MEDIVOLVE

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(Unaudited)
(in Canadian dollars)

Medivolve Inc.

Condensed Interim Consolidated Statements of Financial Position

Unaudited
(Expressed in Canadian dollars)

As at	Note		June 30, 2023		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents		$	**2,320,414**	$	4,271,549
Inventory			**19,691**		343,342
Public investments at fair value through profit and loss	4		**643**		2,314
Accounts receivable	3,17,18		**4,405,619**		11,708,256
Prepaid expenses and advances			**435,003**		522,196
Total current assets			**7,181,370**		16,847,657
Long term accounts receivable	3,17,18		**4,169,250**		-
Property and equipment	6		**409,892**		398,272
Right-of-use assets	10		**77,618**		135,737
Goodwill	7		**401,580**		-
Intangibles	7		**1,227,661**		1,436,753
TOTAL ASSETS		$	**13,467,371**	$	18,818,419
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	8,17,18, 19	$	**12,138,340**	$	12,414,204
Income taxes payable	20		**2,151,351**		2,062,981
Loans payable	9,17		**343,083**		96,378
Lease liabilities	10		**72,237**		444,173
Other liabilities	17,19		**816,855**		1,573,395
Liability component of convertible note	9		**1,320,690**		1,088,386
Total current liabilities		$	**16,842,556**	$	17,679,517
Other liabilities	17,19	$	**787,780**	$	812,640
Lease liabilities	10		**6,431**		-
Total liabilities		$	**17,636,767**	$	18,492,157
Shareholders' Equity					
Share capital	11	$	**67,286,990**	$	67,286,990
Share-based payment reserve	12		**8,088,669**		8,665,195
Equity component of convertible note	9		**151,132**		255,424
Accumulated other comprehensive income			**1,109,930**		1,161,122
Non-controlling interest			**(20,455)**		-
Deficit			**(80,785,662)**		(77,042,469)
Total shareholders' equity		$	**(4,169,396)**	$	326,262
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**13,467,371**	$	18,818,419

Nature of operations and going concern	1
Commitments and contingencies	10,19

Approved on behalf of the Directors:

"Beverley Richardson"
Director

"Daniyal Baizak"
Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Medivolve Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)
Unaudited
(Expressed in Canadian dollars)

	Notes	For the three months ended June 30, 2023	2022	For the six months ended June 30, 2023	2022
Revenue		**$ 193,553**	$ 9,083,027	**$ 1,626,380**	$ 25,776,974
Cost of sales (recovery)	13,18	**(198,953)**	5,050,096	**569,731**	15,234,766
Gross profit		**$ 392,506**	$ 4,032,931	**$ 1,056,649**	$ 10,542,208
General and adminstrative	14,18	**$ 1,664,020**	$ 8,484,032	**$ 3,314,579**	$ 15,045,701
Facility costs	10,18	**110,430**	982,446	**472,961**	2,074,173
Marketing and promotion		**15,729**	(288,551)	**156,975**	154,931
Foreign exchange (gain) loss		**(105,535)**	76,105	**(108,117)**	40,114
Financing costs		**72,550**	122,251	**137,220**	198,672
Interest (income)		**116,192**	381	**284,264**	47
Gain from early lease termination	10	**-**	-	**(237,370)**	-
Impairments	15	**873,666**	4,320,530	**1,746,818**	3,877,197
Total operating expenses		**$ 2,747,052**	$ 13,697,194	**$ 5,767,330**	$ 21,390,835
(Loss) from operations		**(2,354,546)**	(9,664,263)	**(4,710,681)**	(10,848,627)
Unrealized (loss) on investment and loan receivable	4	**(450)**	(5,785)	**(1,671)**	(10,087)
Loss from investments in associates	5	**-**	-	**-**	(88,326)
Gain on debt settlement		**-**	-	**-**	16,520
Extinguishment of debt	9, 19	**671,421**	-	**140,063**	-
(Loss) before income taxes for the period		**$ (1,683,575)**	$ (9,670,048)	**$ (4,572,289)**	$ (10,930,520)
Income tax (expense) recovery	20	**-**	3,692,421	**(23,309)**	3,516,284
Net (loss) for the period		**$ (1,683,575)**	$ (5,977,627)	**$ (4,595,598)**	$ (7,414,236)
Other comprehensive loss					
Items that subsequently will be reclassified to operations:					
Foreign currency translation gain (loss)		**(43,076)**	740,474	**(51,192)**	345,269
Net (loss) and comprehensive (loss) for the period		**$ (1,726,651)**	$ (5,237,153)	**$ (4,646,790)**	$ (7,068,967)
Net (loss) attributable to:					
Owners of the parent		**$ (1,663,120)**	$ (5,977,627)	**$ (4,575,143)**	$ (7,414,236)
Non-controlling interests		**(20,455)**	-	**(20,455)**	-
		$ (1,683,575)	$ (5,977,627)	**$ (4,595,598)**	$ (7,414,236)
Other comprehensive (loss) attributable to:					
Owners of the parent		**$ (1,706,195)**	$ (5,237,153)	**$ (4,626,334)**	$ (7,068,967)
Non-controlling interests		**(20,455)**	-	**(20,455)**	-
		$ (1,726,651)	$ (5,237,153)	**$ (4,646,790)**	$ (7,068,967)
(Loss) per share					
Basic and diluted		**$ (0.06)**	**$ (0.02)**	**$ (0.17)**	$ (0.02)
Weighted average number of shares outstanding					
Basic and diluted		**27,019,257**	27,019,257	**27,019,257**	27,018,024

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Medivolve Inc.

Condensed Interim Consolidated Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	Notes	For the six months ended June 30, 2023	2022
Cash (used in) provided by operations:			
Net (loss) for the period		**$ (4,595,598)**	$ (7,414,236)
Items not involving cash:			
Share-based payments	12	**-**	17,550
Depreciation and amortization	6,7,10	**297,607**	531,764
Loss from investment in associate	5	**-**	88,326
Interest and financing expenses		**10,132**	75,432
Unrealized loss (gain) on investments and loan receivable		**1,671**	10,088
Extinguishment of debt	9	**349,141**	-
Gain from early lease termination	10	**(237,370)**	-
Unrealized foreign exchange		**(31,268)**	531,068
Expected credit losses	17	**1,514,670**	3,877,197
Accretion expense	9	**133,779**	100,431
Interest income		**-**	66
		(2,557,236)	(2,182,314)
Adjustments for change in working capital:			
Inventory		**330,207**	15,818
Accounts receivable		**1,634,894**	29,308,613
Prepaid expenses and advances		**87,193**	(716)
Income taxes payable		**88,370**	(3,458,429)
Accounts payable, accrued liabilities and other liabilities		**(1,016,852)**	(17,176,182)
Net cash (used in) provided by operating activities		**$ (1,433,424)**	$ 6,506,790
Investing activities			
Net cash paid on acquisitions	7	**(245,862)**	-
Net cash (used in) investing activities		**$ (245,862)**	$ -
Financing activities			
Proceeds from warrants exercised		**-**	4,000
Convertible note	9	**1,200,000**	-
Lease payments	10	**(122,322)**	(446,304)
Loans and interest repaid	9	**(1,349,527)**	(382,000)
Net cash (used in) provided by financing activities		**$ (271,849)**	$ (824,304)
Change in cash and cash equivalents		**(1,951,135)**	5,682,486
Cash and cash equivalents beginning of period		**4,271,549**	112,397
Cash and cash equivalents, end of period		**$ 2,320,414**	$ 5,794,883

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Medivolve Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
Unaudited
(Expressed in Canadian dollars)

				Share-based Payments Reserve							
	Note	Number of Shares	Share Capital	Options	Warrants	Total	Equity component on convertible note	Deficit	Non controlling interest	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2021		27,015,924	$ 67,281,741	$ 4,956,812	$ 6,214,789	$11,171,601	$ 255,424	$(61,199,844)	$ -	$ 299,742	$ 17,808,663
Stock options granted and vested	12	-	-	17,550	-	17,550	-	-	-	-	17,550
Exercise of warrants	12	3,333	4,000	-	-	-	-	-	-	-	4,000
Value of warrants exercised	12	-	1,249	-	(1,249)	(1,249)	-	-	-	-	-
Net loss and comprehensive loss for the period		-	-	-	-	-	-	(7,414,236)	-	345,270	(7,068,966)
Balance, June 30, 2022		**27,019,257**	**$ 67,286,990**	**$ 4,974,362**	**$ 6,213,540**	**$11,187,902**	**$ 255,424**	**$(68,614,080)**	**$ -**	**$ 645,012**	**$ 10,761,247**
Balance, December 31, 2022		27,019,257	$ 67,286,990	$ 3,659,646	$ 5,005,550	$ 8,665,195	$ 255,424	$(77,042,469)	$ -	$ 1,161,122	$ 326,262
Expiry of warrants	12	-	-	-	(576,526)	(576,526)	-	576,526	-	-	-
Extinguishment of debt	9	-	-	-	-	-	(255,424)	255,424	-	-	-
Equity component on convertible note	9	-	-	-	-	-	151,132	-	-	-	151,132
Net loss and comprehensive loss for the period		-	-	-	-	-	-	(4,575,143)	(20,455)	(51,192)	(4,646,790)
Balance, June 30, 2023		**27,019,257**	**$ 67,286,990**	**$ 3,659,646**	**$ 4,429,024**	**$ 8,088,669**	**$ 151,132**	**$(80,785,662)**	**$ (20,455)**	**$ 1,109,930**	**$ (4,169,396)**

During the year ended December 31, 2022, the Company implemented a share consolidation where shareholders received one post-consolidation common share for every 15 pre-consolidation common shares held. All share, option and warrant information has been adjusted to reflect this consolidation.

