

Dynamo Capital Corp.

FILING STATEMENT

in respect of the Qualifying Transaction involving
CareSpan Holdings, Inc.

Dated as at November 15, 2021

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

All information contained in this Filing Statement with respect to Dynamo Capital Corp. (“**Dynamo**”) was supplied by Dynamo for inclusion herein.

All information contained in this Filing Statement with respect to CareSpan Holdings, Inc. (“**CareSpan**”) was supplied by CareSpan for inclusion herein.

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GLOSSARY

The following is a glossary of certain general terms used in this Filing Statement, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“1933 Act” means the United States Securities Act of 1933, as amended;

“Affiliate” means a Company that is affiliated with another Company as described below:

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is **“controlled”** by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

“Associate” when used to indicate a relationship with a person or Company, means

- (a) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or Company,
- (c) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or Company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including:
 - (i) that person’s spouse or child, or
 - (ii) any relative of the person or of his spouse who has the same residence as that person, but
- (e) where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the TSXV with respect to that Member firm, Member corporation or holding company;

“Available Funds” means the estimated working capital (total current assets less total current liabilities) which will be available to the Resulting Issuer (including the working capital of both of Dynamo and CareSpan, as at the most

recent month end preceding the date of this Filing Statement, after giving effect to the Merger and the CareSpan QT Financing;

“**Board**” means the board of directors of Dynamo or the Resulting Issuer, as the context requires;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Broker Warrants**” has the meaning ascribed to such term under “*The Qualifying Transaction – CareSpan QT Financing*”;

“**CareSpan**” means CareSpan Holdings, Inc.;

“**CareSpan 25 % Notes**” means certain outstanding secured convertible notes of CareSpan;

“**CareSpan 50 % Notes**” means certain outstanding secured convertible notes of CareSpan;

“**CareSpan Advisory Warrants**” means the advisory warrants of CareSpan issued to certain third parties consisting of an exercise price of \$0.5250 and respective terms of either one or five years, as applicable;

“**CareSpan Common Shares**” means the common shares in the capital of CareSpan;

“**CareSpan Financial Statements**” means the audited consolidated financial statements of CareSpan for the years ended December 31, 2020 and 2019, and the unaudited condensed consolidated interim financial statements of CareSpan for the three and six-month periods ended June 30, 2021 and 2020, which are attached to this Filing Statement as Schedule “C”;

“**CareSpan MD&A**” means the management’s discussion and analysis of CareSpan for the years ended December 31, 2020 and 2019 and for three and six-month period ended June 30, 2021, which are attached to this Filing Statement as Schedule “D”;

“**CareSpan Named Executive Officers**” means CareSpan’s CEO, CFO, and three most highly compensated executive officers;

“**CareSpan Notes**” means, collectively, the CareSpan 25% Notes and the CareSpan 50% Notes;

“**CareSpan Option Plan**” means the stock option plan of CareSpan;

“**CareSpan Preferred Shares**” means the preferred shares in the capital of CareSpan;

“**CareSpan QT Brokered Financing**” means the brokered private placement by CareSpan of 3,282,782 CareSpan Subscription Receipts at a price of \$0.70 per CareSpan Subscription Receipt for aggregate gross proceeds of \$2,297,947.40, pursuant to the Subscription Receipt Agency Agreement;

“**CareSpan QT Financing Agent**” means Canaccord Genuity Corp.;

“**CareSpan QT Financing**” means collectively, CareSpan QT Brokered Financing and the CareSpan QT Non-Brokered Financing;

“**CareSpan QT Non-Brokered Financing**” means the non-brokered private placement of CareSpan Common Shares for aggregate gross proceeds of \$1,283,494.10;

“**CareSpan Shareholders**” means the holders of the CareSpan Common Shares;

“**CareSpan Subscription Receipts**” means the subscription receipts of CareSpan, issued pursuant to the CareSpan QT Brokered Financing, with each CareSpan Subscription Receipt automatically converting into 3.3196 CareSpan Common Shares upon satisfaction of the Release Conditions and exchanged for one Resulting Issuer Common Share

pursuant to the Completion of the Transaction (for avoidance of doubt, each CareSpan Subscription Receipt shall result in the exchange for one Resulting Issuer Common Share);

“**CareSpan Warrants**” means collectively, the CareSpan Advisory Warrants and the Finder’s Warrants;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**Closing**” means the completion of the Merger pursuant to the Merger Agreement on the Closing Date;

“**Closing Date**” means the first business day following the satisfaction of all conditions to the Completion of the Qualifying Transaction, including receipt of all necessary approvals;

“**Code**” means the United States *Internal Revenue Code of 1986*, as amended;

“**Common Share**” means a common share in the capital of Dynamo or the Resulting Issuer, as the context requires;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the TSXV;

“**Control Person**” means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CPC**” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy, and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

“**CPC Escrow Agreement**” means the escrow agreement dated March 1, 2018 among Dynamo, the Escrow Agent, and certain Dynamo Shareholders;

“**CPC Escrow Shares**” means the securities of Dynamo held in escrow pursuant to the CPC Escrow Agreement;

“**CPC Policy**” means Policy 2.4 – *Capital Pool Companies* of the TSXV Corporate Finance Manual;

“**DGCL**” means the *Delaware General Corporation Law*, as amended;

“**Domestic Issuer**” has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act;

“**Dynamo**” means Dynamo Capital Corp.;

“**Dynamo Consolidation**” means the consolidation of Common Shares to be completed prior to or concurrently with the Completion of the Qualifying Transaction on the basis of one post-consolidation Common Share for every 4.66667 outstanding Common Shares existing immediately before the consolidation;

“Dynamo Financial Statements” means the audited financial statements of Dynamo for the years ended January 31, 2021 and 2020, and the unaudited condensed interim financial statements of Dynamo for the six-month period ended July 31, 2021, which are attached to this Filing Statement as Schedule “A”;

“Dynamo Finder’s Shares” means the 642,857 Resulting Issuer Common Shares to be issued to certain finders in connection with the Merger;

“Dynamo MD&A” means the management’s discussion and analysis of Dynamo for the years ended January 31, 2021 and 2020 and for the six-month period ended July 31, 2021, which are attached to this Filing Statement as Schedule “B”;

“Dynamo Meeting” means the annual and special meeting of Dynamo Shareholders to approve, among other things, Dynamo Meeting Matters;

“Dynamo Meeting Matters” means the matters to be approved by the Dynamo Shareholders at the Dynamo Meeting, being:

- (a) the Name Change;
- (b) the election of the directors of Dynamo to serve from the Effective Time of the completion of the Merger;
- (c) the adoption of the Resulting Issuer Option Plan;
- (d) the amendment to the articles of Dynamo providing for an additional class of restricted voting shares of Dynamo and amending the terms of the Dynamo Common Shares; and
- (e) such further or other matters as shall properly come before the Dynamo Meeting;

“Dynamo Option Plan” means the stock option plan of Dynamo;

“Dynamo Options” means the options granted pursuant to the Dynamo Option Plan, entitling the holders thereof to acquire Common Shares;

“Dynamo Shareholders” means the holders of common shares in the capital of Dynamo;

“Dynamo Sub” means Dynamo Subco, Inc., a wholly-owned subsidiary of Dynamo incorporated under the laws of the State of Delaware;

“Effective Date” means the date when the Merger becomes effective as established by the date of issue shown on the certificate giving effect to the Merger pursuant to Section 2.11 of the Merger Agreement;

“Effective Time” means 12:01 a.m. (Delaware Time) on the Effective Date, or such other time as agreed upon by CareSpan and Dynamo;

“Eligible Persons” means the “Employees”, “Directors” or “Consultants” (as defined in the TSXV Corporate Finance Policies) for purposes of the Resulting Issuer Option Plan;

“Escrow Agent” means Computershare Investor Services Inc., a trust corporation having an office in the City of Vancouver in its capacity as escrow agent pursuant to the terms of the CPC Escrow Agreement;

“Exchange Ratio” means the exchange ratio of 0.23068 Resulting Issuer Common Shares for each CareSpan Common Share, or 0.23068 Resulting Issuer Restricted Voting Shares for each CareSpan Common Share, as applicable (on a post-Dynamo Consolidation basis);

“Escrow Deadline” means the date that is 120 days from the closing of the CareSpan QT Brokered Financing;

“Filing Statement” means this filing statement, together with all schedules attached hereto and including the summary hereof;

“Final Exchange Bulletin” means the TSXV bulletin which is issued following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final TSXV acceptance of the Qualifying Transaction;

“Finder’s Warrants” has the meaning ascribed to such term under *“The Qualifying Transaction – Finder’s Fees”*;

“Foreign Issuer” has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act;

“HIPAA” means the United States *Health Insurance Portability and Accountability Act of 1996*, as amended;

“IFRS” means International Financial Reporting Standards;

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer,
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer,
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer, or
- (d) the issuer itself if it holds any of its own securities;

“IPO” means the initial public offering of Common Shares by Dynamo completed on September 12, 2018;

“IPO Agency Agreement” means the agency agreement dated July 23, 2018 between Dynamo and the IPO Agent;

“IPO Agent” means PI Financial Corp.;

“Issuer” means a Company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant Company seeking a listing of its securities on the Exchange;

“Letter of Intent” means the letter of intent between Dynamo and CareSpan dated December 23, 2020 with respect to the Merger;

“Liquidation Event” has the meaning ascribed thereto under *“Part III – Information Concerning the Resulting Issuer – Description of Securities”*;

“Locked-up Securities” means CareSpan Common Shares or Resulting Issuer Common Shares or other securities exchangeable for or convertible into CareSpan Common Shares or Resulting Issuer Common Shares owned by Locked-up Shareholders;

“Locked-up Shareholder” means a holder of Locked-up Securities pursuant to the terms of a Lock-up Agreement;

“Lock-up Agreements” means the lock-up agreements entered into between the CareSpan QT Financing Agent and certain officers, officers, and convertible debenture holders of CareSpan in connection with the CareSpan QT Brokered Financing;

“Member” has the meaning ascribed thereto in Policy 1.1 – *Interpretation of the TSXV Corporate Finance Manual*;

“Mergeco” means CareSpan, which shall be the surviving corporation of the Merger of Dynamo Sub with and into CareSpan pursuant to the Merger which will keep the name “CareSpan Holdings, Inc.”;

“Merger” means the combination of the businesses of Dynamo and CareSpan by way of a reverse triangular merger of Dynamo Sub into CareSpan under the laws of the State of Delaware, pursuant to which CareSpan will become a wholly-owned subsidiary of Dynamo in accordance with the Merger Agreement;

“Merger Agreement” means the merger agreement among Dynamo, CareSpan and Dynamo Sub dated August 4, 2021, and the amending agreement entered into among Dynamo, CareSpan and Dynamo Sub dated November 9, 2021, as the same may be amended, restated, supplemented or otherwise modified from time to time, providing for, among other things, the Merger;

“Name Change” means the proposed named change of the Resulting Issuer from “Dynamo Capital Corp.” to “CareSpan Health, Inc.”;

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

“OECD” means the Organisation for Economic Co-operation and Development;

“Person” means a Company or individual;

“Principals” has the meaning attributable thereto in Policy 5.4 –*Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual;

“Pro Forma Financial Statements” means the unaudited *pro forma* statement of financial position for the Resulting Issuer as at July 31, 2021 to give effect to the Merger as if it had taken place as of the Effective Date, which is attached to this Filing Statement as Schedule “E”;

“Promoter” means the definition prescribed by applicable Securities Laws;

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of Dynamo, means the Merger all as more particularly described herein;

“Regulation S” means Regulation S promulgated under the 1933 Act;

“Release Conditions” means the conditions set out in the Subscription Receipt Agreement that must be met to convert the CareSpan Subscription Receipts into CareSpan Common Shares;

“Reserved Shares” means the number of Resulting Issuer Common Shares that may be reserved for issuance under the Resulting Issuer Option Plan, which, together with any other securities forming part of a compensation arrangement of the Resulting Issuer will not exceed 10% of the of the Resulting Issuer Common Shares as at the effective date of the Qualifying Transaction;

“Restricted Share Election” means the election by a CareSpan Shareholder to receive a portion of the Merger consideration in Resulting Issuer Restricted Voting Shares;

“Resulting Issuer” means Dynamo following completion of the Merger and the issuance of the Final Exchange Bulletin;

“Resulting Issuer Broker Warrants” has the meaning ascribed to such term under “*The Qualifying Transaction – CareSpan QT Financing*”;

“Resulting Issuer Common Shares” means the common shares in the capital of the Resulting Issuer;

“Resulting Issuer Option Plan” means the stock option plan of the Resulting Issuer;

“Resulting Issuer Options” means the stock options of the Resulting Issuer exercisable for Resulting Issuer Common Shares;

“Resulting Issuer Restricted Voting Shares” means the restricted voting common shares in the capital of the Resulting Issuer;

“Resulting Issuer Shares” means, collectively, the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Common Shares;

“Resulting Issuer Warrants” means warrants to purchase Resulting Issuer Common Shares issued to the former holders of the CareSpan Warrants;

“SEC” means the United States Securities and Exchange Commission;

“Securities Laws” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer;

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the TSXV;

“SSRRs” means Seed Share Resale Restrictions as defined in Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*;

“Subscription Receipt Agency Agreement” means the agency agreement dated August 5, 2021 between CareSpan, the CareSpan QT Financing Agent, and Dynamo in respect of the CareSpan QT Brokered Financing;

“Subscription Receipt Agreement” means the subscription receipt agreement dated August 5, 2021 and as such agreement was amended pursuant to a supplemental subscription receipt agreement dated November 15, 2021, between CareSpan, the CareSpan QT Financing Agent and the Subscription Receipt Escrow Agent;

“Subscription Receipt Escrow Agent” means Computershare Trust Company of Canada, acting as subscription receipt agent pursuant to the Subscription Receipt Agreement;

“subsidiary” includes, with respect to any Person, Company, partnership, limited partnership, trust or other entity, any Company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such Person, Company, partnership, limited partnership, trust or other entity;

“Surplus Securities” has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual;

“Tax Act” means *Income Tax Act* (Canada), as amended;

“Transfer Agent, Registrar and Disbursing Agent Agreement” means the transfer agent agreement dated January 9, 2020 between Dynamo and the Escrow Agent;

“TSXV” or **“Exchange”** means the TSX Venture Exchange;

“U.S. Person” means a “U.S. person” as such term is defined in Regulation S promulgated under the U.S. Securities Act;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended;

“Value Securities” has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual;

“Value Security Escrow Agreement” means the escrow requirements imposed by the Exchange Form 5D and Schedule B(1) Tier 2 Value Security Escrow Agreement on the Resulting Issuer Common Shares held by certain CareSpan Shareholders, in connection with the closing of the Qualifying Transaction as more particularly described in this Filing Statement; and

“Voting Shares” means a security of an issuer that:

- (a) is not a debt security, and,
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Filing Statement constitute “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (collectively, “forward-looking statements”). Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding future financial condition or results of operations, prospects and strategies for future growth, the development and introduction of new services, and the implementation of marketing strategies. In many cases, forward-looking statements can be identified by terms such as “may”, “will”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this Filing Statement reflect the current views of the management of CareSpan and Dynamo about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or the actual activities or results of CareSpan or Dynamo to differ significantly from those expressed in any forward-looking statement. Although management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no guarantee with respect to future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements relating to CareSpan and the Resulting Issuer include, among other things, statements relating to:

- assumptions about CareSpan’s ability to raise capital to complete its plans and fund its growth;
- anticipated trends and challenges in CareSpan’s business and the markets in which it operates;
- CareSpan’s competitive position and its expectations regarding competition;
- CareSpan’s ability to generate revenues to maintain its operations without additional funding, and its plans regarding its revenue, expenses, operations and growth;
- CareSpan’s anticipated cash needs and its needs for additional financing;
- plans for and timing of expansion of CareSpan’s services;
- future growth plans;
- the continued availability of key leadership personnel and the ability to attract qualified personnel in the future; and
- the completion of the CareSpan QT Financing.

Forward-looking statements relating to Dynamo include, among other things, statements relating to:

- the completion of the Merger;
- the terms on which the Merger is intended to be completed; and
- the ability to complete any Qualifying Transaction.

Forward-looking statements are based on certain assumptions and analysis made by the management of Dynamo and CareSpan in light of their experience and perception of historical trends, current conditions and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to general economic conditions, the Canadian and United States’ legislative and regulatory environment, the impact of increasing competition and the ability to obtain regulatory and shareholder approvals. Although Dynamo and CareSpan believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to Dynamo or CareSpan’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under “Risk Factors”, which include those relating to:

- retention and acquisition of skilled personnel;
- managing growth;
- reliance on contracts with key customers;
- ability to attract nurse practitioners and behavioural health providers to CareSpan’s networks;

- CareSpan’s ability to help its network providers grow their practices;
- onboarding and transitioning;
- shortage of healthcare providers;
- breach of clients’ or patients’ confidential information;
- regulatory requirements;
- healthcare legislation;
- permits and licenses;
- material defects or errors in CareSpan’s technology infrastructure;
- dependencies on third party software and services;
- litigation risks;
- COVID-19 pandemic or other similar outbreaks;
- insurance coverage;
- history of losses;
- access to capital;
- foreign sales;
- estimates or judgements relating to critical accounting policies;
- market for the Resulting Issuer Common Shares;
- no history of payment of cash dividends;
- the Resulting Issuer’s status as a reporting issuer;
- analyst coverage of the Reporting Issuer; and
- tax issues.

INFORMATION PERTAINING TO CARESPAN

The information contained or referred to in this Filing Statement with respect to CareSpan and the industry in which it operates has been provided by the management of CareSpan and is the responsibility of CareSpan. Management of Dynamo has relied upon CareSpan for the accuracy of the information provided by CareSpan without independent verification.

NOTICE TO INVESTORS

Presentation Currency

Unless otherwise specified, all dollar amounts referenced in this Filing Statement and in the financial statements of Dynamo are in Canadian dollars and referred to as “\$”. All dollar amounts referenced in the financial statements of CareSpan are in U.S. dollars and referred to as “US\$”.

Financial Statement Information

The audited annual financial statements of Dynamo contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Canadian dollars. The unaudited *pro forma* financial statements of the Resulting Issuer contained in this Filing Statement have been prepared on the basis of presentation as described in the *Pro Forma* Financial Statements and are denominated in U.S. dollars.

The audited annual financial statements of CareSpan contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in U.S. dollars.

Market Data

Unless otherwise indicated, information contained in this Filing Statement concerning the industry and markets in which CareSpan operates, including its general expectations and market position, market opportunity and market share is based on information from independent industry organizations, and other third-party sources (including industry publications, surveys and forecasts), and management estimates. Unless otherwise indicated, management estimates

are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from CareSpan's internal research, and are based on assumptions made by CareSpan based on such data and its knowledge of such industry and markets, which CareSpan believes to be reasonable. CareSpan's internal research has not been verified by any independent source, and it has not independently verified any third-party information. While CareSpan believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of CareSpan's future performance and the future performance of the industry in which CareSpan operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the "*Risk Factors*".

Enforcement of Legal Rights

CareSpan is incorporated under the DGCL. CareSpan's business operations are principally based in the United States. CareSpan's registered office is located in Vancouver, Canada. CareSpan's head office is located in New York, United States. All of CareSpan's assets are located in the United States.

Other than the Chief Financial Officer, all of CareSpan's directors and officers reside outside of Canada. Although the current directors and officers of CareSpan who reside outside of Canada either have an office in Canada or have appointed McMillan LLP at Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3, as their agent for service of process in Canada, it may not be possible for shareholders to enforce against such persons judgments obtained in Canadian courts predicated on the civil liability provisions of applicable Securities Laws in Canada. Shareholders are advised that it may not be possible for them to enforce judgments obtained in Canada against any Person or Company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Dynamo, CareSpan and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

THE COMPANIES

Dynamo

Dynamo was incorporated pursuant to the provisions of the BCBCA on January 18, 2018. The full corporate name of Dynamo is “Dynamo Capital Corp.”. The Common Shares were first listed for trading on the TSXV under the symbol “DDD.P” on September 17, 2018. Dynamo is a CPC pursuant to the CPC Policy, and since its incorporation it has not carried on any business or operations other than the identifying and evaluating business opportunities for the purposes of completing a Qualifying Transaction.

Dynamo Sub

Dynamo Sub, a wholly-owned subsidiary of Dynamo, was incorporated on May 3, 2021 under the DGCL for the purposes of the Merger. The full corporate name of Dynamo Sub is Dynamo Subco, Inc. The registered office of Dynamo Sub is located at 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware 19904.

CareSpan

CareSpan Holdings, Inc. (“CareSpan”) was formed in November 10, 2010 under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. which was incorporated under the laws of the Republic of Panama on May 14, 2012. On May 7, 2020, CareSpan filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

On August 17, 2015, CareSpan filed a certificate of amendment amending its original certificate of incorporation to change its name to “CareSpan Holdings, Inc.” The certificate of amendment also amended its original certificate of incorporation to create the CareSpan Preferred Shares and establish the rights, privileges, restrictions and conditions attaching to the CareSpan Preferred Shares and the CareSpan Common Shares. On May 7, 2020, CareSpan filed a certificate of amendment to amend its original certificate of incorporation to domesticate under the DGCL.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

THE QUALIFYING TRANSACTION

The Resulting Issuer

Upon Completion of the Qualifying Transaction and subject to the approval of the TSXV, it is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Issuer (as such term is defined in the Corporate Finance Manual of the TSXV). The Resulting Issuer will maintain its registered office at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6T 1T2. The head office of the Resulting Issuer will be located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7.

Upon Completion of the Qualifying Transaction:

- (a) an aggregate of 26,899,948 Resulting Issuer Shares will be issued and outstanding, consisting of:

- (i) 6,932,657 Resulting Issuer Common Shares issued to existing CareSpan Shareholders;
 - (ii) 0 Resulting Issuer Restricted Voting Shares issued to existing CareSpan Shareholders;
 - (iii) 15,022,360 Resulting Issuer Common Shares issued to holders of the CareSpan Notes;
 - (iv) 3,282,782 Resulting Issuer Common Shares issued to holders of CareSpan Subscription Receipts;
 - (v) 964,285 Resulting Issuer Common Shares currently held by Dynamo Shareholders;
 - (vi) 642,857 Resulting Issuer Common Shares issued pursuant to the Dynamo Finder's Fee Agreement; and
 - (vii) 55,007 Resulting Issuer Common Shares issued to the QT Financing Agent as a financial advisory fee in connection with the CareSpan QT Brokered Financing.
- (b) an aggregate of 96,428, Resulting Issuer Options, 1,504,800 Resulting Issuer Warrants, and 317,629 Resulting Issuer Broker Warrants will be outstanding, consisting of:
- (i) Resulting Issuer Options to purchase 96,428 Resulting Issuer Common Shares pursuant to the Dynamo Options;
 - (ii) Resulting Issuer Warrants to purchase 1,504,800 Resulting Issuer Warrants issued to holders of CareSpan Warrants;¹ and
 - (iii) Resulting Issuer Broker Warrants representing the right to acquire up to an aggregate 317,629 Common Shares pursuant to the Broker Warrants and advisory fee warrants.

The Resulting Issuer Restricted Voting Shares will not be listed on the TSXV.

CareSpan QT Financing

As a condition to the closing of the Merger and pursuant to the Subscription Receipt Agency Agreement, on August 5, 2021, CareSpan completed the CareSpan QT Brokered Financing of an aggregate of 3,282,782 CareSpan Subscription Receipts at a price of C\$0.70 per CareSpan Subscription Receipt for aggregate gross proceeds of C\$2,297,947.40. Each CareSpan Subscription Receipt pursuant to its terms (without payment of additional consideration or taking of further action) be deemed exercised for 4.335 CareSpan Common Shares upon satisfaction of the Release Conditions at any time prior to the Escrow Deadline. Ultimately, each CareSpan Subscription Receipt shall result in the issuance of one Resulting Issuer Common Share following completion of the Merger. In addition, CareSpan completed CareSpan QT Non-Brokered Financing of 1,833,563 CareSpan Common Shares at a price of \$0.70 per common share, for gross proceeds of \$1,283,494.10.

The CareSpan Subscription Receipts were issued pursuant to the terms of the Subscription Receipt Agreement entered into by and between CareSpan, the CareSpan QT Financing Agent and the Subscription Receipt Escrow Agent on August 5, 2021 and as such agreement was amended pursuant to a supplemental subscription receipt agreement dated November 15, 2021. The gross proceeds from the CareSpan QT Brokered Financing, minus (i) the CareSpan QT Financing Agent's fees, expenses and disbursements; and (ii) 50% of the Cash Commission (as defined herein) payable to the CareSpan QT Financing Agent pursuant to the Subscription Receipt Agency Agreement, were deposited with the Subscription Receipt Escrow Agent in accordance with the Subscription Receipt Agreement.

In connection with the CareSpan QT Brokered Financing, the CareSpan QT Financing Agent was paid a cash commission of \$183,835.79, (the "**Cash Commission**"), with 50% of the Cash Commission paid on closing, and was

¹ These Resulting Issuer Warrants will be classified as Resulting Issuer Options and will be subtracted from the number of Resulting Issuer Options reserved under the Resulting Issuer Stock Option Plan.

issued 262,622 broker warrants (the “**QT Financing Broker Warrants**”) and 55,007 advisory warrants (the “**QT Financing Advisory Warrants**”, and together with the QT Financing Broker Warrants, the “**Broker Warrants**”). Pursuant to the terms of the Merger, each Broker Warrant will automatically be converted into one resulting issuer warrant (a “**Resulting Issuer Broker Warrant**”). Each Resulting Issuer Broker Warrant will entitle the holder to acquire one Resulting Issuer Common Share at an exercise price of C\$0.70 for a period of twenty-four months following the completion of the Merger. As additional consideration for the services of the CareSpan QT Financing Agent, CareSpan issued to the CareSpan QT Financing Agent, 55,007 CareSpan Subscription Receipts.

Each of the directors and officers of CareSpan, certain CareSpan Shareholders and holders of the CareSpan 50% Notes have entered into Lock-up Agreements, pursuant to which each agreed to certain restrictions on their rights to transfer their securities of the Resulting Issuer for a period of six months following Completion of the Qualifying Transaction.

The Merger

On December 23, 2020, CareSpan entered into the Letter of Intent with Dynamo with respect to the Merger, as amended by an amending agreement on January 29, 2021. On August 4, 2021, and as amended on November 9, 2021, CareSpan entered into the Merger Agreement with Dynamo which superseded and replaced the Letter of Intent. The Merger pursuant to the Merger Agreement is intended to result in the reverse take-over of Dynamo by CareSpan, which, upon completion, will constitute a Qualifying Transaction for Dynamo under the CPC Policy, and result in CareSpan Shareholders owning the substantial majority of the Resulting Issuer Common Shares.

Pursuant to the Merger Agreement, Dynamo Sub and CareSpan will undertake a statutory triangular Merger under the DGCL and all of the issued and outstanding securities of CareSpan will be exchanged for securities of the Resulting Issuer in accordance with the Exchange Ratio, other than the Broker Warrants, which will be exchanged for Resulting Issuer Broker Warrants, respectively, on a one-to-one basis. In connection with the Merger, the Resulting Issuer will issue 21,955,017 Resulting Issuer Common Shares at a deemed price of \$0.70 per Resulting Issuer Common Share.

This summary does not purport to be a complete summary of the Merger Agreement and is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is available for review under Dynamo’s SEDAR profile at www.sedar.com.

It is expected that the following steps, among other things, will be completed prior to the Merger:

- (a) Dynamo shall complete the Dynamo Consolidation;
- (b) the current directors of Dynamo shall resign and the replacement directors of the Resulting Issuer shall be elected to be effective following the completion of the Merger;
- (c) Dynamo shall amend its articles to create the Resulting Issuer Restricted Voting Shares;
- (d) Dynamo shall change its name to “CareSpan Health, Inc.”, or some other name as is agreed to by CareSpan and Dynamo;
- (e) the issued and outstanding CareSpan Subscription Receipts shall have been exchanged into CareSpan Common Shares in accordance with their terms and the Escrowed Proceeds shall have been released from escrow; and
- (f) the issued and outstanding CareSpan Notes shall have been converted into CareSpan Common Shares in accordance with the terms thereof.

Following the Completion of the Qualifying Transaction, the Resulting Issuer will carry on the business of CareSpan under the name “CareSpan Health, Inc.”, or another name approved by the Board. Following the Completion of the Qualifying Transaction, the Board will be comprised of John Reardon, Rembert de Villa, Terry Knapp, Holger Micheel-Sprenger, Thomas Astle, and James Becker. The Resulting Issuer will appoint an additional independent director upon completion of the listing of the Resulting Issuer Common Shares; the appointment of such independent director will be subject to the approval of the Exchange.

As a consequence of the Merger:

- (a) except for CareSpan Common Shares owned by CareSpan Shareholders who are resident in the United States or otherwise a U.S. Person and are not an “accredited investor” within the meaning of Rule 501(a) of Regulation D under promulgated under the U.S. Securities Act for whom the issuance of the Resulting Issuer Shares would not be exempt under the U.S. Securities Act:
 - (i) each CareSpan Common Share issued and outstanding immediately prior to the Effective Time (including all CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts and the CareSpan Notes), other than CareSpan Common Shares with respect to which a Restricted Share Election has been made, shall be exchanged by the holder thereof, other than the Canadian resident shareholders, for: (A) in the case of CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts, one fully paid and non-assessable Resulting Issuer Common Share; and; and (B) in all other cases, a number of Resulting Issuer Common Shares determined by the number of CareSpan Common Shares held multiplied by the Exchange Ratio as fully paid and non-assessable Resulting Issuer Common Shares;
 - (ii) each CareSpan Common Share issued and outstanding immediately prior to the Effective Time (including all CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts and the CareSpan Notes) with respect to which a Restricted Share Election has been made shall be exchanged by each holder thereof, other than the Canadian resident shareholders, for: (A) in the case of CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts, one fully paid and non-assessable Resulting Issuer Common Share; and; and (B) in all other cases, a number of Resulting Issuer Restricted Voting Shares determined by the number of CareSpan Common Shares held multiplied by the Exchange Ratio as fully paid and non-assessable Resulting Issuer Restricted Voting Shares;
- (b) each CareSpan Common Share issued and outstanding immediately prior to the Effective Time and held by a Canadian resident shareholder (including all CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts and the CareSpan Notes) shall be disposed of to Dynamo in exchange for:
 - (i) in the case of CareSpan Common Shares issued upon conversion of the CareSpan Subscription Receipts, one fully paid and non-assessable Resulting Issuer Common Share; and
 - (ii) in all other cases, a number of Resulting Issuer Common Shares determined by the number of CareSpan Common Shares held multiplied by the Exchange Ratio as fully paid and non-assessable Resulting Issued Common Shares;
- (c) each CareSpan Common Share exchanged for Resulting Issuer Common Shares or Resulting Issuer Restricted Voting Shares in accordance with the Merger Agreement shall be cancelled;
- (d) each CareSpan Common Share disposed of to Dynamo in exchange for Resulting Issuer Common Shares in accordance with the Merger Agreement shall be exchanged for one share of common stock of Mergeco and shall be cancelled;
- (e) each share in the capital of Dynamo Sub issued and outstanding immediately prior to the Effective Time shall be exchanged for one share of common stock of Mergeco;
- (f) each CareSpan Warrant outstanding immediately prior to the Effective Time shall be cancelled and exchanged for Resulting Issuer Warrants on the following basis:

- (i) the number of Resulting Issuer Common Shares subject to the Resulting Issuer Warrants will equal the number of CareSpan Common Shares issuable upon exercise of the CareSpan Warrants immediately prior the Effective Time, multiplied by the Exchange Ratio;
- (ii) the exercise price of the Resulting Issuer Warrants will equal the exercise price of the CareSpan Warrants divided by the Exchange Ratio;
- (iii) the other terms and conditions of the Resulting Issuer Warrants will be substantially equivalent to the terms and conditions of the CareSpan Warrants, including with respect to term and expiry date, subject to required changes pursuant to applicable law;
- (g) each Broker Warrant outstanding immediately prior to the Effective Time shall be exchanged for one Resulting Issuer Broker Warrant on economically equivalent terms;
- (h) Mergeco will issue such number of fully paid and non-assessable shares of common stock of Mergeco to Dynamo as Mergeco reasonably determines has an aggregate fair market value equal to the aggregate fair market value of the Resulting Issuer Common Shares issued pursuant to the Merger Agreement;
- (i) Mergeco will issue such number of fully paid and non-assessable shares of common stock of Mergeco to Dynamo as Mergeco reasonably determines has an aggregate fair market value equal to the aggregate fair market value of the Resulting Issuer Warrants issued pursuant to the Merger Agreement;
- (j) Mergeco shall be a wholly-owned subsidiary of the Resulting Issuer; and
- (k) CareSpan Shareholders who are resident in the United States or otherwise a U.S. Person and are not “accredited investors” within the meaning of Rule 501(a) of Regulation D under promulgated under the U.S. Securities Act or for whom the issuance of Resulting Issuer Shares would not otherwise be exempt under the U.S. Securities Act shall receive US\$0.23068 in cash per CareSpan Common Share.

