38	$ -	$ -	131
Amortization	37	-	15	-	-	52
Disposals						
Balance, December 31, 2020	130	-	53	-	-	183
Amortization	41	573	16	-	585	1,215
Disposals	-	-		-	-	-
Balance, December 31, 2021	$ 171	$ 573	$ 69	$ -	$ 585	$ 1,398

c) Carrying Amounts

	Physician Contracts	Customer Relationships	Favourable Contracts	Goodwill	Software	Total
Balance, December 31, 2020	$ 57	$ -	$22	$ 151	$ 410	$ 640
Balance, December 31, 2021	$ 16	$ 8,627	$ 6	$ 10,074	$ 3,800	$ 22,523

Included in software is $1,534 of assets that are not amortized as they are not available for use.

For purposes of impairment testing, goodwill has been allocated to cash generating units ("CGUs"). The Company's most significant CGU's relate to the business combinations completed in the current year (See Note 11).

The recoverable amount of all CGUs was based on fair value less cost to sell, which is a level 3 fair value determined by discounting future cash flows. In all cases, the recoverable amount was determined to exceed the carrying amount of the CGU and there was no impairment.

The key assumptions used in determining fair value less cost to sell are revenue growth rates (ranging from 5% to 96%), discount rates (ranging from 17.7% to 27.2%), EBITDA margins (ranging from 4% to 55%) and terminal value growth rates of 3% over a cash flow period of 5 years.

10. INVESTMENTS

Investments consist of:

	Note	2021	2020
Equity accounted investments			
Investment in Regen Scientific Inc.	10 (c)	$2,520	$ -
		2,520	-
Non-equity accounted investments			
Investment in Acorn Biolabs Inc.	10 (a)	1,456	-
Investment in convertible promissory note with Ariel Precision-Medicine Inc.	10 (b)	312	-
Investment in ORO Health Inc.	10 (d)	250	-
		2,018	-
Total investments		$ 4,538	$ -

a) Investment in Acorn Biolabs Inc.

i. On March 26, 2021, the Company invested $250 to purchase an interest in Acorn Biolabs, Inc. ("Acorn") through a Simple Agreement for Future Equity ("SAFE") instrument issued by Acorn Biolabs, Inc. The discount rate of the SAFE is 80%.

In the event of a bona fide transaction or series of related equity financing transactions for the purpose of raising capital to which Acorn issues and sells shares generating gross proceeds of at least $5,000, on the closing of such equity financing, this SAFE will automatically convert into a number of SAFE shares equal to the purchase amount divided by the conversion price.

As of December 31, 2021, the investment in SAFE is measured at its fair value of $250.

ii. On June 7, 2021, MCI signed a share exchange agreement to acquire 14.25% of common shares of Acorn, giving the Company a minority interest in Acorn. The Company classifies the investment as FVTPL. The Company accounts for the investment in Acorn at fair value using implied valuations based on the fair value of the 380,953 exchanged MCI Shares, as Acorn's common shares are not publicly traded and quoted prices for its shares are not observable. Subsequent to initial recognition, the consolidated financial statements include the Company's share at fair value, until the date of December 31, 2021, the investment in Acorn is measured at its fair value of $1,206.

iii. On June 7, 2021, the Company signed a distribution agreement and entered into a commercial arrangement with Acorn. In connection with the commercial arrangement, MCI also entered into an incentive arrangement with Acorn, which provides MCI with additional contingent consideration upon the achievement of certain collection kit milestones. No revenue has been recognized as of December 31, 2021 related to these arrangements.

b) Investment in Ariel Precision Medicine, Inc.

i. On April 23, 2021, the Company invested $312 (USD $250) in a convertible promissory note issued by Ariel Precision Medicine, Inc. ("Ariel"). The note purchase agreement provides the Company the

right (but not the obligation) to participate, on a pro-rata basis, in any issuances by Ariel of equity securities or any security convertible into equity securities occurring after a qualified financing of Ariel. The investment in Ariel is measured at a value of $312.

c) Equity Accounted Investment in ReGen Scientific Inc.

On April 12, 2021, the Company executed a share exchange agreement and investor rights agreement with ReGen Scientific Inc. ("ReGen"), having principal place at 181 University Ave Suite 1605, Toronto, ON M5H 3M7, a personalized, preventative and regenerative health provider in Canada. Under the terms of the arrangement, the Company acquired approximately 9.1% of the issued and outstanding shares of ReGen in exchange for the issuance of 800,000 MCI Shares. The Company was also granted a seat on ReGen's Board of Directors. Concurrently, the Company provided a short-term non-revolving loan to ReGen in the amount of $1,000, due September 30, 2021, which bore interest at a rate of 5% per annum. The loan was repaid in June 2021.

The arrangement has been determined to be an investment in an associate as the Company assessed it obtained significant influence over ReGen as a result of the transactions. Accordingly, the investment is accounted for under the equity method. MCI also signed an Investor Rights Agreement ("IRA") with ReGen, under which the Company is granted one seat on ReGen's Board of Directors and a veto right over significant transactions such as share issuances, changes to stock option plans, dividend declaration, incremental borrowings, asset sales and other financing and investing activities that exceed certain monetary thresholds. ReGen's activities are strategic to MCI.

The following table presents the Company's interest in ReGen as included in its own financial statements, adjusted for fair value adjustments as acquisition and differences in accounting policies on April 12, 2021.