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

1. Nature of operations

Medivolve Inc. ("Medivolve" or the "Company") operates under the *Canada Business Corporations Act*. The Company is publicly traded on the NEO Exchange ("NEO").

These condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year.

The accompanying condensed interim consolidated financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses and a working capital deficiency, the Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows. The Company incurred a loss of $4,595,598 for the six months ended June 30, 2023 (2022 – $7,414,236) has a working capital deficiency of $9,661,186 (December 31, 2022 – $831,860) and had a cumulative deficit of $80,785,662 (December 31, 2022 - $77,042,469). These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. Accordingly, readers are cautioned that these condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

The Company was closely monitoring the development of the COVID-19 pandemic. The Company's previous primary revenue stream was derived from providing COVID-19 tests prior to the closure of the final sites in May of 2023.

The public health emergency in the United States, where the Company operates was declared over on May 11, 2023. A significant portion of the tests administered by the Company are provided to uninsured individuals, the cost of which is billed to government programs. If government programs lose funding, are terminated or cease paying claims, due to decreased spread of COVID-19, changes in the perceived risk posed by COVID-19, or for any other reason, it could have a material adverse impact on the Company's operations, results of operations, and financial condition.

As a result of the continued and uncertain economic and business impact of the COVID-19 pandemic, the Company has reviewed the estimates, judgments and assumptions used in the preparation of its financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties.

The Company has determined that no significant revisions to such estimates, judgments or assumptions were required as at June 30, 2023. However, any of these developments, and others, could have a material adverse effect on the Company's business and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is reasonably possible that the estimates in the financial statements could change in the near term and the effect of the change could be material. Potential impacts may include, but are not limited to, impairment of long-lived assets and a change in the estimated credit loss on accounts receivable.

The condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2023 and 2022 were reviewed, approved and authorized for issue by the Board of Directors on August 14, 2023. The head office and principal address of the Company is at 198 Davenport Avenue, Toronto, Ontario M5R 1J2.

2. Summary of significant accounting policies

The accounting policies as set out in Note 2 of the Company's annual financial statements for the year ended December 31, 2022 have been consistently applied to all the periods presented except for new accounting policies and the adoption of the following new standards and amendments issued by the International Accounting Standards Board ("IASB") that were effective for annual periods beginning on or after January 1, 2023. These policies are outlined below.

New and future accounting pronouncements

During the three and six months ended June 30, 2023, the Company adopted a number of amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company's consolidated financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements and have been prepared in accordance with accounting policies based on the IFRS standards of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies as set out below were consistently applied to all of the periods presented unless otherwise noted.

The preparation of condensed interim consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments, which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts, unless indicated otherwise. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. To the extent that subsidiaries provide services that relate to the Company's investment activities, they are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

These condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries Collection Sites LLC ("Collection Sites"), incorporated in the State of Nevada, which operates COVID-19 testing centres, Noble Bioscience Corp , incorporated in Ontario, a company that had a distribution and sales agency agreement (that has now been terminated) related to a proprietary surface technology which can be used as a COVID-19 disinfectant, Optimum Care Pharmacy Inc. previously doing business as Marbella Pharmacy ("Marbella"), incorporated in California, and Medivolve Pharmacy Inc. doing business as Marbella in California which operates a retail pharmacy business in California, United States, Medivolve Management Services LLC, incorporated in Puerto Rico, which operates a management services agreement with clinics, Medivolve Physician Practice P.C., incorporated as a California medical professional corporation, a company that owns a medical clinic in California and Kedy Ying Jao D.O. incorporated as a California medical professional corporation, a company that operates a general family medical and dermatology practice. All material intercompany transactions and balances between the Company and its subsidiaries have been eliminated on consolidation. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

- *Receivables*

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. See Note 17 for further details.

- Revenue Recognition

The Company is required to make judgments with respect to the recognition of its revenue for certain underlying payors. Based on the terms of the arrangement, the Company determines whether it is probable that the consideration to which it will be entitled in exchange for services that will be transferred to the Company. The Company estimates the probability of the consideration transferring. The assessment of this probability requires estimating the likelihood of the underlying payor making payment. Key areas of estimation include the chances and timing of acceptance under government programs, the ability to bill claims in a timely manner and the ongoing status of the COVID-19 pandemic. The Company recognized revenue for both insured and uninsured patients up to March 23, 2022 due to the existence of the federal uninsured program. This was because the Company believes is probable that it would be paid for its uninsured patients.

Subsequent to this date the Company did not believe it was probable to collect consideration for uninsured patients outside the state of California and accordingly did not record revenue. The Company recorded revenue in the state of California for uninsured patients as the Company believes it is probable that the application will be approved, and it is probable the consideration will be transferred. O

On April 1, 2023, the Company revised its estimates and no longer believed it was probable consideration would be transferred and no longer recorded revenue on uninsured patients in the state of California. See Note 17 for additional information.

- *Principal versus agent*

The Company is required to make judgments with respect to its relationship with one of its contractors. Based on the terms of the arrangements, the Company determines whether it acts as the principal or an agent for the services provided to its customers. The key elements to determine if the Company acts as a principal or an agent are whether it has primarily responsible to fulfill the promise to deliver the services, whether it has inventory risk, and whether it has discretion in establishing the sales prices for the services. In the arrangement between the Company and Massachusetts Laboratories, Inc. ("Mass Labs"), management has concluded the Company is acting as a principal.

- *Variable consideration*

The Company determines whether instances where the amount of stated consideration in a contract is not paid in full gives rise to a price concession. If it is determined to be a price concession, the Company determines the transaction price based on the amount of consideration the Company expects to receive for rendering services.

The Company estimates the probability and amount of consideration it expects to receive for rendering services using the expected amount method using a combination of historical data regarding amounts billed and amounts actually received, and any potential changes to future payments. The Company then considers any constraints on the variable consideration and includes in the transaction price variable consideration to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- *Convertible debt*

The classification of the Company's convertible debentures required Management to analyse the terms and conditions of debentures and use judgment to assess whether the debentures are a liability, equity, or a combination of the two. IAS 32 – Financial Instruments – Presentation ("IAS 32"), provides the criteria for Management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, the currency of settlement and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a noncash interest charge and the equity component is presented in equity component on convertible note. The Company estimated a 20% interest rate in determining the fair value of the debt component.

- *Leases*

The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

- *Intangibles*

Indefinite life intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (technology platform and pharmacy license) is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in profit or loss. The assessment of fair values requires the use of estimates and assumptions related to future operating performance, attributable revenues, EBITDA margin and discount rates, differences in these estimates and assumptions could have a significant impact on the condensed interim consolidated financial statements.

- *Valuation of property plant and equipment and intangible assets*

Significant judgment is involved in the determination of useful life for the computation of depreciation of property and equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

- *Control*

Significant judgment is involved in the determination whether the Company controls under IFRS 10. The Company is deemed to control an investee when it demonstrates: power over the investee, exposure, or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns. There is judgement required to determine whether these criterions are met. The Company determined it controlled Kedy Ying Jao D.O. and Medivolve Physician Practice P.C. through its management services agreement and loan.

- *Fair value of investments not quoted in an active market or private company investments*

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 4 and 17 for further details.

- *Share-based payments*

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option:

risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Refer to Note 12 for further details.

- *Recognition of deferred taxes*

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Refer to Note 20 for further details.

- *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax-related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax-related accruals and deferred income tax provisions in the period in which such determination is made.

- *Business combinations*

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions with respect to fair value of intangible assets require a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.

- *Significant influence*

The Company classifies an investment as an associate based on management's judgment that the Company has significant influence through board representation and percentage of voting rights attached to securities that the Company owns. Management determined that as of June 30, 2023, the Company has significant influence over its Sulliden Mining Capital Inc. ("Sulliden Mining") and Amino Therapeutics Inc. ("Amino Therapeutics") investments. See Note 5. The Company has determined that it holds significant influence over Amino Therapeutics due to its ownership of a 10% equity interest in Amino Therapeutics, and the existence of a common executive officer. The Company has determined that it holds significant influence over Sulliden Mining due to the existence of a common director.