Effective Date

Unless the Merger Agreement is terminated pursuant to its terms, the closing of the Merger (the “**Merger Closing**”) will take place on the business day on which the conditions set forth in the Merger Agreement are satisfied or waived, or such other business day as CareSpan, Dynamo and Dynamo Sub may agree.

Representations and Warranties

The Merger Agreement contains customary representations and warranties of CareSpan, Dynamo and Dynamo Sub. These include, among other things, representations and warranties made as to: (i) corporate organization and valid existence, power to conduct business, qualification and good standing of the respective entities and any of their subsidiaries; (ii) ownership of any subsidiaries and other investments; (iii) the requisite corporate power and capacity of the respective entities to enter into and perform their obligations under the Merger Agreement, and the valid authorization, execution and delivery thereof; (iv) no consents, authorizations or approvals being required in connection with the execution and delivery of the Merger Agreement and that such execution and delivery will not violate applicable laws, charter documents, contracts and court orders; (v) compliance with disclosure obligations of the TSXV, Canadian securities regulators and any other applicable Securities Laws, as the case may be, and the applicable rules and regulations promulgated thereunder; (vi) compliance with other applicable laws and regulations and with the charter documents of each of the respective entities; (vii) financial statements; (viii) tax matters; (ix) matters affecting the voting, control or sale of the securities of the respective entities and their subsidiaries; (x) litigation and government proceedings; (xi) material contracts; (xii) capitalization; (xiii) indebtedness; (xiv) employment matters; (xv) related party transactions; (xvi) corporate records; and (xvii) finder’s fees. Furthermore, CareSpan has made additional representations and warranties to Dynamo as to matters including the intellectual property of CareSpan.

Conditions Precedent to Dynamo's Obligations

The obligations of Dynamo to complete the Merger are subject to the fulfillment prior to or at the Merger Closing of each of the following conditions: (a) receipt of a certificate of an officer of CareSpan as to the truth of the representations and warranties of CareSpan in the Merger Agreement and the performance of its obligations thereunder; (b) that all required approvals, consents and authorizations of third parties have been obtained, including all necessary shareholder and regulatory approvals and the approval of the TSXV; (c) the CareSpan QT Financing has been completed, the CareSpan Subscription Receipts have been exchanged in accordance with their terms and the escrowed proceeds of the CareSpan QT Financing (the “**Escrowed Proceeds**”) have been released from escrow; (d) there shall not have been a material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of CareSpan since the date of the Merger Agreement; (e) certain closing deliveries have been made; (f) Dynamo being satisfied, in its sole discretion, acting reasonably, with the results of its due diligence review of CareSpan and the subsidiaries of CareSpan; (g) all proceedings to be taken in connection with the Merger shall be satisfactory in form and substance to Dynamo, acting reasonably; (h) there shall be no action or proceeding, pending or threatened, or any applicable laws proposed, enacted, promulgated or applied to enjoin, restrict or prohibit any of the transactions contemplated by the Merger Agreement or which could reasonably be expected to result in a material adverse effect; (i) immediately prior to the Merger, CareSpan shall have: (i) no greater than 27,051,798 CareSpan Common Shares and nil CareSpan Preferred Shares issued and outstanding; (ii) no more than US\$4,208,100 principal amount of CareSpan Notes; (iii) no more than C\$6,510,000 of CareSpan Subscription Receipts issued and outstanding; and (iv) other than the Broker Warrants, there shall be no issued and outstanding agent's warrants; (j) all shareholder agreements to which CareSpan or any subsidiary or CareSpan is a party shall have been terminated; and (k) the issuance of the all securities of the Resulting Issuer contemplated by the Merger Agreement is exempt from, or not subject to the registration requirements under U.S. Securities Laws and all applicable state Securities Laws.

Conditions Precedent to CareSpan's Obligations

The obligations of CareSpan to complete the Merger will be subject to the fulfillment prior to or at the Merger Closing of each of the following conditions: (a) receipt of a certificate of an officer of Dynamo as to the truth of the representations and warranties of Dynamo in the Merger Agreement and the performance of its obligations thereunder; (b) there shall not have been a material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of Dynamo since the date of the Merger Agreement, other than a reduction in its cash position to pay expenses in the ordinary course, professional fees or other expenses in connection with the Merger; (c) that all required approvals, consents and authorizations of third parties have been obtained, including all necessary shareholder and regulatory approvals and the approval of the TSXV and that Dynamo shall have affected the Name Change and the Dynamo Consolidation; (d) the CareSpan QT Financing has been completed, the CareSpan Subscription Receipts have been exchanged in accordance with their terms and the Escrowed Proceeds have been released from escrow; (e) the Resulting Issuer Shares to be issued as consideration for the CareSpan Common Shares at the time of the Merger shall be freely tradeable in Canada, subject to usual restrictions, shall be issued as fully paid and non-assessable Resulting Issuer Common Shares and shall have been conditionally approved for listing on the TSXV, such listing to be conditional only on the conditions standard for transactions such as the Merger; (f) certain closing deliveries have been made; (g) CareSpan being satisfied, in its sole discretion, acting reasonably, with the results of its due diligence review of Dynamo and Dynamo Sub; (h) all proceedings to be taken in connection with the Merger shall be satisfactory in form and substance to CareSpan, acting reasonably; (i) no debts or amounts are owing to Dynamo by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom Dynamo does not deal at arm's length except for any amounts advanced to such person for expenses incurred on behalf of Dynamo in the ordinary course, expenses incurred for professional fees or as otherwise disclosed either in writing to CareSpan or in Dynamo's continuous disclosure; (j) there shall be no action or proceeding, pending or threatened, or any applicable laws proposed, enacted, promulgated or applied to enjoin, restrict or prohibit any of the transactions contemplated by the Merger Agreement or which could reasonably be expected to result in a material adverse effect on Dynamo; (k) all management, consulting, lease and rental contracts to which Dynamo is a party shall have been terminated, all officers and members of management of Dynamo shall have executed and delivered resignations in form and substance acceptable to CareSpan, acting reasonably, and no termination rights, payments or other fees shall be triggered or payable to any such officers, employees or members of management of Dynamo in connection with such resignations as a result of the Merger; (l) immediately prior to the Merger Closing, the issued and outstanding capital of Dynamo will consist of 964,285 Dynamo Common Shares and 96,428 Dynamo Options on a post-Dynamo Consolidation basis; and (m)

Dynamo shall not be in material default of the requirements of the TSXV and any securities commission and no order shall have been issued preventing the Merger or the trading of any securities of Dynamo.

Termination

The Merger Agreement may, prior to the Effective Date, be terminated by mutual written agreement of CareSpan and Dynamo and will terminate if the closing of the Merger has not occurred by November 30, 2021. The Merger Agreement will also be terminated if any applicable regulatory or governmental authority has notified CareSpan or Dynamo of its determination to not permit the Merger to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination or modify the Merger on a basis that is not prejudicial to either party thereto in order to address such determination. Each of CareSpan and Dynamo may terminate the Merger Agreement by providing written notice to the other party, if it receives a bona fide unsolicited writer offer from a third party to acquire all or substantially all of its assets or shares in respect of which failure by its board of directors to recommend such alternative offer would be inconsistent with the board's fiduciary duties under applicable laws, of its intention to enter into an agreement with respect to such alternative offer.

In the event the Merger Agreement is terminated, the parties will have no obligations to each other, other than in respect of the obligations relating to the covenants of the parties regarding expenses, confidentiality, and cash payment in certain circumstances, if applicable, which will survive.

Finders Fees

In connection with the Merger, CareSpan has agreed to issue warrants associated with finder's fees (the "**Finder's Warrants**") as follows:

Name of Finder	Term	Exercise price	Number of Resulting Issuer Warrants upon Completion of the Qualifying Transaction⁽²⁾
Karim Jessa ⁽¹⁾	1 year	\$0.5250	14,400
Pankaj Varma	1 year	\$0.5250	9,600
Maurice Colson	1 year	\$0.5250	7,620
Finder's Capital/ Westpark Capital	1 year	\$0.7000	8,622
Polyrhythm Ltd.	1 year	\$0.5250	28,572
Total			68,814

Note:

- (1) Upon Completion of the Qualifying Transaction, Dr. Jessa will also receive 17,301 advisory warrants with an exercise price of \$0.5250 and a term of one year on the same terms and conditions as the Finder Warrants, subject to the approval of the Exchange.
- (2) Figures are provided on a post-Merger basis.

Each Finder's Warrant is exercisable into one CareSpan Common Share at an exercise price equal to the price per CareSpan Common Share upon the occurrence of (i) a distribution to the public of CareSpan Common Shares or securities of CareSpan in Canada or the United States pursuant to a prospectus or registration statement, as applicable, and the concurrent listing of such CareSpan Common Shares for trading on a recognized exchange in Canada or the United States; or (ii) a go-public transaction of CareSpan completed by way of a share exchange, plan of arrangement, amalgamation, merger or other form of business combination as a result of which all outstanding CareSpan Common Shares, or the securities of another issuer issued in exchange for all such outstanding CareSpan Common Shares, are traded on a recognized exchange in Canada or the United States and are freely tradable (subject to resale restrictions on any concurrent financing and control block restrictions), including by way of reverse takeover transaction for a period of 24 months following such event. If the Finder's Warrants cannot be issued for any reason, CareSpan shall pay to the finder other compensation of comparable value to the Finder's Warrants.

On December 15, 2020, Dynamo and Antera Inc., Asia Asset Management Inc. and Albion Advisors Inc. (collectively, the "**Dynamo Finders**") entered into a finder's fee agreement (the "**Dynamo Finder's Fee Agreement**"). The Dynamo Finder's Fee Agreement recognizes that the Dynamo Finders were responsible for the introduction of

CareSpan to Dynamo and provides for payment of an aggregate of \$450,000 to the Dynamo Finders in consideration therefor, with such payment to be satisfied through the issuance of Common Shares at a deemed per share price equal to the Transaction Price (as such term is defined in the Exchange's policies). Concurrently with or following completion of the Merger, and in accordance with the policies of the Exchange, an aggregate of 642,857 Resulting Issuer Common Shares will be issued to the Dynamo Finders pursuant to the Dynamo Finder's Fee Agreement.

Interests of Any Insider, Promoter or Control Person

The following is a summary of the interests of Insiders, Promoters or Control Persons of Dynamo and their respective Associates and Affiliates, before and after giving effect to the Merger.

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Common Shares prior to the Merger ⁽¹⁾	Number and Percentage of Resulting Issuer Shares upon Completion of the Qualifying Transaction ⁽²⁾⁽³⁾
Geoff Balderson	Director	762,500 (16.9%)	163,392 (0.61%)
Eric Warren	Director	500,000 (11.1%)	107,142 (0.40%)
Stephen Ross Gatensbury	Director	765,000 (17.0%)	163,927 (0.61%)

Notes:

- (1) Based on 4,500,000 Common Shares (on a pre-Dynamo Consolidation basis) issued and outstanding prior to the Merger.
- (2) Assuming 26,899,948 Resulting Issuer Shares outstanding, upon the Completion of the Qualifying Transaction, on a non-diluted basis.
- (3) Resulting Issuer Shares include the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Shares. Holders of CareSpan Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the CareSpan Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see "Part III – Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares".

Non-Arm's Length Qualifying Transaction

The proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction and as such, Dynamo Shareholders are not required to approve the Qualifying Transaction.

Estimated Available Funds and Principal Purposes

Estimated Available Funds

Based on information available as at October 31, 2021, upon completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately US\$3,545,790 in Available Funds, which includes the following:

Estimated Funds Available	Amount (US\$) ⁽⁵⁾
Consolidated pro forma working deficit at October 31, 2021 ⁽¹⁾	(959,210)
Gross proceeds of CareSpan QT Financing ⁽³⁾	1,852,700
Estimated fees and expenses of the Qualifying Transaction ⁽²⁾	(95,800)
Estimated gross margin for the following 12 months ⁽⁴⁾	2,748,100
Total Estimated Funds Available	3,545,790

Notes:

- (1) The consolidated pro forma working capital as at October 31, 2021, excludes non-cash items from derivative financial instruments and the convertible loans since these will form part of the Qualifying Transaction.
- (2) Estimated fees and expenses of the Qualifying Transaction include estimated cash transaction costs USD\$95,800 assumed to be incurred or received after October 31, 2021, and do not include the non-cash listing expense. Estimated fees and expenses of the Qualifying Transaction include agent's expenses, legal, audit, regulatory, listing and printing fees. A substantial portion of the fees and expenses relating to the Qualifying Transaction have been incurred in the period January to September 2021 and are included in the financial statements of CareSpan for the six months ended June 30, 2021, and in the consolidated pro forma working capital as at October 31, 2021.
- (3) Gross proceeds of the CareSpan QT Financing is based on the issuance of 3,282,782 CareSpan Subscription Receipts at CAD \$0.70 converted to U.S. dollars using the Bank of Canada rate of \$1.00 = US\$1.2403 on November 2, 2021.
- (4) The estimated gross margin is based on historical results from existing clients, the growth experienced in the past year, contracts signed.
- (5) CAD converted to U.S. dollars using the Bank of Canada rate of \$1.00 = US\$1.2403 on November 2, 2021.

Principal Purposes of Funds

Based on information available as at October 31, 2021, the following table sets forth the principal purposes for which the Available Funds upon Completion of the Qualifying Transaction will be used and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount (US\$)
Research and development ⁽¹⁾	1,392,700
Sales and marketing ⁽²⁾	556,100
Operations	250,000
General and administrative	1,113,500
Unallocated working capital ⁽³⁾	233,490
Total	3,545,790

Notes:

- (1) See "Information Concerning CareSpan – Narrative Description of the Business – Estimated General and Administrative Expenses for the Next 12 Months".
- (2) See "Information Concerning CareSpan – Business Objectives and Milestones".
- (3) Unallocated working capital includes trailing 12-month funds which assumes that CareSpan will provide services to its clients (current and estimated based on contracts as at October 31, 2021) over the next 12 months, expenses of the raise will be offset and that CareSpan will pay down a substantial portion of its accounts payable.

Upon completion of the CareSpan QT Financing, the Resulting Issuer working capital available to fund ongoing operations will be sufficient to meet the administrative costs for at least twelve months. The Resulting Issuer intends to spend the Available Funds as stated in this Filing Statement. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. See "Risk Factors".

Selected Pro-Forma Consolidated Financial Information

The following table sets out certain financial information for Dynamo and CareSpan as at July 31, 2021 after giving effect to the Merger and the CareSpan QT Financing as if such events had occurred on the Effective Date, and should be read in conjunction with the pro forma consolidated financial statements and the notes thereto of the Resulting Issuer attached hereto as Schedule "E".

Balance Sheet Data⁽¹⁾	As at July 31, 2021 (US\$)
Current Assets	2,768,463
Total Assets	2,774,314
Current Liabilities	2,569,481

Shareholders' Equity	204,833 ⁽²⁾

Notes:

- (1) The Dynamo balance sheet was converted to U.S. dollars at the rate of C\$1.00 = US\$0.8022 as at July 31, 2021.
(2) Includes non-controlling interests of \$(121,648) as at July 31, 2021.

Market For Securities And Market Price

The Common Shares are listed on the TSXV under the trading symbol “DDD.P”. The closing market price of the Common Shares on the last day on which there was a trade of Common Shares prior to the announcement of Dynamo’s proposed acquisition of Linear Park Marketing, Inc. (the “**Linear Park Acquisition**”) on April 1, 2020 was \$0.065. Although the Linear Park Acquisition was later abandoned, trading in the Common Shares remains halted as of the date of this Filing Statement. It is anticipated that the Common Shares will resume trading on the TSXV upon Completion of the Qualifying Transaction under the symbol “CSPN”.

No securities of CareSpan are listed on any stock exchange and there is currently no public market for any CareSpan securities.

Relationships

In connection with the CareSpan QT Brokered Financing, CareSpan entered into the Subscription Receipt Agency Agreement with the CareSpan QT Financing Agent pursuant to which the CareSpan QT Financing Agent agreed to sell, on a commercially reasonable efforts basis, up to 9,300,000 CareSpan Subscription Receipts for gross proceeds of up to \$6,510,000 (subject to the CareSpan QT Financing Agent’s option to increase the size of the CareSpan QT Brokered Financing by up to \$3,500,000 for aggregate gross proceeds of up to \$10,010,000). See “*Summary of Filing Statement – The Qualifying Transaction – CareSpan QT Financing*”.

Except as disclosed herein, there are no actual or anticipated agreements with any registrant to provide sponsorship or corporate finance services either now or in the future.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the closing of the Merger are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Dynamo and CareSpan, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Merger, as of the date of this Filing Statement.

Interests Of Experts

Except as disclosed herein, except auditors, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the Common Shares or CareSpan Common Shares, or holds any property of Dynamo or CareSpan or of an Associate or Affiliate of Dynamo or CareSpan and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Dynamo or CareSpan or of an Associate or Affiliate of the Resulting Issuer and no such person is a Promoter of Dynamo or CareSpan or an Associate or Affiliate of Dynamo or CareSpan.

Conditional Listing Approval

The Exchange has conditionally accepted the Qualifying Transaction subject to Dynamo fulfilling all of the requirements of the Exchange.

Summary Risk Factors

The Merger is subject to a number of risk factors inherent to similar transactions of this nature. Additional risks and uncertainties may also adversely affect the Resulting Issuer Common Shares and/or the business of the Resulting Issuer following the Completion of the Qualifying Transaction. These risks include, but are not limited to: retention and acquisition of skilled personnel; managing growth of the Resulting Issuer; reliance on contracts with key customers; the ability of the Resulting Issuer to attract nurse practitioners and behavioural health providers to CareSpan's networks; CareSpan's ability to help its network providers grow their practices; onboarding and transitioning; shortage of healthcare providers; breach of clients' or patients' confidential information; regulatory requirements; healthcare legislation; permits and licenses; material defects or errors in CareSpan's technology infrastructure; dependencies on third party software and services; litigation risks; the COVID-19 pandemic or other similar outbreaks; insurance coverage; history of losses; access to capital; foreign sales; estimates or judgements relating to critical accounting policies; market for the Resulting Issuer Common Shares; no history of payment of cash dividends; the requirements of being a reporting issuer; analyst coverage of the Reporting Issuer; and tax issues. Risks involving the Merger and the Resulting Issuer that may affect results of operations, earnings and expected benefits of the Merger are discussed under the heading "*Information Concerning the Resulting Issuer – Risk Factors*".

PART I - INFORMATION CONCERNING DYNAMO

The following information is presented on a pre-Merger basis and prior to giving effect to the Qualifying Transaction. See “Part III - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer.

Corporate Structure

Name and Incorporation

Dynamo Capital Corp. was incorporated pursuant to the provisions of the BCBCA on January 18, 2018. The Common Shares were first listed for trading on the TSXV under the symbol “DDD.P” on September 17, 2018. The head office and the registered and records office of Dynamo are located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2.

Intercorporate Relationships

Dynamo has one wholly-owned subsidiary, Dynamo Sub, which was incorporated on May 3, 2021 under the laws of Delaware for the purposes of the Merger. The registered office of Dynamo Sub is located at 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware 19904.

General Development of Dynamo’s Business

History

Dynamo is a CPC created pursuant to the policies of the Exchange. Dynamo does not own any assets, other than cash or cash equivalents and its rights under the Merger Agreement. The principal business of Dynamo is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange so as to complete a Qualifying Transaction in accordance with the policies of the Exchange.

Dynamo completed its initial public offering on September 12, 2018. The Common Shares were listed for trading on the TSXV on September 17, 2018. On April 1, 2020, trading in the Common Shares was halted in connection with the announcement of the Linear Park Acquisition. The Linear Park Acquisition would have constituted, if completed, Dynamo’s Qualifying Transaction under the CPC Policy. On July 20, 2020, the Linear Park Acquisition was abandoned. Although the Linear Park Acquisition was abandoned, trading in the Common Shares remains halted as of the date of this Filing Statement.

Concurrent with the closing of the Merger, Dynamo will have completed the Dynamo Consolidation, amended its articles to create the Resulting Issuer Restricted Voting Shares and changed its name to “CareSpan Health, Inc.”. See “Part III – Information Concerning the Resulting Issuer - Description of the Securities” for more information respecting the Resulting issuer Restricted Voting Shares.

The Qualifying Transaction

On December 23, 2020, CareSpan entered into the Letter of Intent with Dynamo with respect to the Merger, as amended by an amending agreement on January 29, 2021. On August 4, 2021, CareSpan entered into the Merger Agreement with Dynamo which superseded and replaced the Letter of Intent. The Merger pursuant to the Merger Agreement is intended to result in the reverse take-over of Dynamo by CareSpan, which, upon completion, will constitute a Qualifying Transaction for Dynamo under the CPC Policy, and result in CareSpan Shareholders owning the substantial majority of the Resulting Issuer Common Shares. In connection with the Merger, the Resulting Issuer will issue 26,899,948 Resulting Issuer Common Shares at a deemed price of \$0.70 per Resulting Issuer Common Share. For additional information regarding the Merger and the terms of the Merger Agreement, see “The Qualifying Transaction – The Merger”.

Selected Financial Information and Management's Discussion and Analysis

Selected Financial Information

Since incorporation, Dynamo has incurred costs in carrying out the IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV.

The following tables set forth selected historical financial information for Dynamo for the years ended January 31, 2021 and 2020 and the six-month period ended July 31, 2021, and selected balance sheet data for such periods. The financial statements of Dynamo have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from Dynamo's annual audited and interim unaudited financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement including those financial statements attached hereto as Appendix "A".

Balance Sheet Data	As at July 31, 2021 (unaudited) (\$)	As at January 31, 2021 (audited) (\$)	As at January 31, 2020 (audited) (\$)
Cash	74,329	122,915	175,491
Total assets	94,903	131,509	176,321
Total liabilities	29,255	26,129	13,054
Shareholders' equity	65,648	105,380	163,267

Income Statement Data	For the six months ended July 31, 2021 (unaudited) (\$)	For the twelve months ended January 31, 2021 (audited) (\$)	For the twelve months ended January 31, 2020 (audited) (\$)
Total revenue	Nil	Nil	Nil
Total expenses	39,732	57,887	53,991
Net income (loss)	(39,732)	(57,887)	(53,991)

Management's Discussion and Analysis

The Dynamo MD&A for Dynamo for the years ended January 31, 2021 and 2020 and for the six-month period ended July 31, 2021 are attached hereto as Appendix "B". The Dynamo MD&A should be read in conjunction with the Dynamo Financial Statements where necessary.

Description of Securities of Dynamo

Common Shares

Dynamo is authorized to issue an unlimited number of Common Shares, of which 4,500,000 Common Shares are issued and outstanding as of the date hereof. In addition, as of the date hereof, up to 450,000 Common Shares are reserved for Dynamo Options granted to directors and officers of Dynamo.

The holders of Common Shares are entitled to dividends if, as and when declared by the Board to receive notice of and one vote per Common Share at meetings of the Dynamo Shareholders and, upon liquidation, dissolution or winding up of Dynamo, to share rateably in such assets of Dynamo as are distributable to the holders of Common Shares. All Common Shares which are to be outstanding after Completion of the Qualifying Transaction will be fully paid and non-assessable. This summary does not purport to be complete and reference is made to the notice of articles and articles of Dynamo for a complete description of these securities and the full text of their provisions.

Stock Option Plan

Summary of Plan

Pursuant to the Dynamo Option Plan dated February 13, 2018, Dynamo may grant to directors, officers, and technical consultants to Dynamo, non-transferable options to purchase Common Shares. Until completion of Dynamo's Qualifying Transaction, the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as of the date of the IPO. Until completion of Dynamo's Qualifying Transaction, options may not be granted under the Dynamo Option Plan to persons providing investor relations activities on behalf of Dynamo. Until completion of Dynamo's Qualifying Transaction, the exercise price of an option granted under the Dynamo Option Plan may not be less than the greater of the IPO share price and the Discounted Market Price (as such term is defined in the Exchange's policies) of Dynamo's common shares. Options granted under the Dynamo Option Plan may be exercisable for a period of up to 10 years from the date of grant. The Dynamo Option Plan provides that the number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares. Options granted to a person who is a director, officer or technical consultant will expire 90 days from the date the optionee ceases to be in that role, unless otherwise specified in the grant, up to a maximum of 12 months following the date on which such person ceases to be in that role, and options granted to a person retained to provide investor relations activities will expire immediately on the termination of the investor relations retainer. Unless otherwise determined by the Board, every option awarded will be subject to certain vesting provisions in accordance with the terms of the Dynamo Option Plan.

Stock Options Granted

As of the date of this Filing Statement, there are outstanding Dynamo Options to acquire an aggregate of 450,000 Common Shares as follows:

Name	Number of Common Shares Under Option ⁽¹⁾	Exercise Price per Common Share	Expiry Date
Geoff Balderson	112,500	\$0.10	September 16, 2023
Eric Warren	225,000	\$0.10	September 16, 2023
Stephen Ross Gatensbury	112,500	\$0.10	September 16, 2023
Total	450,000		

Note:

(1) On a pre-Dynamo Consolidation basis.

Prior Sales

Dynamo has not issued any securities convertible into Common Shares within the 12 month-period prior to the date of this Filing Statement. Since the date of incorporation of Dynamo, 4,500,000 Common Shares have been issued as follows, of which 4,500,000 Common Shares are issued and outstanding as of the date of this Filing Statement:

Date Issued	Number of Common Shares ⁽¹⁾	Issue Price per Common Share	Aggregate Issue Price	Nature of Consideration
January 18, 2018	1 ⁽²⁾	\$0.05	\$0.05	Cash
January 31, 2018	2,000,000	\$0.05	\$100,000	Cash
September 12, 2018	2,500,000	\$0.10	\$250,000	Cash

Note:

- (1) On a pre-Dynamo Consolidation basis.
(2) This Common Share was issued to the incorporator of Dynamo and has been repurchased and cancelled.

Stock Exchange Price

On September 17, 2018, the Common Shares were listed on the TSXV under the symbol “DDD.P”. On April 1, 2020, trading in the Common Shares was halted in connection with the announcement of the Linear Park Acquisition. The last closing price of the Common Shares prior to April 1, 2020 was \$0.065 per share. Although the Linear Park Acquisition was later abandoned, trading in the Common Shares remains halted as of the date of this Filing Statement. Upon Completion of the Qualifying Transaction, it is anticipated that the Common Shares will be listed on the TSXV under the symbol “CSPN”.

The following table sets out trading information for the Common Shares on the TSXV for the periods indicated:

Period	High	Low	Trading Volume
October 2021	No trades ⁽¹⁾		
September 2021	No trades ⁽¹⁾		
August 2021	No trades ⁽¹⁾		
July 2021	No trades ⁽¹⁾		
June 2021	No trades ⁽¹⁾		
May 2021	No trades ⁽¹⁾		
April 2021	No trades ⁽¹⁾		
March 2021	No trades ⁽¹⁾		
February 2021	No trades ⁽¹⁾		
January 2021	No trades ⁽¹⁾		
December 2020	No trades ⁽¹⁾		
November 2020	No trades ⁽¹⁾		
October 2020	No trades ⁽¹⁾		
September 2020	No trades ⁽¹⁾		
August 2020	No trades ⁽¹⁾		
July 2020	No trades ⁽¹⁾		
June 2020	No trades ⁽¹⁾		
May 2020	No trades ⁽¹⁾		
April 2020	No trades ⁽¹⁾		

Note:

(1) Trading in the Common Shares was halted on April 1, 2020.

Non-Arm's Length Party Transaction

This Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

Legal Proceedings

There are no legal proceedings material to Dynamo to which Dynamo is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Dynamo to be contemplated.

Auditor, Transfer Agent and Registrar

The auditors of Dynamo are Crowe MacKay LLP, Chartered Professional Accountants at its office at 1177 West Hastings Street, Suite 1100, Vancouver, British Columbia V6E 4T5.

Computershare Investor Services Inc., at its Vancouver office located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar for the Common Shares.

Material Contracts

Dynamo has not entered into any material contracts and will not enter into any material contracts prior to the Completion of the Qualifying Transaction, other than:

- the Merger Agreement;
- the Transfer Agent, Registrar and Dividend Disbursing Agent Agreement;
- the IPO Agency Agreement; and
- the CPC Escrow Agreement.

Copies of these agreements are available for inspection at the head office of Dynamo, at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2, during ordinary business hours until the Completion of the Qualifying Transaction and for a period of 30 days thereafter. In addition, copies all these agreements are available on the SEDAR profile of Dynamo at www.sedar.com.

PART II – INFORMATION CONCERNING CARESPAN

Corporate Structure

CareSpan Holdings, Inc. (“**CareSpan**”) was formed in November 10, 2010 under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. (“**Magellan**”) which was incorporated under the laws of the Republic of Panama on May 14, 2012. On August 17, 2015, CareSpan filed a certificate of amendment amending its original certificate of incorporation to change its name to “CareSpan Holdings, Inc.” The certificate of amendment also amended its original certificate of incorporation to create the CareSpan Preferred Shares and establish the rights, privileges, restrictions and conditions attaching to the CareSpan Preferred Shares and the CareSpan Common Shares. On May 7, 2020, CareSpan filed to amend its certificate of incorporation (a Certificate of Corporate Domestication pursuant to the provisions of Section 388) to domesticate under the DGCL. No other changes were made to the articles of incorporation.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7. The head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

Intercorporate Relationships

The following table sets forth the names of the material subsidiaries of CareSpan, their respective jurisdictions of incorporation, and the current voting and equity interests therein beneficially owned, or controlled or directed, directly or indirectly, by CareSpan.