Carrying value of ReGen's net assets	$ 4,009
Fair value adjustments	(153)
Elimination of inter-company transactions	-
Total net identifiable assets	**3,856**
MCI's 9.1% share of ReGen's net identifiable assets	351
Goodwill	2,169
Transaction costs	-
Initial carrying amount of interest in associate	**$ 2,520**

i. The following table presents the change in the balance of investments in associates for the period from the date of investment through year end. Regen produced a positive $150 in cash operating profit prior to a large non-cash investment loss stemming from the mark to market value of its holding in MCI Onehealth Subordinated Class A shares of $3,024:

Balance, April 12, 2021	$ 2,520
Net additions	-
Share of comprehensive loss	-
Distributions received	-
Balance, December 31, 2021	**$ 2,520**

ii. The following table presents the current and non-current assets, current and non-current liabilities, as well as revenue, net income and total comprehensive income of ReGen as at December 31, 2021:

	As at December 31, 2021
Percentage ownership interest	**9.1%**
Current assets	4,863

Non-current assets	2,019
Current liabilities	(1,107)
Non-current liabilities	(655)
Net assets	**5,120**
Revenue	1,029
Net loss	(2,874)
Total deficit	**(2,874)**

d) Investment in ORO Health Inc.

On July 14, 2021, the Company invested $250 to acquire 3,425 preferred shares in ORO Health Inc. ("ORO") as part of a seed round financing by ORO. ORO is a dermatologically-focused specialized telemedicine and virtual health care provider, and is the developer of the DermaGo platform. As at December 31, 2021 the investment in ORO is measured at a fair value of $250.

11. BUSINESS ACQUISITION

a) On February 16, 2021, the Company acquired all the outstanding shares of Onehealth Technologies Inc. ("Onehealth Technologies"), a privately held company based in Toronto, Ontario, from related party vendors.

The Company paid total consideration of $115 to the selling shareholders of Onehealth Technologies, which was settled by cash consideration of one dollar, the application of advances made to Onehealth Technologies prior to the acquisition date of $143, and the assumption of a promissory note in the amount of $115 owed by Onehealth Technologies to the related party vendors.

The following table summarizes the Company's initial assessment of fair values of the identifiable assets and liabilities of Onehealth Technologies, including goodwill.

	Fair values
Assets acquired	
Cash	$ 60
Software technology-related intangible	540
Other assets	5
	605
Liabilities acquired	
Promissory note payable	115
Accounts payable and accrued liabilities	359
	474
	131
Goodwill	155
Deferred tax liabilities	(143)
Total purchase consideration	$ 143

The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective February 16, 2021.

Goodwill is calculated as the difference between the acquisition date fair value of the consideration transferred and the fair values assigned to the assets acquired and liabilities assumed. None of the goodwill is expected to be deductible for tax purposes.

The goodwill recorded on the business combination represents the following:

- The value of the going-concern elements of the existing Onehealth Technologies' business (that is, the higher rates of return on the assembled net assets compared to if the net assets had been acquired separately);
- Intangible assets that do not qualify for separate recognition (for instance, the assembled workforce); and
- Cost savings, operating synergies and other benefits expected to result from combining the operations of the Company and Onehealth Technologies.

The acquisition of Onehealth Technologies contributed revenue of $2 and net losses of $640 during the year ended December 31, 2021.

b) On April 6, 2021, the Company entered into a share purchase agreement to purchase 100% of the outstanding common shares of Khure Health Inc. ("Khure"). Concurrently, the Company signed earn-out agreements with Khure's shareholders, and separately with two principals of Khure. Khure's technology platform harnesses clinical data, enabling physicians to rapidly screen and identify patients with rare diseases and facilitate more personalized treatment. The transaction closed on April 26, 2021.

Under the terms of the agreement, the Company was to pay total consideration of up to $12,600 to the selling shareholders of Khure, to be settled in a combination of $500 cash, financed from cash on hand, and the balance in MCI Shares. The acquisition related costs expensed during the year ended December 31, 2021 were $211.

The components of the total consideration were as follows:

(i) On the acquisition date, the Company paid cash of $500 and issued 1,024,468 MCI Shares with a fair value of $3,078.

(ii) A portion of the total consideration up to a maximum of $3,000 payable in 878,116 MCI Shares ("Holdback Shares") are held in escrow and will be released at the 12-month anniversary of closing, subject to certain indemnity obligations of Khure.

The number of Holdback Shares to be distributed will be the number of MCI Shares equal to the difference between: (a) the number of Holdback Shares; and (b) the applicable number of MCI Shares determined based on dividing: (i) the aggregate amount of losses finally determined to be payable by the vendors under the indemnities they have given in connection with the transaction, and by (ii) the volume weighted average market price for MCI Shares as at the time of the holdback distribution date.

The Company considers the holdback amount as equity and has recorded it as such. The Company assigned a value of $2,605 to the Holdback Shares.

(iii) At the time of acquisition a portion of the total consideration up to a maximum of $5,600, payable in MCI Shares, subject to an earn-out arrangement over an earn-out period ending December 23, 2023. The final earn-out payable will be determined based on multiple post-acquisition period revenue targets as specified in the transaction agreements.

The Company considers the earn-out amount as a liability and has recorded it as such. The fair value of the earn-out liability was determined to be $5,438.

(iv) An amount of up to $900 of MCI Shares are contingently issuable to the principals under the earn-out agreement, subject to the achievement of certain revenue milestones for an earn-out period up to December 23, 2023, and continued employment by the applicable principals, which has been accounted for as a compensation arrangement outside of the business acquisition accounting.

During the year ended December 31, 2021, the Company completed their estimated fair values of the identifiable assets acquired and liabilities assumed as part of the Khure acquisition, which assigned a total fair value of $11,621 to the Khure acquisition.

	Fair values
Cash consideration	$ 500
Share consideration	5,683
Fair value of contingent consideration	5,438
Total purchase consideration	$ 11,621

	Fair values
Net assets acquired:	
Net working capital	$ 314
Property, plant and equipment	7
Intangibles - customer relationship	6,400
Intangibles - Software technology	1,900
	8,621
Goodwill	5,199
Deferred tax liabilities	(2,199)
Total purchase consideration	$ 11,621

The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective April 26, 2021.