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The determination of impairment requires significant judgement and can be triggered by significant adverse changes in the market, economic or legal environment in which the associate operates.

- *Contingencies*

See Note 19.

(Unaudited - Expressed in Canadian dollars)

3. Accounts receivable

		June 30, 2023		December 31, 2022
Testing receivables (Note 17,18)	$	19,001,759	$	20,394,998
Expected credit losses on testing receivables (Note 17)		(11,003,070)		(9,734,703)
Clinic receivables		67,936		-
Pharmacy receivables		10,261		121,116
Sales taxes receiveable		103,431		526,104
Related party receivables (Note 18)		125,000		125,000
Other receivables		961,271		983,343
Provision on other receivables		(691,719)		(707,601)
	$	8,574,869	$	11,708,256

4. Investments

Investments at fair value through profit and loss

Public investments

As at June 30, 2023, the Company's two publicly traded investment had a total fair value of $643 (December 31, 2022: two investments with fair value of $2,314).

June 30, 2023 Public Issuer	Security description		Cost		Estimated Fair Value	% of FV
Last Mile Holdings Inc.	172,071 common shares	$	86,036	$	-	0.0%
EV Technology Group Ltd.	12,857 common shares		12,857		643	100.0%
Total public investments		$	98,893	$	643	100.0%

December 31, 2022 Public Issuer	Security description		Cost		Estimated Fair Value	% of FV
Last Mile Holdings Inc.	172,071 common shares	$	86,035	$	-	0.0%
EV Technology Group Ltd.	12,857 common shares		12,857		2,314	100.0%
Total public investments		$	98,892	$	2,314	100.0%

Private investments

As at June 30, 2023, the Company's three privately held investments had a total fair value of nil (December 31, 2022 - nil).

June 30, 2023 Private Issuer	Security description		Cost		Estimated Fair Value
Glenco Medical	30% of common shares	$	2,220,000	$	-
Latin-Canada Pharma Inc	40% of common shares		2,160,000		-
Marvel Diagostics	13% of common shares		418,360		-
Total private investments		$	4,798,360	$	-

December 31, 2022 Private Issuer	Security description		Cost		Estimated Fair Value
Glenco Medical	30% of common shares	$	2,220,000	$	-
Latin-Canada Pharma Inc	40% of common shares		2,160,000		-
Marvel Diagostics	13% of common shares		418,360		-
Total private investments		$	4,798,360	$	-

(Unaudited - Expressed in Canadian dollars)

On January 24, 2021, the Company completed a share purchase agreement to acquire up to 40% of Marvel Diagnostics, Inc. (“Marvel”), for an aggregate price of up to USD$1.0 million through a series of milestone-based payments. Marvel’s only asset was a pre-clinical trial stage project called BlowFISH. The BlowFISH technology offers the potential for a simple, inexpensive, non-invasive, massively deployable, rapid diagnostic or sentinel system for detecting respiratory illness and airborne viral threats. Medivolve will make an initial investment of USD$165,000 ($210,788) within 30 days (paid) to acquire approximately 6.6% of Marvel. Medivolve will make a second investment of USD$165,000 ($207,570) within 60 days to acquire an additional 6.6% of Marvel (paid). Following the two initial investments, Medivolve shall have the right to purchase an additional 26.8% of Marvel based on a series of milestones that include: (i) Successful clinical trial result for the BlowFISH collection device; (ii) Successful receipt of emergency use authorization for the collection device and; (iii) Receipt of emergency use authorization for rapid antigen BlowFISH detection. During the year ended December 31, 2021, the Company fully impaired the investment as the technology in Marvel was determined not to be commercially viable. The agreement with Marvel has since been terminated and the Company retains it 13.2% interest as at December 31, 2022. As at June 30, 2023 and December 31, 2022, the value of the Marvel investment was nil.

On June 22, 2020, the Company acquired 30% of the issued and outstanding shares of Glenco Medical Corp. (“Glenco Medical”) by issuing 800,000 of the Company’s common shares. Glenco Medical acts as the exclusive Canadian distributor of CareWear® wearable therapeutics class II low level light therapy device. The estimated fair value of the consideration paid to acquire the investment was $2,220,000 based on the fair market value of the common shares issued by the Company. Due to the COVID pandemic, the therapy business did not progress. Glenco Medical also developed protocols for the safe return of sports players, businesspeople, students, performers and shoppers to their respective professions. Although Glenco Medical did enter into agreements to provide COVID-19 protocols with a number of entities, including specifically in the media and film business, the management of Glenco was not able to establish a viable commercial business and therefore the Company decided to write down the asset. Should market conditions improve and the fair value of investments increase, the asset will be written up at that time. During the three and six months ended June 30, 2023 and the year ended December 31, 2022, there were no operations in Glenco Medical.

On July 28, 2020, the Company acquired an indirect interest of 28% in Sanaty IPS S.A.S (“Sanaty”), through a definitive agreement made with Latin-Canada Pharma Inc. (Canada) and Latin-Canada Pharma Inc. (Bahamas) (“LCP Bahamas”) for 40% interest in LCP Bahamas which own 70% of Sanaty. Sanaty operates medical and diagnostic clinics in Colombia. The Company issued 800,000 of the Company’s common shares. The Company has assessed this investment and determined that it cannot assert significant influence over LCP or Sanaty. As a result this investment is recorded at fair value. In addition, the Company is required to issue 4,000,000 common shares upon Sanaty reaching certain sales thresholds. As a triggering event has not yet occurred, these amounts have not been reflected in these financial statements. Following the acquisition of Collection Sites LLC, the Company decided to focus its resources to develop and advance the COVID-19 testing business. As a result, the Company made the determination to no longer fund the Sanaty operations and the decision was made to write down the asset. At December 31, 2020, the Company wrote down the investment in Latin-Canada Pharma Inc. to nil as there has been no indication that the operation has been profitable. Should market conditions improve and the fair value of investments increase, the asset will be written up at that time.

5. Investments in associates

June 30, 2023 Investment in associates	Security description	Cost	Carrying Value
Sulliden Mining Capital Inc.	5,740,605 common shares	$ 300,067	$ -
Amino Therapeutics	10% of common shares	1,797,360	-
Total investments in associates		$ 2,097,427	$ -

December 31, 2022 Investment in associates	Security description	Cost	Carrying Value
Sulliden Mining Capital Inc.	5,740,605 common shares	$ 300,067	$ -
Amino Therapeutics	10% of common shares	1,797,360	-
Total investments in associates		$ 2,097,427	$ -

(Unaudited - Expressed in Canadian dollars)

On January 31, 2020, the Company purchased 3,133,333 common shares and 2,607,272 flow-through shares of Sulliden. The Company recorded an equity loss of $313,516 for the year ended December 31, 2021 and a further loss of $88,326 for the year ended December 31, 2022. Sulliden Mining has a fiscal year end of July 31 and reporting periods of October 31, January 31, April 30 and July 31. The Company has determined that it holds significant influence over Sulliden Mining due to the existence of a common director. The Company holds approximately 5% interest in the common shares of Sulliden Mining.

On April 13, 2020, the Company acquired 40% of the issued and outstanding shares of Amino Therapeutics (“Amino) by issuing 1,000,000 of the Company’s common shares and agreed to make cash payments of USD$2.0 million (USD$180,000 ($250,380) paid). Amino is a company focused on developing biologic therapeutics for COVID-19. In March 2021, the Company disposed of 30% of this investment and as at December 31, 2021 and December 31, 2022 holds a 10% interest in Amino.

The Company has determined that it holds significant influence over Amino Therapeutics due to its ownership of a 10% equity interest in Amino Therapeutics, and the existence of a common executive officer.

On March 11, 2021, the Company entered into an amended agreement with Amino to reduce the ownership interest from 40% to 10% in consideration for forgiveness of the balance of outstanding debt of USD$1,566,870 ($1,994,939), which was discounted at 12%. During the year ended December 31, 2021, the Company impaired the investment by $264,890. Amino Therapeutics’ research initiatives required additional capital investments from the Company. During the year ended December 31, 2022, the Company further impaired the investment by $400,000 as there was no viable progress made on Amino’s research initiatives as there was no additional capital raised.