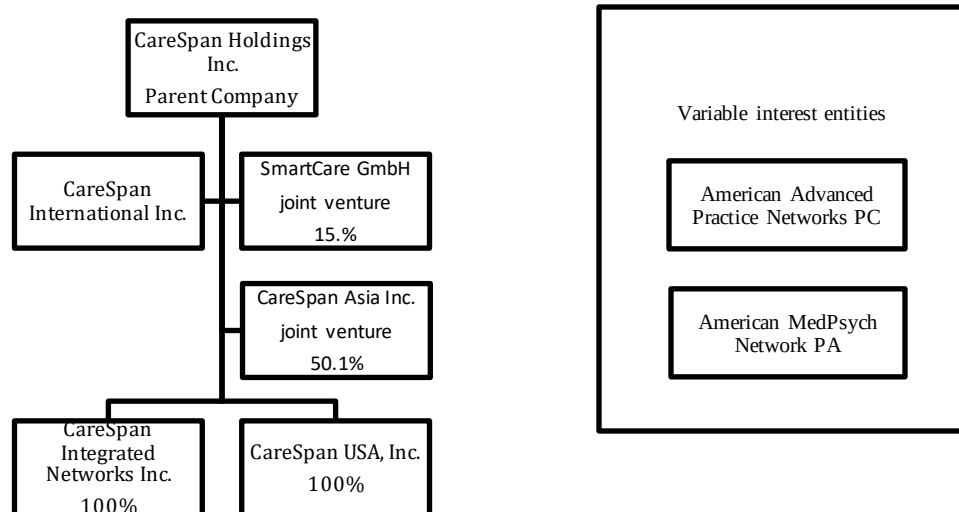
Subsidiary	Jurisdiction	Date of Incorporation	Percentage of securities owned or controlled by CareSpan
CareSpan USA, Inc.	Nevada, USA	September 26, 2013	100% common shares
CareSpan International Inc.	Republic of Panama	May 17, 2012	100% common shares
CareSpan Integrated Networks Inc.	Nevada, USA	February 6, 2019	100% Class A common voting shares Nil Class B common non-voting shares ⁽¹⁾
American Advanced Practice Network, P.C.	Iowa, USA	December 31, 2018	100% common shares ⁽²⁾
American MedPsych Network, P.A.	Florida, USA	February 20, 2019	100% common shares ⁽²⁾
SmartCare GmbH	Berlin, Germany	July 8, 2020	15.0% common shares ⁽³⁾
CareSpan Asia Inc.	Salcedo Village, City of Makati, Philippines	October 9, 2020	50.1% common shares ⁽⁴⁾

Notes:

- (1) At November 8, 2021, CareSpan held 100% Class A common voting shares and nil Class B common non-voting shares in CareSpan Integrated Networks Inc. (“**CSIN**”). CareSpan holds approximately 98% ownership interest in CSIN in aggregate. CSIN is authorized to issue up to 20,000,000 Class B common non-voting shares and up to 50,000,000 Class

A common voting shares. The board of CSIN has determined in connection with the establishment of American Advanced Practice Network, P.C. (“**AAPN**”) and American MedPsych Network, P.A. (“**AMP**”) that it is in the best interest of the CareSpan to issue 1,000 Class B non-voting shares to each member of the boards of AAPN and AMP each for so long as they are board members of AAPN and AMP.

- (2) CareSpan does not legally own shares in AAPN or AMP as these are professional corporations which cannot have lay ownership. Shares of AAPN can only be owned by a Nurse Practitioner (an “**NP**”). Shares of AMP can only be owned by a licensed medical doctor. CareSpan controls AAPN and AMP through stock transfer agreements which provide that shares transferred to a new licensed clinician owner must be approved by CareSpan Integrated Networks Inc.
- (3) On February 26, 2021, CareSpan, MedPsych Network P.A. amended its name to American MedPsych Network P.A.
- (4) ICME GmbH holds 85% common shares of SmartCare GmbH (“**SmartCare**”). Two officers of CareSpan, the CEO and the Chief Technology Officer, are also directors of SmartCare.
- (5) Argosy Partners hold 49.9% common shares of CareSpan Asia Inc.



Relationship of the Variable Interest Entities to CareSpan

AAPN

Effective January 7, 2020, CSIN entered into a five-year management services agreement with AAPN to provide management, administrative, and other non-clinical and non-medical support to digital health-based nurse practitioner groups. As a condition of entering into the management agreement, AAPN, CSIN and Melissa Magstadt, the sole shareholder of AAPN, entered into an Assignable Option Agreement which provides CSIN with the ability to have input where all of the issued and outstanding stock of AAPN will be transferred to a successor owner upon the occurrence of certain events outlined in the Assignable Option Agreement.

Effective January 22, 2020, CSIN entered into an administrative consulting agreement with Melissa Magstadt, a licensed advanced registered nurse practitioner, to act as President and Chief Executive Officer of AAPN.

Ms. Magstadt is the sole shareholder of AAPN and as at July 31, 2021, 55,000 Class B common non-voting shares of CSIN were authorized to be issued to her.

AMP

On January 7, 2020, CSIN entered into a five-year management services agreement with AMP to provide management, administrative, and other non-clinical and non-medical support to digital health-based groups. As a condition of entering into the management agreement, AMP, CSIN and Dr. Debra Barnett, the sole shareholder of AMP, entered into an Assignable Option Agreement which provides CSIN with the ability to have input where all of the issued and outstanding stock of AMP will be transferred to a successor owner upon the occurrence of certain events outlined in the Assignable Option Agreement.

On January 22, 2020, CSIN entered into an administrative consulting agreement with Debra Barnett, MD, to act as the President of AMP. Dr. Barnett is the sole shareholder of AMP and as at November 8, 2021, 38,000 Class B non-voting shares of CSIN were authorized to be issued to her.

Relationship of the Joint Ventures to CareSpan

SmartCare

On July 8, 2020, CareSpan entered into a joint venture and cooperation contract and licensing agreement with ICME International AG (“**ICME**”) to establish SmartCare and promote the international development of CareSpan’s business. The ownership of SmartCare is 85% held by ICME and 15% CareSpan. Holger Micheel-Sprenger, a director of CareSpan, is the CEO and Managing Director of SmartCare. As at October 31, 2021, Mr. Micheel-Sprenger holds 1,112,684 CareSpan Common Shares and \$80,000 principal amount of CareSpan 50% Notes and ICME holds 3,675,983 CareSpan Common Shares and \$100,000 principal amount of CareSpan 50% Notes. On October 27, 2021, ICME issued a short-term loan to CareSpan in the amount of \$50,000 repayable at the earlier of completion of the Transaction and December 31, 2021.

In addition, Douglas Wolfgram, the Chief Technology Officer of CareSpan, and Rembert de Villa, the CEO of CareSpan, are on the board of directors of SmartCare.

CareSpan Asia Inc.

On October 5, 2020, CareSpan entered into a joint venture and cooperation contract with Argosy Holdings, Inc. (“**Argosy**”) to establish CareSpan Asia Inc. and promote the international development of CareSpan’s business. On the same date, CareSpan USA Inc. entered into a licensing agreement with Argosy Partners, Inc. for the CareSpan® Clinic platform. The ownership of CareSpan Asia Inc. is 49.1% held by Argosy and 50.1% CareSpan. Aloysius B. Colayco is the President of Argosy.

In addition, Terry Knapp, the Chief Medical Officer of CareSpan and Rembert de Villa, the CEO of CareSpan, are on the board of directors of CareSpan Asia Inc.

General Development and Description of the Business

CareSpan is a healthcare technology and service company. The Company’s proprietary Clinic-in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, patient electronic health records (“**EHRs**”), care collaboration capabilities, patient engagement, e-prescribing and lab ordering. CareSpan’s platform seamlessly supports both in-person and virtual/ telehealth care. CareSpan is using this platform, combined with essential business services, to build provider networks across the United States that deliver primary and urgent care, as well as behavioural health care. To date, CareSpan has over 63 practitioners practicing across its two networks.

Commercial Milestones

Following the design and development of its Clinic-in-the-Cloud digital care platform—the CareSpan® Clinic, CareSpan contracted with U.S. Telehealth, LLC (TX) to deliver care to remote workers. CareSpan successfully demonstrated that CareSpan® Clinic could support oil exploration and extraction workers on Exxon drilling platforms in the Gulf of Mexico and U.S. Border Patrol agents in remote circumstances on the U.S.-Mexico border. In May 2016, CareSpan contracted with Houston Area Safety Council (“**HASC**”) and its Global Health occupational medicine subsidiary for the delivery of care to injured and ill workers at employee clinics of companies in the resource extraction, petrochemical and construction industries. Exxon continues to be a HASC/Global Health client served with medical care delivered via the CareSpan® Clinic infrastructure.

In 2018, CareSpan began to pivot its business from a pure-play software-as-a-service (“**SaaS**”) model to a primary care and behavioral health care services model. CareSpan developed a methodology to aggregate its own providers – NPs and doctors – delivering primary care and mental/behavioral health care to diverse populations using the CareSpan Clinic and CareSpan’s business support services for medical practices. CareSpan Integrated Networks, Inc.,

a subsidiary in which CareSpan holds approximately a 98% ownership interest, is a management services organization (“**MSO**”) which provides exclusive business and digital care infrastructure support to its affiliated professional corporation “group practices without walls”, AAPN for NPs delivering primary care, and AMP for doctor and therapist members deliver both primary care and mental/behavioral health care. As at May 31, 2021, these two CareSpan-affiliated national group practices now include more than 50 practitioners and are growing steadily. Examples of network members include the QuickCare clinics, a multi-million dollar chain of urgent care locations in South Dakota established and managed by the President of AAPN, Melissa Magstadt, and Modern Day Healthcare, a healthcare network owned by Annie Donaway with a presence in six states which delivers telehealth care to patients with chronic medical conditions in rural areas and small towns. Through its affiliated professional corporations, the CareSpan® Clinic is operational today in more than twenty U.S. states. Melissa Magstadt is a Non-Arm’s Length Party to CareSpan as she is the President to AAPN, an entity over which CareSpan exercises control. Annie Donaway is at arm’s length to CareSpan.

In recent years, CareSpan has added several major features into its technology platform to support its transition toward being a full-service provider. In 2018, CareSpan added practice management functionality, which includes a billing interface, reporting and improved calendaring/scheduling. It also made significant improvements to its telemedicine features in 2018. In 2019, CareSpan added a remote patient monitoring (“**RPM**”) module to its platform. CareSpan also began to evolve its platform to address needs in international markets, including Europe and the Philippines. In 2020, CareSpan added an RPM management console, launched mobile applications, and added a new module targeting the behavioural health vertical.

In 2020, CareSpan signed two international joint venture partnership agreements:

- **EMEA** – CareSpan entered into a Joint Venture and Cooperation Contract with ICME in July 2020 for the establishment of SmartCare and related international business development by and through ICME GmbH Management Consultants Munich, a German limited liability company and a subsidiary of ICME, Switzerland, an early seed investor into CareSpan. ICME is a Non-Arm’s Length Party of CareSpan as Micheel Holger-Sprenger, a director of CareSpan, is the CEO and Partner of ICME. CareSpan and ICME entered into the agreement to create a European-based business, owned jointly between the parties to leverage the capabilities of the CareSpan® Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the EU, the Middle East and Africa (“**EMEA**”). CareSpan owns 15% of the share capital of the joint venture and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan® Clinic in the EMEA territory for the fifteen-year term of the agreement.
- **Asia-Pacific** – CareSpan entered into a Joint Venture Agreement with Argosy Partners, Inc. for the establishment of CareSpan Asia Inc. in October 2020. CareSpan and Argosy Partners, Inc. entered into the agreement to leverage the capabilities of the CareSpan® Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. Argosy Partners, Inc. is at arm’s length to CareSpan. CareSpan has a 50.1% interest in the joint venture company and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan® Clinic in member countries of the Association of South East Asian Nations, Japan, Australia, India and Bangladesh for the five-year term of the agreement.

AAPN and AMP

AAPN and AMP are “friendly professional corporations” to CSIN, a subsidiary in which CareSpan holds approximately a 98% ownership interest, CSIN provides members of AAPN and AMP the license to use the CareSpan platform. In addition, CSIN provides services such as revenue cycle management, credentialing and plan enrollment, cash management, community-based marketing, and, as the network scales and enhances its buying power, group purchasing. Moreover, CareSpan offers AAPN and AMP providers the ability to use CareSpan’s platform technology for value-added services, such as remote patient monitoring, chronic care management, care continuity services, and analytics.

A friendly professional corporation (a “**PC**”) is a professional corporation organized for the purpose of conducting a clinical practice in affiliation with a management services organization (“**MSO**”). It is designed to comply with state

corporate practice of nursing restrictions. This is a particularly attractive option for entities founded by non-NPs or that plan to seek external capital funding resulting in lay ownership (i.e., ownership by non-NPs). The affiliation between the MSO and the friendly PC is achieved through the MSO's indirect ability to appoint and replace the shareholder of the friendly PC and the MSO's provision of management services and start-up financing for the PC. The combination of management services and the potential to exercise its rights under an assignable option agreement (or restricted stock transfer agreement) allow the MSO to maintain control over the administrative and management side of the PC without infringing on the professional judgment of the PC or the nursing practice of its NPs and the PC owner. The friendly PC model is designed to withstand allegations that the management company or its owners are violating the prohibition on corporate practice of nursing.

AAPN was launched in Q4 2019 and at December 30, 2020 had 50 nurse practitioners who have contributed approximately US\$3.0 million in revenue in 2020. At October 31, 2021, CareSpan's annual revenue run rate from AAPN was approximately US\$6.5 million and it had 60 nurse practitioners.

AMP was launched in October 2020. CareSpan signed up seven providers to the AMP network who are currently in the process of being transitioned to the CareSpan platform. The annual revenue run of these providers is estimated to be US\$1.5 million to US\$2.0 million.

The COVID-19 pandemic has underscored CareSpan's market relevance. By the end of 2021, CareSpan intends to have an aggregate of over 100 providers between AAPN and AMP. CareSpan expects to generate about US\$10 million in revenue run-rate by the end of 2021.

Narrative Description Of The Business

Principal Products and Services

CareSpan anticipates having two main sources of revenue: (i) revenue from its technology-enabled group practices/provider networks (e.g., AAPN and AMP), and (ii) revenue from licensing the CareSpan platform on a SaaS basis.

Tech-Enabled Group Practices/Provider Networks

CareSpan is focused on enabling the delivery of integrated digital care through its two "group practices without walls", AAPN and AMP. Most of CareSpan's revenue to date is derived from its group practices/provider networks. AAPN is a group practice consisting of independent NPs, mainly in primary and urgent care. AMP is comprised mainly of independent behavioral health practitioners, as well as primary and specialty physicians. Both AAPN and AMP are Variable Interest Entities ("VIEs") of CareSpan and, as such, their revenues roll up to CSIN, a subsidiary in which CareSpan holds approximately a 98% ownership interest. Members of AAPN and AMP bill under their respective Employer Identification Number, as applicable. However, in accordance with applicable legislation, AAPN, AMP and their members maintain clinical independence from CareSpan.

The determination of AAPN and AMP as VIEs is a qualitative analysis based on power and benefits, and agreements between CareSpan and each of AAPN and AMP which govern operations and cash flows. The primary agreements are as follows:

- Assignable Option Agreement among AAPN, CSIN and Melissa Magstadt – CareSpan has de facto control over the members of AAPN through the Assignable Option Agreement. As a condition of entering into the Management Services Agreement, AAPN, CSIN and Melissa Magstadt, the sole shareholder of AAPN, entered into an Assignable Option Agreement which provides CSIN with the ability to have input where all of the issued and outstanding stock of AAPN will be transferred to a successor owner upon the occurrence of certain events outlined in the Assignable Option Agreement.
- Management Services Agreement between AAPN and CareSpan – CareSpan provides AMP with comprehensive management and administrative services, non-clinical office staff, and other general and administrative expenses of the clinical offices. The Management Services Agreement also provides that at least every year, the parties shall meet and confer to determine if the management service fee continues to represent the fair market value of the management services, and, if not, the fee shall be adjusted accordingly.

- Transition Agreement between AAPN and CareSpan – CareSpan provides an Administrative Consulting Agreement to nurse practitioners who are not yet employed by AAPN, allowing the nurse practitioner to work for AAPN; however, CareSpan provides all the medical billing and collections until the nurse practitioner becomes employed by AAPN and is able to obtain insurance contracts provided by AAPN.
- Assignable Option Agreement among CMP, CSIN and Debra Barnett – CareSpan has de facto control over the members of AMP through the Assignable Option Agreement. As a condition of entering into the Management Services Agreement, AMP, CSIN and Dr. Debra Barnett, the sole shareholder of AMP, entered into an Assignable Option Agreement which provides CSIN with the ability to have input where all of the issued and outstanding stock of AMP will be transferred to a successor owner upon the occurrence of certain events outlined in the Assignable Option Agreement.
- Management Services Agreement between AMP and CareSpan – CareSpan provides AMP with comprehensive management and administrative services, non-clinical office staff, and other general and administrative expenses of the clinical offices. The Management Services Agreement also provides that at least every year, the parties shall meet and confer to determine if the management service fee continues to represent the fair market value of the management services, and, if not, the fee shall be adjusted accordingly. It is the expectation that the fees will be equal to AMP's cash flow after the payment of nurse practitioner compensation and other direct costs incurred by AMP.
- Transition Agreement between AMP and CareSpan – CareSpan provides an Administrative Consulting Agreement to nurse practitioners who are not yet employed by AMP, allowing the nurse practitioner to work for AMP, however CareSpan provides all the medical billing and collections until the nurse practitioner becomes employed by AMP and is able to obtain insurance contracts provided by AMP.

CSIN provides the CareSpan technology platform, as well as business services, to members of AAPN and AMP. These services include, among others, revenue cycle management, credentialing and payor enrollment, HIPAA compliance support, cash management, practice marketing, and group purchasing. In essence, CSIN is a “one-stop shop” for technology and business services for AAPN and AMP members. Currently, over 90% of collections are Fee-for-Service for patient care services (Centre for Medicare and Medicaid Services and private insurance reimbursement based on allowed Current Procedural Terminology (“CPT”) codes) and less than 10% of collections are for Direct Primary Care. A flat fee is charged for platform and services provided; at this time, this amounts to about 16% of collections. In addition, fees are also charged by CSIN to AAPN and AMP members for the use of technology and services to support RPM and Chronic Care Management (“CCM”), among others. For these services, CSIN fees account for about 40%-70% of collections from insurers.

Fees-for-service (“FFS”) is a form of payment to clinicians for the delivery of healthcare services on a line-item basis according to the coded service and the associated fee schedule authorized by the payer for each coded service. Traditionally, FFS represents the most common form for payment for medical care. Critics claim that the FFS mechanism encourages overprescribing and incentivizes volume of services rendered over outcomes.

Direct Primary Care is a form of capitated reimbursement for medical care delivery, specifically for primary care services. The payer (commonly the patient or employer) pays a flat monthly fee to the primary care provider for comprehensive primary care according to a delineated spectrum of services and for overall care management. Proponents cite the incentive to keep patients well using preventive care measures, thus enabling the provider to maximize the monetary reward. Critics express concerns that patients may be undertreated as a consequence of capitated reimbursement.

Software-as-a-Service (“SaaS”)

CareSpan is also engaged in licensing its cloud-based platform, CareSpan® Clinic, a proprietary internet-based telemedicine/telehealth and digital healthcare platform. The target market for this SaaS/subscription-based business includes health systems, group/individual practices, Accountable Care Organizations, self-insured employers and other risk-bearing entities, payors, and academia.

CareSpan generates revenue by charging a subscription fee per provider/user per month of approximately 15.9%. Additional revenues are also generated through implementation fees, customization fees and additional

products/services (such as RPM). While this business represents a small portion of CareSpan's total revenue to date, it is expected that based on current business development activity, it can be a meaningful contributor to CareSpan's growth.

SaaS customers to date include a group practice in Texas focused on occupational health and two institutions that are using CareSpan for nurse education. Currently, CareSpan has a growing pipeline of SaaS opportunities, including a partnership with a large systems integrator pursuing a major digital home health initiative with the Veteran's Administration.

Markets and Competitive Conditions

CareSpan operates in the US\$3.6 trillion United States healthcare industry primarily providing integrated digital care and services through its technology platform to members of AAPN and AMP. CareSpan's revenue is largely from an end-user base of clinics and other healthcare facilities digitizing their operations looking to improve patient health.

US Primary Health Care Market

Health care in the United States is provided by many distinct organizations, made up of insurance companies, healthcare providers, hospital systems, and independent providers (Rosenthal, 2013). Health care facilities are largely owned and operated by private sector businesses. In the U.S., most hospitals are community hospitals (84%) of which 57% are not-for-profit, 19% are state and local government managed, and 24% are investor owned for-profit. (American Hospital Association, 2021). Of the approximately 4,840 community hospitals operating in the US, two-thirds (65%) of community hospitals are urban (American Hospital Association, 2018).

As a percentage of the nation's gross domestic product ("GDP"), healthcare has increased from 5% in 1960 to 18% in 2020, nearly twice the OECD average of 9.8% (World Bank, 2018). Per capita healthcare spending exceeded US\$11,000 in 2018, approximately two times higher than Australia, France, Canada or the United Kingdom (OECD, 2019).

Despite the high spending levels, the U.S. population experiences worse health outcomes when compared with its international peers. In the U.S., life expectancy of 80 years is just below the OECD average of 81 years. The U.S. has the highest chronic disease burden and an obesity rate that is two times higher than the OECD average. Americans had fewer physician visits than peers in most countries, which may be related to a low supply of physicians in the U.S., and the highest chronic disease burden with about 28% of the population suffering from multiple chronic conditions of which many are preventable by modifying major risk factors (OECD, 2019).

CareSpan believes that much of the U.S.'s healthcare predicaments can be attributed to poor primary care access.

- The U.S. spends more on health care as a share of the economy — nearly twice as much as the average OECD country — yet has the lowest life expectancy and highest suicide rates among the 11 nations.
- The U.S. has the highest chronic disease burden and an obesity rate that is two times higher than the OECD average.
- Americans had fewer physician visits than peers in most countries, which may be related to a low supply of physicians in the U.S.
- In 2005, approximately 400,000 people provided primary medical care in the United States. About 300,000 were physicians, and another 100,000 were NPs and physician assistants. Yet primary care faces a growing crisis, in part because increasing numbers of U.S. medical graduates are avoiding careers in adult primary care. 65 million Americans live in what are officially deemed primary care shortage areas, and adults throughout the United States face difficulty obtaining prompt access to primary care. A variety of strategies are being tried to improve primary care access, even without a large increase in the primary care workforce (Thomas Bodenheimer 1, n.d.).
- Compared to peer nations, the U.S. has among the highest number of hospitalizations from preventable causes and the highest rate of avoidable deaths.

The U.S. ranks close to last in practicing physicians per capita compared to other OECD countries, with 2.6 physicians per every 1,000 people (OECD, 2021). With a population of approximately 332 million, about 83 million Americans live in primary care shortage areas (HRSA, 2021). Scoring criteria used to determine an underserved population include population-to-provider ratio (where the ratio of primary care providers to the population may range from 1 to 3,000 to 1 to 3,500), percent of population below 100% of the federal poverty level, high infant mortality, high elderly population, and travel time to the nearest source of care outside the designated area (HRSA, 2021). This shortage has contributed to a reduced number of average physician visits per capita in the U.S. of about 4, compared to the OECD average of 6.8 (OECD, 2019). The situation is anticipated to worsen with a projected shortfall of up to 139,000 physicians by 2033 (Boyle, 2020). The shortages have been felt even more acutely with the recent COVID-19 pandemic.

The Association of American Medical Colleges has noted that in addition to training more physicians, there is a need for a multipronged approach to address the shortage of physicians and the resulting gaps in care. This approach includes better use of technology, including training doctors and staff on how to use it to improve care and reach underserved populations. Critical to addressing these issues is expanding the care that doctors and other health care professionals can provide. Some states have expanded the roles of physician assistants and nurse practitioners (Boyle, 2020).

US Mental Health Market

CareSpan is also targeting the shortage in U.S. mental health providers. An estimated 26% of Americans ages 18 and older (about 1 in 4 adults) suffers from a diagnosable mental disorder in a given year (Hopkins Medicine, n.d.). About 57% of adults with mental illness are receiving no treatment (Hopkins Medicine, n.d.). Suicide rates in the U.S. are among the highest compared to other OECD countries with almost 14.5 deaths per every 100,000 people (OECD, 2019).

There are 120 million Americans who live in designated shortage areas for mental and behavioral health care. In these areas, there is less than one behavioral health provider per 30,000 people (HRSA, 2021).

Supporting Nurse Practitioners

Although CareSpan's technology platform is capable of supporting the needs of general practitioners and specialty practices, it has focused its go-to-market approach on NPs or advanced practice nurses ("APNs"). CareSpan believes that NPs represent perhaps the most viable option for the U.S. to address its primary care shortage. According to the Health Services and Resources Administration ("HRSA"), by 2030 there will be a primary care shortage of more than 120,000 physicians. According to the American Association of Nurse Practitioners, there are more than 325,000 NPs licensed in the U.S. 88.9% of NPs are certified in an area of primary care, and 70.2% of all NPs deliver primary care. Eight of the top ten healthiest U.S. states grant NPs full practice authority to address primary care needs. In comparison, the ten least healthy states restrict NPs from practicing independently and therefore are limiting patient access to care.

The U.S. has steadily been loosening the regulatory restrictions associated with allowing only physicians to provide primary care. There are 23 U.S. states plus Washington DC, the Indian Health Care Services, and the VA Health Care Services that allow NPs to practice independently without physician oversight. There are an additional 16 states that allow NPs to practice with reduced practice authority and another 11 states that permit NPs restricted practice authority.

Supporting Mental Health Providers

NPs are licensed, autonomous clinicians focused on managing people's health conditions and preventing disease. As an NP, they can specialize by patient population, including pediatric, adult-gerontological, and women's health. NPs may also subspecialize in areas such as dermatology, cardiovascular health, and oncology.

According to the HRSA, the U.S. is expected to have a shortage of more than 100,000 mental health professionals by 2025. The gaps between what is required and what is available include 57,000 psychologists, 48,000 social workers and 15,000 psychiatrists. CareSpan believes its holistic front office and back office platform can help mental health providers see more patients and achieve better health outcomes.

Complex Reimbursement System

With the full enactment of The Patient Protection and Affordable Care Act (“ACA”), Medicaid expansion in more than three-quarters of all states and the aging population driving Medicare growth, the U.S. government is playing an increasingly material role in U.S. health care economics. As a result, providers are faced with increased regulatory requirements and documentation to ensure proper reimbursement within reasonable timelines. Providers are also dealing with an ongoing shift to value-based reimbursement models through programs like the Medicare Access and CHIP Reauthorization Act (“MACRA”) and Bundled Payment Care Initiative, which change the way that Medicare rewards clinicians for value over volume. We provide value to our provider network by managing through the complexity and allowing healthcare providers to focus on patient care.

Increased Consumerization of Healthcare

Healthcare patients having rising expectations on the cost, convenience and level of service they are receiving from their providers. Rising out of pocket expenses and higher technology utilization is driving the population away from passive patients to active consumers of healthcare. CareSpan has devoted considerable resources in building patient portals to ensure that providers can offer their populations the education and tools they require.

Global Healthcare Computing Technology Market

The COVID-19 pandemic is placing enormous strain on the global health care sector’s workforce, infrastructure, and supply chain, and exposing social inequities in health and care. COVID-19 is also accelerating change across the ecosystem and forcing public and private health systems to adapt and innovate in a short-period. Governments, health care providers, payers and other stakeholders around the globe are being challenged to quickly pivot, adapt and innovate.

Several global health care sector issues stand out:

- digital transformation and interoperable data: personalized medicine and leveraging AI to provide real-time care interventions;
- socioeconomic shifts, with programs to focus on underserved populations;
- care model innovation, changing focus from acute care to prevention and well-being;
- utilization of remote staff (clinical and non-clinical);
- rapid adoption of virtual health and digital innovations; and
- the need to improve chronic disease management and to leverage technology as a means to reduce the burden of costs.

These issues have given rise to an increased demand for preventive/primary and behavioral health care, and the use of digital capabilities and analytics/artificial intelligence (“AI”) to support in-person and telemedicine delivery and clinical workflow efficiency. COVID-19 has only accelerated an existing trend and necessitated a steep rise in demand for digital remote patient monitoring (mainly to continuously track indicators to help stem adverse effects of chronic illness).

COVID-19 has been a driver and accelerator of health care digital innovation in 2020. The pandemic concurrently has exposed a growing gap between the demand for health care and the supply of staff and other resources, and it has crystallized stakeholder awareness that widespread adoption of digital technologies is critical to help close that gap. As a result, many digital initiatives that have been in the works for years are coming to fruition in months. Health care organizations today are transitioning to health IT systems powered by cloud computing and data and analytics tools to enable real-time, smart digital health. Increasing government initiatives are expected to fuel the demand for healthcare cloud computing during the forecast period. In order to implement innovative technologies, such as electronic health records, governments of countries around the world focus on providing healthcare infrastructure with

financial advantages. Government agencies are willing to take a faster direction in the traditionally slow healthcare system, realizing that emerging technology will boost patient care.

Cloud computing technology is forecast to be an effective solution to improve health systems' IT infrastructure and reduce costs, due to its ability to process and deliver data in an efficient, collaborative manner and analyze data into meaningful information. Cloud enables health care organizations to move from a highly centralized approach in which each organization acquires and maintains the requisite hardware, software, and staff, regardless of whether the resources are used at full capacity, to a decentralized approach in which they have real-time, easy-to-use, remote access to data, paying cloud service providers only for what they use-storage, applications (SaaS), or infrastructure services.

The global healthcare cloud computing market size is estimated to surpass US\$65 billion by 2027, growing at a rate (CAGR) of roughly 17.8% (Precedence Research, Globe Newswire, 2020). The North American market is estimated to be 41% of the total or approximately US\$31 billion.

CareSpan's Clinic-in-the-Cloud is a cloud-based, integrated digital care platform that is scalable worldwide and enables medical providers to manage and optimize medical care outcomes. It is a complete, HIPAA-compliant platform for out-patient care that contains an integrated set of digital tools, features and functions and meets U.S. and global standards for security, privacy and data management.

Competitive Conditions

The market for primary care and behavioral health in the U.S. is characterized by a massive shortage of provider capacity. The major competitors for AAPN and AMP are other primary care and mental health care providers and/or provider groups. Since most AAPN and AMP members are independent practitioners, the competitors in their respective areas tend to be the large hospitals and health systems. However, as there is a general shortage of provider capacity, the competitive threat is relatively low. This would vary, however, on an individual/case-to-case basis.