The goodwill recognized in connection with this acquisition is primarily attributable to the synergies between Khure's continued work with leading pharmaceutical and medical device companies and intangible assets that do not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

The amortization period for the customer relationships, software technology and property, plant and equipment are 10, 3, and 5 years, respectively.

The gross contractual amounts of acquired receivables was $647. All contractual cash flows are expected to be collected.

The acquisition of Khure contributed revenue of $1,620 and net losses of $410 during the year ended December 31, 2021. During the year ended December 31 2021, Khure recorded revenue of $2,147 and net loss of $75.

c) On July 30, 2021, the Company completed a series of share purchase transactions to acquire an 80% interest in Canadian Phase Onward Inc., The Quit Clinic Inc., North York Pulmonary Function Center Inc. and Executive Medical Concierge Canada (2021) Ltd. (collectively, "Polyclinic") through its newly formed subsidiary, MCI Polyclinic Group Inc. Polyclinic provides onsite integrated health services including primary care, specialist care, lab services and in-house clinical research.

Under the terms of the share purchase agreements, the Company was to pay total consideration of up to $7,104 to the selling shareholders of Polyclinic, to be settled through a combination of cash, financed from cash on hand, the grant of a 20% ownership interest in MCI Polyclinic Group Inc., through the issuance of class B shares of that entity, and the issuance of $384,000 in MCI Shares at a price per MCI Share of C$2.71 at the time of acquisition. The acquisition-related costs expensed during the year ended December 31, 2021 were $145.

The Company has entered into an agreement with the non-controlling shareholders of MCI Polyclinic Group Inc., which contains a put option to require the Company to purchase their retained interest based on specified calculations. On initial recognition, the class B shares were recognized as a financial liability.

During the year ended December 31, 2021, the Company completed its initial assessment of the estimated fair values of the identifiable assets acquired and liabilities assumed as part of the Polyclinic acquisition and assigned a total fair value of $7,339 to the acquisition. The purchase price allocation is and may need to be updated at a later date.

	Fair values
Customer relationships	2,800
Current assets	1,007
Current liabilities	(438)
Property, plant and equipment	3,184
Non-current assets	50
Lease liabilities	(3,067)
Deposits received	(35)
Identified net assets acquired	3,501
Goodwill	4,569
Deferred tax liabilities	(732)
Total purchase consideration	$ 7,340

	Fair values
Cash consideration	$ 5,416
Share consideration	384
Non-controlling interest	1,468
Working capital adjustment	72
Total purchase consideration	$ 7,340

The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective July 30, 2021.

The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date.

The goodwill recognized in connection with this acquisition is primarily attributable to the increase in revenue referrals and intangible assets that do not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

The amortization period for the customer relationships and favourable contracts is 8 and 5 years, respectively.

The gross contractual amounts of acquired receivables was $950. All contractual cash flows are expected to be collected.

The working capital adjustment payable to the vendors is included in the accounts payable.

The acquisition of Polyclinic contributed revenue of $3,012 and net loss of $270 since acquisition to the Company's result for the year ended December 31, 2021. During the year ended December 31 2021, total revenue of Polyclinic is $5,971 and net profit is $946.

12. BANK CREDIT FACILITY

The Company, through MCI Medical Clinics Inc., has an available revolving operating credit facility of up to the lesser of $1,500 or 80% of its outstanding qualifying OHIP receivables plus 75% of other qualifying receivables. Interest would be charged on the facility at the prime rate plus 0.5% (2020 -$1,000 or 80% of the outstanding qualifying OHIP receivables plus 75% of other qualifying receivables. Interest would be charged on the facility at the prime rate plus 0.5%). The facility is secured by a general security agreement against all property of the subsidiary.

The Company, through MCI Medical Clinics (Alberta) Inc., has an available operating line of credit of $500 (2020 - $ 250). Interest would be charged on the facility at the prime rate plus 0.8% (2020 - interest at prime plus 0.8%). The credit facility is secured by a general security agreement against the assets of the subsidiary.

As at December 31, 2021, the credit facilities were not in use (December 31, 2020 - $nil).

13. LIABILITY FOR CONSIDERATION SHARES

	2021	2020
At acquisition liability for earn-out arrangement shares for Khure acquisition	$ 5,438	$ -
Issuance of shares for achieving milestones	(1,708)	-
Fair value changes	(608)	-
As of December 31, liability for earn-out arrangement shares for Khure acquisition	3,122	-
Less: current portion	(1,598)	-
Long-term portion	$ 1,524	$ -

On Dec 16, 2021, the Company issued 1,170,204 MCI Shares from treasury in consideration of achieving milestones agreed as per SPA, valued $1,708.

Management has determined these earn-out payments represent compensation for post-combination services to be recognized over the earn-out period and therefore, has excluded this amount from the purchase consideration for the purposes of acquisition accounting. Accordingly, the estimated earn-out obligation will be accreted up to its expected amount with any changes in such estimate accounted for during the period prior to settlement.

a) Khure Acquisition (Note 11.b)

In connection with the business acquisition of Khure, the Company recorded the following liabilities as part of the purchase consideration.

i. Liability for earn-out arrangement shares (Note 11.b(iii)): The contingent consideration amount payable in MCI Shares was assigned a total value of $3,121. This liability is subject to earn out provisions through to December 31, 2023.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	2021	2020
Trade payables	$ 6,546	$ 4,509
Income taxes payables	177	126
Accrued liabilities	2,582	2,228
Deposits	222	135
	$ 9,527	$ 6,998

15. LEASES

The Company leases various clinic spaces for its operations and subleases its excess office and clinic spaces to subtenants.