6. Property and equipment

	Mobile Collection Sites	Equipment	Vehicle	Total
	$	$	$	$
Balance as at January 1, 2022	633,900	26,379	38,997	699,276
Impairments	(139,132)	-	-	(139,132)
Foreign Currency Translation	43,647	1,802	2,664	48,113
Balance as at December 31, 2022	538,415	28,181	41,661	608,257
Balance as at January 1, 2023	538,415	28,181	41,661	608,257
Acquired in business combination (Note 7)	-	63,802	-	63,802
Foreign Currency Translation	(12,085)	(2,074)	(935)	(15,094)
Balance as at June 30, 2023	526,330	89,909	40,726	656,965
Accumulated depreciation				
Balance as at January 1, 2022	(92,444)	(4,369)	(7,432)	(104,245)
Changes for the year	(81,353)	(5,415)	(8,005)	(94,773)
Foreign Currency Translation	(9,611)	(521)	(835)	(10,967)
Balance as at December 31, 2022	(183,408)	(10,305)	(16,272)	(209,985)
Balance as at January 1, 2023	(183,408)	(10,305)	(16,272)	(209,985)
Changes for the year	(33,633)	(4,759)	(4,145)	(42,537)
Foreign Currency Translation	4,704	306	438	5,449
Balance as at June 30, 2023	(212,336)	(14,758)	(19,979)	(247,073)
Net book value as at December 31, 2022	**355,007**	**17,876**	**25,389**	**398,272**
Net book value as at June 30, 2023	**313,994**	**75,151**	**20,747**	**409,892**

Management has reviewed the valuation of the property and equipment and has not identified any indicators of impairment in the value of the property and equipment.

(Unaudited - Expressed in Canadian dollars)

7. Intangibles and Goodwill

A continuity of the intangible assets for the periods ended June 30, 2023 and December 31, 2022 are as follows:

	Balance at December 31, 2022	Additions	Impairments	Amortization	**Balance at June 30, 2023**
Technology platform	$ 1,298,333	$ -	$ -	$ (190,000)	**$ 1,108,333**
Pharmacy license	138,420	-	-	(19,092)	**119,328**
Total	$ 1,436,753	$ -	$ -	$ (209,092)	**$ 1,227,661**

	Balance at December 31, 2021	Additions	Impairments	Amortization	Balance at December 31, 2022
Technology platform	$ 1,678,333	$ -	$ -	$ (380,000)	$ 1,298,333
Pharmacy license	176,605	-	-	(38,185)	138,420
Royalty interest	500,000	-	(500,000)	-	-
Total	$ 2,354,938	$ -	$ (500,000)	$ (418,185)	$ 1,436,753

The estimated useful economic life of the Technology platform is 5 years.
The estimated useful economic life of the Pharmacy license is 5 years.

Healthcare Application

On May 28, 2021, the Company signed an agreement to acquire an Electronic Health Record application (“EHR”) and all associated intellectual property and technology from Myosin Inc.(“Myosin”), an arm’s length company. The Company issued 1,333,333 common shares of the Company to the shareholders of Myosin, in exchange for a 100% interest in the EHR.

The 1,333,333 common shares issued pursuant to the acquisition agreement were valued based on the closing share price of the Company on May 28, 2021, which was $1.425.

Goodwill

On April 18, 2023, the Company established Medivolve Management Services, LLC, to serve as a management services organization (the “MSO”). The MSO has been organized by the Company in accordance with applicable rules governing the practice of medicine in the United States. The Company, through the MSO utilizing the telehealth platform currently in development, intends to coordinate physician/patient interactions, provide medical billing and practice management services, and facilitate access to diagnostic testing and pharmacy services in partnership with qualified health practitioners and in reliance on services provided by Medivolve’s wholly owned subsidiaries, Collection Sites and Medivolve Pharmacy. For this purpose, the MSO entered into a management service and licensing agreement with a California medical corporation that is qualified to practice medicine in California (the “Physician Network”).

On May 1, 2023, the Medivolve Physician Practice P.C. acquired (the “Acquisition”) another California professional medical corporation Kedy Ying Jao D.O., a Medical Corporation, which is a fully licensed healthcare provider operating out of Brea, California that is duly credentialed with multiple insurance payors. The payor credentials are necessary to facilitate the reimbursement for services rendered through the telehealth platform and the Physician Network which is managed by the MSO. The US$400,000 purchase price (payable by way of an initial cash payment of US$200,000, with two additional tranches of US$100,000 payable on the six and twelve month anniversaries of the closing of the Acquisition) was funded by way of a loan from Collection Sites to the Physician Network.

The fair value allocations for the above-mentioned acquisition are based on preliminary purchase allocations conducted by management. As the acquisitions are within the measurement period under IFRS 3 they are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company is gathering information to finalize the fair value of inventories, equipment, goodwill and intangibles and deferred consideration.

(Unaudited - Expressed in Canadian dollars)

Although the Physician Network and the Acquisition are not owned by the Company, management has determined that it controls both of the entities through its wholly owned subsidiary Medivolve Management Services LLC. The Company determined it controlled Kedy Ying Jao D.O. and Medivolve Physician Practice P.C. through its management services agreement, which includes a share of gross revenue, an option to assign shares and a ten-year term and its loan to the Physician Network.

		Preliminary Acquisition
Assets acquired:		
Cash	$	30,566
Accounts receivable		16,177
Right-of-use asset		91,629
Inventory		6,556
Equipment		63,802
Goodwill		413,207
Fair value of assets acquired:	**$**	**621,937**
Liabilities acquired:		
Accounts payable	$	15,587
Lease liabilities		91,629
Fair value of liabilities acquired:	**$**	**107,216**
Fair value of consideration transferred:		
Cash consideration	$	270,920
Deferred cash consideration		243,801
Fair value of consideration transferred:	**$**	**514,721**

8. Accounts payable and accrued liabilities

		June 30, 2023		December 31, 2022
Trade payables (Note 17, 18)	**$**	**8,256,122**	$	7,811,581
Accrued expenses		**3,882,218**		4,602,623
	$	**12,138,340**	$	12,414,204

9. Loans payable and convertible note

			June 30, 2023		December 31, 2022
Aberdeen International Inc.	Unsecured		**59,112**		55,746
Kedy Ying Jao (Note 7)	Unsecured		**244,251**		-
Forbes and Manhattan (Note 18)	Unsecured		**39,720**		40,632
		$	**343,083**	$	96,378

Aberdeen International Inc. ("Aberdeen")

On November 10, 2020, the Company borrowed $500,000 from Aberdeen with interest accrued and calculated at 12% per annum and a six-month repayment term. On April 8 and May 13, 2021, the Company borrowed another $500,000 and $200,000, respectively, from Aberdeen. On June 10, June 11, and June 24, 2021, the Company borrowed another USD$82,500, USD$220,000 and USD$230,000, respectively, from Aberdeen. On July 9, 2021, the Company issued 1,606,787 units in settlement of $939,452 and USD$536,195 ($672,389) owed to Aberdeen. The fair value of the common shares issued was estimated based on the trading price of the common shares on the date of the transaction. During the year ended December 31, 2022, the Company repaid $222,018 of the loan outstanding. As at June 30, 2023, loan principal and accrued interest totaling $59,112 remained outstanding.

Convertible notes

On August 30, 2021, the Company closed a secured convertible note financing for aggregate gross proceeds to the Company of $1,200,000. The notes have a term of 24 months, an annual interest rate of 7% and are convertible into an aggregate of up to 1,142,857 units at a price per unit of $1.05. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $1.20 for a period of five years from the date hereof. No finder fees or commissions were paid as part of the offering. The equity component of the convertible note was valued at $255,424 using the residual method.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a noncash interest charge and the equity component is presented in equity component on convertible note.

On January 11, 2023, the Company closed a secured convertible note financing for aggregate gross proceeds to the Company of $1,400,000, which included a $200,000 original issue discount. Cumulative interest on the outstanding principal amount is payable by the Company at the annual rate of 8% per annum. The Note will mature on December 31, 2023 and will be convertible, at the option of the holder after four months and one day following issuance and subject to certain conditions, into units at a price of $0.40 per unit. All amounts outstanding under the Note are secured by a first ranking security interest over all of the Company's present and after acquired personal property. Each unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.50 for a period of five years from the date of issuance. A cash fee of $182,217 was accrued and is payable as part of the Offering. The equity component of the convertible note was valued at $151,132 using the residual method. The net proceeds received of $1,200,000 were used to repay the convertible note that was issued on August 30, 2021. As a result, an extinguishment of debt of $531,358 was recognized on the condensed interim consolidated statements of operations for the six months ended June 30, 2023. Additionally, accrued interest of $149,527 was paid upon repayment of the convertible note.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a noncash interest charge and the equity component is presented in equity component on convertible note.

For the three and six months ended June 30, 2023, accretion expense was $64,801 and $127,822, respectively (2022 - $50,940 and $100,431). The carrying value of the convertible note as at June 30, 2023 was $1,320,690 (December 31, 2022 - $1,088,386). The amount to be repaid on December 31, 2023 is $1,400,000.

(Unaudited - Expressed in Canadian dollars)

10. Leases

The following table reconciles the Company's lease obligations and right of use assets.