For CareSpan's SaaS business, there is relative competitive intensity in the health information technology ("IT") industry, depending on the sub-sector. The health IT industry can be characterized as being in a state of high growth and continuous innovation. It is currently impacted by the following:

- constant collaborations and alliances, mergers and acquisitions (driven further by opportunities resulting from the COVID-19 pandemic);
- a rise in technological advancements to improve IT infrastructure, such as the implementation of internet of things, AI and big data, as well as the rapid advancement of smartphone technology;
- the increasing prevalence of chronic diseases (mainly hypertension, diabetes, cancer and congestive heart failure); and
- an increasing geriatric and pediatric population, and rising demand for home healthcare.

CareSpan's Competitive Advantage

CareSpan is well-positioned to capitalize on its integrated set of capabilities. The platform is designed to enable the efficient integration of current and future digital capabilities that improve out-patient care. CareSpan is continuously developing proprietary functions and capabilities (such as disease-specific analytics and protocols), and is also able to incorporate leading-edge third-party tools and programs seamlessly into its platform. This open architecture makes CareSpan unique and well-posed for growth.

The CareSpan Clinic enables both patients and clinicians to engage in clinical encounters, regardless of the distance between them, from any modern computing device (desktop, laptop, tablet or smartphone) with an HTML-5-compliant browser (e.g., Chrome, Firefox, Safari, Edge) regardless of operating system and without any installed software. The only requirement is an Internet connection, including 4G/5G, WiFi, etc., with moderate bandwidth (minimum 500Kbps up/down). The CareSpan Clinic, among its hundreds of features, contains a complete EHR with HL7 Fast Healthcare Interoperability Resources and Consolidated Clinical Document Architecture exchange capabilities for

interoperability with other modern EHRs. Multi-channel audio-video and a complete set of clinical care tools such as e-prescribing, diagnostic interfaces, ordering, capture, annotation and storage of sound files, images, electrocardiogram and spirometry tracings, multiple behavioral/mental health evaluations, patient education, remote monitoring and multi-specialist consulting.

Further, the CareSpan Clinic fosters efficient clinical workflow with dynamic documentation, voice recognition, multiple languages and software assisted coding. Efficient clinical workflow is designed to minimize or eliminate off-hours charting by providers.

Marketing Plans and Strategies

CareSpan has traditionally relied on networking and referrals to drive sales growth. This has been conducted primarily by CareSpan's executives, who have long careers in the healthcare industry. The leadership of CareSpan, including the CEO, Chief Medical Officer and Chief Nursing Officer, have decades of experience working in various capacities. It is through these relationships that CareSpan has developed the majority of its commercial arrangements.

CareSpan intends to expand its marketing initiatives as it scales revenue in 2021 and beyond. CareSpan intends to promote the CareSpan brand as an innovator that aims to transform out-patient care delivery: from impersonal to personal, from transaction-focused to outcome-focused, from siloed to collaborative, and from fragmented to integrated. CareSpan's plans include the below activities.

Dedicated Internal Network Development Team

CareSpan believes that word of mouth and internal referrals are going to be an important growth driver for the company. The NP and behaviour health markets that CareSpan is targeting have unique requirements and cannot be accommodated through standardized mass marketing efforts by other healthcare technology and services companies. CareSpan believes that the healthcare providers in its network have close connections to numerous colleagues through their colleges and universities, industry credentialing groups and general friends and family. CareSpan is in the process of developing referral programs that incentivize the providers in its networks to reach out to external colleagues for recruiting purposes.

To date, CareSpan has built a proprietary nurse practitioner database that it uses for recruiting. It is also developing content, both written and video, to explain the CareSpan value proposition. In addition, CareSpan is redesigning its website to better showcase its differentiators and it intends to invest in web tools such as search engine optimization. CareSpan intends to mainly utilize digital and influencer marketing, and promote its brand by participating as integrated digital care thought leaders in select health technology conferences and publications. Further, CareSpan will position itself as being aligned with individual and institutional partners/influencers.

Strategic Partnerships

CareSpan has identified and entered into agreements with two complementary organizations in the healthcare market. Firstly, CareSpan entered into an agreement with the National Nurse Practitioner Entrepreneur Network ("NNPEN"), an organization which "is committed to accelerating the growth of sustainable nurse-led start-ups". NNPEN provides NPs with the resources needed to develop successful business. CareSpan has a referral agreement with NNPEN whereby NNPEN members are incentivized to explore CareSpan for their infrastructure needs. Secondly, CareSpan entered into an agreement with CM&F Group, a provider of medical liability insurance. This group specializes in the NP segment and is incentivized to refer new opportunities to CareSpan.

CareSpan continues to evaluate other complementary organizations for business development opportunities.

Collaboration with APN Educational Institutions

CareSpan has agreements in place with three universities that offer NP certification. CareSpan offers its technology platform to educate students attending these universities so that they will become accustomed to using CareSpan's solutions upon entering the workforce. CareSpan believes there is significant long-term value in becoming the first healthcare platform that many promising NPs will utilize. Recently, CareSpan entered into an agreement with Western

Governors University, which is a nationwide, accredited non-profit online university serving a student body of nearly 130,000 students.

Economic Dependence

Approximately 94% of CareSpan's revenue in 2020 and for the six months ending June 30, 2021 originated from two healthcare practices, which are owned by one nurse practitioner, AAPN's President, Melissa Magstadt. In addition to the Administrative Consulting Agreement effective January 7, 2020 to appoint Ms. Magstadt as President of AAPN, on January 22, 2020, AAPN and Ms. Magstadt entered into a group nurse practitioner contract, which automatically renews annually.

Operations

CareSpan has created a uniquely integrated digital platform, the CareSpan Clinic, for outpatient medical care, in-office or virtually. The CareSpan Clinic-in-the-Cloud system includes five key elements: (i) RPM; (ii) a HIPAA and General Data Protection Regulation compliant clinical encounter/care delivery platform including diagnostics, EHR, e-prescribing, patient evaluations and education; (iii) care continuity services, a call center that reviews and triages RPM data and coordinates and supports patient care logistical requirements between clinical encounters; (iv) a patient engagement and support portal that allows patients to schedule medical visits, engage in virtual visits, receive educational and other treatment support information, and engage in RPM; and (v) data analytics for both predictive and preventive strategies and outcome reporting, both individually and for population health.

The CareSpan Clinic medical care support services are delivered under the supervision and guidance of licensed medical providers, including doctors, NPs, clinical psychologists, physical and occupational therapists. CareSpan focuses on aggregating providers who license the CareSpan Clinic for full care delivery and also, through group practice membership in CareSpan's affiliated networks (e.g. AAPN and AMP), obtain practice business support services such as revenue cycle management (coding, billing and collections), credentialing, group purchasing, etc. CareSpan also licenses the CareSpan Clinic for use by colleges of nursing and health professions for teaching purposes and by independent provider groups for care delivery.

Patient service revenue

Patient service revenue is recognized at the time services are provided by CareSpan's affiliated healthcare providers. CareSpan's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Substantially all of CareSpan's patient service revenue is reimbursed by government-sponsored or funded healthcare programs ("**GHC Programs**"), including Medicare and Medicaid, and third-party insurance payors. Payments for services rendered to CareSpan's patients are generally less than billed charges. CareSpan monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectible amounts. CareSpan estimates allowances for contractual adjustments and uncollectible amounts on accounts receivable based upon historical experience and other factors, including evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the rates billed by healthcare providers for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue CareSpan expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and

geographic dispersion of patients and payors, including the various governmental agencies in the states in which CareSpan provides services.

License revenue

Renewable software licenses for CareSpan's digital care delivery platform include the right-to-access the software for a specified term, technical support and maintenance services. These agreements are accounted for as licenses, as the customer only has the right to access the software for a specified term. These services are similar in substance to a subscription, as CareSpan does not sell licenses without technical support and maintenance services. Revenue is recognized ratably over the term of the agreement from the date the license term commences.

Specialized Skill and Knowledge

All clinical providers who are employed or engaged as independent contractors by CareSpan's affiliated provider networks have achieved the appropriate credentials from accredited medical schools, nursing schools and/or schools of health professions and hold licenses to practice in the state or province in which they reside and often in multiple states. Each licensed provider is credentialed by its respective group practice and CareSpan before he or she is eligible to deliver care using the CareSpan Clinic platform. CareSpan's credentialing process, in general, requires a health provider to provide a resume, proof of licenses, work history, police clearance and peer references, among other relevant documents.

CareSpan has also implemented the Interdisciplinary Committee for Patient Safety, Clinical Quality and Risk Management (the "IDC"). The IDC is chaired by CareSpan's Chief Medical Officer and also comprises CareSpan's Chief Technology Officer, Chief Nursing Officer, Senior Medical Director for Mental/Behavioral Health, and two representatives each from AAPN and AMP. The IDC establishes Policies and Standard Operating Procedures that govern the use of the CareSpan Clinic in medical practice, and also reviews and generates responses to any clinical adverse event that may occur in care delivery using the CareSpan Clinic. The IDC is a functional component of CareSpan's Quality Management System.

Regulatory Environment

CareSpan makes every effort to ensure compliance with the highest level of ethical business conduct as well as with the laws and regulations in every jurisdiction in which it conducts business. CareSpan, its officers, directors, employees and its affiliated provider networks all strictly adhere to the Stark Law, False Claims Act, the Civil Monetary Penalties Law, and the Anti-Kickback Statute.

CareSpan is not owned, directly or indirectly, by any clinician in a position to refer patients to a healthcare facility or to other physicians in a manner that would violate Stark or anti-kickback statutes. CareSpan does not pay any compensation to any clinician practicing at a healthcare facility or a clinician in a position to refer to a healthcare facility, which payment may be construed or inferred to be compensation for referrals. CareSpan has comprehensive and compliant medical billing protocols and follows all guidelines set forth by Centers for Medicare and Medicaid Services. CareSpan is committed to protecting the privacy of its patients by safeguarding all medical information in compliance with the HIPAA. CareSpan's medical data acquisition and storage processes are also fully compliant with the Health Information Technology for Economics and Clinical Health Act ("HITECH"). In addition, the CareSpan Clinic imbedded EHR is in the process of U.S. Office of the National Coordinator certification under the meaningful use requirements of the HITECH Act. CareSpan currently assures security of all Protected Health Information by operating its cloud-based services in certified third-party data centers (e.g., AT&T Government Solutions and Amazon AWS).

CareSpan has enacted significant measures to prevent boundary-condition security breaches, such as two-factor user authentication, encryption of all data in transit (including voice and video) and multiple field-based and file-based encryption strategies. Transactional non-repudiation support measures are also in place for RPM and clinical encounters. CareSpan employs third-party security audits and penetration challenges on a regular basis for detection of vulnerabilities and institution of appropriate preventive and corrective actions. CareSpan also maintains third-party cybersecurity insurance. CareSpan's privacy policy and Notice of Privacy Practices are available on its CareSpan Clinic website at www.carespan.clinic.

Proprietary Protection

Through its integrated digital care platform and business support services, CareSpan is developing and enhancing its platform to address significant shortages in primary and urgent care, as well as behavioral and mental health

CareSpan has trademark protection and ownership of the following domains:

- CareSpan®
- Health Care Made Visible®
- Clinic-in-the-Cloud™(pending)
- Integrated Digital Care™(pending)
- Carespan.us
- Carespanhealth.com
- Care-span.net
- Carespan.health

The CareSpan software is protected under the U.S. copyright laws, as well as trade secret laws, and the CareSpan marks are registered with the US Patent and Trademark Office. CareSpan retains an intellectual property law firm to oversee its intellectual property protections. CareSpan owns and operates CareSpan® Clinic, a proprietary internet-based telemedicine/telehealth and digital healthcare platform.

In addition, CareSpan has filed a copyright application for the “CareSpan Digital Health Platform” (Case number 1-10439480921).

Employees

As of July 31, 2021, CareSpan and its subsidiaries had 17 employees, 2 part-time employees, and 30 contractors.

Bankruptcy and Similar Procedures

CareSpan is not subject to any bankruptcy, or any receivership or similar proceedings against it or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by it or any of its subsidiaries within the three most recently completed financial years or the current financial year.

CareSpan or any of its subsidiaries has not undergone any material reorganization within the last three completed financial years, or the current financial year.

Selected Consolidated Financial Information

The following table set forth selected historical financial information for CareSpan for the years ended December 31, 2020 and 2019 and for the three and six-month periods ended June 30, 2021, which are attached to this Filing Statement as Schedule “C”; Such information is derived from CareSpan’s financial statements and should be read in conjunction with such those financial statements attached hereto as Schedule “C”.

Selected Balance Sheet Information			
	As at June 30, 2021 (US\$) (unaudited)	As at December 31, 2020 (US\$) (audited)	As at December 31, 2019 (US\$) (audited)
Cash and cash equivalents	374,901	1,474,177	6,693
Total assets	1,383,876	2,460,361	33,589
Total liabilities	9,487,838	8,394,905	1,441,117
Shareholders’ deficiency	(8,103,962)	(5,934,544)	(1,407,528)

Selected Income Statement Information			
	For the six months ended June 30, 2021 (US\$) (unaudited)	For the year ended December 31, 2020 (US\$) (audited)	For the year ended December 31, 2019 (US\$) (audited)
Revenues	2,311,402	3,438,561	49,501
Operating expenses	5,723,475	7,363,119	1,144,033
Net income (loss)	(2,463,181)	(5,905,968)	(961,727)

Management's Discussion And Analysis

The MD&A for CareSpan for the years ended December 31, 2020 and 2019 and for the three and six-month periods ended June 30, 2021 are attached hereto as Schedule "D". The CareSpan MD&A should be read in conjunction with the CareSpan Financial Statements.

Description of the Securities

CareSpan Common Shares

Each of the CareSpan Common Shares is entitled to one vote per CareSpan Common Share. Each of the CareSpan Common Shares is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the CareSpan Common Shares from time to time. Each of the CareSpan Common Shares is entitled, in the event of any liquidation, dissolution or winding-up of CareSpan (whether voluntary or involuntary), to receive in equal amounts per CareSpan Common Share, the assets of CareSpan available for liquidation.

CareSpan Preferred Shares

Each of the CareSpan Preferred Shares is entitled to one vote per CareSpan Preferred Share. CareSpan is issued to authorize 20,000,000 CareSpan Preferred Shares, of which nil are issued and outstanding as of the date of this Filing Statement.

On April 27, 2020, the holders of CareSpan Preferred Shares agreed to a motion (based on a majority vote) proposed by the board of directors to convert all issued and outstanding CareSpan Preferred Shares into CareSpan Common Shares on the basis of one CareSpan Common Share for every 0.9 CareSpan Preferred Shares. All preferential rights of CareSpan Preferred Shares were revoked from CareSpan's articles of incorporation.

CareSpan Notes

CareSpan 25% Notes

As of the date of this Filing Statement, CareSpan currently has a principal amount of US\$2,000,000 in CareSpan 25% Notes outstanding which contain a 10% annual interest rate (compounded annually). The CareSpan 25% Notes mature on June 30, 2021, unless earlier converted and subject to an extension of the maturity date required to complete a go-public transaction initiated by CareSpan. Pursuant to amendments to the CareSpan 25% Notes agreed to by the noteholders of the CareSpan 25% Notes and CareSpan, the CareSpan 25% noteholders extended the maturity date of the CareSpan 25% Notes to November 30, 2021 and extended the time to complete a Go-Public Transaction (as defined herein) to be within twelve (12) months from the last closing of the offering.

In the event that CareSpan, prior to the maturity date, completes an underwritten public offering by CareSpan of the CareSpan Common Shares registered or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of CareSpan or a successor entity being listed for trading on a stock exchange (a "Go-Public Transaction"), the principal amount then outstanding under the CareSpan 25% Notes together with all accrued but unpaid interest thereon (the "Convertible Notes Conversion Amount") shall be

automatically converted into the number of CareSpan Common Shares equal to the Convertible Notes Conversion Amount divided by the lower of: (i) the price per share less a 25% discount of the CareSpan Common Shares issued in such Go-Public Transaction; and (ii) the price per CareSpan Common Share reflecting a valuation of CareSpan of US\$15.0 million. In the event of a change of control of CareSpan (a “**Change in Control**”), the holders of the CareSpan 25% Notes are entitled to receive, at the holder’s election, (i) a cash payment of any accrued interest plus 1.25 times the principal amount outstanding or (ii) the number of CareSpan Common Shares that is equal to the amount set out in clause (i) divided by the price paid in such change of control transaction. A Change in Control as defined in the CareSpan 25% Notes does not include a Go-Public Transaction.

In connection with the Completion of the Qualifying Transaction, it is anticipated that the CareSpan 25% Notes plus all accrued interest will be converted into CareSpan Common Shares at a price of C\$0.121109 per CareSpan Common Share. As of the date hereof, the conversion of the CareSpan 25% Notes pursuant to the Merger, will yield 5,193,037 Resulting Issuer Common Shares at a price of \$0.5250.

CareSpan 50% Notes

As of the date of this Filing Statement, CareSpan currently has a principal amount of US\$2,208,100 in CareSpan 50% Notes outstanding which contain a 10% annual interest rate (compounded annually). The CareSpan 50% Notes mature on June 30, 2021, unless earlier converted and subject to an extension of the maturity date required to complete a Go-Public Transaction initiated by CareSpan. The CareSpan 50% Notes are secured by a general security interest in all of CareSpan’s tangible and intangible property. Pursuant to amendments to the CareSpan 50% Notes agreed to by the noteholders of the CareSpan 50% Notes and CareSpan, the CareSpan 50% noteholders extended the maturity date of the CareSpan 50% Notes to November 30, 2021.

In the event that CareSpan issues equity securities resulting in aggregate gross proceeds of US\$5,000,000 or more, the principal amount then outstanding under the CareSpan 50% Notes together with all accrued but unpaid interest thereon (the “**Secured Notes Conversion Amount**”) will be automatically converted into the number of CareSpan Common Shares equal to the Secured Notes Conversion Amount divided by the price per share less a 50% discount of the CareSpan securities issued in such a financing event. On July 28, 2021, the CareSpan 50% noteholders also amended the aggregate gross proceeds amount from US\$5,000,000 to C\$3,000,000 to trigger the automatic conversion. In the event of a change of control of CareSpan or a Go-Public Transaction, the holders of the CareSpan 50% Notes are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding.

In connection with the Completion of the Qualifying Transaction, it is anticipated that the CareSpan 50% Notes plus all accrued interest will be converted into CareSpan Common Shares at a price of \$0.104889 per CareSpan Common Share. As of the date hereof, the conversion of the CareSpan 50% Notes pursuant to the Merger, will yield 9,829,323 Resulting Issuer Common Shares at a price of \$0.350.

CareSpan Warrants

Each CareSpan Warrant entitles the holder thereof to acquire one CareSpan Common Share at an exercise price of between C\$0.1211 and C\$0.1615 per share.

CareSpan Subscription Receipts

Each CareSpan Subscription Receipt entitles the holder to receive, without payment of additional consideration or taking of further action, one CareSpan Common Share upon satisfaction of the Release Conditions at any time prior to the Escrow Deadline. For avoidance of doubt, each CareSpan Subscription Receipt shall result in the issuance of one Resulting Issuer Common Share following completion of the Merger.

Consolidated Capitalization of CareSpan

The share capital of CareSpan is as follows:

Designation of Security	Amount Authorized	Amount Outstanding as at July 31, 2021 ⁽¹⁾	Amount Outstanding as at November 8, 2021 (prior to giving effect to the Merger)
CareSpan Common ⁽¹⁾ Shares	150,000,000	22,104,557	27,051,798
CareSpan Preferred Shares	20,000,000	0	0
CareSpan Warrants ⁽²⁾	N/A	6,523,299	6,523,299
CareSpan Subscription ⁽³⁾ Receipts issued Pursuant to the CareSpan QT Financing	3,282,782	0	3,282,782
Broker Warrants issued Pursuant to the CareSpan QT Financing	317,629	0	317,629
CareSpan 25% Notes ⁽⁴⁾	N/A	US\$2,000,000	US\$2,000,000
CareSpan 50% Notes ⁽⁵⁾	N/A	US\$2,208,100	US\$2,208,100

Notes:

- (1) Each holder of CareSpan Common Shares outstanding immediately before the completion of the Merger shall exchange each such CareSpan Common Share for Resulting Issuer Common Shares in accordance with the Exchange Ratio, and each such CareSpan Common Share shall be cancelled. For additional information regarding the Resulting Issuer Common Shares, see “Part III – Information Concerning the Resulting Issuer – Description of the Securities”.
- (2) Each CareSpan Warrant entitles the holder thereof the right to acquire one CareSpan Common Share. Each holder of a CareSpan Warrant outstanding immediately before the completion of the Merger shall exchange each such CareSpan Warrant for Resulting Issuer Warrants in accordance with the Exchange Ratio, each having substantially the same terms as the CareSpan Warrant being exchanged, and each such CareSpan Warrant shall be cancelled. For additional information regarding the Resulting Issuer Warrants, see “Part III – Information Concerning the Resulting Issuer – Description of the Securities”.
- (3) Concurrently with the completion of the Merger, each CareSpan Subscription Receipt shall convert into 4.335 CareSpan Common Shares and be exchanged for Resulting Issuer Common Shares at the Exchange Ratio, such that each CareSpan Subscription Receipt shall ultimately be exchanged for one Resulting Issuer Common Share. For more details, see “Summary of the Filing Statement – The Qualifying Transaction – The Merger Agreement”.
- (4) Immediately prior to the Merger, the outstanding principal amount of the CareSpan 25% Notes, together with all accrued and unpaid interest thereon of 10% up to November 8, 2021, will convert into CareSpan Common Shares. Immediately prior to the Merger, the CareSpan 25% Notes shall be converted into 22,511,800 CareSpan Common Shares, which shall yield 5,193,037 Resulting Issuer Common Shares upon the Completion of the Qualifying Transaction. For more details, see “The Qualifying Transaction – The Merger”.
- (5) Immediately prior to the Merger, the outstanding principal amount of the CareSpan 50% Notes, together with all accrued and unpaid interest thereon of 10% up to November 8, 2021, will convert into CareSpan Common Shares. Immediately prior to the Merger, the CareSpan Notes shall be converted into 42,610,103 CareSpan Common Shares, which shall yield 9,829,323 Resulting Issuer Common Shares upon the Completion of the Qualifying Transaction. For more details, see “The Qualifying Transaction – The Merger”.

Prior Sales of Securities of CareSpan

The following table sets forth the number and price at which securities of CareSpan have been sold within the 12 month-period prior to the date of this Filing Statement.

Date	Number of CareSpan Securities	Type	Issue Price Per Security	Aggregate Issue Price	Nature of Consideration Received
September 15, 2020	US\$125,000 aggregate principal amount of 10.0%	CareSpan 25% Notes	N/A	US\$125,000	Cash

Date	Number of CareSpan Securities	Type	Issue Price Per Security	Aggregate Issue Price	Nature of Consideration Received
	convertible debentures				
October 26, 2020	US\$225,000 aggregate principal amount of 10.0% convertible debentures	CareSpan 25% Notes	N/A	US\$225,000	Cash
November 2020	298,297 common share purchase warrants	Finder's Warrants	C\$0.12111	C\$31,600	Services
November 24, 2020	US\$1,650,000 aggregate principal amount of 10.0% convertible debentures ⁽⁴⁾	CareSpan 25% Notes	N/A	US\$1,650,000	Cash
December 22, 2020	96,109 Common Shares ⁽³⁾	CareSpan Common Shares	US\$0.1730	US\$16,627	Services
December 2020	5,650,000 common share purchase warrants	CareSpan Advisory Warrants	C\$0.12111	C\$684,272	Services
February 21, 2021	75,000 common share purchase warrants ⁽¹⁾	CareSpan Advisory Warrants	C\$0.12111	C\$9,083	Services
March 15, 2021	500,000 common share purchase warrants	CareSpan Advisory Warrants	C\$0.12111	C\$60,555	Services
August 5, 2021	3,282,782	CareSpan Subscription Receipts	C\$0.70	C\$2,297,947.40	Cash
August 5, 2021	1,833,563	CareSpan Common Shares	C\$0.70	C\$1,283,494.10	Cash
August 5, 2021	317,629	Broker Warrants	N/A	N/A	Services

Notes:

- (1) These CareSpan Advisory Warrants were issued pursuant to a settlement agreement for consulting services rendered to CareSpan in 2020.
- (2) For the CareSpan Warrants, any US transactions have been converted into Canadian dollars at the rate of US\$1.00 = C\$1.2403 as at November 2, 2021.
- (3) CareSpan Common Shares issued pursuant to a settlement agreement entered into by CareSpan.
- (4) \$150,000 25% Notes were issued to a proposed Insider of the Resulting Issuer: Rembert de Villa, US\$100,000.

Compensation of Executive Officers and Directors

CareSpan's executive compensation program during the most recently completed financial period ended June 30, 2021, was administered by CareSpan's board of directors. The board was solely responsible for determining the compensation to be paid to CareSpan's executive officers and evaluating their performance. CareSpan's board of directors has not adopted any specific policies or objectives for determining the amount or extent of compensation for directors or officers.

Director Compensation

Directors of CareSpan do not receive any compensation for attending meetings of the board of directors of CareSpan, committees of the board of directors of CareSpan and shareholder meetings. Other than stock options to purchase CareSpan Common Shares which are granted to CareSpan's directors from time to time, CareSpan does not have any arrangements pursuant to which directors are remunerated by CareSpan or any of its subsidiaries for their services in their capacity as directors, consultants, or experts.

Named Executive Officer Compensation

The following table sets out information concerning the compensation during calendar years December 31, 2020, 2019 and 2018 paid to the CareSpan Named Executive Officers. CareSpan has four individuals for whom disclosure is required: Rembert de Villa (CEO), Terry Knapp (Chief Medical Officer), Doug Wolfgram (Chief Technology Officer) and JoEllen Koerner (Chief Nursing Officer). CareSpan appointed Anne Burpee as Interim CFO in April 2021.

Table of Compensation Excluding Compensation Securities							
Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
Rembert de Villa CEO	2020	87,000	Nil	N/A	N/A	10,000 ⁽¹⁾	97,000
	2019	25,000	Nil	N/A	N/A	60,000 ⁽¹⁾	85,000
	2018	60,000	Nil	N/A	N/A	10,000 ⁽¹⁾	70,000
Anne Burpee CFO ⁽²⁾	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Terry Knapp Chief Medical Officer	2020	110,000	Nil	N/A	N/A	N/A	110,000
	2019	74,250	Nil	N/A	N/A	N/A	74,250
	2018	60,000	Nil	N/A	N/A	N/A	60,000
Doug Wolfgram Chief Technology Officer	2020	105,838	Nil	N/A	N/A	N/A	105,838
	2019	87,750	Nil	N/A	N/A	N/A	87,750
	2018	88,500	Nil	N/A	N/A	N/A	88,500
JoEllen Koerner Chief Nursing Officer	2020	42,000	Nil	N/A	N/A	N/A	42,000
	2019	27,000	Nil	N/A	N/A	N/A	27,000
	2018	16,500	Nil	N/A	N/A	N/A	16,500

Notes:

- (1) These amounts of owed wages were added to the outstanding principal amount of CareSpan 50% Notes held by Mr. de Villa.

- (2) Anne Burpee was engaged as Interim CFO in April 2021. Under the terms of the contract with 9786406 Canada Inc. (dba GoCFO), a private company controlled by Ms. Burpee, remuneration was set at US\$96,000 per annum. Dr. Koerner is a consultant under her company, NurseMetrix.
- (3) Dr. Knapp, Mr. Wolfgram and Mr. de Villa signed employment agreements in December 2020. In the agreements, the executives were to be provided with (1) a signing bonus amount payable within 30 days, (2) an increase in salary taking effect on the date of the Qualifying Transaction subject to Completion of the Qualifying Transaction and (3) a reduction in the exercise price of options held. On July 24, 2021, Mr. Knapp and Wolfgram voluntarily agreed to release CareSpan from its obligation to pay the signing bonus, the increase in salary and (3) cancelled all outstanding options. On August 9, 2021, Dr. Knapp agreed to defer any bonus or increase that may be due to him until such time as a decision was made by the Compensation Committee post Qualifying Transaction.
- (4) At a board meeting held in March 2021 and notwithstanding the fact that all options were to be cancelled prior to the Qualifying Transaction, Mr. de Villa and Dr. Knapp agreed cancel all their outstanding options.
- (5) Notwithstanding the fact that all options were to be cancelled prior to the Qualifying Transaction, on July 24, 2021, Mr. Wolfgram agreed to cancel all his outstanding options.
- (6) Dr. Koerner has been issued options as follows: 2018: 54,000, 2019: 24,000, 2020: 24,000 and 2021: 12,000. All options were issued with 10 year terms at an exercise price of US\$0.50. In March 2021, the board determined that all options would be cancelled prior to the Qualifying Transaction.

Stock Options and Other Compensation Securities

As at October 31, 2021, CareSpan had 2,307,000 options outstanding to purchase an aggregate of 2,307,000 CareSpan Common Shares, all of which were authorized to be cancelled in March 2021 prior to the Completion of the Qualifying Transaction. The options were for 10 years and exercisable at US\$0.50 before the Qualifying Transaction and before applying the Exchange Ratio.

There has been no exercise of stock options or other compensation securities of CareSpan during the ten-month period ended October 31, 2021. During the ten months ended July 31, 2021, and prior to the board resolution dated March 18, 2021 taking effect just prior to the Qualifying Transaction, 6,169,683 options issued to certain executives and a director were cancelled, 46,000 options expired and 1,584,000 options were granted to executives and directors. All such stock options of CareSpan will be terminated prior to the Completion of the Qualifying Transaction.

Stock Option Plans and Other Incentive Plans

Pursuant to the CareSpan Option Plan, CareSpan may grant to directors, officers, employees and consultants to CareSpan, non-transferable options to purchase CareSpan Common Shares. The total number of CareSpan Common Shares reserved and available for grant and issuance pursuant to the CareSpan Option Plan is 7,500,000 CareSpan Common Shares. Each option granted under the CareSpan Option Plan converts into one CareSpan Common Share upon exercise of such option. The vesting schedule of options granted under the CareSpan Option Plan varies for each award, ranging from immediate vesting upon grant to vesting over a period of 36 months from the grant date. The board of directors of CareSpan approved the cancellation of the CareSpan Option Plan on March 18, 2021. Pursuant to the terms of the Merger Agreement, the outstanding CareSpan Options and the CareSpan Option Plan will be terminated upon completion of the Merger.

Employment, Consulting and Management Agreements

No management functions of CareSpan or its subsidiaries are to any substantial degree performed by a person other than the directors or senior officers of CareSpan or its subsidiaries.

Termination and Change of Control Benefits

CareSpan does not have in place any pension or retirement plan. CareSpan has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of CareSpan in connection with or related to the retirement, termination or resignation

of such person. CareSpan has not provided any compensation to such persons as a result of a change of control of CareSpan, its subsidiaries or affiliates.

CareSpan is not party to any compensation plan or arrangement with Named Executive Officers or directors of CareSpan resulting from the resignation, retirement or the termination of employment of such person.