Rental contracts are typically made for fixed periods of 5 to 10 years. Extension options are included in the majority of leases for clinic space and typically range from 5 to 10 years. These terms are used to maximize operational flexibility in terms of managing the Company's clinic space. For the majority of its leases with renewal options, the Company has not included lease payments under extension options, as it is not reasonably certain that renewal options on those leases will be exercised. Substantially all the property leases contain variable lease payments for operating costs that are based on actual costs incurred by the lessor. The variable operating costs do not depend on an index or a rate and are recognized as an expense in the period they are incurred.

The Company's lease liability and lease receivable as at December 31, 2021, and December 31, 2020, are as follows:

	2021	2020
Lease liability - current	$ 3,086	$ 2,535
Lease liability – non-current	11,261	11,298
Total Lease liability	$ 14,347	$ 13,833

	2021	2020
Lease receivable - current	$ 542	$ 381
Lease receivable – non-current	1,440	1,304
Total Lease receivable	$ 1,982	$ 1,685

Amounts recognized in the consolidated statement of loss and comprehensive loss:

	2021	2020
Expenses relating to variable lease payments Not included in the measurement of lease liabilities	$ 2,508	$ 2,006
Expenses related to short-term leases	10	26
Lease income from operating leases	63	90
Interest income on subleases	58	64

Lease Liability

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

	2021	2020
Balance - Beginning	$ 13,833	$ 15,850
Lease modification	(23)	463
New leases	420	-
Business combination	2,844	-
Interest expense (note 19)	466	497
Rent concessions	-	(371)
Lease cash payments	(3,193)	(2,606)
Balance - Ending	$ 14,347	$ 13,833

The maturity analysis of lease liabilities at December 31, 2021, is as follows:

	Minimum lease payments due			
	< 1 year	1 – 5 years	>5 years	Total

Lease payments	$ 3,531	$ 11,097	$ 1,037	$ 15,665
Finance charges	(419)	(843)	(56)	(1,318)
Lease liabilities	$ 3,086	$ 10,254	$ 1,007	$ 14,347

Net Investment in Subleases

Rental contracts for subleases are typically made for fixed periods of 1 to 10 years but may have extension options ranging from 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. As at December 31, 2021, and December 31, 2020, the Company had sublease contracts for 7 spaces, with an average remaining life to expiry (including extension term) of 3.76 years (2020-4.76 years).

Lease receivable interest income recognized in comprehensive loss and lease recoveries recognized in the financing component of statement of cash flows are as follows:

	2021	2020
Balance-Beginning	$ 1,685	$ 2,150
Additions	739	-
Lease modifications	-	(73)
Interest income	58	64
Lease cash recoveries	(500)	(456)
Balance - Ending	$ 1,982	$ 1,685

As at December 31, 2021, the minimum rent expected to be received under net investment in subleases is as follows:

2022	$ 605
2023	610
2024	398
2025	241
2026	112
More than five years	155
	2,122
Unearned finance income	(140)
	$ 1,982

As at December 31, 2021, the minimum rent expected to be received under operating leases for the next five years and thereafter is as follows:

2022	$ 68
2023	65
2024	31
More than five years	-
	$ 165

16. SHARE CAPITAL

(a) Authorized:

The Company has authorized an unlimited number of Class A Subordinate Voting Shares, Class B Multiple Voting Shares

(b) Issued:

As at December 31, 2021,

	Common shares	Class A Subordinate Voting Shares	Amount	Class B Subordinate Voting Shares
Balance-December 31, 2019	**200**	**-**	**$ -**	**-**
Share issuance for bonus and assignment of intellectual property	10.5	-	1,011	-
Exchange of common shares to Class A Subordinate shares and Class B Subordinate Voting Shares	(210.5)	40,000,000	-	-
				36,000,000
Balance-December 31, 2020	**-**	**40,000,000**	**1,011**	**36,000,000**
Share issuance, net of share issuance costs and deferred taxes	-	6,000,000	28,145	-
Issuance of Class A Subordinate shares for Khure acquisition -note 11.b(i)	-	1,024,468	3,078	-
Issuance of Class A Subordinate shares for Khure acquisition -note 11	-	878,116	2,605	-
Issuance of Class A Subordinate shares in exchange of Acorn shares- note 10	-	380,953	1,206	-
Issuance of Class A Subordinate shares in exchange of ReGen shares- note 10	-	800,000	2,520	-
Issuance of Class A Subordinate shares for Polyclinic acquisition -note 11	-	141,461	384	-
Repurchase of shares	-	(320,000)	(870)	-
Issuance of Class A shares for Khure -note 11	-	1,170,204	1,708	-
Balance- December 31, 2021	-	50,075,202	$ 39,787	36,000,000

On November 2, 2020, the Company issued 10.5 common shares to its CEO in lieu of a signing bonus and the assignment of certain intellectual property ("IP"). The amounts allocated to the IP and bonus were $ 260 and $ 751, respectively based on the fair value of the Company's common shares on the date of issuance.