Right of use asset		Premise lease
Balance, January 1, 2022	$	-
Additions - lease commitments		1,373,943
Impairment		(255,819)
Foreign Currency Translation		92,638
Balance, December 31, 2022	$	1,210,762
Foreign Currency Translation		**(3,053)**
Disposals		**(1,209,779)**
Acquired in business combination (Note 7)		**91,629**
Balance, June 30, 2023	**$**	**89,559**
Accumulated amortization		
Balance, January 1, 2022	$	-
Amortization		1,032,852
Foreign Currency Translation		42,173
Balance, December 31, 2022	$	1,075,025
Amortization		**45,977**
Disposal		**(1,108,116)**
Foreign Currency Translation		**(945)**
Balance, June 30, 2023	**$**	**11,941**
Net book Value as at:		
December 31, 2022	$	135,737
June 30, 2023	**$**	**77,618**

Lease liabilities		Premise lease
Balance, January 1, 2022	$	-
Lease additions		1,373,943
Lease payments		(1,089,160)
Gain on early termination of lease		-
Foreign exchange loss		51,916
Total lease liabilities at December 31, 2022	$	444,173
Balance, January 1, 2023	**$**	**444,173**
Lease additions		**-**
Interest expense		**6,765**
Lease payments		**(122,322)**
Disposal		**(339,031)**
Acquired in business combination (Note 7)		**91,629**
Foreign exchange loss		**(2,546)**
Total lease liabilities at June 30, 2023	**$**	**78,668**
Current portion of lease liabilities	$	72,237
Long-term portion of lease liabilities		6,431
Total lease liabilities at June 30, 2023	**$**	**78,668**

During the year ended December 31, 2022, the Company noted indicators of impairment due to the closure of locations during the year as well as additional closures subsequent to year end. The Company recorded impairment of $255,819 based on the impairment analysis.

(Unaudited - Expressed in Canadian dollars)

The total expense related to short-term leases was $196,856 and $279,524 for the three and six months ended June 30, 2023 (2022 - $246,456 and $522,649) and is recorded in facility costs in the condensed interim consolidated statements of operations. There was no expense for variable lease expense for the three and six months ended June 30, 2023 (2022 – nil). The Company's leases are primarily leases for land upon which it operates its mobile collection sites.

Included in facility costs is depreciation on right of use leases of $33,888 and $45,977 for the three and six months ended June 30, 2023 (2022 - $276,381 and $276,381).

11. Share capital

During the year ended December 31, 2022, the Company implemented a share consolidation where shareholders received one post-consolidation common share for every 15 pre-consolidation common shares held. All share, option and warrant information has been adjusted to reflect this consolidation.

Authorized: *unlimited without par value*

Common shares issued

	Number of Shares		Amount
Balance, December 31, 2021	**27,015,924**	**$**	**67,281,741**
Warrants exercised	3,333		4,000
Valuation of warrants exercised	-		1,249
Balance, December 31, 2022 and June 30, 2023	**27,019,257**	**$**	**67,286,990**

On March 3, 2022, 3,333 share purchase warrants for total gross proceeds of $4,000 were exercised. The grant date fair value of the warrants exercised was $1,249, these amounts were reallocated to share capital from share-based payments reserve.

12. Share-based payments reserve

	Options					Warrants				Total
	Number of options		Weighted average exercise price		Estimated grant date fair value of options	Number of warrants		Weighted average exercise price	Estimated Grant Date Fair Value of warrants	
December 31, 2021	**2,537,833**	**$**	**2.55**	**$**	**4,956,812**	**13,658,655**	**$**	**1.65**	**$ 6,214,789**	**$ 11,171,601**
Granted	20,000		1.20		17,550	-		-	-	**17,550**
Exercised	-		-		-	(3,333)		1.20	(1,249)	**(1,249)**
Expired	(420,000)		3.99		(1,314,716)	(1,034,000)		3.75	(1,207,991)	**(2,522,707)**
December 31, 2022	**2,137,833**	**$**	**2.28**	**$**	**3,659,646**	**12,621,322**	**$**	**1.47**	**$ 5,005,549**	**$ 8,665,195**
Expired	-		-		-	(753,227)		5.77	(576,526)	**(576,526)**
June 30, 2023	**2,137,833**	**$**	**2.28**	**$**	**3,659,646**	**11,868,095**	**$**	**1.20**	**$ 4,429,023**	**$ 8,088,669**

Stock options

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

(Unaudited - Expressed in Canadian dollars)

During the year ended December 31, 2022, the Company recorded expired unexercised stock options of $1,314,716 to deficit.

As at June 30, 2023, the Company had stock options outstanding as follows:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price ($)	Fair value at grant date ($)	Grant date share price ($)	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free interest rate
37,500	37,500	11-Oct-2019	11-Oct-2024	1.875	53,887	1.875	104.4%	5	0	1.52%
1,000	1,000	30-Mar-2020	30-Mar-2025	2.40	1,857	2.325	114.3%	5	0	0.62%
113,333	113,333	02-Jul-2020	02-Jul-2025	2.025	190,400	2.025	122.1%	5	0	0.38%
100,000	100,000	25-Aug-2020	25-Aug-2025	2.85	241,800	2.85	127.8%	5	0	0.40%
126,000	126,000	03-Dec-2020	03-Dec-2025	2.40	233,982	2.40	107.6%	5	0	0.46%
33,333	33,333	29-Jan-2021	29-Jan-2026	7.95	204,300	7.950	107.0%	5	0	0.43%
170,000	170,000	01-Feb-2021	01-Feb-2026	8.40	1,101,345	8.400	107.0%	5	0	0.42%
83,333	83,333	29-Apr-2021	29-Apr-2026	2.325	132,125	2.250	93.2%	5	0	0.95%
1,453,333	1,453,333	21-Dec-2021	21-Dec-2026	1.425	1,482,400	1.425	94.4%	5	0	0.94%
20,000	20,000	02-Mar-2022	02-Mar-2027	1.200	17,550	1.200	96.7%	5	0	1.59%
2,137,833	2,137,833			2.28	3,659,646					

The weighted average life of the outstanding options at June 30, 2023 was 3.13 years (December 31, 2022 – 3.63).

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises.

On March 2, 2022, the Company granted 20,000 stock options to an officer to purchase shares of the Company. The stock options vested immediately and have an estimated grant date fair value of $17,550 using the Black-Scholes option pricing model with the following assumptions: current share price of $1.20; expected dividend yield of 0%; expected volatility of 96.7%; risk-free interest rate of 1.59%; and an expected average life of 5 years.

Warrants

As at June 30, 2023, the Company had share purchase warrants outstanding as follows:

	Number outstanding & exercisable	Grant date	Expiry date	Exercise price ($)	Fair value at grant date ($)	Grant date share price ($)	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free interest rate
Warrants	11,391,905	09-Jul-2021	09-Jul-2026	1.20	4,269,102	0.675	84%	5	0	0.89%
Warrants	476,190	09-Nov-2021	09-Nov-2026	1.20	176,606	0.675	85%	5	0	1.37%
Warrant issue costs					(16,686)					
	11,868,095			1.20	4,429,022					

The weighted average life of the outstanding warrants at June 30, 2022 was 3.04 years (December 31, 2022 – 3.33).

(Unaudited - Expressed in Canadian dollars)

13. Cost of sales

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
Laboratory fees (Note 18)	**$ (290,762)**	$ 1,324,343	**$ 25,095**	$ 7,562,597
Payroll	**59,224**	1,389,405	**361,528**	3,604,739
Consumables (Note 18)	**17,099**	579,037	**118,972**	1,485,989
Other (Note 18)	**15,486**	1,757,311	**64,136**	2,581,441
	(198,953)	5,050,096	**569,731**	15,234,766

14. General and administrative

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
Consulting fees and payroll (Note 18)	**$ 802,341**	$ 7,157,017	**$ 1,748,404**	$ 12,283,112
Legal and professional	**629,851**	900,940	**1,068,649**	1,719,080
Other administrative	**105,033**	298,287	**245,896**	788,126
Depreciation - property and equipment (Note 6)	**22,249**	23,241	**42,538**	46,290
Depreciation - intangible (Note 7)	**104,546**	104,546	**209,092**	209,092
	1,664,020	8,484,032	**3,314,579**	15,045,701

15. Impairments

	For the three months ended June 30,		For the six months ended June 30,	
Impairments	**2023**	**2022**	**2023**	**2022**
Expected credit losses (Note 17)	**$ 835,545**	$ 4,320,530	**$ 1,514,670**	$ 3,877,197
Impairment of inventory	**38,121**	-	**232,148**	-
	$ 873,666	$ 4,320,530	**$ 1,746,818**	$ 3,877,197

16. Capital management

The Company considers its capital structure to consist of share capital, share purchase options, share purchase warrants and loans. The Company manages its capital structure and makes adjustments based on the funds available to support its capital management objectives:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company is not subject to externally imposed capital requirements other than those of the NEO Exchange.