Oversight and Description of Director and Named Executive Compensation

Compensation Philosophy and Objectives

The objectives of CareSpan's executive compensation policy are: (a) to attract and retain individuals of high calibre to serve as officers of CareSpan; (b) to motivate their performance in order to achieve CareSpan's strategic objectives; and (c) to align the interests of executive officers with the long-term interests of CareSpan Shareholders.

Overview

The board of directors, on the recommendation of management, of CareSpan is responsible for setting the overall compensation strategy of CareSpan and evaluating and making determinations for the compensation of its directors and executive officers. The board of directors, on the recommendation of management, annually reviews and determines base salary.

Each executive officer receives a base salary. The salary of the executive officers of CareSpan is believed to be similar to salaries provided by comparable companies. No personal benefits are granted to the executive officers of CareSpan.

CareSpan provides medical and dental group benefits. CareSpan does not offer life, accidental death and dismemberment and long term disability coverage.

While CareSpan reimburses its executive officers for expenses incurred in the course of performing their duties as executive officers of CareSpan, CareSpan has not provided any compensation that would be considered a perquisite or personal benefit to its executive officers.

CareSpan grants options to recruit and retain key personnel including management and members of its board of directors. CareSpan also grants stock options for performance on a periodic basis as approved by its board of directors.

Non-Arm's Length Transactions

Other than as disclosed herein, there has been no acquisition of assets or services or provision of assets or service in any transaction within the five years before the date of this Filing Statement, or in any proposed transaction, where CareSpan or any subsidiary of CareSpan has obtained such assets or services from:

- (a) any director, officer or Promoter of CareSpan;
- (b) a security holder disclosed in this Filing Statement as a principal security holder, either before or after giving effect to the Qualifying Transaction; or
- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Legal Proceedings

There are no legal proceedings material to CareSpan to which CareSpan is a party to or of which any of its property is the subject matter, and there are no such proceedings known to CareSpan is contemplated.

Material Contracts

CareSpan has not entered into any material contracts and does not intend to enter into any material contracts prior to closing of the Qualifying Transaction, other than:

- the joint venture agreement dated July 8, 2020 with ICME for the establishment of SmartCare;
- the joint venture agreement dated October 5, 2020 with Argosy for the establishment of CareSpan Asia, Inc.;
- the Merger Agreement;
- the Subscription Receipt Agreement; and
- the Subscription Receipt Agency Agreement.

Copies of these agreements may be inspected during regular business hours at the office of CareSpan Canadian legal counsel, McMillan, until the Completion of the Qualifying Transaction and for a period of 30 days thereafter.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this Part III assumes completion of the Merger and approval by the Exchange.

Corporate Structure

Name and Incorporation

Following the Completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer will file articles of amendment to change its name to “CareSpan Health, Inc.”, or such other name as may be determined in the sole discretion of the Board. It is expected that the Resulting Issuer will continue to be subject to the BCBCA and that the registered office of the Resulting Issuer will be located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6T 1T2 and the head office of the Resulting Issuer will be located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7.

Intercorporate Relationships

The following table sets forth the names of the material subsidiaries of the Resulting Issuer after Completion of the Qualifying Transaction, their respective jurisdictions of incorporation, and the current voting and equity interests therein beneficially owned, or controlled or directed, directly or indirectly, by the Resulting Issuer.

Subsidiary	Jurisdiction	Date of Incorporation	Percentage of securities owned or controlled by the Resulting Issuer
CareSpan Holdings, Inc.	Delaware, USA	May 14, 2012	100% common shares
CareSpan USA, Inc.	Nevada, USA	September 26, 2013	100% common shares owned by CareSpan
CareSpan International Inc.	Republic of Panama	May 17, 2012	100% common shares owned by CareSpan
CareSpan Integrated Networks Inc.	Nevada, USA	February 6, 2019	100% Class A voting shares owned by CareSpan Nil Class B non-voting shares owned by CareSpan
American Advanced Practice Network, P.C.	Iowa, USA	December 31, 2018	100% common shares controlled by CareSpan
American MedPsych Network, P.A.	Florida, USA	February 20, 2019	100% common shares controlled by CareSpan
SmartCare GmbH	Berlin, Germany	July 8, 2020	15% common shares owned by CareSpan
CareSpan Asia Inc.	Salcedo Village, City of Makati, Philippines	October 9, 2020	50.1% common shares owned by CareSpan

Notes:

- (1) At October 31, 2021, CareSpan held 100% Class A common voting shares and nil Class B common non-voting shares in CSIN. CareSpan holds approximately a 98% ownership interest in CSIN in aggregate. CSIN is authorized to issue up to 20,000,000 Class B common non-voting shares and up to 50,000,000 Class A common voting shares. The board of CSIN has determined in connection with the establishment of AAPN and AMP that it is in the best interest of the CareSpan to

- issue 1,000 Class B non-voting shares to each member of the boards of AAPN and AMP each for so long as they are board members of AAPN and AMP.
- (2) The Resulting Issuer will not legally own shares in AAPN or AMP as these are professional corporations which cannot have lay ownership. Shares of AAPN can only be owned by an NP. Shares of AMP can only be owned by a licensed medical doctor. The Resulting Issuer will control AAPN and AMP through stock transfer agreements which provide that shares transferred to a new licensed clinician owner must be approved by CSIN.
 - (3) On February 26, 2021, CareSpan MedPsych Network P.A. amended its name to American MedPsych Network P.A.
 - (4) ICME holds 85% common shares of SmartCare. Two officers of CareSpan, the CEO and the Chief Technology Officer, are also directors of SmartCare.
 - (5) Argosy Partners hold 49.9% common shares of CareSpan Asia Inc.

Description of the Business

Following the Closing, the Resulting Issuer will continue to carry on the business of CareSpan. See “Part II – Information Concerning CareSpan – Development and Description of the Business”.

Stated Business Objectives

In addition to having the same stated business objectives as CareSpan, the Resulting Issuer intends to utilize the funds over the next 12 months after completion of the Merger as described in “Estimated Available Funds and Principal Purposes”.

Milestones

Following the Completion of the Qualifying Transaction, the Resulting Issuer anticipates working towards several milestones, including:

Research and Development Milestones

Milestone	Target Date	Anticipated Cost to Complete (US\$)
Comprehensive mental health platform RPM/CCM Platform Care continuity center	Q4 2021	256,000
Enhanced telemedicine workflow and efficiency	Q4 2021	235,500
Advanced patient / care giver engagement Billing module integration	Q1 2022	235,500

Sales and Marketing Milestones

Milestone	Target Date
Sign and onboard an additional 40 NPs / providers to CareSpan’s network of providers ⁽¹⁾	Q4 2021
Provide remote patient monitoring services to 2,000 combined monthly patients	Q4 2021
Launch care continuity management services (CCS)	Q4 2021

Notes:

- (1) The anticipated cost to complete is part of the research and development milestones and are included in CareSpan’s forecast.

Description of the Securities

Resulting Issuer Common Shares

Each of the Resulting Issuer Common Shares is entitled to one vote per Resulting Issuer Common Share. Each of the Resulting Issuer Common Shares is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Resulting Issuer Common Shares from time to time. No dividend on the Resulting Issuer Common Shares shall be declared unless a dividend is contemporaneously declared on the Resulting Issuer Restricted Voting Shares, and dividends declared on the Resulting Issuer Shares shall be declared and paid in equal amounts per share on all Resulting Issuer Shares. Each of the Resulting Issuer Common Shares is entitled, in the event of any liquidation, dissolution or winding-up of the Resulting Issuer (whether voluntary or involuntary), to receive in equal amounts per Resulting Issuer Share, the assets of the Resulting Issuer available for liquidation.

Resulting Issuer Restricted Voting Shares

Each Resulting Issuer Restricted Voting Share is entitled to one vote per Resulting Issuer Restricted Voting Share. The Resulting Issuer Restricted Voting Shares do not carry entitlement for the holder to vote for the election of the directors of the Resulting Issuer. Each of the Resulting Issuer Restricted Voting Shares is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Resulting Issuer Restricted Voting Shares from time to time. No dividend on the Resulting Issuer Restricted Voting Shares shall be declared unless a dividend is contemporaneously declared on the Resulting Issuer Common Shares, and dividends declared on the Resulting Issuer Shares shall be declared and paid in equal amounts per share on all Resulting Issuer Shares. Each of the Resulting Issuer Restricted Voting Shares is entitled, in the event of any liquidation, dissolution or winding-up of the Resulting Issuer (whether voluntary or involuntary), to receive in equal amounts per Resulting Issuer Share, the assets of the Resulting Issuer available for liquidation.

Each Resulting Issuer Restricted Voting Share may be converted into one Resulting Issuer Common Share without payment of additional consideration, at the option of the holder:

- (a) at any time with the consent of the Board;
- (b) at any time that is not a time at which the Board reasonably believes that the Resulting Issuer is not a Domestic Issuer or would become a Domestic Issuer as a result of the issuance of Resulting Issuer Common Shares pursuant to the Resulting Issuer's option to convert the Resulting Issuer Restricted Voting Shares;
- (c) if the Board determines that the Resulting Issuer has ceased to be a Foreign Issuer, the Resulting Issuer shall notify the holders of Resulting Issuer Restricted Voting Shares in respect of such determination and, thereafter, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares at any time and from time to time thereafter;
- (d) if there is an offer to purchase Resulting Issuer Common Shares which must be made to all or substantially all of the holders of Resulting Issuer Common Shares, the Resulting Issuer shall notify the holders of the Resulting Issuer Restricted Voting Shares and during the period commencing on the date which such offer is made until completion or termination of such offer, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares; or
- (e) if with respect to an annual or special meeting of the shareholders of the Resulting Issuer, there is a proposal to elect individual nominees to the board of directors of the Resulting Issuer whose election would result in the occurrence of a majority of the directors elected at any annual or special meeting of the shareholders of the Resulting Issuer not being individuals nominated by the Resulting Issuer's then-incumbent Board, the Resulting Issuer shall notify the holders of the Resulting Issuer Restricted Voting Shares at least ten days prior to the record date for the meeting and during the period commencing on such notice date until the record date for such meeting, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares.

In addition, each Resulting Issuer Restricted Voting Share may be converted into one Resulting Issuer Common Share, at any time and from time to time, at the option of the Resulting Issuer by delivery to a holder of the Resulting Issuer Restricted Voting Share of a notice indicating same and the holder of Resulting Issuer Restricted Voting Shares shall only have the right to receive the relevant number of Resulting Issuer Common Shares resulting from such conversion and any accrued and unpaid dividends on the Resulting Issuer Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in the notice of the Resulting Issuer and the Resulting Issuer Common Shares issuable upon conversion of such Resulting Issuer Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Resulting Issuer Restricted Voting Shares shall be cancelled at that time.

Further, in the event that a majority of the directors elected at any annual or special meeting of the shareholders of the Resulting Issuer are not individuals nominated by the Resulting Issuer's then-incumbent Board, all then outstanding Resulting Issuer Restricted Voting Shares shall automatically convert, without further action on the part of the Resulting Issuer or the holder of such shares, into Resulting Issuer Common Shares on a one-for-one basis.

Upon Completion of the Qualifying Transaction, it is expected that the Resulting Issuer Voting Shares will represent 0% of the voting securities of the Resulting Issuer.

Resulting Issuer Options

Upon Closing, 96,428 Resulting Issuer Options will be issued and outstanding, each exercisable into one Resulting Issuer Common Share at a price of \$0.47 per Resulting Issuer Common Share. Assuming that 26,899,948 Resulting Issuer Common Shares will be issued and outstanding upon Completion of the Qualifying Transaction, the Resulting Issuer may grant up to an additional 1,088,767 Resulting Issuer Options pursuant to the Resulting Issuer Stock Option Plan.²

Holders of Resulting Issuer Options will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital (except upon exercise).

Resulting Issuer Warrants

Each Resulting Issuer Warrant entitles the holder thereof to purchase one Resulting Issuer Common Share. 1,504,800 Resulting Issuer Warrants will be counted against the stock option limit described in the Resulting Issuer Stock Option Plan.

Pro-Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the transactions described in the unaudited *Pro Forma* Consolidated Financial Statements attached hereto as Schedule "E".

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding After Giving Effect to the CareSpan QT Financing
Resulting Issuer Common Shares	Unlimited	26,899,948
Resulting Issuer Restricted Voting Shares ⁽¹⁾	Unlimited	0
Resulting Issuer Warrants	N/A	1,504,800
Resulting Issuer Options	10% of issued and outstanding Common Shares	96,428

² 1,504,800 Resulting Issuer Warrants will count towards the total issued and outstanding Resulting Issuer Options permitted to be granted under the Resulting Issuer Stock Option Plan.

Resulting Issuer Broker Warrants	N/A	317,629 ⁽²⁾

Notes:

- (1) For details about the Resulting Issuer Restricted Voting Shares, see “*Part III – Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares*”.
- (2) The QT Financing Agent received 8% warrants on the brokered portion of the CareSpan QT Financing and 3% warrants on the non-brokered portion of the QT Financing.

Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction.

	Number of Securities ⁽¹⁾	Percentage of Total After Giving Effect to the Proposed Qualifying Transaction and the CareSpan QT Financing
Resulting Issuer Common Shares issued and outstanding pursuant to the Dynamo Shares previously held by Dynamo Shareholders	964,285	3.3%
Resulting Issuer Common Shares issued pursuant to the Merger	6,932,657	24.1%
Resulting Issuer Common Shares issued pursuant to the Merger (to be issued to the holders of the existing CareSpan Notes)	15,022,360	52.1%
Resulting Issuer Restricted Voting Shares issued pursuant to the Merger (to be issued to holders of existing CareSpan Common Shares) ⁽²⁾	0	Nil
Resulting Issuer Common Shares issued upon the automatic exercise of CareSpan Subscription Receipts	3,282,782	11.4%
Resulting Issuer Common Shares issued pursuant to the Dynamo Finder’s Fee Agreement	642,857	2.2%
Resulting Issuer Common Shares issued pursuant to the Merger to be issued to the QT Financing Agent	55,007	0.2%
Total	26,899,948	93.3%
Resulting Issuer Common Shares reserved for issuance pursuant to the exercise of Resulting Issuer Options pursuant to the Resulting Issuer Option Plan	96,428	0.3%
Resulting Issuer Common Shares reserved for issuance pursuant to the exercise of Resulting Issuer Warrants	1,504,800	5.2%
Resulting Issuer Common Shares reserved for issuance upon exercise of Resulting Issuer Broker Warrants	317,629	1.2%
Total Number Of Issued And Outstanding Resulting Issuer Common Shares On A Fully Diluted Basis	28,818,805	100.0%

Notes:

- (1) After giving effect to the Merger.
- (2) Holders of CareSpan Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the CareSpan Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “*Part III – Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares*”.

Estimated Available Funds and Principal Purposes

Estimated Available Funds

Based on information available as at October 31, 2021, upon completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately US\$3,545,790 in Available Funds, which includes the following:

Estimated Funds Available	Amount (US\$) ⁽⁵⁾
Consolidated pro forma working deficit at October 31, 2021 ⁽¹⁾	(959,210)
Gross proceeds of CareSpan QT Financing ⁽³⁾	1,852,700
Estimated fees and expenses of the Qualifying Transaction ⁽²⁾	(95,800)
Estimated gross margin for the following 12 months ⁽⁴⁾	2,748,100
Total Estimated Funds Available	3,545,790

Notes:

- (1) The consolidated pro forma working capital as at October 31, 2021, excludes non-cash items from derivative financial instruments and the convertible loans since these will form part of the Qualifying Transaction.
- (2) Estimated fees and expenses of the Qualifying Transaction include estimated cash transaction costs USD\$95,800 assumed to be incurred or received after October 31, 2021, and do not include the non-cash listing expense. Estimated fees and expenses of the Qualifying Transaction include agent's expenses, legal, audit, regulatory, listing and printing fees. A substantial portion of the fees and expenses relating to the Qualifying Transaction have been incurred in the period January to September 2021 and are included in the financial statements of CareSpan for the six months ended June 30, 2021, and in the consolidated pro forma working capital as at October 31, 2021.
- (3) Gross proceeds of the CareSpan QT Financing is based on the issuance of 3,282,782 CareSpan Subscription Receipts at CAD \$0.70 converted to U.S. dollars using the Bank of Canada rate of \$1.00 = US\$1.2403 on November 2, 2021.
- (4) The estimated gross margin is based on historical results from existing clients, the growth experienced in the past year, contracts signed.
- (5) CAD converted to U.S. dollars using the Bank of Canada rate of \$1.00 = US\$1.2403 on November 2, 2021.

Principal Purposes of Funds

Based on information available as at October 31, 2021, the following table sets forth the principal purposes for which the Available Funds upon Completion of the Qualifying Transaction will be used and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount (US\$)
Research and development ⁽¹⁾	1,392,700
Sales and marketing ⁽²⁾	556,100
Operations	250,000
General and administrative	1,113,500
Unallocated working capital ⁽³⁾	233,490
Total	3,545,790

Notes:

- (1) See "Information Concerning CareSpan – Narrative Description of the Business – Estimated General and Administrative Expenses for the Next 12 Months".
- (2) See "Information Concerning CareSpan – Business Objectives and Milestones".
- (3) Unallocated working capital includes trailing 12-month funds which assumes that CareSpan will provide services to its clients (current and estimated based on contracts as at October 31, 2021) over the next 12 months, expenses of the raise will be offset and that CareSpan will pay down a substantial portion of its accounts payable.

Upon completion of the CareSpan QT Financing, the Resulting Issuer working capital available to fund ongoing operations will be sufficient to meet the administrative costs for at least twelve months. The Resulting Issuer intends

to spend the Available Funds as stated in this Filing Statement. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. See “*Risk Factors*”.

Estimated General and Administrative Expenses for the Next 12 Months

The estimated general and administrative expenses of the Resulting Issuer for the 12 months following Completion of the Qualifying Transaction are an aggregate of US\$1,113,500. An estimated breakdown of these expenses is as follows:

Item	Amount (US\$)
Audit and legal fees	268,000
General and administrative expenses	290,700
Salary and benefits and contractors	497,200 ⁽³⁾
Transfer agent and regulatory filing fees	57,600
Share of expenses in joint venture ⁽¹⁾	Nil ⁽²⁾
Total general and administrative	1,113,500

Notes:

- (1) CareSpan is responsible for 50.1% of expenses relating to its joint venture, CareSpan Asia Inc.
- (2) CareSpan Asia is undergoing a private financing anticipated for Q3 2022 at which point CareSpan Holdings, Inc. will be reimbursed for its share of expenses incurred which are approximately USD \$20,000 per month.
- (3) A portion of one of the executive salaries is allocated to Sales & Marketing. Other executive salaries are allocated in full to their respective line of business.

Negative Operating Cash Flow

As at June 30, 2021, CareSpan has incurred losses of US\$14,077,757 since incorporation. There is no guarantee that the Resulting Issuer will ever become profitable. CareSpan anticipates that it will continue to have negative cash flow for the foreseeable future unless and until a critical number of NPs and practices are enrolled and use the CareSpan platform. Due to the expected continuation of negative operating cash flows, the Resulting Issuer will be reliant on future financings in order to meet its cash needs. There is no assurance that such future financings will be available on acceptable terms or at all. A portion of the proceeds from the CareSpan QT Financing will be used to fund negative cash flows from operating activities in future periods. See “*Risk Factors – Negative Operating Cash Flow*”.

Dividend Policy

The Resulting Issuer does not currently intend to pay any cash dividends or distributions on the Resulting Issuer Common Shares in the foreseeable future and, therefore, holders of Resulting Issuer Common Shares may not be able to receive a return on their Resulting Issuer Common Shares unless they sell such Resulting Issuer Common Shares. The Resulting Issuer’s policy will be to retain earnings, if any, to reinvest in the Resulting Issuer.

The Resulting Issuer’s dividend policy will be reviewed from time to time by the Board of the Resulting Issuer in the context of its earnings, financial condition and other relevant factors. Until the Resulting Issuer pays dividends on the Resulting Issuer Common Shares, which it may never do, its shareholders will not be able to receive a return on the Resulting Issuer Common Shares unless they sell them.

Principal Security Holders

To the knowledge of management of Dynamo and CareSpan, no person or company is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Qualifying Transaction except as follows:

Name and Municipality of Residence	Aggregate Number of Resulting Issuer Common Shares Owned ⁽¹⁾	Percentage of Resulting Issuer Shares Owned ⁽²⁾⁽³⁾	Type of Ownership
Rembert de Villa ⁽⁴⁾ New York, NY United States	4,986,412	18.5%	Record
Stellar Investment Partners ⁽⁵⁾ Saddle River, NJ United States	2,570,527	9.6%	Record

Notes:

- (1) After giving effect to the Merger.
- (2) Assuming that there are 26,899,948 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.
- (3) Resulting Issuer Shares include the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Shares. Holders of CareSpan Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the CareSpan Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”.
- (4) Mr. de Villa owns approximately 17.3% of the Resulting Issuer Shares on a fully-diluted basis.
- (5) Stellar Investment Partners owns approximately 8.9% of the Resulting Issuer Shares on a fully-diluted basis.

Directors, Officers and Promoters

The following table provides the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer upon Completion of the Qualifying Transaction, their proposed positions and offices to be held with the Resulting Issuer, their principal occupations or employment and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon Completion of the Qualifying Transaction.

No person has been a Promoter of Dynamo, CareSpan or any subsidiary of CareSpan in the two-year period preceding this Filing Statement, and it is not expected that any person will be a Promoter of the Resulting Issuer.

Name, Municipality and Country of Residence	Principal Occupations for the Last Five Years	Period or periods during which each director or officer has served as a director or officer of CareSpan	Proposed Position With the Resulting Issuer	Number and Percent of Resulting Issuer Shares ⁽¹⁾⁽²⁾
Rembert de Villa ⁽⁴⁾⁽⁵⁾ New York, NY United States	CEO of CareSpan; Global Business Head, Healthcare of EXL	November 2018-present	CEO and Director	4,986,412 18.5%
Anne Burpee Toronto, ON Canada	CFO of CardioComm Inc.; Managing Director of GoCFO Consulting Services	April 2021-present	CFO	Nil

Name, Municipality and Country of Residence	Principal Occupations for the Last Five Years	Period or periods during which each director or officer has served as a director or officer of CareSpan	Proposed Position With the Resulting Issuer	Number and Percent of Resulting Issuer Shares ⁽¹⁾⁽²⁾
Terry Knapp ⁽⁴⁾ Niwt, CO United States	Chief Medical Officer and founder of CareSpan	Inception-present	Chief Medical Officer and Director	1,075,820 4.0%
John Reardon ⁽⁴⁾⁽⁶⁾ Atherton, CA United States	CEO of Reardon Advisory; Managing Director, Portfolio Operations, Sunstone Partners	May 2020-present	Chairman of the Board	Nil
Douglas Wolfgram San Juan Capistrano, CA United States	Chief Technology Officer of CareSpan	May 2014-present	Chief Technology Officer	135,420 0.5%
Holger Micheel-Sprenger ⁽⁵⁾ Fehmarn, Schleswig-Holstein Germany	CEO & Partner of ICME	January 2018-present	Director	1,868,226 ⁽³⁾ 6.9%
Thomas Astle ⁽⁵⁾ Aurora, ON Canada	Director, Longevity Funds International Inc. (February 2020 to present) Partner, Longevity Funds International Inc. (April 2019 to present) Chief Investment Officer, Difference Capital Financial Inc. (April 2013 to April 2019)	N/A	Director	Nil
Sam Toney Tampa, FL, United States	CEO of Toney HealthCare Consulting	March 2019-present	Senior Medical Director, Behavioral Health	Nil
JoEllen Koerner United States	Chief Nursing Officer of CareSpan	June 2014 – present	Chief Nursing Officer	5,767 0.0%
James Becker ⁽⁵⁾ Minneapolis, MN United States	President of Optum Global Solutions	N/A	Director	Nil
Raj Dewan Richmond Hill, ON Canada	Partner, McMillan LLP	N/A	Corporate Secretary	Nil

Notes:

- (1) Assuming that there are 26,899,948 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.

- (2) Resulting Issuer Shares include the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Shares. Holders of CareSpan Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the CareSpan Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”.
- (3) 607,110 Resulting Issuer Common Shares are held on a non-diluted basis by Mr. Micheel-Sprenger who is the CEO and a Partner of ICME. 1,261,116 Resulting Issuer Common Shares are held on a non-diluted basis by ICME.
- (4) Proposed member of the Governance Committee.
- (5) Proposed member of the Audit Committee.
- (6) Proposed member of the Compensation Committee.
- (7) These Resulting Issuer Common Shares are held by the Knapp Family Trust dated 2/1/1988, which is controlled by Mr. Knapp.

As a group, the directors and officers of the Resulting Issuer will hold approximately 8,071,645 Resulting Issuer Shares, representing approximately 30.01% of all issued and outstanding Resulting Issuer Shares.

The following is a brief description of each of the proposed members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years):

Rembert de Villa – CEO and Director, Age 64

Mr. de Villa assumed the role of CEO of CareSpan in August 2018. He joined the CareSpan Board in December 2017. Prior to CareSpan, Rembert was Executive Vice-President of EXL Service Holdings, a leading analytics and operations management company, and was Global Business Leader of EXL Healthcare. He held various leadership roles during his ten years at EXL, including Chief Strategy Officer and Global Head of Transformation (data analytics and operations consulting). Prior to EXL, Rembert had a career in management consulting, holding senior leadership roles at Mastercard Advisors, Capgemini Ernst & Young, A.T. Kearney and Andersen Consulting (now Accenture). He is Senior Adviser to the Philippine-American Chamber of Commerce in New York, where he served as Chairman of the Board for over three years.

Anne Burpee – CFO, Age 56

Ms. Burpee is a bilingual Chartered Professional Accountant (CPA CMA) with more than 25 years of senior corporate leadership experience in the areas of finance, operations, corporate strategy, and change management. She has served as a financial executive for several large and small publicly traded companies where she earned a reputation as a strategic leader with strong execution and communication skills. Previous employers where Ms. Burpee has worked in a senior capacity include AON Hewitt, Global Aerospace Underwriting Managers, South Western Insurance Group, Canadian Tire, and Sears Canada. Ms. Burpee is a graduate of McGill University and holds a CPA CMA designation in Ontario. In 2014, she launched a successful consulting practice providing financial and CFO services to both private and public companies. In addition, she is a financial literacy volunteer for CPA Canada, a member of the Accounting Program Advisory Committee at Humber College, and a part-time professor at Centennial College.

Terry R. Knapp, MD – Chief Medical Officer and Director, Age 77

Dr. Knapp is a Stanford-trained, U.S. board-certified surgeon with a 40-year history of multinational care delivery. He is an accomplished medical device and medical services entrepreneur and corporate executive, co-founder of Collagen Corporation, and several other private and public companies, and has served in numerous executive roles and board of director positions. He has authored 15 U.S.-issued and many foreign patents in the field of medical devices and medical information technology, and has written numerous peer-reviewed medical publications, editorials and book chapters. He is former CEO of a publicly traded, diverse medical device and information technology company and was a founding member of the Board of the Bard Center for Entrepreneurship Development at the University of Colorado, Denver.

Douglas Wolfgram – Chief Technology Officer, Age 62

Mr. Wolfgram joined CareSpan in January 2014 as Chief Technology Officer. Mr. Wolfgram brings 25 years’ experience in developing interactive communications technology products for major clients such as Toshiba Medical, Hitachi Data Systems, NEC, AT&T and Beckman/Coulter together to create an integrated digital health platform. Previously, Mr. Wolfgram managed the Health Sites project of over 200 dedicated health information sites for

MoreFocus Group. Inc. MoreFocus was acquired by LendingTree in 2012 and became HealthTree. Today, he works as a mentor to entrepreneurial students at Cal State Fullerton and speaks publicly on Digital Health Technologies. Mr. Wolfgram holds degrees in Engineering-Physics and Mathematics from Oregon State University.

Sam Toney, MD – Senior Medical Director, Behavioral Health, Age 63

Sam Toney joined CareSpan as its Senior Medical Director for Behavioral Health in early 2019 and initiated a directive to design an integrated approach to diagnosing and treating patients with chronic physical conditions complicated by co-morbid psychiatric and substance use disorders. Dr. Toney has over thirty years of clinical management experience in health plan populations including Medicare, Medicaid, Tricare and commercial lines of business. Prior to joining CareSpan Dr. Toney served as Chief Medical Officer for Health Integrated (which he founded) where he developed a unique behavior modification program known as Dynamic Somato-Social Theory to manage individuals with complex co-morbid profiles. Dr. Toney has appeared in such publications as the Journal of Managed Care Pharmacy, Managed Healthcare Executive and Population Health News. He is a frequent speaker at industry conferences including the Medicaid Managed Care Congress and Medicaid Health Plans of America Conference, and has presented on national webinars for Health Plan Alliance, the Association for Community Affiliated Plans and others. Dr. Toney is certified by the American Board of Psychiatry and Neurology and is licensed to practice medicine in 35 states.

John Reardon – Chairman of the Board, Age 63

Mr. Reardon joined the CareSpan board in early 2020 as a strategic advisor. Mr. Reardon is an accomplished healthcare executive, entrepreneur and investor working at the forefront of digital health and telemedicine. For the past 20 years he has produced exceptional outcomes for three private equity/venture capital funds focused primarily on digital health/telemedicine and technology-enabled healthcare services. His experience includes working with TelaDoc (NYSE: TDOC), Advanced ICU Care, Progeny Health, ArroHealth (acquired by CIOX Health), Acclais (acquired by Willis, Towers, Watson NASDAQ: WLTW), HealthMedX (acquired by Netsmart Technologies NASDAQ: NTST) and Aethon (acquired by OTCMKTS: SGGKF). Today, he works directly with growth stage digital health companies providing strategy and fund-raising assistance. Mr. Reardon holds an MBA from the Anderson School at the University of California, Los Angeles and holds BS Degrees in History and Economics from Arizona State University.

Holger Micheel-Sprenger – Director, Age 52

Mr. Micheel-Sprenger is a Partner and the CEO of ICME, a leading management consulting firm with a European outlook and philosophy. Within the last 25 years of experience of management and consulting in the healthcare sector, Mr. Micheel-Sprenger has been representing senior management positions in leading German healthcare companies and providers. He also is the Managing Director of ICME Healthcare GmbH. His management skills and expertise include corporate strategies and development, interdisciplinary project management, process management and technical management of hospitals. He has held Executive Director level positions in a number of medical industry and health services companies and also served as a Managing Director of a 600-bed hospital. He has been involved in consulting and management programs at various health institutions, government entities and hospitals around the world regarding strategy development and organizational and efficiency improvements. Mr. Micheel-Sprenger established and directs consulting and management services within ICME International Group at a regional and global level. Mr. Micheel-Sprenger holds Master Degrees in Industrial Engineering and Business Administration from Nordakademie University Hamburg, Germany.

Thomas Astle, Director, Age 60

Mr. Astle is currently a Director with Longevity Funds International Inc. a developer of investment products. Prior to this he was the Chief Investment Officer of Difference Capital Financial Inc., a Toronto Stock Exchange listed strategic investment company. He brings years of experience in equity research and has been an analyst for most of his career. Prior to working for Difference Capital Financial Inc., Tomran research departments for 6 years at Byron Capital Markets Inc. and Dundee Securities Inc. He holds CFA, P.Eng. and ICD.D designations.