On December 23,2020, the Company filed Articles of amendment to amend its share capital. The changes were to:

a) to create an unlimited number of shares of one class designated as Class A Subordinate Voting Shares.
b) to create an unlimited number of shares of one class designated as Class B Multiple Voting Shares.

c) to create an unlimited number of shares of one class designated as Preferred Shares.

d) to change the 210.5 issued and outstanding common shares of the Company into 40,000,000 Class A Subordinate Voting Shares and 40,000,000 Class B.

e) To automatically cancel Class B Multiple Voting Share, upon the first date that a Class A Subordinate Voting Shares is transferred by a holder who also owns a Class B Multiple Voting Share to someone other than a Permitted Holder or when the holders of the Class B Multiple Shares in aggregate hold less than 5% of the aggregate number of outstanding Class A Subordinate Voting Shares.

f) to cancel the classes of shares designated as common shares and preference shares and delete the rights, privileges, restrictions and conditions thereto.

g) to provide that the rights, privileges, restrictions and conditions attaching to the Class A Subordinate Voting Shares, Class B Multiple Voting Shares and Preferred Shares shall be as follows:

(i) The Class A Subordinate Voting Shares and the Class B Multiple Voting Shares shall be subject to and subordinate to the rights, privileges, restrictions and conditions attaching to the Preferred Shares and the shares of any other class ranking senior to the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares,

(ii) and the Class A Subordinate Voting Shares shall have the right to receive dividends.

(iii) The Class B Multiple Voting Shares shall not be entitled to any rights, other than special voting rights equal to nine votes per each Class A Subordinate Voting Share.

Pursuant to a resolution dated December 30, 2020, 4,000,000 Class B Multiple Voting Shares were cancelled pursuant to section 1.5 of the articles of amendment dated December 23, 2020.

On January 5, 2021, the Company closed its initial public offering ("IPO") of an aggregate of 6,000,000 MCI Shares at a price of $5.00 per share for aggregate proceeds of $30,000. The MCI Shares started trading on the TSX at the opening of business on January 6, 2021.

In connection with the IPO, the Company incurred share issuance costs of $2,458 and the net cash proceeds from the IPO were $27,542. The deferred taxes asset resulting on the share issuance costs was $604.

In connection with Khure acquisition, the Company issued 1,902,584 MCI Shares from treasury as partial consideration for the acquisition, valued in aggregate at $5,683. Of those, 878,116 MCI Shares, valued at $2,605, were placed in escrow pending the resolution of any indemnity claims in connection with the acquisition (Note 11.b(i)). On Dec 16, 2021, the Company issued 1,170,204 MCI Shares from treasury in consideration of achieving milestones agreed as per SPA, valued $1,708

In connection with a share exchange agreement with Acorn, the Company issued 380,953 MCI Shares from treasury, valued at $1,206. (Note 10a)

In connection with a share exchange agreement with ReGen, the Company issued 800,000 MCI Shares from treasury, valued at $2,520. (Note 10c)

In connection with Polyclinic acquisition, the Company issued 141,461 MCI shares from treasury, valued at $384.

On May 14, 2021 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), which allows the Company to repurchase, at its discretion, up to 2,435,129 of the outstanding MCI Shares representing 5% of the MCI Shares outstanding at a price equal to the market price at the time of purchase, over a 12-month period as permitted by and in accordance with the procedures for a normal course issuer bid under Canadian securities laws and the rules of the TSX. MCI Shares purchased by the Company are cancelled. The NCIB commenced on May 19, 2021 and will terminate on May 18, 2022, or on such earlier date as the Company completes its purchases pursuant to the notice of intention.

In connection with NCIB, the Company entered into an automatic securities plan (the “ASPP”) to facilitate repurchases of the MCI Shares under the NCIB at times when the Corporation may not ordinarily be permitted to purchase its shares due to regulatory restrictions and self-imposed blackout periods.

During the year ended December 31, 2021, the Company repurchased and cancelled 320,000 of MCI Shares through trades on the TSX for an aggregate purchase price of $870, which was recorded as a reduction of share capital.

Dividends
During the year ended December 31, 2021, the Company declared and paid a $ Nil (2020-$ 2,009) dividend.

17. SHARE BASED PAYMENT ARRANGEMENTS

As at December 31, 2021, the Company had the following share-based payment arrangements:

(a) Stock Option Plan:

On December 22, 2020, the Board of Directors established an omnibus long-term incentive plan (the “Equity Incentive Plan”), under which Options, Restricted Share Units (“RSUs”), DSUs, performance awards or other share- or performance-based awards (collectively, the “Awards”) may be granted to employees, officers, consultants and non-employee directors of the Company and its affiliates. The Equity Incentive Plan mandates that the maximum aggregate number of outstanding options shall not exceed 10% of the outstanding MCI Shares at the relevant grant date. Awards granted under the Equity Incentive Plan have a contractual life of 5 years.

On January 6, 2021, the Company granted 3,420,000 options to purchase MCI Shares as incentives to its senior executives. The grant date fair value of the options was $10,294 which will be recognized over the four-year vesting period with 25% of the options vesting after the first year and the remainder vesting in equal annual instalments over the remaining three-year vesting period, respectively.

On May 18, 2021, the Company granted 528,000 options to purchase MCI Shares as incentives to its key employees. 68,000 of these unvested options were forfeited as a result of employee departures. The fair value of the options was $807 which will be recognized over the four-year vesting period with 25% of the options vesting after the first year and the remainder vesting in equal annual instalments over the remaining three-year vesting period, respectively.

On June 29, 2021, the Company granted 400,000 options to purchase MCI Shares as an incentive to its new Chief Innovation Officer. These options were granted as inducement options outside of the Company's Equity Incentive Plan, but on terms that are substantially similar. The grant date fair value of the options was $679 which will be recognized over the three-and-a-half year vesting period with 25% of the options vesting on January 6, 2022 and the remainder vesting in equal annual instalments over the remaining three-year vesting period, respectively.

On September 10, 2021, the Company granted 95,000 options to purchase MCI Shares as an incentive to key employees of the newly acquired Polyclinic. The grant date fair value of the options was $111, which will be recognized over the four-year vesting period with 25% of the options vesting after the first year and the remainder vesting in equal annual instalments over the remaining three-year vesting period, respectively.