(Unaudited - Expressed in Canadian dollars)

17. Financial instruments

Financial assets and financial liabilities at June 30, 2023 and December 31, 2022 are as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit and loss	Total
June 30, 2023			
Cash and cash equivalents	$ 2,320,414	$ -	$ 2,320,414
Public investments	-	643	643
Accounts receivable	8,471,438	-	8,471,438
Accounts payable and accrued liabilities	(12,138,340)	-	(12,138,340)
Income taxes payable	(2,151,351)	-	(2,151,351)
Notes and loans payable	(1,663,773)	-	(1,663,773)
Lease liabilities	(78,668)	-	(78,668)
Other liabilities	(1,604,635)	-	(1,604,635)
December 31, 2022			
Cash and cash equivalents	$ 4,271,549	$ -	$ 4,271,549
Public investments	-	2,314	2,314
Accounts receivable	11,182,152	-	11,182,152
Accounts payable and accrued liabilities	(12,414,204)	-	(12,414,204)
Income taxes payable	(2,062,981)	-	(2,062,981)
Notes and loans payable	(1,184,764)	-	(1,184,764)
Lease liabilities	(444,173)	-	(444,173)
Other liabilities	(2,386,035)	-	(2,386,035)

A discussion of the Company's use of financial instruments and their associated risks is provided below:

Credit risk

Substantially all of the Company's accounts receivable relate to sales of testing services to patients, referred to as testing receivables. The Company contracts collection of testing receivables to a billing company. The Company evaluates the collectability of testing receivables based on the identity of the underlying payor. There are two primary groups of payors from which the Company seeks payment for testing services provided to patients: insurance companies and government programs.

A significant proportion of the Company's accounts receivable depend on claims that are billable to a limited number of underlying payors, which are major insurance companies or government programs. Accordingly, the Company's credit risk is concentrated with these insurance companies and government programs. If the credit risk associated with any one of these major insurance companies or government programs were to increase, it could result in a significant increase to the Company's credit risk.

During May 2021, the Company increased the number of insurance carriers and government payors available for patients to rely on as part of an internal initiative referred to as the "Increased Patient Access Program". As such, the Company's accounts receivable balance significantly increased as these tests were billed to additional insurance companies and government payors.

The Company's billing process changed during 2021 from a manual to an automated process due to increases in the volume of testing receivables, which necessitated the engagement of its current contracted billing company. This automated billing system takes all commercial efforts to verify that a patient does not have insurance coverage (and is therefore eligible to have testing services paid for under a government program) before billing to a government program. In some cases, this verification process may take months, resulting in situations where testing services are rendered to the patient months before the ultimate payment is collected from a government program. Our billing company submits claims as agent on our behalf, through Mass Labs, to government programs and the applicable insurance companies. Funds received by Mass Labs that are due to the Company are then remitted to the Company.

Medical billing in the United States is complex. There are many private insurance carriers, each of which may have unique and detailed billing requirements. Billing a government payor often requires compliance with a multi-step process. As a result of these complexities, delays in collecting accounts receivable can occur during peak periods, and otherwise at times when processing a high volume of claims is required.

During the three months ended June 30, 2023 there were matters of contention between the third party laboratory and the Company's medical billing services provider, which resulted in fewer claims submitted during the quarter. The two parties are working on resolving these matters; however, an additional 5% expected credit loss has been added to address this additional risk.

Evaluation methodology

HRSA ceased to accept new claims on March 23, 2022. The Company expects to be able to access funding under an alternative state-level government program in California for the reimbursement of testing services provided to uninsured patients in that state. The Company previously expected to be able to access programs in Colorado, Florida and Texas, but subsequently determined they were not viable.

The Company did not anticipate a major change in business with the discontinuation of HRSA. While a significant portion of the Company's historical business was supported by funds from HRSA, there is a government program available in the state of California to subsidize healthcare services for individuals who are uninsured or undocumented. Due to this the Company now assesses its expected credit losses as insurance receivables and at individual state levels based on the availability of state-level government programs. If a balance previously classified as an insurance receivable is denied due to no coverage, the Company will seek payment from a state program covering uninsured receivables. Currently, California is the only state in which the Company has testing receivables that has implemented a government reimbursement program for uninsured patients. In states where no state-level government programs exist, the Company does not record receivables for uninsured patients as it does not meet revenue recognition standards as there is no viable method to collect these accounts. The Company evaluates the age of its insurance receivables when estimating collectability. The billing system utilizes an algorithm to attempt to collect from the correct underlying payor, which lessens the influence of aging when evaluating collectability.

<u>States with Government Programs – California</u>

The state of California, in which the Company conducts a significant portion of its business, has implemented reimbursement programs similar to those previously funded by HRSA with its COVID-19 Uninsured Group. These programs will accept claims retroactive to April 8, 2020, thus any accounts receivables in this jurisdiction are not expected to be collectible if they date back prior to this date. The Company submitted its application retroactive to June 2021. The Company will also incur credit losses when there is not valid information submitted such as missing names. Additionally, the program does not pay at the same rate for PCR testing as the prior federal program and as a result, the Company expects to incur credit losses on the reduced payments on outstanding balances previously billed to HRSA.

To qualify for the COVID-19 Uninsured Group, individuals must:

- Have no health insurance, or
- Have private health insurance that does not cover at no cost all diagnostic testing, testing- related services, and treatment services, including all medically necessary care for COVID-19, or
- Not have Medicare, or
- Are not eligible under any of the other Medi-Cal programs (with the exception of individuals who have not met their Medi-Cal Share of Cost obligation), and

- Be a California resident.

The Company's associated laboratory's full application has been submitted for both the PAVE - Provider Application and Validation for Enrollment Application and for the Provider Enrollment Division ("PED") Emergency Enrollment, which would result in the provider number. The application is currently in the process of being reviewed. Although timing of approval can be difficult to estimate as it is out of the Company's control, the application was initially expected to be approved between May and June of 2023.

Medi-Cal issued a Deficiency Letter by DHCS on March 21, 2023, which outlined minor deficiencies in the application ("Deficiency Letter"). The deficiencies listed are of the kind that can be easily cured such as requesting a copy of business licenses. The Deficiency Letter was responded to on April 29, 2023 with the requested information.

On June 21, 2023 Medi-Cal issued a Denial Letter. This was determined to be an immaterial denial. The Company communicated with Medi-Cal on behalf of our associated laboratory to determine the appeal process or the process of completing a new application. On July 22, 2023, based on discussions the best course of action was determined that a new application should be submitted and was submitted on July 27, 2023 with an assurance of an expedited review. On August 3, 2023 the application was returned with additional questions and expects to resubmit with responses by August 31, 2023. The application is currently also awaiting a lab inspection.

Once approval has been obtained, the Company will be able to obtain temporary IDs for its patients and submit claims to the California state COVID-19 Uninsured program. Given the new application and potential time delays in the application process, receiving approval to the COVID-19 Uninsured Group, submitting claims and receiving payment, the Company has determined that its receivable from Medi-Cal is long term as funds may not be received in the next year.

On March 7, 2023, DHCS published the "Medi-Cal COVID-19 Public Health Emergency and Continuous Coverage Operational Unwinding Plan" on its official website, which outlines several facets of the COVID-19 Uninsured Group which are either being terminated or extended as the end of public health emergency approaches (the "Unwinding Plan"). One aspect of the COVID-19 Uninsured Group that is in its extension phase is the opportunity for medical providers to submit applications to be considered qualified Medi-Cal providers and in turn, to benefit from the reimbursements, on the condition that they satisfy ancillary requirements.

To benefit from these reimbursements, in addition to being enrolled as a Qualified Medical Provider, providers must have satisfied the following requirements in relation to the COVID Treatments they provided to patients, as beneficiaries of:

- They have checked their patients' health care coverage eligibility and have confirmed that their patient is uninsured. They have verified that the patient did not have coverage through an individual, or employer-sponsored plan, a federal healthcare program, or the Federal Employees Health Benefits Program at the time services were rendered, and no other payer was to reimburse any COVID-19 vaccination, testing and/or care for that patient.

- They acknowledge that they will accept defined program reimbursement as payment in full.

- They acknowledge that they agree not to balance bill the patient for COVID Treatments rendered.

- They acknowledge that they agree to all COVID-19 Uninsured Group terms and conditions and may be subject to post-reimbursement audit review.

Due to the timing of approval from the program the Company will also potentially incur credit losses from not filing claims or receiving temporary IDs in time for the program to pay claims.

<u>California State Program</u>

The Company expects to incur credit losses of 54% on state covered testing receivable balances for tests completed in California after HRSA discontinuance based on historical remittance information from claims submitted under the federal program with similar testing criteria and the above mentioned risk factors, and the Company's best estimate of the ability to submit claims on a timely basis. The Company expects to bill retroactive to June 2021, which would cover tests not paid by HRSA that are eligible under this program should the Company receive payment from the program.

(Unaudited - Expressed in Canadian dollars)

States with No Government Programs

No Government Program - Uninsured

The Company expects to incur credit losses of 100% on testing receivables that have no insurance coverage in jurisdictions with no state funded program for uninsured patients, or states which have no viable program from which to collect past testing receivables.