James Becker – Director, Age 57

Mr. Becker brings to CareSpan insight and expertise from a distinguished career in health insurance operations and services. Since 2008, he held multiple executive roles at UnitedHealth Group (NYSE: UNH) with extensive experience leading multi-billion-dollar Commercial and Government lines of business. His most recent role was President of Optum Global Solutions, a team of 43,000 delivering services and technology in healthcare globally. Prior to this, he served as Chief Operating Officer, UnitedHealthcare Medicare and Retirement, supporting more than 12 million seniors and Medicare beneficiaries and generating \$70 billion in revenues. Mr. Becker has served on the Boards of Optum Global Solutions, India, Optum Global Solutions, Philippines, XL Health, India, and Optum Solutions, Ireland. Previously, he served on the Boards of UnitedHealthcare Insurance Corporation and Harken Health. Additionally, Jim serves on The University of Michigan Precision Health National Advisory Board and The University of Minnesota School of Medicine Board of Visitors, as well as the advisory board for Ooda Health. Mr. Becker earned an MBA from the Wharton School at the University of Pennsylvania and a BBA from the Stephen M. Ross School of Business at the University of Michigan.

JoEllen Koerner – Chief Nursing Officer, Age 76

JoEllen Koerner is an author, editor, speaker, researcher, educator and nurse executive leader well known for her efforts to foster high standards in nursing. She is a former President of the American Organization of Nurse Executives and recipient of the Lifetime Distinguished Service Award from the AONE Institute for Patient Care Research & Education. Dr. Koerner has had extensive executive level management/leadership experience in health care administration, education, regulation, & e-commerce. She has written three books, numerous articles and also served as Editor or Board Advisor on multiple nursing journals; Nurse Week, Nursing Administration Quarterly, Nursing Outlook, Journal of Nursing Administration, Journal of Nursing Education, Nursing Spectrum and Journal of Professional Nursing. JoEllen has also served on many national Advisory Boards including, Robert Wood Johnson, Johnson & Johnson, PEW Health Professions, National Commission on Nursing Implementation Project, Picker Institute, Fetzner Institute, HillRom Center for Nursing Leadership, Community-Campus Partnerships for Health, International Center for Nursing, American Academy of Nursing, and American Association of Colleges of Nursing. International consultation included countries such as New Zealand, Australia, Philippines, Pine Ridge Reservation and the Ministry of Health, Prague, Czechoslovakia. Her international and voluntary work is currently focused on workforce development for underrepresented sectors of society.

Raj Dewan – Corporate Secretary, Age 48

Rajeev (Raj) Dewan is a partner in the Capital Markets and M&A group at McMillan LLP, a business law firm. Mr. Dewan advises on all facets of corporate and securities law, with a particular emphasis on structuring financings and acquisitions. Mr. Dewan holds a Bachelor of Arts degree from the University of Toronto, a Bachelor of Law degree from York University and a Certificate in Islamic Finance from the Rotman School of Management at the University of Toronto.

Committees of the Board

Following the Completion of the Qualifying Transaction, the Board intends to establish a Governance Committee, an Audit Committee, and a Compensation Committee.

Governance Committee

The Governance Committee of the Resulting Issuer is expected to be comprised of Rembert de Villa, Terry Knapp and John Reardon. Members of the Governance Committee each have decades of corporate healthcare, medical care delivery, financial and public company leadership and governance experience, as well as day-to-day insight into the operations of CareSpan. Dr. Knapp has founded and served as CEO and/or Director and officer of two public healthcare companies, including Collagen, Corp. (NASDAQ:CGEN). Mr. Reardon has served as CEO and/or director of multiple digital health companies including Teladoc Health, Inc. (NYSE:TDOC). Mr. de Villa led the creation and growth of the healthcare vertical for EXL Service Holdings, Inc. (NASDAQ:EXLS), a multinational business process and consulting company to the healthcare industry.

Member	Independent / Not Independent
John Reardon ⁽²⁾	Independent
Terry Knapp ⁽¹⁾	Not Independent
Rembert de Villa ⁽¹⁾	Not Independent

Notes:

- (1) Dr. Knapp and Mr. de Villa are also officers of CareSpan and are not independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
(2) Mr. Reardon will be appointed chair of the Governance Committee.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Resulting Issuer, and takes into account the role of individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Resulting Issuer. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Governance Committee duties include providing preliminary evaluation of strategic, joint venture and major business opportunities for presentation in organized format to the Board, discussing and coordinating with outside legal counsel regarding issues that may require Board oversight, coordinating overall Board activities and providing recommendations to the Board for structure changes to ensure CareSpan is in compliance with its legal and fiduciary duties. The Governance Committee serves collectively as the Office of the Chairman.

The Board intends to adopt a written charter for the Governance Committee immediately following the completion of the Merger.

Audit Committee

The Audit Committee of the Resulting Issuer is expected to be composed of the following members:

Member	Independent / Not Independent ⁽¹⁾	Financially Literate / not Financially Literate ⁽²⁾
James Becker ⁽³⁾	Independent	Financially Literate
Holger Micheel-Sprenger	Not Independent	Financially Literate
Thomas Astle	Independent	Financially Literate
John Reardon	Independent	Financially Literate

Notes:

- (1) A member of the audit committee is independent if the member meets the meaning of that term as defined in Section 1.4 of National Instrument 52-110 Audit Committees (“**NI 52-110**”).
(2) As defined by NI 52-110.
(3) Mr. Becker will be appointed chair of the Audit Committee.

In accordance with section 6.1.1(3) of NI 52-110 relating to the composition of the audit committee for venture issuers, a majority of the members of the audit committee are not executive officers, employees or control persons of the company.

All members of the Audit Committee are “financially literate” within the meaning of NI 52-110. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

For additional details regarding the relevant education and experience of each member of the Audit Committee, see the relevant biographical experiences for each member of the Audit Committee under “*Directors, Officers and Promoters*”.

The Board will adopt a written charter for the Audit Committee which sets out the Audit Committee's responsibility in reviewing the financial statements of the Resulting Issuer and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the review of the Resulting Issuer's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

Compensation Committee

The Compensation Committee of the Resulting Issuer is expected to be comprised of John Reardon, James Becker, and a third member.

The Compensation Committee will consist of individuals who satisfy the independence requirements of the Toronto Stock Exchange and TSXV and, who are experienced executives familiar with compensation and incentive plans that appropriately align management with shareholder interests.

The Board will adopt a written charter for the Compensation Committee which sets out the responsibilities to include: review and approve goals and objectives relevant to the CEO's compensation, review and approve goals and objectives relevant to the senior management team compensation, review and approve director compensation, review and approve broad based incentive compensation plans including stock based plans, provide counsel to the CEO regarding personnel issues, management structure, and succession planning.

Work Commitment to the Resulting Issuer

All proposed executive officers of the Resulting Issuer will work on a full-time or part-time basis for the Resulting Issuer. Each executive officer of the Resulting Issuer will enter into non-competition and non-disclosure agreements with the Resulting Issuer. The proposed directors will devote their time and expertise as required by the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Within the ten years before the date of this Filing Statement, no proposed director, officer or Promoter is or has been a director, officer or Promoter of any person or company that:

- (a) was subject to a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable securities law, that was in effect for a period of more than 30 consecutive days, while that person was acting in that capacity; or
- (b) was subject to a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable securities law, that was in effect for a period of more than 30 consecutive days, that was issued after that person ceased to be a director, officer or Promoter and which result from an event that occurred while that person was acting in that capacity.

Within the ten years before the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer is or has been a director or, officer of any company that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The foregoing information, not being within the knowledge of CareSpan, has been furnished by the proposed directors and officers of the Resulting Issuer.

Penalties or Sanctions

To the knowledge of CareSpan, no proposed director, officer or Promoter of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Qualifying Transaction.

Personal Bankruptcies

To the knowledge of CareSpan, no director, officer or Promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

Interests of Management and Others in Material Transactions

Holger Micheel-Sprenger is a director and shareholder of CareSpan. He is also the CEO and shareholder of ICME, which is the majority shareholder of ICME GmbH Management Consultants Munich, a German limited liability company. CareSpan and ICME GmbH Management Consultants Munich entered into the agreement to create a European-based joint venture, SmartCare. See “*Information Concerning CareSpan – Corporate Structure – Relationship of the Variable Interest Entities to CareSpan*”.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the closing of the Qualifying Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Dynamo and CareSpan, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon closing of the Qualifying Transaction, as of the date of this Filing Statement.

The joint venture with ICME for the EMEA market (whereby CareSpan owns 15% and ICME owns 85% of SmartCare) presents a conflict of interest to the extent Holger Micheel-Sprenger, as CEO of ICME and Lead Director of SmartCare, may propose or direct corporate/business actions for SmartCare that may not be in the best interest of CareSpan. This scenario is highly unlikely as Mr. Micheel-Sprenger, as well as ICME, hold a meaningful interest in CareSpan. In addition, two of five directors of the board of directors of SmartCare are officers of CareSpan (Rembert de Villa, CEO and Doug Wolfram, Chief Technology Officer). Any significant business actions taken or proposed by SmartCare that may be in conflict with CareSpan would have been discussed and decided upon at the board of directors level.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position				
				MM	YY	MM	YY
Rembert de Villa	EXL Service Holdings United States	NASDAQ	EVP, Global Head of Healthcare	08	2006	08	2018
Thomas Astle	Mogo Inc. (formerly Difference Capital Financial Inc.)	Toronto Stock Exchange	Chief Investment Officer	04	2013	04	2019

	BPLI Holdings Inc.	TSX Venture Exchange (de-listed)	Director	05	2015	Current	
	PESA Corporation	Unlisted	Director	12	2012	Current	
Anne Burpee	CardioComm Solutions Canada	Toronto Venture Exchange	Chief Financial Officer	10	2018	09	2020

Executive Compensation

The Resulting Issuer's compensation payable to the Named Executive Officers will be based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Resulting Issuer.

In particular, the CEO's compensation will be determined by time spent on: (i) the Resulting Issuer's day to day operations; (ii) developing the Resulting Issuer's products and working to bring them to market; (iii) reviewing potential transactions and negotiating them on behalf of the Resulting Issuer; and (iv) new business ventures.

The CFO's compensation will be primarily determined by time spent in reviewing the Resulting Issuer's financial affairs, including, but not limited to, the Resulting Issuer's day-to-day accounting, budgets and financial reporting.

Compensation Discussion and Analysis

Disclosure of the executive compensation practices for CareSpan is set forth in "*Part II – Information Concerning CareSpan – Executive Compensation*". It is anticipated that the Resulting Issuer will continue the executive compensation practices of CareSpan upon Completion of the Qualifying Transaction. It is anticipated that from time to time, Resulting Issuer Options will be granted under the Resulting Issuer Option Plan to: provide an incentive to the participants; to achieve the longer-term objectives of the Resulting Issuer; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Resulting Issuer; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Resulting Issuer.

Director Compensation

Upon Completion of the Qualifying Transaction the directors of the Resulting Issuer will determine how much, if any, compensation will be paid to directors for services rendered to the Resulting Issuer by them in that capacity. Such incentives may be in the form of an annual director's fee and/or in the form of incentive Resulting Issuer Options pursuant to the Resulting Issuer Option Plan.

Executive Compensation

The following table sets forth a summary of all compensation to be earned by the Resulting Issuer's Named Executive Officers in 2021.

Named Executive Officer Name and Principal Position	Salary (US\$)	Share Based Awards	Option Based Awards	Non-Equity Incentive Plan Compensation		Pension Value (US\$)	All other Compensation Plans (US\$)	Total Compensation (US\$)
				Annual Incentive Plans (US\$)	Long-Term Incentive Plans			
Rembert de Villa, CEO ⁽¹⁾	220,000	Nil	Nil	See note ⁽¹⁾	Nil	Nil	See note ⁽¹⁾	220,000
Anne Burpee, CFO ⁽⁴⁾	96,000	Nil	Nil	Nil	Nil	Nil	Nil	96,000
Terry Knapp, Chief Medical Officer ⁽²⁾	180,000	Nil	Nil	See note ⁽²⁾	Nil	Nil	See note ⁽²⁾	180,000
Doug Wolfram, Chief Technology Officer ⁽³⁾	180,000	Nil	Nil	See note ⁽³⁾	Nil	Nil	See note ⁽³⁾	180,000
JoEllen Koerner, Chief Nursing Officer ⁽⁵⁾	96,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000

Notes:

- (1) Pursuant to an employment contract dated December 4, 2020, the CEO salary is to increase to \$290,000, a bonus of \$150,000 was granted, and existing options were repriced at \$0.104 upon completion of the Qualifying Transaction. In March 2021, the board and Mr. de Villa agreed to cancel all outstanding options. On July 24, 2021, Mr. de Villa released CareSpan to pay the increase and the bonus amount and confirmed that all his options were cancelled.
- (2) Pursuant to an employment contract dated December 21, 2020, the Chief Medical Officer salary is to increase to \$216,000, a bonus of \$75,000 was granted, and existing options were repriced at \$0.104 upon completion of the Qualifying Transaction. In March 2021, the board and Dr. Knapp agreed to cancel all his outstanding options. At August 2021, Dr. Knapp entered into an agreement to defer any bonus amount or increases to his pay until such time as the independent members of the Compensation Committee render a decision on the amount, type and timing of his compensation post the Qualifying Transaction.
- (3) Pursuant to an employment contract dated December 4, 2020, the CTO salary is to increase to \$216,000, a bonus of \$75,000 was granted and existing options were repriced at \$0.104 upon Completion of the Qualifying Transaction. On July 24, 2021, Mr. Wolfram released CareSpan from the obligation employment contract to pay the increase and the bonus amount and confirmed that all his options were cancelled.
- (4) Ms. Burpee was engaged as Interim CFO in April 2021. Under the terms of the contract with 9786406 Canada Inc. (dba GoCFO), a private company controlled by Ms. Burpee, remuneration was set at \$8,000 per month.
- (5) On June 22, 2021, Dr. Koerner and CareSpan entered into a consulting agreement to take effect on July 1, 2021. Under the terms of the contract, remuneration was set at \$8,000 per month.

Indebtedness Of Directors And Officers

No director, officer, Promoter, member of management, nominee for elections as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Dynamo or CareSpan or is expected to be indebted to the Resulting Issuer following the Completion of the Qualifying Transaction.

Investor Relations Arrangements

The Resulting Issuer has not entered into any promotional or investor relations arrangements.

Options

The Resulting Issuer will adopt the Dynamo Option Plan, which will be the stock option plan of the Resulting Issuer upon Completion of the Qualifying Transaction. The Dynamo Option Plan was approved by Dynamo Shareholders on September 24, 2020.

Upon of the Completion of the Qualifying Transaction, it is anticipated the following Resulting Issuer Stock Options will be outstanding:

Optionee	Number of Resulting Issuer Options	Exercise Price per Resulting Issuer Common Share	Expiry Date
Dynamo Officers and Past Officers			
Geoff Balderson	24,107	\$0.47	September 16, 2023
Eric Warren	48,214	\$0.47	September 16, 2023
Stephen Ross Gatensbury	24,107	\$0.47	September 16, 2023
Total	96,428		

Stock Option Plan

The Resulting Issuer will adopt the Dynamo Option Plan, which will be the stock option plan of the Resulting Issuer upon Completion of the Qualifying Transaction. Disclosure regarding the Dynamo Option Plan is set forth in “*Information Concerning Dynamo – Stock Option Plan*”.

Escrowed Securities

Dynamo Founders Shares

As of the date of the Filing Statement there are 2,000,000 CPC Escrow Shares subject to the CPC Escrow Agreement.

There are two classes of escrow to which certain Resulting Issuer Common Shares will be subject to escrow: (i) CPC Escrow Shares; and (ii) Value Escrow Securities. The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of Dynamo, while the Value Securities are subject to an escrow as a result of the Qualifying Transaction.

CPC Escrow Shares

The following table sets out, as of the date hereof and to the knowledge of CareSpan and Dynamo, the name and municipality of residence of the security holders whose securities will be subject to the release conditions of the CPC Escrow Agreement (on a non-diluted basis):

Name and Municipality	Designation of class	Prior to giving effect to the Qualifying Transaction		After giving effect to the Qualifying Transaction	
		Number of securities held in escrow	Percentage of class ⁽¹⁾	Number of securities held in escrow	Percentage of class ⁽²⁾
Geoff Balderson, Vancouver, BC Canada	Common Shares	762,500	16.9%	163,392	0.61%
Eric Warren Richmond, BC Canada	Common Shares	500,000	11.1%	107,142	0.40%
Stephen Ross Gatensbury Vancouver, BC Canada	Common Shares	765,000	17.0%	163,927	0.61%

Notes:

- (1) Based on 4,500,000 Common Shares (on a pre-Dynamo Consolidation basis) issued and outstanding prior to the Merger.
(2) Assuming that there are 26,899,948 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.

Securities summarized in the above table held by certain principals of Dynamo will be escrowed in accordance with TSXV policies and applicable securities laws as follows:

Percentage of Shares Released from Escrow	Shares Release Date
25%	Date of Final Exchange Bulletin
25%	6 months from Final Exchange Bulletin
25%	12 months from Final Exchange Bulletin
25%	18 months from Final Exchange Bulletin

Surplus Securities

The following table sets out, as of the date hereof and to the knowledge of CareSpan and Dynamo, the name and municipality of residence of the security holders whose securities will be Surplus Securities (on a non-diluted basis):

Name and Municipality	Designation of class	Prior to giving effect to the Qualifying Transaction		After giving effect to the Qualifying Transaction	
		Number of securities held in escrow	Percentage of class	Number of securities held in escrow	Percentage of class ⁽²⁾
Rembert de Villa New York, NY United States	Resulting Issuer Common Shares	Nil	N/A	4,986,412	18.5%
Terry Knapp Niwot, CO United States	Resulting Issuer Common Shares	Nil	N/A	1,075,820	4.0%
Douglas Wolfgram San Juan Capistrano, CA United States	Resulting Issuer Common Shares	Nil	N/A	135,420	0.5%

Holger Micheel-Sprenger Fehmarn, Schleswig-Holstein Germany	Resulting Issuer Common Shares	Nil	N/A	1,868,226	6.9%
JoEllen Koerner	Resulting Issuer Common Shares	Nil	N/A	5,767	0.0%
Stellar Investment Partners	Resulting Issuer Common Shares	Nil	N/A	2,570,527	9.6%

Notes:

- (1) Assuming that there are 26,899,948 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.
- (2) These Resulting Issuer Common Shares are held by the Knapp Family Trust dated 2/1/1988, which is controlled by Mr. Knapp.
- (3) 607,110 Resulting Issuer Common Shares are held by Mr. Micheel-Sprenger who is the CEO and a Partner of ICME. 1,261,116 Resulting Issuer Common Shares are held by ICME.

Following Completion of the Qualifying Transaction, securities summarized in the above table held by directors and officers of the Resulting Issuer will be escrowed in accordance with TSXV policies and applicable securities laws as follows:

Percentage of Shares Released from Escrow	Shares Release Date
5%	Date of Final Exchange Bulletin
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
40%	36 months from Final Exchange Bulletin

Seed Share Resale Restrictions

Pursuant to Exchange Policy 5.4 - *Escrow, Vendor consideration and Resale Restrictions*, certain non-principal shareholders of CareSpan Common Shares, upon conversion into Resulting Issuer Shares, will be subject to SSRRs. SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction. The terms of the SSRRs are based on the length of time such CareSpan Common Shares have been held and the price at which such shares were originally issued.

There are 3 non-principal holders of CareSpan Common Shares who will hold an aggregate of 616,652 Resulting Issuer Shares at Completion of the Qualifying Transaction that will be subject to the escrow terms of the Value Security Escrow Agreement.

Such Resulting Issuer Shares will either be issued with a restrictive legend such that the securities held in escrow will be released from the applicable SSRR.

Lock-up Agreements

Pursuant to the terms of the Subscription Receipt Agency Agreement, each of the directors and officers of CareSpan, certain CareSpan Shareholders and holders of certain CareSpan convertible debentures which convert into CareSpan Common Shares at a 50% discount to the CareSpan QT Financing issue price have agreed to enter into the Lock-up Agreements, pursuant to which each will agree certain restrictions on their rights to transfer their securities of the Resulting Issuer for a period of six months after the Completion of the Qualifying Transaction.

PART IV – RISK FACTORS

Where used in this “*Risk Factors*” section, “CareSpan” refers to either CareSpan or the Resulting Issuer as the context may require. The current business of CareSpan and its subsidiaries will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to CareSpan’s current business will be risk factors relating to the Resulting Issuer’s business and references to CareSpan in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of CareSpan’s business, the legal and economic climate in which it operates and its present stage of development, CareSpan is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and CareSpan may face. CareSpan’s future development and operating results may be very different from those expected as at the date of this Filing Statement. Additional risks and uncertainties not presently known to CareSpan or that CareSpan currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Common Shares to decline. If any of the following or other risks occur, the Resulting Issuer’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Common Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in this Filing Statement before making an investment in CareSpan or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to CareSpan include, but are not limited to, the factors set out below.

Business Risks

Retention and Acquisition of Skilled Personnel

The loss of any member of CareSpan’s management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on CareSpan’s business and operating results. The expansion of marketing and sales of its products will require CareSpan to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and CareSpan may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, CareSpan may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as CareSpan moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Managing Growth

In order to manage growth and changes in strategy effectively, CareSpan must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, CareSpan expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If CareSpan incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Reliance on Contracts with Key Customers

Revenues attributable to the Resulting Issuer’s business is heavily dependent upon certain significant customers. The largest provider on CareSpan’s network was responsible for generating over 90% of its revenue in 2020. There can be no assurance that CareSpan’s contracts with these key customers will be renewed or that the CareSpan’s services will continue to be utilized by those key customers. There could be material adverse effects on the financial results or businesses of CareSpan if a material healthcare practitioner does not renew its contracts with CareSpan or if such practitioner elects to terminate its contracts with CareSpan in favour of another service provider.

Ability to Attract Nurse Practitioners and Behavioral Health Providers to CareSpan's Networks

The organic growth of CareSpan's business relies heavily on its ability to attract and contract with NPs and behavioral health providers to its integrated networks – AAPN and AMP. CareSpan's current value proposition is that, to independent practitioners, it is a "one stop shop" that provides the technology platform and business services that allows them to focus on caring for patients. While CareSpan's offering is fundamentally attractive, target providers may not find it compelling enough to shift their current business to the company over time. CareSpan's recruiting cycle can also vary widely by client.

Ability to Help CareSpan's Network Providers Grow their Practices

CareSpan's revenues are dependent on the individual practice growth of its member providers. Their growth is influenced by multiple factors, including their ability to market their services to their communities, their ability to retain patients/clients over time, and competitive factors in their community that impact their growth. If CareSpan is unable to help them grow their practices profitably, the company will constrict network growth and, therefore, revenues for CareSpan.

Onboarding and Transitioning

While CareSpan has a standardized onboarding and transitioning process, its operations can be negatively impacted depending on the individual situations of individual providers. For example, whether a provider's network is efficient can impact the transition process – an inefficient network can make the process difficult to implement and complete. CareSpan is heavily reliant on the effectiveness of its training, data migration and interface implementation.

Shortage of Healthcare Providers

As the Resulting Issuer expands its operations, it may encounter difficulty in securing the necessary professional medical and support staff to support its expanding operations. Any shortage in the number of NPs, behavioural health specialists or other healthcare service providers may affect the Resulting Issuer's ability to adequately meet demand for its services and provide its clients with adequate services, which may adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Breach of Clients' or Patients' Confidential Information

CareSpan's platform stores confidential information of clients and patients, including users' health information and other personally identifiable sensitive data. Any accidental or willful security breaches of CareSpan's information technology systems or other unauthorized access could cause clients' secure information to be stolen and used for criminal purposes. Security breaches or unauthorized access to secure information could also expose CareSpan to liability related to the loss of the information, time-consuming and expensive litigation, negative publicity and loss of reputation. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in its licensed software is exposed and exploited, and, as a result, a third party or disaffected employee obtains unauthorized access to any of its clients' data, CareSpan's relationships with its users could be severely damaged and CareSpan could incur significant liability.

Regulatory Requirements

Governmental regulation in any of CareSpan's jurisdictions of operations, or those of CareSpan's joint ventures, may affect CareSpan's activities and the Company may be affected in varying degrees by government policies and regulations. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

Regulation Regarding Corporate Practice of Medicine

With guidance of experienced legal counsel, CareSpan has created a legal structure known as the "friendly PC/MSO" that is common in U.S. healthcare delivery. A "friendly PC" is a professional corporation whose owners consist solely of licensed medical professionals (doctors or nurse practitioners). An affiliated Management Services Organization ("MSO"), which may be lay-person owned, delivers common business services to the friendly PC and its licensed

medical professional members. The affiliation between the MSO and the friendly PC is achieved through the MSO's indirect ability to appoint and replace the shareholder of the friendly PC and the MSO's provision of management services and start-up financing for the PC. The combination of management services and the potential to exercise its rights under an assignable option agreement (or restricted stock transfer agreement) allow the MSO to maintain control over the administrative and management side of the PC without infringing on the professional judgment of the PC or the medical practices of its members and the PC owner.

CareSpan has structured and operationalized the friendly PC/MSO model to withstand allegations that the management company or its owners are violating the prohibition on corporate practice of nursing and medicine. CareSpan has also adopted specific policies that prohibit the CareSpan from influencing or controlling medical decisions exercised in the care of patients. Nevertheless, the friendly PC/MSO model is not without risk, and there remains an irreducible risk it may be challenged as disallowed, particularly in states with a history of strong enforcement of the prohibition on the corporate practice of nursing and medicine. If this model were to be prohibited in the future, there could be an adverse impact on the business conditions or results of operations of CareSpan.

Despite the regulatory risk, many companies use a friendly PC/MSO structure, and CareSpan believes that the structure generally remains the best-available model for achieving the business goals of its ownership of the management company. The regulatory risks have historically been accepted by lay owners and investors of large U.S. healthcare companies, both public and private, many of which use some form of friendly PC/MSO model in states with corporate practice of nursing and corporate practice of medicine restrictions.

Healthcare Legislation

Reforms in the legislation governing the healthcare industry in any of the jurisdictions in which CareSpan operates could limit the prices that CareSpan can charge for its services, which would reduce its revenues and harm its operating results. In addition to extensive existing government healthcare regulation, there could be initiatives at the federal, state or provincial levels for reforms affecting the payment for and availability of healthcare services. Limitations on reimbursement amounts and other cost containment pressures could result in a decrease in the revenue received for each patient seen. It is not clear at this time what proposals, if any, will be adopted or, if adopted, what effect these proposals would have on the business of CareSpan. The adoption of any such proposals could have an adverse impact on the business, financial conditions or results of operations of CareSpan.

Permits and Licenses

The operations of CareSpan may require licenses and permits from various governmental authorities in the future. There can be no assurance that CareSpan will be able to obtain any or all necessary licenses and permits that may be required.

Material Defects or Errors in CareSpan's Technology Infrastructure

CareSpan's ability to provide services to its customers is heavily dependent on the operability of its technology. Material defects or errors in CareSpan's technology infrastructure could harm CareSpan's reputation, result in significant costs and impair CareSpan's ability to sell its services. Software used by CareSpan can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced. Despite internal testing, CareSpan's technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that CareSpan may be unable to successfully correct in a timely manner, or at all.

Dependencies on Third Party Software and Services

Certain of CareSpan's technology and services rely on software and services developed and maintained by third-party vendors. CareSpan's business may be disrupted if these services or software ceased to be available to CareSpan, or offered to it on commercially reasonable terms. In either instance, CareSpan would either be required to redesign services to function with alternate third-party vendors, or CareSpan may need to develop these components itself, which could result in increased costs and could result in delays in providing future services. Further, CareSpan be forced to limit the features available in its current or future service offerings as a result of unavailability of third party software.

Litigation Risks

CareSpan's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations or with respect to the interpretation of existing agreements. Any future claims or litigation could have a material adverse effect on the CareSpan's business and its profitability.

COVID-19 Pandemic or Other Similar Outbreaks

Any outbreaks of contagious diseases, including the recent outbreak of the COVID-19 pandemic, could have an adverse impact on public health developments in jurisdictions where CareSpan operates. This could result in material and adverse effects on CareSpan's business, financial condition and results of operations. These effects could include disruptions or restrictions to CareSpan's provider businesses, including disruptions to cash flow and/or temporary closures of their locations or operations. In addition, the COVID-19 pandemic has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect CareSpan's ability to obtain financing for its business and operations. The extent to which the COVID-19 pandemic will impact CareSpan's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

Insurance Coverage

CareSpan's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to CareSpan and environmental contingencies.

Financial and Accounting Risks

History of Losses

CareSpan has a history of losses since inception. CareSpan intends to further incur expenses in order to facilitate the growth of the business. While CareSpan expects to generate profits in the future, there can be no assurances that it will be successful in this regard.

Access to Capital

CareSpan makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, CareSpan has financed these expenditures through offerings of its equity securities. CareSpan will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. CareSpan may incur major unanticipated liabilities or expenses. CareSpan can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

CareSpan's functional currency is denominated in U.S. dollars. CareSpan currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, CareSpan incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of CareSpan's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact CareSpan's business, financial condition and results of operations. CareSpan has not previously engaged in foreign currency hedging. If CareSpan decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide CareSpan from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. CareSpan bases its

estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the CareSpan Financial Statements set forth in Schedule “C”, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. CareSpan’s operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause CareSpan’s operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of CareSpan. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Risks Related to the Common Shares and Completion of the Qualifying Transaction

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. CareSpan cannot predict the prices at which the Common Shares will trade. The price of the CareSpan Subscription Receipts was determined by negotiations with the CareSpan QT Financing Agent in connection with the financing and might not bear any relationship to the market price at which the Common Shares will trade or to any other established criteria of the value of CareSpan’s business. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (a) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by CareSpan or its competitors; (b) price and volume fluctuations in the overall stock market from time to time; (c) significant volatility in the market price and trading volume of agriculture companies; (d) fluctuations in the trading volume of the Common Shares or the size of CareSpan’s public float; (e) actual or anticipated changes or fluctuations in CareSpan’s results of operations; (f) whether CareSpan’s results of operations meet the expectations of securities analysts or investors; (g) actual or anticipated changes in the expectations of investors or securities analysts; (h) litigation involving CareSpan, its industry, or both; (i) regulatory developments in the United States and foreign countries; (j) general economic conditions and trends; (k) major catastrophic events; (l) escrow releases, sales of large blocks of the Common Shares; (m) departures of key employees or members of management; or (n) an adverse impact on CareSpan from any of the other risks cited herein.

No History of Payment of Cash Dividends

CareSpan has not declared or paid cash dividends on the Common Shares. Upon Completion of the Qualifying Transaction, CareSpan intends to retain future earnings to finance the operation, development and expansion of the business. CareSpan does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on CareSpan’s financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this Filing Statement, CareSpan has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSXV. As a reporting issuer, CareSpan will be subject to reporting requirements under applicable securities law and stock exchange policies. CareSpan is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to CareSpan’s financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, CareSpan will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management’s attention may be diverted from other business concerns, which could harm CareSpan’s business and results of operations. CareSpan may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Significant Sales of Common Shares

The Common Shares held by CareSpan's directors, executive officers, Control Persons and certain other security holders of CareSpan may be subject to contractual lock-up restrictions and may also be subject to escrow and SSRR pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up, SSRR or escrow restrictions, or the perception that these sales could occur, may adversely affect the market price of the Common Shares and could make it more difficult for investors to sell Common Shares at a favourable time and price.