Fair value of stock options granted:

The fair value of each option granted was estimated at the time of grant using the Black-Scholes option pricing model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a call or a put option based on six variables such as volatility (ranging between 64% and 75%), stock option, underlying stock price (ranging between $2.28 to $5.00), time, strike price (ranging between $2.56 and $5.00), and risk-free rate (ranging between 0.42 and 0.95). The total share-based payment expenses related to the options and the amount credited to contributed surplus for the years ended December 31, 2021, were $5,992 (2020-$ Nil) respectively. The following table outlines the activity for stock options for the year ended December 31,2021, and 2020:

	2021		2020	
	Number of options (000s)	Weighted average exercise price	Number of options (000s)	Weighted average exercise price
Outstanding-January 1, 2021	-	$ -	-	-
Granted	4,443	4.57	-	-
Exercised	-	-	-	-
Forfeited	(68)	3.10	-	-
Outstanding-December 31, 2021	4,375	$4.55	-	-

There were no options vested or exercisable as at December 31, 2021. As at December 31, 2021, the following table, provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise Price	**Number outstanding** (000s)	**Weighted average remaining contractual life (years)**
$ 5	3,420	4.02
$3-4	860	4.44
$2-3	95	4.69
	4,375	4.40

The following table summarizes grants of stock options:

Stock Options grant date	Stock options granted (000s)	Expired	Forfeited	Net Outstanding
January 6, 2021	3,420	-	-	3,420
May 18, 2021	528	-	(68)	460
June 29,2021	400	-	-	400
September 10,2021	95	-	-	95
Balance- December 31, 2021	4,443	-	(68)	4,375

(b) Deferred Share Units:

The Company grants DSUs to the members of the Board of Directors as part of their annual remuneration for the services rendered as directors on the Company's Board and Committees, and may also award one-time grants of DSUs to its directors in connection with major events, such as its going-public transaction in January 2021. For cash-settled awards, the Company records the changes in the fair value of the award in the statements of comprehensive loss using the Company's share price as of the reporting date. The amount of the award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout. For equity-settled DSUs, the fair value of the DSU is recorded as an expense at the grant date. To date, all the DSUs that have been awarded by the Company are equity-settled DSUs.

On September 10, 2021, the Company issued 52,400 equity settled DSUs to the directors. The closing price of the MCI Shares on Sept 10, 2021 was $2.28. For the year ended December 31, 2021, the company recorded a DSU expense of $119 with an offsetting credit to contributed surplus in the statement of financial position.

18. GOVERNMENT ASSISTANCE

As a result of the COVID-19 pandemic that occurred during the year, the federal government offered various economic relief programs of which the Company received the subsidies under the Canada Emergency Wage Subsidy (“CEWS”) and Canada's Emergency Commercial Rent Assistance Program (“CERCA”).

The subsidies were included in net income as follows:

	2021	2020
Canada Emergency wage subsidy	$ 1,027	$ 2,241
Canada Emergency commercial rent assistance (CECRA)	-	726
	$ 1,027	$ 2,967

19. OPERATING EXPENSES BY NATURE

	2021	2020
Salaries and other short-term employee benefits	$ 12,461	$ 5,828
Research and development	155	-
Sales and marketing	1,115	125
Facilities expenses	1,107	1,289
Canada Emergency commercial rent assistance (CECRA)	-	(726)
Professional and accounting	3,207	1,931
Recruiting expenses	240	24
Insurance	674	150
Technology and communication expenses	763	403
Stock compensation	6,111	-
Public company expenses	730	200
Depreciation and amortization expense	3,882	2,955
Others	1,005	1,560
Total operating expenses	$ 31,451	$ 13,739

20. NET FINANCING EXPENSES

Net financing expenses consist of the following:

	2021	2020
Interest on lease liabilities	$ 462	$ 497
Interest on lease receivables	(58)	(64)
Interest income	(51)	-
Change in present value of promissory note	-	4
Bank charges and fees	131	106
	$ 484	$ 543

21. INCOME TAXES

Income taxes consists of the following:

	2021	2020
Current income tax	$ 47	$ 121
Deferred tax recovery	(794)	(433)
	$ (747)	$ (312)

Reported income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before income tax due to the following:

	2021	2020
Loss before income tax	$ (16,288)	$ (1,339)

Effective income tax rate	26.5%	26.2%
Expected income tax recovery	(4,316)	(355)
Permanent difference	1,712	3
Financing fees write down to equity	(190)	-
Intangibles	3	-
Deferred tax assets not recognized	1,773	-
Others	271	40
	$ (747)	$ (312)

Deferred tax assets consist of:

	2021	2020
Property, plant, and equipment	$ (698)	$ (166)
Leases	138	46
Security issuance expenses	537	-
Non-capital loss carry forward	3,379	940
Net-capital loss carried forward	9	-
Intangibles	(101)	-
Deferred tax assets not recognized	(1,773)	-
Others	66	(7)
	$ 1,557	$ 813

Deferred tax liabilities consist of:

	2021	2020
Property, plant and equipment	$ (39)	$ -
Leases	46	-
Non-capital loss carry forward	240	-
Intangibles	(2,678)	-
Others	-	-
	$ 2,431	$ -

Included in deferred tax asset and liabilities is $3,074 that arose from business combination and $70 related to share issuance costs included in the statement of equity.

Deferred tax assets note recognised relate to non capital loss and deferred financing costs of one of the legal entities where it is not certain that deferred tax asset on these tax attributes will be realized based on future profits generated by that entity.