Insurance

These are cases where the Company believes there are underlying insurance coverage and due to potential time constraints may not have the ability to utilize state programs for patients that are in fact not insured.

The Company used historic collection rates and management's estimates relating the aging of the receivable in order to estimate its expected credit losses on its insurance receivables. The Company will incur credit losses when an insurance company denies a claim or if a patient puts incorrect insurance information into the EHR.

Insurance (Current, Aged 90+ Days, 90-180 Days, 271-639 Days, 640-730 Days, 731 + Days)

The Company utilizes a billing agent who bills/rebills insurance receivables at least once per quarter. Once an insurance testing receivable reaches this age (90 days) it is determined to have a higher expected loss rate. The billing agent utilizes an algorithm to help deal with rejections from insurance companies that will attempt to rebill with corrected information. As testing receivables age after this rebilling this increases the expected loss rate. Additionally, once an insurance receivable reaches the age of two years the Company does not expect collection as it is not a timely claim.

The expected loss rate on testing receivables with no state programs are: 25% (December 31, 2022 - 20%) on testing receivables that are current, 35% (December 31, 2022 - 30%) on testing receivables aged 90-180 days, 45% (December 31, 2022 - 40%) on testing receivables aged 180-270 days, 55% (December 31, 2022 – 50%) on testing receivables aged 271-639 days, 80% on testing receivables aged 640-730 days and 100% on testing receivables aged in excess of 731 days. These expected credit loss rates are based on management’s understanding of the billing algorithm and success in the past recovering aged insurance receivables in conjunction with historical remittance data. Additionally, the Company is exploring insurance discovery products for aged testing receivables.

As at December 31, 2022

	Total	California State Program	Uncovered State Programs	Current Insurance	90-180 Days Insurance	180-270 Days Insurance	270+ Days Insurance
	$ 20,394,998	$ 9,693,353	$ 1,217,073	$ 861,981	$ 2,250,275	$ 2,657,502	$ 3,714,814
Loss Rate		49%	100%	20%	30%	40%	50%
Expected Losses	9,734,703	4,749,743	1,217,073	172,396	675,082	1,063,001	1,857,407
Net	$ 10,660,295	$ 4,943,610	$ -	$ 689,585	$ 1,575,193	$ 1,594,501	$ 1,857,407

As at June 30, 2023

	Total	California State Program	Uncovered State Programs	Current Insurance	90-180 Days Insurance	180-270 Days Insurance	271 - 639 Days Insurance	640-730 Days Insurance	731 + Insurance
	$ 19,001,759	$ 8,992,244	$ 1,083,094	$ 17,649	$ 121,907	$ 789,706	$ 7,087,822	$ 729,610	$ 179,726
Loss Rate		54%	100%	25%	35%	45%	55%	80%	100%
Expected	11,003,070	4,855,812	1,083,094	4,412	42,668	355,368	3,898,302	583,688	179,726
Net	$ 7,998,689	$ 4,136,432	$ -	$ 13,237	$ 79,239	$ 434,338	$ 3,189,520	$ 145,922	$ -

(Unaudited - Expressed in Canadian dollars)

Continuity of Expected Credit Losses

Expected credit losses netted in accounts receivable as at June 30, 2023 are $11,003,070 (December 31, 2021 - $9,734,703). The expected credit loss recorded in six months ended June 30, 2023 is $1,514,670 (2022 – $3,877,197).

For the year ended December 31, 2022		
Opening Balance		1,517,113
Additions		8,152,736
Writeoffs		-
Recoveries/Reversals	-	343,846
Foreign Exchange		408,700
Closing Balance		9,734,703

For the period ending June 30, 2023		
Opening Balance		9,734,703
Additions		2,650,122
Writeoffs		-
Recoveries/Reversals	-	1,135,452
Foreign Exchange	-	246,303
Closing Balance		11,003,070

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company is unable to obtain payment of its accounts receivable, or if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated.

The Company has financed its cash requirements primarily through its gross profit from Collection Sites. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing.

As at June 30, 2023, the Company had net current liabilities of $9,661,186. (December 31, 2022 - $831,860) The net current liabilities are currently primarily accounts receivable from Mass Labs billed on behalf of the Company. These are primarily made up of insurance companies and government programs. As the pivot in strategy to Increased Patient Access Program for the patients occurred in May 2021 the Company expected to have a cash loss from operations as there was an expected increase in accounts receivable. Additionally, there may be fluctuations in the Company's liquidity resources as the primary payor is transitioned from HRSA to the state of California. There are uncertainties surrounding timing of payments from the payor that may put a further strain on the working capital of the Company. The Company's primary source of liquidity is the collection of these receivable balances.

(Unaudited - Expressed in Canadian dollars)

The following table shows the Company's sources of liquidity by asset as at June 30, 2023 and December 31, 2022:

June 30, 2023		Total		Less than 1 year		1-3 years		More than 3 years
Cash and cash equivalents	$	2,320,414	$	2,320,414	$	-	$	-
Inventory		19,691		19,691		-		
Accounts receivable		8,574,869		4,405,619		4,169,250		-
Prepaid expenses		435,003		435,003		-		-
Public investments		643		643		-		-
Total financial assets - June 30, 2023	$	11,350,620	$	7,181,370	$	4,169,250	$	-

December 31, 2022		Total		Less than 1 year		1-3 years		More than 3 years
Cash and cash equivalents	$	4,271,549	$	4,271,549	$	-	$	-
Inventory		343,342		343,342				
Accounts receivable		11,708,256		11,708,256		-		-
Prepaid expenses		522,196		522,196		-		-
Public investments		2,314		2,314		-		-
Total financial assets - December 31, 2022	$	16,847,657	$	16,847,657	$	-	$	-

The Company is obligated to the following contractual maturities of undiscounted cash flows as at June 30, 2023:

Contractual Obligations		Total		Less than 1 year		1 - 3 years		4 - 5 years		After 5 years
Convertible note	$	1,400,000	$	1,400,000			$	-	$	-
Lease obligations		84,236		77,741		6,494		-		-
Accounts payable		12,138,340		12,138,340		-		-		-
Income taxes payable		2,151,351		2,151,351						
Loans payable		343,083		343,083		-		-		-
Other liabilities		1,604,635		816,855		787,780		-		-
	$	17,721,645	$	16,927,370	$	794,274	$	-	$	-

Market risk

a) Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and the United States, and the functional currency of the parent company is the Canadian dollar while the functional currency of its U.S. subsidiaries is the U.S. Dollar. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not engage in hedging activities to mitigate this risk. The Company reduces its currency risk by maintaining minimal cash balances held in foreign currency.

(Unaudited - Expressed in Canadian dollars)

As at June 30, 2023, the Company had the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

June 30, 2023		**U.S. dollars**
Cash and cash equivalents	$	1,354,667
Accounts receivable		6,303,957
Advances		16,950
Accounts payable and accrued liabilities		(4,468,713)
Lease liabiliites		(59,417)
Other liabilities		(1,174,019)
Income taxes payable		(1,589,707)
	$	383,718

December 31, 2022		**U.S. dollars**
Cash and cash equivalents	$	3,006,714
Accounts receivable		8,163,875
Advances		16,950
Accounts payable and accrued liabilities		(4,529,804)
Lease liabiliites		(327,948)
Other liabilities		(1,750,000)
Income taxes payable		(1,523,170)
	$	3,056,618

Market risk

a) Currency risk
A 10% increase in the value of foreign currencies against the functional currencies in which the Company held financial instruments as of June 30, 2023 would result in an estimated increase in income of approximately $52,000 (December 31, 2022- $408,000).

b) Interest rate risk
A 10% increase in interest rates based on the balance of cash at June 30, 2023, would result in an increase of $183,000 (December 31, 2022 - $407,000) in annual interest income.

c) Price and concentration risk
The Company is exposed to market risk for unfavourable market conditions that could result in dispositions of inventory at unfavourable prices.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3- Inputs that are not based on observable market data.

The following table sets forth the Company’s financial assets and liabilities measured at fair value by level within the fair value hierarchy as at June 30, 2023 and December 31, 2022:

(Unaudited - Expressed in Canadian dollars)

As at June 30, 2023

	Level 1	Level 2	Level 3	Total
Cash equivalents		$ -	$ -	$ -
Public investments	$ 643	-	-	$ 643
Private investments	-	-	-	-
Total	$ 643	$ -	$ -	$ 643

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 3,052,220	$ -	$ -	$ 3,052,220
Public investments	2,314	-	-	2,314
Private investments	-	-	-	-
Total	$ 3,054,534	$ -	$ -	$ 3,054,534

Level 2 Hierarchy

At December 31, 2021, the 172,071 common shares of Last Mile Holdings Ltd. (formerly OjO Electric Corp.) were held in escrow, and therefore the full value of the investment had been recorded at Level 2 of the fair value hierarchy. This transferred to Level 1 in the year ended December 31, 2022.