Analyst Coverage

The trading market for the Common Shares may become dependent on the research and reports that securities or industry analysts publish about CareSpan or its business. CareSpan will not have any control over these analysts. If one or more of the analysts who covers CareSpan should downgrade the Common Shares or change their opinion of CareSpan's business prospects, CareSpan's share price would likely decline. If one or more of these analysts ceases coverage of CareSpan or fails to regularly publish reports on CareSpan, CareSpan could lose visibility in the financial markets, which could cause the Common Share price or trading volume to decline.

Tax Issues

There are income tax consequences in relation to the Common Shares in the context of the Qualifying Transaction that will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Qualifying Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the final approval by the TSXV. There can be no assurance that these conditions will be satisfied and that the Qualifying Transaction will be completed.

PART V – GENERAL MATTERS

Auditor, Transfer Agent And Registrar

On Completion of the Qualifying Transaction, the auditor of the Resulting Issuer is expected to be MNP LLP, located at 111 Richmond Street West, Suite 300, Toronto, ON M5H 2G4.

On Closing, Computershare Investor Services Inc., at its Vancouver office located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, is expected to be transfer agent and registrar for the Resulting Issuer on Completion of the Qualifying Transaction.

Sponsorship and Agent

Dynamo and CareSpan have requested an exemption from the sponsorship requirements under TSXV Policy 2.2 *Sponsorship and Sponsorship Requirements* (“**Policy 2.2**”). Under Section 3.4(a)(ii) of Policy 2.2, an exemption from the sponsorship requirement is available where, among other things, there is: (a) significant involvement of a bank or other major financial institution in the transaction; or (b) the issuer conducts a concurrent brokered financing of at least \$500,000 in connection with the transaction, and the agent for that transaction has provided the Exchange with confirmation that it has completed appropriate due diligence on both the transaction and the accompanying disclosure document describing it. Such conditions have been satisfied given the role of the CareSpan QT Financing Agent (including the CareSpan QT Financing Agent’s due diligence investigations) in connection with the offering of CareSpan Subscription Receipts and the CareSpan QT Financing Agent’s confirmation of availability to respond to Exchange inquiries related to due diligence. The Exchange has correspondingly granted CareSpan’s request for an exemption from the sponsorship requirements, subject to the CareSpan QT Financing Agent submitting to the Exchange the due diligence confirmation letter contemplated by Section 3.4(a)(ii)(B)(II) of Policy 2.2.

In connection with the CareSpan QT Financing, the CareSpan QT Financing Agent was paid the Cash Commission, and was issued 262,622 Broker Warrants. Pursuant to the terms of the Merger, each Broker Warrant will automatically be converted into a Resulting Issuer Broker Warrant. Each Resulting Issuer Broker Warrant will entitle the holder to acquire one Resulting Issuer Common Share at an exercise price of C\$.070 for a period of twenty-four months following the completion of the Merger. As additional consideration for the services of the CareSpan QT Financing Agent, the Company issued to the CareSpan QT Financing Agent 55,007 Subscription Receipts and 55,007 advisory warrants having the same terms as the Broker Warrants.

Relationships

In connection with the CareSpan QT Financing, CareSpan entered into the Subscription Receipt Agency Agreement with the CareSpan QT Financing Agent. See “*Summary of Filing Statement – The Qualifying Transaction – CareSpan QT Financing*”.

Except as disclosed herein, there are no actual or anticipated agreements with any registrant to provide sponsorship or corporate finance services either now or in the future.

Experts

No experts have, or will have immediately following the Completion of the Qualifying Transaction, any direct or indirect interest in the Resulting Issuer or CareSpan.

For the purposes hereof, “expert” means any person or company whose profession or business gives authority to a statement made by that person or company and who is named as having prepared or certified a part of this Filing Statement, or prepared or certified a report or valuation described or included in this Filing Statement.

Other Material Facts

Dynamo is not aware of any other material facts relating to Dynamo, CareSpan or the Resulting Issuer or to the Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for this Filing

Statement to contain full, true and plain disclosure of all material facts relating to Dynamo, CareSpan and the Resulting Issuer, assuming Completion of the Qualifying Transaction, other than those set forth herein.

Board Approval

The Board of Dynamo has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Dynamo, Dynamo has relied upon information furnished by such Person.

CERTIFICATE OF DYNAMO CAPITAL CORP.

DATED: November 15, 2021

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Dynamo Capital Corp. assuming completion of the Qualifying Transaction.

“Geoff Balderson”

Chief Executive Officer and Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
DYNAMO CAPITAL CORP.**

“Eric Warren ”

Director

“Stephen Ross Gatensbury”

Director

CERTIFICATE OF CARESPAN HOLDINGS, INC.

DATED: November 15, 2021

The foregoing as it relates to CareSpan Holdings, Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of CareSpan Holdings, Inc.

“Rembert de Villa”

Chief Executive Officer

“Anne Burpee”

Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
CARESPAN HOLDINGS, INC.**

“Terry Knapp”

Director

“John Reardon”

Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of TSXV Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to TSXV Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: November 15, 2021.

“Geoff Balderson”

Director

SCHEDULE "A"

**AUDITED FINANCIAL STATEMENTS OF DYNAMO FOR THE YEARS ENDED JANUARY 31, 2021
AND 2020 AND UNAUDITED INTERIM FINANCIAL STATEMENTS OF DYNAMO FOR THE SIX-
MONTH PERIOD ENDED JULY 31, 2021**

[see attached]

DYNAMO CAPITAL CORP

FINANCIAL STATEMENTS

For the years ended January 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Dynamo Capital Corp

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
March 12, 2021**

Dynamo Capital Corp.
Statements of Financial Position
As at January 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 122,915	\$ 175,491
GST receivable	1,594	830
Prepaid expense and deposit	7,000	-
Total assets	\$ 131,509	\$ 176,321
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 23,934	\$ 12,959
Due to related party (Note 8)	2,195	95
	26,129	13,054
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	289,412	289,412
Reserves	44,000	44,000
Deficit	(228,032)	(170,145)
Total shareholders' equity	105,380	163,267
Total liabilities and shareholders' equity	\$ 131,509	\$ 176,321

Nature and continuance of operations – Note 1
Subsequent events – Note 10

APPROVED ON BEHALF OF THE BOARD:

“Geoff Balderson” Director
Geoff Balderson

“Stephen Ross Gatsenbury” Director
Stephen Ross Gatsenbury

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

Dynamo Capital Corp.

Statements of Loss and Comprehensive Loss
For the years ended January 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
Expenses		
Bank charges	\$ 168	\$ 98
Consulting fees	6,000	6,000
Filing fees	7,943	8,167
Office expense	928	-
Professional fees	25,119	16,510
Rent – Note 8	12,000	12,000
Transfer agent	5,729	11,216
Loss and comprehensive loss for the year	\$ (57,887)	\$ (53,991)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	2,500,000	2,500,000

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

Dynamo Capital Corp.Statements of Changes in Shareholders' Equity
For the years ended January 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, January 31, 2019	4,500,000	\$ 289,412	\$ 44,000	\$ (116,154)	\$ 217,258
Loss and comprehensive loss for the year	-	-	-	(53,991)	(53,991)
Balance, January 31, 2020	4,500,000	289,412	44,000	(170,145)	163,267
Loss and comprehensive loss for the year	-	-	-	(57,887)	(57,887)
Balance, January 31, 2021	4,500,000	\$ 289,412	\$ 44,000	\$ (228,032)	\$ 105,380

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

Dynamo Capital Corp.
Statement of Cash Flows
For the years ended January 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	\$ (57,887)	\$ (53,991)
Change in non-cash working capital items:		
GST receivable	(764)	2,064
Prepaid expense and deposit	(7,000)	-
Accounts payable and accrued liabilities	10,975	6,934
Due to related party	2,100	-
Net cash used in operating activities	(52,576)	(44,993)
Changes in cash for the year	(52,576)	(44,993)
Cash, beginning of year	175,491	220,484
Cash, end of year	\$ 122,915	\$ 175,491
Cash paid for interest during the year	\$ -	\$ -
Cash paid for income taxes during the year	\$ -	\$ -

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

1 Nature and continuance of operations

Dynamo Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on January 18, 2018. The Company completed an Initial Public Offering ("IPO") on September 12, 2018 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. On September 17, 2018, the Company commenced trading under the trading symbol DDD.P.

The Company's head office and registered and records office address is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The financial statements of the Company is presented in Canadian dollars, which is the functional currency of the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In early March 2020 there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within 24 months of listing on the TSX-V. As this did not occur, the Company's shares suspended trading effective September 22, 2020, but the Company is currently contemplating an acquisition (note 10). Any acquisition or investment proposed by the Company will be subject to regulatory approval. The above material uncertainty raises significant doubt about the Company's ability to continue as a going concern.

2 Basis of preparation

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on March 12, 2021.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently in the financial statements.

Financial instruments

Non-Derivative Financial Assets

Cash is recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition this financial asset is measured at amortized cost using the effective interest method.

Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Accounts payable and accrued liabilities and due to related party are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the Board of Directors.

3 Significant Accounting Policies – (cont'd)

Share-based payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

3 Significant Accounting Policies – (cont'd)

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

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

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided on all temporary differences at the Statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

3 Significant Accounting Policies – (cont'd)

Income taxes – (cont'd)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Future Accounting Pronouncements

The following new standards and amendments are not yet effective and have not been applied in preparing these financial statements. The Company does not expect the adoption of this standard to have a significant impact on the financial statements.

IAS 1 - Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

a) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 1.

5 Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

There were no shares issued during the years ended January 31, 2021 and 2020.

c) Escrow Agreement

The 2,000,000 shares issued on January 31, 2018 are to be held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As these shares are considered contingently issuable until the Company completes the qualifying transaction, they are not considered to be outstanding shares for the purposes of loss per share calculations.

5 Share Capital – (cont'd)

d) Stock Option

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of five years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

Details of stock options activities for the years ended January 31, 2021 and 2020 is as follows:

	Number of options	Weighted Average Exercise Price
Balance, January 31, 2019	450,000	\$0.10
Granted	-	-
Balance outstanding, January 31, 2020 and 2021	450,000	\$0.10

The weighted average remaining life of the 450,000 stock options is 2.63 years.

As at January 31, 2021, the Company had 450,000 stock options outstanding exercisable at \$0.10 per share expiring on September 16, 2023.

e) Agent's Warrants

Details of agents warrants activities for the years ended January 31, 2021 and 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2019 and 2020	250,000	\$0.10
Expired	(250,000)	0.10
Balance, January 31, 2021	-	\$ -

f) Reserves

The Company's equity reserves are comprised of share-based payments and fair value of agents warrants.

6 Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

6 Financial Instruments – (cont'd)

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and due to related party that are denominated in a foreign currency. As at January 31, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

7 Capital Management

Capital is comprised of the Company's shareholders' equity. As at January 31, 2021, the Company's shareholders' equity was \$105,380 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

The proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the lesser of 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

There has been no change in the Company's approach to capital management during the year ended January 31, 2021.

8 Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

		For the years ended January 31,	
Relationship		2021	2020
Rent			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CEO	\$ 12,000	\$ 12,000
		\$ 12,000	\$ 12,000

8 Related Party Transactions – (cont'd)

Included in due to related party at January 31, 2021, is \$2,195 (2020: \$95) owed to Geoff Balderson, CEO of the Company for reimbursements of expenses. The amount is unsecured, non-interest bearing and payable on demand.

Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management. During the years ended January 31, 2021 and 2020, there were no compensations paid except for the above noted transactions.

9 Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	For the years ended January 31,	
	2021	2020
Loss before income taxes	\$ (57,887)	\$ (53,991)
Statutory income tax rates	27%	27%
Expected tax recovery	\$ (15,600)	\$ (14,500)
Tax benefits not recognized	15,600	14,500
Total current and deferred income tax recovery	\$ -	\$ -

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	January 31, 2021	January 31, 2020
Deferred income tax asset (liability)		
Non-capital loss carry-forwards	\$ 60,900	\$ 42,600
Undeducted financing costs	5,200	7,800
	66,100	50,400
Unrecognized deferred tax assets	(66,100)	(50,400)
Deferred income tax asset, net	\$ -	\$ -

As at January 31, 2021, the Company had non-capital losses of approximately \$225,400 which may be carried forward to reduce taxable income in future years. The non-capital loss will begin to expire in 2038.

10 Subsequent Events

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. ("CareSpan"), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the "Transaction") which is intended to constitute the Company's qualifying transaction.

In consideration for the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common shares such that there will be 964,286 common shares prior to closing. CareSpan will consolidate its shares such that there will be 7,972,313 CareSpan shares prior to closing. CareSpan shareholders will then exchange on a one for one basis one CareSpan share for one common share of the Company. All outstanding warrants and options for the Company and CareSpan will be consolidated at the respective conversion ratio.

Concurrently, CareSpan will complete a subscription receipt financing at a minimum of \$4,000,000 to a maximum of \$6,500,000. The parties acknowledge that there is a finder's fee in connection with this Transaction in the form of 3,000,000 pre-consolidated common shares of the Company. This Transaction is subject to the entering into of a definitive agreement, approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

DYNAMO CAPITAL CORP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Dynamo Capital Corp.

Condensed Interim Consolidated Statements of Financial Position

As at July 31, 2021 and January 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	July 31, 2021	January 31, 2021
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash	\$ 74,329	\$ 122,915
GST receivable	3,574	1,594
Prepaid expense	17,000	7,000
Total assets	\$ 94,903	\$ 131,509
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,960	\$ 23,934
Due to related party (Note 8)	4,295	2,195
	29,255	26,129
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	289,412	289,412
Reserves	44,000	44,000
Deficit	(267,764)	(228,032)
Total shareholders' equity	65,648	105,380
Total liabilities and shareholders' equity	\$ 94,903	\$ 131,509

Nature and continuance of operations – Note 1

Proposed Qualifying Transaction – Note 9

APPROVED ON BEHALF OF THE BOARD:

“Geoff Balderson”

Geoff Balderson

Director

“Stephen Ross Gatsenbury”

Stephen Ross Gatsenbury

Director

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

Dynamo Capital Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended July 31,		Six months ended July 31,	
	2021	2020	2021	2020
Administrative expenses				
Bank charges	\$ 36	\$ 27	\$ 72	\$ 57
Consulting fees	1,500	1,500	3,000	3,000
Filing fees	5,200	2,743	7,943	7,943
Office expenses	-	928	-	928
Professional fees	7,270	3,965	19,830	12,207
Transfer agent	1,589	913	2,887	1,980
Rent (Note 8)	3,000	3,000	6,000	6,000
Total comprehensive loss for the period	\$ (18,595)	\$ (13,076)	\$ (39,732)	\$ (32,115)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	2,500,000	2,500,000	2,500,000	2,500,000

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

Dynamo Capital Corp.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

For the six months ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, January 31, 2020	4,500,000	\$ 289,412	\$ 44,000	\$ (170,145)	\$ 163,267
Loss and comprehensive loss for the period	-	-	-	(32,115)	(32,115)
Balance, July 31, 2020	4,500,000	289,412	44,000	(202,260)	131,152
Loss and comprehensive loss for the period	-	-	-	(25,772)	(25,772)
Balance, January 31, 2021	4,500,000	289,412	44,000	(228,032)	105,380
Loss and comprehensive loss for the period	-	-	-	(39,732)	(39,732)
Balance, July 31, 2021	4,500,000	\$ 289,412	\$ 44,000	\$ (267,764)	\$ 65,648

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

Dynamo Capital Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the six months ended July 31,	
	2021	2020
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	\$ (39,732)	\$ (32,115)
Change in non-cash working capital item:		
GST receivable	(1,980)	(887)
Prepaid expenses	(10,000)	(7,000)
Accounts payable and accrued liabilities	1,026	(3,412)
Due to related party	2,100	2,100
Net cash used in operating activities	(48,586)	(41,314)
Change in cash for the period	(48,586)	(41,314)
Cash, beginning of period	122,915	175,491
Cash, end of period	\$ 74,329	\$ 134,177
Cash paid for interest during the period	\$ -	\$ -
Cash paid for income taxes during the period	\$ -	\$ -

Dynamo Capital Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1 Nature and continuance of operations

Dynamo Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on January 18, 2018. The Company completed an Initial Public Offering ("IPO") on September 12, 2018 and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. On September 17, 2018, the Company commenced trading under the trading symbol DDD.P.

The Company's head office and registered and records office address is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The condensed interim consolidated financial statements of the Company is presented in Canadian dollars, which is the functional currency of the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

During March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business with 24 months of listing on the TSX-V, under the existing CPC policy. On June 30, 2021, the Company adopted the changes arising from the TSX-V updated Policy 2.4 (Capital Pool Companies) that came into effect on January 1, 2021. Any acquisition or investment proposed by the Company will be subject to regulatory approval. The above material uncertainty raises significant doubt about the Company's ability to continue as a going concern.

2 Basis of preparation

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on September 28, 2021.

Dynamo Capital Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2 Basis of preparation – (cont'd)

Basis of Measurement

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for use of estimates and judgements made by management in the application of IFRS. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

3 Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at January 31, 2021. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2021.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Dynamo Subco, Inc. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Dynamo Subco, Inc. was incorporated on May 3, 2021 for the sole purpose of facilitating its qualifying transaction with CareSpan.

4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is included in the following notes:

Dynamo Capital Corp.**Notes to the Condensed Interim Consolidated Financial Statements**

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

4 Use of Estimates and Judgments – (cont'd)

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 1.

5 Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

There were no shares issued during the six months ended July 31, 2021 and for the year ended January 31, 2021.

c) Escrow Agreement

The 2,000,000 shares issued on January 31, 2018 are to be held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As these shares are considered contingently issuable until the Company completes the qualifying transaction, they are not considered to be outstanding shares for the purposes of loss per share calculations.

d) Stock Option

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of five years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

Details of stock options activities for the six months ended July 31, 2021 and for the year ended January 31, 2021 is as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, January 31, 2020 and 2021	450,000	\$0.10
Granted	-	-
Balance outstanding, July 31, 2021	450,000	\$0.10

Dynamo Capital Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Share Capital – (cont'd)

d) Stock Option – (cont'd)

The weighted average remaining life of the 450,000 stock options is 2.13 years.

As at July 31, 2021, the Company had 450,000 stock options outstanding exercisable at \$0.10 per share expiring on September 16, 2023.

e) Reserves

The Company's equity reserves are comprised of share-based payments and fair value of agents warrants.

6 Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

Dynamo Capital Corp.**Notes to the Condensed Interim Consolidated Financial Statements**

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6 Financial Instruments – (cont'd)**General Objectives, Policies and Processes**

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's condensed interim consolidated financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and due to related party that are denominated in a foreign currency. As at July 31, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Dynamo Capital Corp.**Notes to the Condensed Interim Consolidated Financial Statements**

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Capital Management

Capital is comprised of the Company's shareholders' equity. As at July 31, 2021, the Company's shareholders' equity was \$65,648 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

The proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the lesser of 30% of the gross proceeds or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

There has been no change in the Company's approach to capital management during the period ended July 31, 2021.

8 Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

		For the six months ended July 31,	
Relationship		2021	2020
Rent			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CEO	\$ 6,000	\$ 6,000
		\$ 6,000	\$ 6,000

Included in due to related party at July 31, 2021, is \$4,295 (January 31, 2021: \$2,195) owed to Geoff Balderson, CEO of the Company for reimbursements of expenses. The amount is unsecured, non-interest bearing and payable on demand.

Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management. During the six months ended July 31, 2021 and 2020, there were no compensations paid.

Dynamo Capital Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

9 Proposed Qualifying Transaction

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. (“CareSpan”), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the “Transaction”) which is intended to constitute the Company’s qualifying transaction. On August 4, 2021, the Company entered into a binding merger agreement and plan of reorganization with CareSpan and the Company’s wholly-owned subsidiary Dynamo Subco, Inc.

Prior to the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common shares such that there will be 964,286 common shares prior to closing. In consideration for the Transaction, CareSpan shareholders will exchange one CareSpan common share for 0.30124 common share of the Resulting Issuer. All outstanding warrants and options of CareSpan will be converted to warrants and options of the Resulting Issuer at the same exchange ratio.

In August 2021, CareSpan completed a concurrent financing of 3,292,782 subscription receipts for gross proceeds of \$2,297,947. Each subscription receipt will be deemed exercised for 3.31961 common shares of CareSpan immediately prior to the completion of the Transaction. The agent was paid a cash commission of \$183,836, issued 262,622 broker’s warrants exercisable at \$0.70 per share for 24 months, paid an advisory fee consisting of 55,007 subscription receipts and 55,007 broker’s warrants.

This Transaction is subject to the approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan and shareholder approval for certain matters.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

SCHEDULE “B”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF DYNAMO FOR THE YEAR ENDED JANUARY
31, 2021 AND FOR THE SIX-MONTH PERIOD ENDED JULY 31, 2021**

[see attached]

DYNAMO CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JULY 31, 2021

SUITE 1000 – 409 GRANVILLE STREET
VANCOUVER, BC, V6C 1T2

TELEPHONE: 604-602-0001

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the six months ended July 31, 2021

The following is a management's discussion and analysis ("MD&A") of Dynamo Capital Corp. (the "Company" or "Dynamo"), prepared as of September 28, 2021. This MD&A should be read together with the unaudited condensed interim financial statements for the six months ended July 31, 2021 and related notes and the audited financial statements for the year ended January 31, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian dollars unless otherwise indicated.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements, in addition uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as at the date of the MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to Dynamo is available for view on SEDAR at www.sedar.com.

The Company's Business

Dynamo Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on January 18, 2018. An initial investment of \$100,000 was made by the officers and directors of the Company.

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the six months ended July 31, 2021

On July 23, 2018, the Company filed a prospectus, offering 2,500,000 common shares at a price of \$0.10 per share (the "Offering") by way of an Initial Public Offering ("IPO") pursuant to Policy 2.4 "Capital Pool Companies" of the TSX-V.

On September 12, 2018, the Company closed its IPO of 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000. The Company paid the Agent a cash commission of \$25,000 and issued to the Agents broker warrants to purchase 250,000 common shares at \$0.10 per share until September 16, 2020. The Company recorded a fair value of the agent's warrants of \$12,500 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.10; Risk-free interest rate of 2.19%; Dividend yield of Nil; Expected volatility of 100%; Expected life of 2 years and forfeiture rate of 0%. The Company also paid the Agent a corporate finance fee of \$10,000 plus GST and paid expenses related to the offering, including legal fees and disbursements totalling \$13,088.

On September 17, 2018, the Company commenced trading under the trading symbol DDD.P.

The Company is classified as a Capital Pool Company as defined by policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. The Company will not carry on any business other than the identification and evaluation of assets or business with a view to completing a "Qualifying Transaction". Any proposed Qualifying Transaction must be accepted by the Exchange.

The Company has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire. Until completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. Except as described in the Company's prospectus dated July 23, 2018, the funds raised pursuant to the Company's IPO will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses. While the Company has commenced the process of identifying potential acquisitions, it has not yet entered into a definitive agreement for any particular Qualifying Transaction.

In early March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

Effective September 22, 2020, pursuant to TSX Venture policies trading in the shares of the Company have been suspended for non-completion of a qualifying transaction within the prescribed time frame.

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. ("CareSpan"), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the "Transaction") which is intended to constitute the Company's qualifying transaction. On August 4, 2021, the Company entered into a binding merger agreement and plan of reorganization with CareSpan and the Company's wholly-owned subsidiary Dynamo Subco, Inc.

Prior to the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common share such that there will be 964,286 common shares prior to closing. In consideration for the Transaction, CareSpan shareholders will

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the six months ended July 31, 2021

exchange one CareSpan common share for 0.30124 common share of the Resulting Issuer. All outstanding warrants and options of CareSpan will be converted to warrants and options of the Resulting Issuer at the same exchange ratio.

In August 2021, CareSpan completed a concurrent financing of 3,292,782 subscription receipts for gross proceeds of \$2,297,947. Each subscription receipt will be deemed exercised for 3.31961 common shares of CareSpan immediately prior to the completion of the Transaction. The agent was paid a cash commission of \$183,836, issued 262,622 broker's warrants exercisable at \$0.70 per share for 24 months, paid an advisory fee consisting of 55,007 subscription receipts and 55,007 broker's warrants.

This Transaction is subject to the approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan and shareholder approval for certain matters.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

On June 30, 2021, the Company adopted amendments arising from the TSX Venture exchange's updated Policy 2.4 *Capital Pool Companies* that came into effect on January 1, 2021 (the "New CPC Policy"), which included the removal of the consequences of failing to complete a qualifying transaction within 24 months of listing, and the replacement of the escrow agreement.

Selected Annual Information

	<i>Year ended January 31, 2021</i>	<i>Year ended January 31, 2020</i>	<i>Year ended January 31, 2019</i>
<i>Revenue</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Net Loss</i>	<i>\$57,887</i>	<i>\$53,991</i>	<i>\$112,743</i>
<i>Total Assets</i>	<i>\$131,509</i>	<i>\$176,321</i>	<i>\$223,378</i>
<i>Total Long-term Liabilities</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>
<i>Cash dividends per share</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>

During the year ended January 31, 2019, the Company recorded a net loss of \$112,743 as compared to the net loss of \$3,411 for January 31, 2018 an increase of approximately \$109,000. The increase can be attributed to 2019 being the first full year of operations, the completion of the IPO and includes a share-based payment of \$31,500 which represents the fair value of the stock options granted during the year. During the year ended January 31, 2020, the Company recorded a net loss of \$53,991 as compared to the net loss of \$112,743. During 2020, the Company was maintaining its reporting issuer status while it continued to search for new business opportunities, whereas in the prior year the Company completed its IPO and granted stock options to directors and officers of the Company. During the year ended January 31, 2021, the Company recorded a net loss of \$57,887 which is consistent with the prior year. During 2021, the Company entered into an LOI with CareSpan, which was subsequently superseded by a bidding merger agreement on August 4, 2021.

Results of Operations

During the three months ended July 31, 2021, the Company incurred a net loss of \$18,595 as compared to the net loss of \$13,076 for the comparable quarter ended July 31, 2020 an increase of approximately \$5,500. The increase can be attributed to an increase in professional fees associated with legal counsel working on completing the Company's qualifying transaction with CareSpan.

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the six months ended July 31, 2021

During the six months ended July 31, 2021, the Company incurred a net loss of \$39,732 which is comparable to the net loss of \$32,115 for the comparable period ended July 31, 2020. As noted earlier during the six months ended July 31, 2021, the Company has been maintaining its reporting issuer status while the Company is in the process of completing its qualifying transaction with CareSpan.

Fourth Quarter

N/A

Financial*Summary of quarterly information*

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue		Total expenses		Loss for the period		Basic and Diluted Loss per share
July 31, 2021	\$	Nil	\$	18,595	\$	18,595	\$ (0.01)
April 30, 2021		Nil		21,137		21,137	(0.01)
January 31, 2021		Nil		16,924		16,924	(0.01)
October 31, 2020		Nil		8,848		8,848	(0.00)
July 31, 2020		Nil		13,076		13,076	(0.00)
April 30, 2020		Nil		19,039		19,039	(0.01)
January 31, 2020		Nil		12,547		12,547	(0.01)
October 31, 2019		Nil		10,612		10,612	(0.00)

During the quarter ended October 31, 2019, the Company recorded a net loss of \$10,612 which is comparable to a net loss of \$11,020 for the previous quarter. During the quarter ended January 31, 2020, the Company recorded a net loss of \$12,547 which is comparable to the \$10,612 net loss for the previous period. During the quarter ended April 30, 2020, the Company recorded a net loss of \$19,039 as compared to \$12,547 for the previous quarter an increase of approximately \$6,500. The increase can be attributed to professional fees incurred in connection with the potential Qualifying Transaction with Linear. During the quarter ended July 31, 2020, the Company recorded a net loss of \$13,076 which is comparable to the \$19,039 for the previous quarter. During the quarter ended October 31, 2020, the Company recorded a net loss of \$8,848 as compared to \$13,076 for the previous quarter, a decrease of approximately \$4,000 which can be attributed to year end filing fees paid in the previous quarter. During the quarter ended January 31, 2021, the Company recorded a net loss of \$16,924 as compared to the net loss of \$8,848 for the previous quarter an increase of approximately \$8,000 which can be attributed to the year end audit fee accrual. During the quarter ended April 30, 2021, the Company recorded a net loss of \$21,137 which is comparable to the net loss of \$16,924 for the previous quarter. During the quarter ended July 31, 2021, the Company recorded a net loss of \$18,595 which is comparable to the previous quarter of \$21,137.

Change in financial condition

Between January 31, 2018 and July 31, 2021, the Company's principal changes in financial condition were the result of incurring expenses associated with the preparation and filing of the Company's prospectus.

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the six months ended July 31, 2021

Liquidity and Capital Resources

The Company's current activities have been funded to date through the issuance of common shares.

As at July 31, 2021, the Company had cash of \$74,329 and GST receivable of \$3,574 and prepaid expense of \$17,000 less payables of \$29,255 with a net working capital of \$65,648. The Company has no revenue and significant expenses are expected in the identification and acquisition of a qualifying asset. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

Management is closely evaluating the impact of COVID-19 on the Company's business. At this time, management does not see a material impact to its business, however, the situation is evolving and could become material if the pandemic worsens.

This Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

The Company has no assets other than cash, GST receivable and prepaid expenses, and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the completed IPO it will have sufficient working capital to meet its current financial obligations.

Off Balance Sheet Arrangement

The Company does not have any off balance sheet arrangements.

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

		For the six months ended July 31,	
Relationship		2021	2020
Rent			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CEO	\$ 6,000	\$ 6,000
		\$ 6,000	\$ 6,000

Included in due to related party at July 31, 2021, is \$4,295 (January 31, 2021: \$2,195) owed to Geoff Balderson, CEO of the Company for reimbursements of expenses. The amount is unsecured, non-interest bearing and payable on demand.

Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management. During the six months ended July 31, 2021 and 2020, there were no compensations paid except for the above noted transactions.

RISKS AND UNCERTAINTIES

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the six months ended July 31, 2021

The Company is a CPC under the policies of the Exchange. Investment in the common shares of the Company must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following are risk factors associated with the Company:

(a) The Company was recently incorporated, has not commenced commercial operations and has no assets other than cash, GST receivable and prepaid expenses. It has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;

(b) The Board of Directors and Officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;

(c) There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell their common shares;

(d) The Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

(e) The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;

(f) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the Qualifying Transaction;

(g) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction (within the meaning of Exchange Policies), majority of the minority approval;

(h) Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which majority of the minority approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares;

(i) Upon public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;

(j) Trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required;

(k) Under the current CPC Policy, the Exchange will generally suspend trading in the Company's common shares or delist the Company if the Exchange has not issued a Final Exchange Bulletin (as that term is defined in Exchange Policies) within 24 months from the date of listing. On June 30, 2021, the Company received approval from disinterested shareholders to adopt the new CPC Policy for the removal of this consequences.