The Company's non-capital loss carry forwards expire as follows:

2036	$ 971
2037	8
2038	307
2039	2
2040	1,717
2041	4,996
	$ 8,001

22. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The change in non-cash working capital items consists of the following:

	2021	2020
Accounts receivable	$ (1,504)	$ (1,219)
Other assets	(1,252)	(826)
Accounts payable and accrued liabilities	1,108	3,776
	$(1,648)	$ 1,731

23. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the members of the executive team. The remuneration of these individuals was as follows:

	2021	2020
Salary, wages and benefits	$ 2,051	$ 1,260
Share based compensations	5,385	-
	$ 7,436	$ 1,260

24. CONTINGENCIES

In October 2019, a claim was lodged against MCI Medical Clinics Inc., a subsidiary of the Company, asserting that it had breached a lease agreement for a clinic. The matter is currently being considered by the courts and progress has been slower than anticipated, such that the Company now expects judgment before the end of 2022.

The Company considers it to be too early to make a determination as to the outcome of this claim and has therefore not recognized a provision in relation to this claim. If there was an adverse decision related to the lawsuit, the potential undiscounted amount of the total payments that the Company could be required to make is estimated to be approximately $3,000.

In October 2017, a claim was lodged against MCI Medical Clinics Inc. asserting medical malpractice. The Company had previously estimated the potential estimated undiscounted amount of the total payment that the Company could have been required to make in connection with this claim to be approximately $5,250. During the year the matter has been dismissed by the courts without any liability to the Company.

25. EARNINGS PER SHARE

Basic and dilutive earnings per share is calculated by dividing net income (loss) attributable to shareholders by the sum of the weighted average number of shares outstanding:

	2021	2020
Numerator		
Net loss attributable to Company shareholders	$ (15,670)	$ (1,029)
Denominator		
Weighted average number of Class A Subordinate Voting Shares	47,998 837	38,332,737
Basic and diluted loss per share	$(0.33)	$ (0.03)

The weighted average number of shares outstanding and basic and diluted loss per share at December 31, 2021, were restated to reflect the recapitalization of the Company on December 23, 2020.

26. DEPRECIATION AND AMORTIZATION

The following table presents total depreciation and amortization by function:

	2021	2020
Cost of sale	$ 427	$ -
Sales and marketing	730	-
General and administrative	3,152	2,955
	$ 4,309	$ 2,955

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at December 31, 2021:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable and net investments in subleases. The Company's accounts receivable do not represent a significant concentration of credit risk because the largest part of the accounts is collected from branches of provincial governments (2021 - 73%, 2020 - 66%). The credit risk related to receivables from branches of provincial governments is low due to strong provincial credit ratings, lowering the risk of default. The Company's remaining accounts receivable and net investment in subleases are well diversified among a range of corporations and individual patients and tenants. The Company performed the expected economic loss calculations and adjusted the expected economic loss mainly due to impact of COVID-19 on the ability of certain tenants to pay their obligations on a timely basis, and increased exposure from a category of receivable with limited historical loss information.

The Company has evaluated the likelihood of recovery of its outstanding loan receivable, having regard to the anticipated cost of enforcement and the assets expected to be available for realization of its security, and has updated the provision for expected credit losses resulting from the loan.

MCI accounts receivable is comprised of three main categories:

1. **Receivables from Government**:

   The vast majority of the Company's receivables are from provincial governments- Alberta and Ontario. The Company has never experienced a credit loss from a provincial government and considers the credit risk to be extremely low. The Company does not reserve against provincial government receivables given the credit worthiness of Alberta and Ontario and the Company's experience.

2. **Receivables from Non-Government:**

   a. Receivables from Non-Government (at clinics): This includes non OHIP services performed at clinics. The clinics has been performing these services and AR represents amounts due from WSIB, Corporates or Private insurers. The historical loss in this category has been extremely low.

   The Company has reserved average 5.5% of its receivables from the category as of December 31, 2021, as expected loss in this category. As per Moody's "2022 – Outlook" the default trend will be similar for emerging market speculative-grade companies. As the gradual recovery of economic activity continues, the forecast that the emerging market corporate default rate will decline through 2021 and early 2022 to as low as 2.3% and will inch up to 3.1% by September 2022 as financial conditions gradually begin to tighten. Based on "Moody's 2022-Outlook, the Company used 3.1% as forward-looking rate.

   b. Receivables from Non-Government (others): Majority of the customers are larger Fortune 500 corporations that purchase insurance plans for their employees or pay directly. To date MCI has never had a credit loss from privately insured customers. Given the lack of historical loss information in this subcategory, the Company believes that its loss experience in this subcategory will fairly resemble its ECL in "Receivables from Non-Government (at clinics)" category.

   The Company has reserved average 2.4% of its receivables from the category as of December 31, 2021, as expected loss in this category. As per Moody's "2022 – Outlook" the default trend will be similar for emerging market speculative-grade companies. As the gradual recovery of economic activity continues, the forecast that the emerging market corporate default rate will decline through 2021 and early 2022 to as low as 2.3% and will inch up to 3.1% by September 2022 as financial conditions gradually begin to tighten. Based on "Moody's 2022-Outlook, the Company used 3.1% as forward-looking rate.

3. **Receivables from subtenants:**

   MCI sublets space to healthcare suppliers such as medical testing laboratories, pharmacies, physiotherapists and chiropractic clinics, wellness providers and other similar or related services. These receivables are the highest risk category for MCI as the tenant is typically an individual or small business. Historic credit losses from this category have been less than 2%.

   The Company has increased its provision for losses from subtenants given lower traffic in its clinics. Due to continued uncertain economic outlook due COVID and continued business closures or slowdown, the Company has reserved average 58.7% of its receivables from the subtenant category as of December 31, 2021 in anticipation of higher losses as opposed to its historic rate of less than 2%. As per Moody's "2022 – Outlook" the default trend will be similar for emerging market speculative-grade companies. As the gradual recovery of economic activity continues, the forecast that the emerging market corporate default rate will decline through 2021 and early 2022 to as low as 2.3% and will inch up to 3.1% by September

2022 as financial conditions gradually begin to tighten. Based on "Moody's 2022-Outlook, the Company used 3.1% as forward-looking rate.