Level 3 Hierarchy

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these investments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

As valuations of investments for which market quotations are not readily available are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Such changes may have a significant impact on the Company's financial condition or operating results.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at June 30, 2023 and December 31, 2022:

Description	*Fair vaue*	*Valuation technique*	*Significant unobservable input(s)*	*Range of significant unobservable input(s)*
June 30, 2023				
Glenco Medical	$ -	Recoverable amount	-	-
Latin-Canada Pharma Inc.	-	Recoverable amount	-	-
Marvel Diagnostics, Inc.	-	Recoverable amount	-	-
	$ -			
December 31, 2022				
Glenco Medical	$ -	Recoverable amount	-	-
Latin-Canada Pharma Inc.	-	Recoverable amount	-	-
Marvel Diagnostics, Inc.	-	Recoverable amount	-	-
	$ -			

(Unaudited - Expressed in Canadian dollars)

Marvel Diagnostics, Inc. (“Marvel”)

On January 24, 2021, the Company completed a share purchase agreement to acquire up to 40% of Marvel for an aggregate price of up to USD$1.0 million through a series of milestone-based payments. The Company fully impaired the investment as the technology in Marvel was determined not to be commercially viable.

Glenco Medical (“Glenco”)

The Company invested in Glenco in exchange for 800,000 shares of the Company in June 2020 with an estimated fair value of $2,220,000. On December 31, 2020 the Company had written down the investment in Glenco due to managements expectations of future activity. Should market conditions improve and the fair value of the investment increase, the asset will be written up at that time.

Latin-Canada Pharma Inc. (“LCP”)

The Company invested in LCP in exchange for 800,000 shares of the Company in July 2020 with an estimated fair value of $2,040,000. The Company fully impaired the investment in LCP due to managements expectation of future activity. Should market conditions improve and the fair value of the investments increase, the asset will be written up at that time.

18. Related party transactions and balances

Refer to Notes 3, 5, 8, 9, 12, 13, 14 and 19

During the three and six months ended June 30, 2023 and 2022 the Company entered into the following transactions in the ordinary course of business with related parties from an accounting perspective that are not subsidiaries of the Company.

	Purchase of goods and services							
	Three months ended June 30,				Six months ended June 30,			
		2023		2022		**2023**		2022
Forbes & Manhattan, Inc.	**$**	**75,000**	$	75,000	**$**	**150,000**	$	783,850
2227929 Ontario Inc.	**$**	**90,000**	$	90,000	**$**	**180,000**	$	180,000
Massachusetts Laboratories, I	**$**	**(289,539)**	$	1,740,746	**$**	**5,096**	$	7,715,808

Mr. Stan Bharti is the Executive Chairman of Forbes and Manhattan Inc. (“Forbes”). The Company is part of the Forbes Group of Companies and continues to receive the benefits of such membership, including access to various professionals, and strategic advice from the Forbes Board of Advisors. An administration fee of $25,000 per month from May 2019 was charged by Forbes pursuant to a consulting agreement. As at June 30, 2023, receivables included $125,000 (December 31, 2022 - $125,000) owing from Forbes. As at June 30, 2023, accounts payable and accrued liabilities included $180,000 (December 31, 2022 - $180,000) owing to Mr. Stan Bharti. These receivables and payables are unsecured, non-interest bearing and due on demand.

The Company shares office space with other corporations who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment, supplies, and certain other services are administered by 2227929 Ontario Inc., to whom the Company pays a monthly fee. For the three and six months ended June 30, 2023, the Company was charged $90,000 and $180,000, respectively, for these services (2022: $90,000 and $180,000). As at June 30, 2023, payables included $409,515 (December 31, 2022: $203,400) owing to 2227929 Ontario Inc. These payables are unsecured, non-interest bearing and due on demand.

The CEO of the Company, David Preiner, is also the CEO of Xenomics, parent company to Amino Therapeutics in which the Company holds a 10% investment. The Company’s investment in Amino Therapeutics pre-dated the appointment of David Preiner as CEO of the Company. Xenomics is also a parent company to Mass Labs, which performs COVID-19 test processing services and medical billing services on behalf of the Company under the Mass Labs Agreement.

(Unaudited - Expressed in Canadian dollars)

On December 7, 2020, the Company signed the Mass Labs Agreement. On April 30, 2021, the principal of Mass Labs, David Preiner, became the CEO of Medivolve Inc. Mass Labs has subcontracted its laboratory testing services contract to an independent third party. Pursuant to the Mass Labs Agreement, the parties have agreed that Mass Labs will bear certain expenses associated with inventory required to complete COVID-19 testing, that Mass Labs will be entitled to partial reimbursement of such expenses out of revenue actually received in respect of tests performed by the Company (e.g. from a government or insurance program), and that Mass Labs will be entitled to a variable fee for test processing that is calculated and paid as a percentage of the revenue remaining after the payment of such expenses. For the three and six months ended June 30, 2023, the Company was charged $(289,539) and $5,906 for these services (2022- $1,740,746 and $7,715,808), which were recorded as cost of sales on the condensed interim consolidated statements of operations. As at June 30, 2023, $19,001,892 (December 31, 2022 - $20,394,998) is owed by Mass Labs and is included in accounts receivable on the condensed interim consolidated statement of financial position, which represents an amount remitted by Mass Labs from the billing company; however, it is ultimately payable from the underlying payor described in Note 17. As at June 30, 2023, $3,867,884 (December 31, 2022 - $3,552,259) is owed to Mass Labs and is included in accounts payable and accrued liabilities on the condensed interim consolidated statement of financial position.

At June 30, 2023, the Company has a loan payable to Aberdeen International Inc. of $59,112 (December 31, 2022 - $55,746). Stan Bharti, a former director and officer of the Company, was a former director and officer of Aberdeen. Wen Ye is a director of the Company and a former director of Aberdeen.

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2023 and 2022 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Short-term benefits	**$ 177,560**	$ 3,283,640	**$ 355,119**	$ 5,401,628
Share-based payments	**$ -**	$ -	**$ -**	$ 17,550

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the three and six months ended June 30, 2023, the Company granted a total of nil stock options to key management, directors, and officers of the Company (2022: nil and 15,000 options).

19. Commitments and contingencies

Management contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $7,081,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contract commitments related to termination under these contracts approximate $690,000, upon termination. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

Lease obligation

The Company has a lease for its clinic. The term of the lease is until August 31, 2024.

(Unaudited - Expressed in Canadian dollars)

Legal Proceedings

The Company is from time to time named in various legal proceedings.

The Company was subject to a legal judgment related to the sale of COVID-19 testing equipment to a Russian entity in fiscal 2020. During the year ended December 31, 2021, the Company accrued an amount of $3,050,264 as an estimate of the legal judgment included in accounts payable and accrued liabilities. This provision is included as at June 30, 2023 in the amount of $3,185,479. The difference from period to period reflects the change in the value of the US$ compared to the CAD$.

On September 19, 2022, the Company negotiated a settlement of a potential lawsuit against the entity. The Company recorded other liabilities of USD $1,750,000 ($2,368,275) to reflect this settlement. This charge was included in Management and consulting fees within General and Administration as this related to former employees at Collection Sites for the three months ending September 30, 2022. On June 8, 2023, there was a renegotiation of the settlement, which resulted in a gain of $671,421 classified as a gain on debt extinguishment. The settlement is subject to court approval as was the prior settlement figure.

In 2022, the Company received a claim for an alleged breach of contract, negligence, breach of trust, conversion and unjust enrichment. The claim seeks damages of USD $7,150,000. The Company believes this is a frivolous lawsuit and has served a statement of defense and counterclaim and is actively defending the action. As such, no amounts are accrued.

The Company has not estimated or accrued any amounts related to any other proceedings as they are believed to be without merit.

20. Income taxes

Income tax expense is recognized based on domestic and international statutory income tax rates in the jurisdictions in which the Company operates. These rates are then adjusted to effective tax rates based on management's estimate of the weighted average annual income tax rate expected for the full year in each jurisdiction taking into account taxable income or loss in each jurisdiction and available utilization of deferred tax assets. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered. The income tax expense for the three and six months ended June 30, 2023, was nil and $23,309, respectively (three and six months ended June 30, 2022 – recovery of $3,692,421 and $3,516,284).

21. Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating companies may be aggregated into a reportable segment based on the nature of the products and services, production process, customer base, distribution model and regulatory environment at the operating companies, as well as key financial metrics such as gross margin and projected long-term revenue growth. During the three and six months ended June 30, 2023 the Company operated one reportable segment, being the COVID Testing facilities across United States of America. The following is a summary of the Company's geographical information:

	Canada	United States	Total
For the six months ended June 30, 2023			
Revenue	$ -	$ 1,451,768	$ 1,451,768
Non- current assets (as at June 30, 2023)	-	2,116,751	2,116,751
For the six months ended June 30, 2022			
Revenue	-	25,776,974	25,776,974
Non- current assets (as at June 30, 2022)	900,000	3,133,541	4,033,541