The Expected economic loss at the end of December 31, 2021, is expected to be $191 or 3% (Note 4)

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Company is mainly exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Note 12, the Company is exposed to interest rate risk with respect to its credit facilities. However, as at December 31, 2021 and December 31, 2020, no amounts were drawn on these facilities.

The following table summarizes the carrying value of the Company's financial instruments:

	2021	2020
Cash	$ 7,142	$ 894
Accounts receivable	6,328	3,637
Net investment in subleases	1,982	1,685
Equity accounted investments	2,520	
Investments	2,018	-
Related party loan	-	1,210
Accounts payable and accrued liabilities	(9,527)	(6,998)
Lease liabilities	(14,347)	(13,833)
Other liabilities	(130)	(80)
Non-controlling interest redeemable liability	(1,305)	-
Liability for contingent consideration	(3,122)	-

Financial assets and liabilities recognized or disclosed at fair value are classified in the fair value hierarchy based upon the nature of the inputs used in the determination of fair value. The levels of the fair value hierarchy are:

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

Due to the short-term maturities of cash, accounts receivable, loan receivables, accounts payable, related party loans, other liabilities and accrued liabilities the carrying amounts of these financial instruments approximate fair value at the respective balance sheet date. These financial instruments are categorized as level 1. The liability for contingent consideration and investments are categorized as level 3 fair values.

There were no transfers of assets or liabilities during the periods between any of the levels. The reported amounts of net investment in subleases and lease liabilities approximates fair value due to the application of a market rate of interest when initially recognizing the financial assets or financial liability.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly as a result of its accounts payable and accrued liabilities. The Company manages this risk by managing its working capital, ensuring that sufficient credit is available and by generating sufficient cash flow from operations. The following are the contractual maturities of financial liabilities as at December 31, 2021:

	< 1 year	2 – 5 years	Over 5 years
Lease liabilities	$ 3,086	$ 10,254	$ 1,007
Accounts payable and accrued liabilities	9,527	-	-
Non-controlling interest redeemable liability	1,305	-	-
Liability for contingent consideration	1,598	1,524	-
CEBA Loan	-	130	-
	$ 15,516	$ 11,908	$ 1,007

28. CAPITAL MANAGEMENT

Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development to enhance new product offerings, undertake selective acquisitions and provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards management of financial risk.

In managing its capital structure, the Company takes into consideration various factors, including the growth of the business and related infrastructure. Company's officers and senior management are responsible for managing the capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors are responsible for overseeing this process. The Company manages capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and capital transactions. To maintain or adjust capital structure, the Company may attempt to issue new shares or acquire or dispose of assets.

The Company does not have any externally-imposed capital requirements.

29. SEGMENT REPORTING

The Company determined its operating segments based on information reviewed by the Company's chief operating decision-makers, which consist of the shareholders, the Chief Executive Officer (CEO), Chief Operating Officer (COO) and the Chief Financial Officer (CFO). All clinics operate in substantially the same way. On a regular basis, the Company's chief decision-makers review the financial performance of the Company as a whole as well as individual clinics and consider both financial and non-financial metrics such as patient volume, reported segment profit or loss, segment assets, segment liabilities and the basis of measurement.

	Revenues (in thousands)					
	2021			2020		
	External	Internal	Total	External	Internal	Total
Clinical health revenue services	$ 39,060	-	$ 39,060	$ 34,436	-	$ 34,436
Private insured health services	1,007	-	1,007	767	-	767
Corporate health services	5,640	-	5,640	3,370	-	3,370
Health research services	490	-	490	-	-	-
Technology health services	1,620	-	1,620	-	-	-
Combined	$ 47,817	-	$ 47,817	$ 38,573	-	$ 38,573
Reconciling items and eliminations	-	-	-	-	-	-
Consolidated	$ 47,817	-	$ 47,817	$ 38,573	-	$ 38,573

	2021					
	Clinical health services	Private insured health services	Corporate health services	Health research services	Technology health services	Total
Total segment revenue	$ 39,060	$ 1,007	$ 5,640	$ 490	$ 1,620	$ 47,817
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customer	39,060	1,007	5,640	490	1,620	47,817
Direct cost	28,356	426	3,144	57	823	32,806
Segment gross profit	$ 10,704	$ 581	$ 2,496	$ 433	$ 797	$ 15,011

	2020					
	Clinical health services	Private insured health services	Corporate health services	Health research services	Technology health services	Total
Total segment revenue	$ 34,436	$ 767	$ 3,370	$ -	$ -	$ 38,573
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customer	34,436	767	3,370	-	-	38,573
Direct cost	23,590	368	1,691	-	-	25,649
Segment gross profit (loss)	$ 10,846	$ 399	$ 1,679	$ -	$ -	$ 12,924

30. COMMITMENTS

The Company, under employment agreements with two employees, has an obligation to grant a total of 320,000 options under the Company's Equity Incentive Plan. As at December 31, 2021, the options were not yet granted.

On November 18, 2021, MCI Onehealth Technologies Inc. signed a contract with Palantir Technologies Inc. for "Palantir Platform – Foundry Cloud Subscription (including use of any use case capabilities developed for

the Customer, Support Services and Updates) for the Order Term" for year 1 through year 3 (commencing upon the effective date and continuing for three years): Year 1: $2,090, Year 2: $3,520 and Year 3: $4,620.

31. SUBSEQUENT EVENTS

There were no subsequent events to report as of the date of the financial statements.