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the six months ended July 31, 2021

(l) Neither the Exchange nor any securities regulatory authority passes judgment upon the merits of the proposed Qualifying Transaction;

(m) If management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons judgments obtained in Canadian courts;

(n) The Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;

(o) The Company is relying solely on the past business success of its Directors and Officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

As a result of these factors, this Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The Directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. See condensed interim financial statements for details of critical accounting estimates and judgements.

Changes in Accounting Policies including initial adoption

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the condensed interim financial statements as at July 31, 2021.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities and due to related party.

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the six months ended July 31, 2021

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and due to related party that are denominated in a foreign currency. As at July 31, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

OUTSTANDING SHARE DATA

As of the date of the MD&A, the Company had 4,500,000 issued and outstanding common shares.

As at the date of the MD&A there are 450,000 stock options outstanding to acquire up to 450,000 common shares at \$0.10 per share exercisable until September 16, 2023.

PROPOSED TRANSACTION

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. ("CareSpan"), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the "Transaction") which is intended to constitute the Company's qualifying transaction. On August 4, 2021, the Company entered into a binding merger agreement and plan of reorganization with CareSpan and the Company's wholly-owned subsidiary Dynamo Subco, Inc.

Prior to the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common share such that there will be 964,286 common shares prior to closing. In consideration for the Transaction, CareSpan shareholders will exchange one CareSpan common share for 0.30124 common share of the Resulting Issuer. All outstanding warrants and options of CareSpan will be converted to warrants and options of the Resulting Issuer at the same exchange ratio.

In August 2021, CareSpan completed a concurrent financing of 3,292,782 subscription receipts for gross proceeds of \$2,297,947. Each subscription receipt will be deemed exercised for

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis
For the six months ended July 31, 2021

3,319,611 common shares of CareSpan immediately prior to the completion of the Transaction. The agent was paid a cash commission of \$183,836, issued 262,622 broker's warrants exercisable at \$0.70 per share for 24 months, paid an advisory fee consisting of 55,007 subscription receipts and 55,007 broker's warrants.

This Transaction is subject to the approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan and shareholder approval for certain matters.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

SUBSEQUENT EVENT

See proposed transaction.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

DYNAMO CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JANUARY 31, 2021

SUITE 1000 – 409 GRANVILLE STREET
VANCOUVER, BC, V6C 1T2

TELEPHONE: 604-602-0001

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the year ended January 31, 2021

The following is a management's discussion and analysis ("MD&A") of Dynamo Capital Corp. (the "Company" or "Dynamo"), prepared as of March 12, 2021. This MD&A should be read together with the audited financial statements for the year ended January 31, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian dollars unless otherwise indicated.

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It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as at the date of the MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to Dynamo is available for view on SEDAR at www.sedar.com.

The Company's Business

Dynamo Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on January 18, 2018. An initial investment of \$100,000 was made by the officers and directors of the Company.

On July 23, 2018, the Company filed a prospectus, offering 2,500,000 common shares at a price of \$0.10 per share (the "Offering") by way of an Initial Public Offering ("IPO") pursuant to Policy 2.4 "Capital Pool Companies" of the TSX-V.

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the year ended January 31, 2021

On September 12, 2018, the Company closed its IPO of 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000. The Company paid the Agent a cash commission of \$25,000 and issued to the Agents broker warrants to purchase 250,000 common shares at \$0.10 per share until September 16, 2020. The Company recorded a fair value of the agent's warrants of \$12,500 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.10; Risk-free interest rate of 2.19%; Dividend yield of Nil; Expected volatility of 100%; Expected life of 2 years and forfeiture rate of 0%. The Company also paid the Agent a corporate finance fee of \$10,000 plus GST and paid expenses related to the offering, including legal fees and disbursements totalling \$13,088.

On September 17, 2018, the Company commenced trading under the trading symbol DDD.P.

The Company is classified as a Capital Pool Company as defined by policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. The Company will not carry on any business other than the identification and evaluation of assets or business with a view to completing a "Qualifying Transaction". Any proposed Qualifying Transaction must be accepted by the Exchange.

The Company has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire. Until completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. Except as described in the Company's prospectus dated July 23, 2018, the funds raised pursuant to the Company's IPO will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses. While the Company has commenced the process of identifying potential acquisitions, it has not yet entered into a definitive agreement for any particular Qualifying Transaction.

In early March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the governments in which the Company operates regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place. While the extent of the impact is unknown, we anticipate this outbreak may adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

On April 3, 2020, the Company entered into a letter of intent with Linear Park Marketing, Inc. ("Linear"), a Nevada corporation, pursuant to which the Company will acquire all of the issued and outstanding common shares of Linear (the "Transaction") which is intended to constitute the Company's qualifying transaction. Linear is a party to a definitive agreement to acquire the assets and stated liabilities of Upper Street Marketing Inc. ("UPPR") which is involved in industrial hemp genetics, cultivation, extraction and manufacturing of retail CBD related products. Concurrently Linear intends to acquire an 80% interest in PrimaPharma, Inc, an FDA registered pharmaceutical manufacturing facility in San Diego, California ("Primapharma"). In consideration for the Transaction, the Company shall issue 100,000,000 common shares of the Company with

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the year ended January 31, 2021

a deemed issuance price of approximately \$0.40 per share representing a \$40,000,000 valuation. Upon closing of the Transaction, the Company will pay a finder's fee of USD\$100,000.

Concurrently, the Company will conduct an equity financing of a minimum of \$1,000,000 at a price of \$0.40 per share. Closing of the transaction is subject to the Linear completing the acquisition of UPPR and Primapharma acquisition, the entering into of a definitive agreement, approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and Linear.

Upon completion of this transaction, the Company will change its name to Linear Holdings Inc. or such other name as determined by Linear.

On July 20, 2020, the Company announced that it has terminated the agreement and effective September 22, 2020, pursuant to TSX Venture policies have suspended the Company for non-completion of a qualifying transaction within the prescribed time frame.

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. ("CareSpan"), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the "Transaction") which is intended to constitute the Company's qualifying transaction.

In consideration for the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common shares such that there will be 964,286 common shares prior to closing. CareSpan will consolidate its shares such that there will be 7,972,313 CareSpan shares prior to closing. CareSpan Shareholders will then exchange on a one for one basis one CareSpan share for one common share of the Company. All outstanding warrants and options for the Company and CareSpan will be consolidated at the respective conversion ratio.

Concurrently, CareSpan will complete a subscription receipt financing at a minimum of \$4,000,000 to a maximum of \$6,500,000. The parties acknowledge that there is a finder's fee in connection with this Transaction in the form of 3,000,000 pre-consolidated common shares of the Company. This Transaction is subject to the entering into of a definitive agreement, approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

Selected Annual Information

	<i>Year ended January 31, 2021</i>	<i>Year ended January 31, 2020</i>	<i>Year ended January 31, 2019</i>
<i>Revenue</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Net Loss</i>	<i>\$57,887</i>	<i>\$53,991</i>	<i>\$112,743</i>
<i>Total Assets</i>	<i>\$131,509</i>	<i>\$176,321</i>	<i>\$223,378</i>
<i>Total Long-term Liabilities</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>
<i>Cash dividends per share</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>

During the year ended January 31, 2019, the Company recorded a net loss of \$112,743 as compared to the net loss of \$3,411 for January 31, 2018 an increase of approximately \$109,000. The increase can be attributed to 2019 being the first full year of operations, the completion of the IPO and includes a share-based payment of \$31,500 which represents the fair value of the stock

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the year ended January 31, 2021

options granted during the year. During the year ended January 31, 2020, the Company recorded a net loss of \$53,991 as compared to the net loss of \$112,743. During 2020, the Company was maintaining its reporting issuer status while it continued to search for new business opportunities, whereas in the prior year the Company completed its IPO and granted stock options to directors and officers of the Company. During the year ended January 31, 2021, the Company recorded a net loss of \$57,887 which is consistent with the prior year. During 2021, the Company entered into an LOI with CareSpan.

Results of Operations

As at January 31, 2021, the Company had no material operations. The Company incurred a net loss of \$57,887 for the year ended January 31, 2021 which is comparable to the net loss of \$53,991 for the comparable year ended January 31, 2020. Total expenses of \$57,887 related primarily to cost associated in maintaining the Company as a reporting issuer which is consistent with that of 2020 except that professional fees have increased to \$25,119 as compared to \$16,510 for the comparable year. The increase in professional fees is due to legal fees incurred with the first LOI with Linear which was entered into in April 2020 and was terminated in July 2020. On December 23, 2020, the Company entered into an LOI with CareSpan.

Fourth Quarter

During the fourth quarter ended January 31, 2021, the Company had no material operations and reported a net loss of \$16,924 as compared to a net loss of \$12,547 for the corresponding quarter in 2020. Total expenses for the fourth quarter in 2021 amounted to \$16,924 as compared to \$12,547 for the corresponding quarter in 2020 an increase of approximately \$4,000 which can be attributed to an increase in legal fees in connection with the LOI with CareSpan. All other cost of are consistent with that of maintaining the Company as a reporting issuer.

Financial*Summary of quarterly information*

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue		Total expenses		Loss for the period	Basic and Diluted Loss per share
January 31, 2021	\$	Nil	\$	16,924	\$ 16,924	\$ (0.01)
October 31, 2020		Nil		8,848	8,848	(0.00)
July 31, 2020		Nil		13,076	13,076	(0.00)
April 30, 2020		Nil		19,039	19,039	(0.01)
January 31, 2020		Nil		12,547	12,547	(0.01)
October 31, 2019		Nil		10,612	10,612	(0.00)
July 31, 2019		Nil		11,020	11,020	(0.00)
April 30, 2019		Nil		19,812	19,812	(0.01)

During the quarter ended April 30, 2019, the Company recorded a net loss of \$19,812 as compared to a net loss of \$3,470 for the previous quarter an increase of approximately \$16,000 which can be attributed to public company sustaining fees, transfer agent fees and additional audit fee accruals. During the quarter ended July 31, 2019, the Company recorded a net loss of \$11,020 as compared to a net loss of \$19,812 for the previous quarter a decrease of approximately \$9,000. The previous quarter had annual sustaining fees and additional transfer agent and audit fees accrued or paid. During the quarter ended October 31, 2019, the Company

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the year ended January 31, 2021

recorded a net loss of \$10,612 which is comparable to a net loss of \$11,020 for the previous quarter. During the quarter ended January 31, 2020, the Company recorded a net loss of \$12,547 which is comparable to the \$10,612 net loss for the previous period. During the quarter ended April 30, 2020, the Company recorded a net loss of \$19,039 as compared to \$12,547 for the previous quarter an increase of approximately \$6,500. The increase can be attributed to professional fees incurred in connection with the potential Qualifying Transaction with Linear. During the quarter ended July 31, 2020, the Company recorded a net loss of \$13,076 which is comparable to the \$19,039 for the previous quarter. During the quarter ended October 31, 2020, the Company recorded a net loss of \$8,848 as compared to \$13,076 for the previous quarter, a decrease of approximately \$4,000 which can be attributed to year end filing fees paid in the previous quarter. During the quarter ended January 31, 2021, the Company recorded a net loss of \$16,924 as compared to the net loss of \$8,848 for the previous quarter an increase of approximately \$8,000 which can be attributed to the year end audit fee accrual.

Change in financial condition

Between January 31, 2018 and January 31, 2021, the Company's principal changes in financial condition were the result of incurring expenses associated with the preparation and filing of the Company's prospectus.

Liquidity and Capital Resources

The Company's current activities have been funded to date through the issuance of common shares.

As at January 31, 2021, the Company had cash of \$122,915 and GST receivable of \$1,594 and prepaid expense of \$7,000 less payables of \$26,129 with a net working capital of \$105,380. The Company will have no revenue and significant expenses are expected in the identification and acquisition of a qualifying asset. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

Management is closely evaluating the impact of COVID-19 on the Company's business. At this time, management does not see a material impact to its business, however, the situation is evolving and could become material if the pandemic worsens.

This Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

The Company has no assets other than cash and GST receivable, and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the completed IPO it will have sufficient working capital to meet its current financial obligations.

Off Balance Sheet Arrangement

The Company does not have any off balance sheet arrangements.

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis

For the year ended January 31, 2021

		For the year ended January 31,	
Relationship		2021	2020
Rent			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CEO	\$ 12,000	\$ 12,000
		\$ 12,000	\$ 12,000

Included in due to related party at January 31, 2021, is \$2,195 (2020: \$95) owed to Geoff Balderson, CEO of the Company for reimbursements of expenses. The amount is unsecured, non-interest bearing and payable on demand.

Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management. During the years ended January 31, 2021 and 2020, there were no compensations paid except for the above noted transactions.

RISKS AND UNCERTAINTIES

The Company is a CPC under the policies of the Exchange. Investment in the common shares of the Company must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following are risk factors associated with the Company:

- (a) The Company was recently incorporated, has not commenced commercial operations and has no assets other than cash, and GST receivable. It has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- (b) The Board of Directors and Officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (c) There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell their common shares;
- (d) Until completion of an IPO, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (e) The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- (f) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the Qualifying Transaction;
- (g) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction (within the meaning of Exchange Policies), majority of the minority approval;
- (h) Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which majority of the minority approval by shareholders has been

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the year ended January 31, 2021

given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares;

(i) Upon public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;

(j) Trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required;

(k) The Exchange will generally suspend trading in the Company's common shares or delist the Company if the Exchange has not issued a Final Exchange Bulletin (as that term is defined in Exchange Policies) within 24 months from the date of listing.

(l) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;

(m) If management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such Persons, judgments obtained in Canadian courts;

(n) The Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;

(o) The Company is relying solely on the past business success of its Directors and Officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

As a result of these factors, this Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision

DYNAMO CAPITAL CORP.**Management's Discussion and Analysis**

For the year ended January 31, 2021

affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The Directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. See audited financial statements for details of critical accounting estimates and judgements.

Changes in Accounting Policies including initial adoption

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at January 31, 2021.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities and due to related party.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and due to related party that are denominated in a foreign currency. As at January 31, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

OUTSTANDING SHARE DATA

As of the date of the MD&A, the Company had 4,500,000 issued and outstanding common shares.

As at the date of the MD&A there are 450,000 stock options outstanding to acquire up to 450,000 common shares at \$0.10 per share exercisable until September 16, 2023.

PROPOSED TRANSACTION

DYNAMO CAPITAL CORP.

Management's Discussion and Analysis
For the year ended January 31, 2021

See subsequent events.

SUBSEQUENT EVENT

On December 23, 2020 and as amended on January 29, 2021, the Company entered into a letter of intent with CareSpan Holdings, Inc. ("CareSpan"), pursuant to which the Company will acquire all of the issued and outstanding common shares of CareSpan (the "Transaction") which is intended to constitute the Company's qualifying transaction.

In consideration for the Transaction, the Company will consolidate its shares on the basis of 4.67 existing common shares for 1 post-consolidation common shares such that there will be 964,286 common shares prior to closing. CareSpan will consolidate its shares such that there will be 7,972,313 CareSpan shares prior to closing. CareSpan Shareholders will then exchange on a one for one basis one CareSpan share for one common share of the Company. All outstanding warrants and options for the Company and CareSpan will be consolidated at the respective conversion ratio.

Concurrently, CareSpan will complete a subscription receipt financing at a minimum of \$4,000,000 to a maximum of \$6,500,000. The parties acknowledge that there is a finder's fee in connection with this Transaction in the form of 3,000,000 pre-consolidated common shares of the Company. This Transaction is subject to the entering into of a definitive agreement, approval of the TSXV, completion of a satisfactory due diligence and the completion of a financing acceptable to both the Company and CareSpan.

Upon completion of this transaction, the Company will change its name to CareSpan Holdings, Inc. or such other name as determined by CareSpan.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

SCHEDULE “C”

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CARESPAN FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019, AND UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS OF CARESPAN FOR THE THREE AND SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020**

[see attached]



CareSpan Holdings, Inc.
Consolidated Financial Statements
December 31, 2020 and 2019

To the Shareholders of CareSpan Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of CareSpan Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Toronto, Ontario

November 5, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

CareSpan Holdings, Inc.

Consolidated Statements of Financial Position

As at December 31, 2020 and December 31, 2019

(Expressed in U.S. dollars)

	December 31, 2020	December 31, 2019
	\$	\$
Assets		
Current assets		
Cash	1,474,177	6,693
Accounts receivable (Note 4)	834,308	18,889
Prepaid expenses	147,225	5,000
	2,455,710	30,582
Property and equipment (Note 5)	4,651	3,007
	2,460,361	33,589
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,457,024	63,915
Convertible loans (Note 7)	3,763,936	990,319
Derivative conversion option (Note 7)	2,647,304	100,306
Warrant liability (Note 8)	186,370	24,485
Due to related parties (Note 9)	340,271	222,100
	8,394,905	1,401,125
Deferred tax liabilities (Note 10)	-	39,992
	8,394,905	1,441,117
Shareholders' Deficiency		
Common shares (Note 11)	3,470,206	2,327,518
Series A Preferred shares (Note 11)	-	1,131,386
Share-based benefits reserve (Note 13)	1,663,208	1,068,177
Warrant reserve (Note 14)	665,622	-
Foreign currency translation reserve	3,505	-
Option premium on convertible loan (Note 7)	-	4,251
Deficit	(11,720,003)	(5,938,859)
Deficit attributable to owners of the parent	(5,917,462)	(1,407,527)
Non-controlling interests (Note 12)	(17,082)	(1)
	(5,934,544)	(1,407,528)
	2,460,361	33,589

[Signed]

Director

CareSpan Holdings, Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2020 and 2019

(Expressed in U.S. dollars)

	2020	2019
	\$	\$
Revenues		
Patient service	3,428,561	36,501
License and other	10,000	13,000
	3,438,561	49,501
Operating expenses		
Practice fees	2,885,878	34,281
Consultants and subcontractors (Note 15)	1,166,748	424,086
Share-based payments (Note 18)	1,001,835	375,851
Legal and professional fees	741,860	105,620
Salaries and benefits	456,515	-
Information technology costs	169,545	36,109
Practice supplies and other operating costs	169,462	2,781
General and administrative	75,992	78,051
Share of loss of associate (Note 6)	18,310	-
Foreign exchange loss	7,737	-
Depreciation (Note 5)	1,497	1,071
Finance costs (Note 19)	667,740	86,183
	7,363,119	1,144,033
Loss before other losses (gains) and income taxes	(3,924,558)	(1,094,532)
Other losses (gains)		
Loss (gain) on fair value remeasurement of derivative instruments (net) (Note 20)	1,709,969	(155,946)
Loss on modification of convertible loans (Note 7)	311,433	-
Loss before income taxes	(5,945,960)	(938,586)
Income taxes (recovery) (Note 10)	(39,992)	23,141
Net loss	(5,905,968)	(961,727)
Other comprehensive income		
Exchange difference on translating foreign operations	(6,997)	-
Total comprehensive loss	(5,898,971)	(961,727)
Net loss attributable to:		
Owners of the parent	(5,785,395)	(961,726)
Non-controlling interests (Note 12)	(120,573)	(1)
	(5,905,968)	(961,727)
Total comprehensive loss attributable to:		
Owners of the parent	(5,781,890)	(961,726)
Non-controlling interests (Note 12)	(117,081)	(1)
	(5,898,971)	(961,727)
Basic and diluted loss per share	(0.28)	(0.05)
Weighted average number of common shares outstanding	21,186,834	19,376,587

CareSpan Holdings, Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

For the Years Ended December 31, 2020 and 2019

(Expressed in U.S. dollars)

	Common shares	Series A Preferred shares	Share-based benefits reserve	Warrant reserve	Foreign currency translation reserve	Option premium on convertible loan	Deficit	Attributable to owners of the parent	Non- controlling interests	Total shareholders' deficiency
	\$ (Note 11)	\$ (Note 11)	\$ (Note 13)	\$ (Note 14)	\$	\$ (Note 7)	\$	\$	\$ (Note 12)	\$
Balance, December 31, 2018	2,307,518	1,131,386	692,326	-	-	4,251	(4,977,133)	(841,652)	-	(841,652)
Share-based compensation	-	-	375,851	-	-	-	-	375,851	-	375,851
Issue of common shares for consulting services received	20,000	-	-	-	-	-	-	20,000	-	20,000
Net loss and total comprehensive loss	-	-	-	-	-	-	(961,726)	(961,726)	(1)	(961,727)
Balance, December 31, 2019	2,327,518	1,131,386	1,068,177	-	-	4,251	(5,938,859)	(1,407,527)	(1)	(1,407,528)
Conversion of Series A Preferred shares for common shares	1,131,386	(1,131,386)	-	-	-	-	-	-	-	-
Capital contribution made by non-controlling interest in CareSpan Asia Inc.	-	-	-	-	-	-	-	-	100,000	100,000
Modification of convertible loan	-	-	-	-	-	(4,251)	4,251	-	-	-
Share-based compensation	-	-	595,031	-	-	-	-	595,031	-	595,031
Issue of common shares for consulting services received	16,627	-	-	-	-	-	-	16,627	-	16,627
Issue of warrants for consulting services received	-	-	-	408,522	-	-	-	408,522	-	408,522
Issue of warrants in connection with the issue of convertible loans	-	-	-	257,100	-	-	-	257,100	-	257,100
Share issue costs	(5,325)	-	-	-	-	-	-	(5,325)	-	(5,325)
Net loss	-	-	-	-	-	-	(5,785,395)	(5,785,395)	(120,573)	(5,905,968)
Other comprehensive income	-	-	-	-	3,505	-	-	3,505	3,492	6,997
Balance, December 31, 2020	3,470,206	-	1,663,208	665,622	3,505	-	(11,720,003)	(5,917,462)	(17,082)	(5,934,544)

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

CareSpan Holdings, Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Expressed in U.S. dollars)

	2020	2019
	\$	\$
Cash flows used in operating activities		
Net loss	(5,905,968)	(961,727)
Adjustments for:		
Share-based payments	1,001,835	375,851
Finance costs	667,740	86,183
Share of loss of associate	18,310	-
Depreciation	1,497	1,071
Loss (gain) on fair value remeasurement of derivative instruments (net)	1,709,969	(155,946)
Loss on modification of convertible loans	311,433	-
Unrealized foreign exchange loss	7,677	-
Income taxes	(39,992)	23,141
	(2,227,499)	(631,427)
Changes in non-cash working capital items:		
Accounts receivable	(815,419)	(17,889)
Prepaid expenses	(29,837)	5,000
Accounts payable and accrued liabilities	1,393,109	19,565
	(1,679,646)	(624,751)
Interest paid	(23,869)	(3,585)
	(1,703,515)	(628,336)
Cash flows used in investing activities		
Purchases of property and equipment	(3,141)	(1,523)
Investment in associate (Note 6)	(18,310)	-
	(21,451)	(1,523)
Cash flows from financing activities		
Proceeds from issue of convertible loans	3,068,100	400,000
Capital contribution made by non-controlling interest in CareSpan Asia Inc.		
CareSpan Asia Inc. (Note 12)	100,000	-
Advances from related parties	117,992	217,100
Transaction costs	(87,816)	(5,000)
Share issue costs	(5,325)	-
	3,192,951	612,100
Net increase (decrease) in cash	1,467,984	(17,759)
Cash, beginning of year	6,693	24,452
Effects of exchange rate changes on cash held in foreign currencies	(500)	-
Cash, end of year	1,474,177	6,693

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

1. General information

CareSpan Holdings, Inc. (the "Company" or "CareSpan") was formed in November 10, 2010 under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. ("Magellan") which was incorporated under the laws of the Republic of Panama on May 14, 2012. On August 31, 2015, Magellan filed articles of amendment wherein the name of the Company was changed to CareSpan Holdings, Inc. On May 7, 2020, the Company filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America. These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Domicile and country of incorporation	Date of incorporation
CareSpan USA, Inc.	Nevada, United States of America	September 26, 2013
CareSpan International Inc.	Republic of Panama	May 17, 2012
CareSpan Integrated Networks Inc.	Nevada, United States of America	February 6, 2019
American Advanced Practice Network, P.C.	Iowa, United States of America	December 31, 2018
CareSpan MedPsych Network, P.A.	Florida, United States of America	February 20, 2019
CareSpan Asia Inc.	Philippines	October 9, 2020

The Company, together with its subsidiaries, is referred to collectively as the Group.

The Group is a health care technology and service company. The Group's proprietary Clinic-in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, the patient's electronic health record, care collaboration capabilities, patient engagement, e-prescribing and lab ordering. The Group's platform seamlessly supports both in-person and virtual/telehealth care. The Group is using this platform, combined with essential business services, to build provider networks across the United States of America that deliver primary and urgent care, as well as behavioural health. To date, the Group has over 60 practitioners across its two networks American Advanced Practice Network, P.C. ("AAPN") and CareSpan MedPsych Network, P.A. ("CMPN").

2. Significant accounting policies

Statement of compliance

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

The consolidated financial statements were authorized for issuance by the board of directors on November 5, 2021.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars ("U.S. dollars" or "USD"), except share and per share amounts or as otherwise noted.

The principal accounting policies are set out below.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements include the accounts of the Company and its subsidiaries, which include American Advanced Practice Network, P.C. and CareSpan MedPsych Network, P.A. ("affiliated professional contractors") with which CareSpan Integrated Networks Inc. ("CSIN") currently has specific management arrangements.

CareSpan USA, Inc. and CareSpan International Inc. are each a wholly-owned subsidiary of CareSpan Holdings, Inc.

At December 31, 2020, CareSpan Holdings, Inc. held 100% Class A voting equity interest and 98% ownership interest in CSIN (December 31, 2019 – 100% voting equity interest and 99% ownership interest) (Note 12).

At December 31, 2020, CareSpan Holdings, Inc. held 50.1% voting equity interest in CareSpan Asia Inc.

The Company does not, however, hold any direct or indirect voting equity interest in the affiliated professional contractors. The agreements between CSIN and the affiliated professional contractors provide that the term of the arrangements are in most cases permanent, subject only to termination by CSIN, except in the case of gross negligence, fraud or bankruptcy of CSIN. CSIN has the right to receive income in the form of ongoing fees from services that it provides to the affiliated professional contractors, in an amount that fluctuates based on the performance of the affiliated professional contractors. CSIN has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the affiliated professional contractors and establishes the guidelines for the employment and compensation of the health care providers. In addition, the agreements provide that CSIN has the right, but not the obligation, to purchase, or to designate a person(s) to purchase, the stock of the affiliated professional contractors for a nominal amount. Separately, in its sole discretion, CSIN has the right to assign its interest in the agreements. Based upon the provisions of these agreements, management determined that the affiliated professional contractors are entities controlled by the Company in accordance with IFRS 10 *Consolidated Financial Statements*.

Revenue recognition

The core principle of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods and services is transferred to customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those goods and services.

Patient service revenue

Patient service revenue is recognized at the time services are provided by the Group's affiliated healthcare providers. The Group's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Substantially all of the Group's patient service revenue is reimbursed by government-sponsored or funded healthcare programs ("GHC Programs"), including Medicare and Medicaid, and third-party insurance payors. Payments for services rendered to the Group's patients are generally less than billed charges. The Group monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Revenue recognition (continued from previous page)

Patient service revenue (continued from previous page)

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectible amounts. The Group estimates allowances for contractual adjustments and uncollectible amounts on accounts receivable based upon historical experience and other factors, including evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the rates billed by healthcare providers for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Group expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of patients and payors, including the various governmental agencies in the states in which the Group provides services.

License revenue

Renewable software licenses for the Group's digital care delivery platform include the right-to-access the software for a specified term, technical support and maintenance services. These agreements are accounted for as licenses, as the customer only has the right to access the software for a specified term. These services are similar in substance to a subscription, as the Group does not sell licenses without technical support and maintenance services. Revenue is recognized ratably over the term of the agreement from the date the license term commences.

Foreign currencies

In preparing the financial statements of each individual entity comprising the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The functional currency of each entity comprising the Group is the U.S. dollar, except for CareSpan Asia Inc. for which its functional currency is the Philippine peso.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures incurred to bring the assets to the location and condition necessary for them to be operated in the manner intended by management.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Property and equipment (continued from previous page)

Management has assessed the useful life of the Group's property and equipment to be as follows:

Computer and network equipment	3-years

Deferred development costs

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

In 2020, the Group did not recognize any development costs as an internally-generated intangible asset (2019 - \$nil).

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or loss or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or loss or directly in equity, respectively. Where deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Leases (continued from previous page)

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Financial instruments

IFRS 9 *Financial Instruments* ("IFRS 9") contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

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

Financial assets

Recognition and initial measurement

The Group recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Group determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Classification and subsequent measurement (continued from previous page)

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Designated at fair value through profit or loss - On initial recognition, the Group may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

The Group measures all equity investments at fair value. Changes in fair value are recorded in profit or loss except where the Group has irrevocably elected on initial recognition to present in other comprehensive income the fair value gains and losses of an equity investment that is neither held for trading nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

Business model assessment

The Group assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Group considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Group's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Group recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach for trade receivables. Using the simplified approach, the Group records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Group assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Group continues to recognize a loss allowance equal to lifetime expected credit losses.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Impairment (continued from previous page)

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Group has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Group derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Group either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Group retains the risks and rewards of ownership. When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Group derecognizes the financial asset. At the same time, the Group separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss.

Financial liabilities

Recognition and initial measurement

The Group recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities, except for financial liabilities subsequently measured at fair value through profit or loss, are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial liabilities (continued from previous page)

Derecognition of financial liabilities

The Group derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments

Derivative instruments are recorded at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recorded in profit or loss.

Embedded derivatives

For hybrid contracts containing a host that is not an asset in the scope of IFRS 9, embedded derivatives are evaluated on initial recognition to determine if the embedded derivative must be separated from the host contract. Embedded derivatives are separated from the host contract when the economic characteristics and risks of the derivative are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives that are separated from the host contract are initially measured at fair value and subsequently measured at fair value through profit or loss. The host contract is accounted for in accordance with the appropriate Standards.

Non-option derivatives are separated from the host contract on the basis of their stated or implied substantive terms so as to result in them having a fair value of zero at inception. Option-based derivatives are separated from the host contract on the basis of stated terms and conditions and measured at their fair value on inception, with the host contract's initial carrying amount being the residual amount after separating the derivative.

Classification of financial instruments

The following table summarizes the classification of the Group's financial instruments:

<u>Asset / liability:</u>	<u>Classification:</u>
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible loans (debt host liability)	Amortized cost
Derivative conversion option	FVTPL
Conversion option on Series A Preferred shares	FVTPL
Warrant liability	FVTPL
Due to related parties	Amortized cost

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Fair value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

- Level 1 inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Loss per share

The Group calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year.

For the purpose of calculating diluted loss per share, the Group adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the year, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Fair value of financial liabilities as at FVTPL

The determination of the fair values of debt instruments or the component parts of hybrid contracts requires the use of valuation models and/or techniques for which the underlying assumptions are inherently subject to significant estimation and judgment. These models and techniques require that management make estimates and assumptions with respect to one or more of the following at the date of issuance: the fair value of the Group's equity securities, expected volatility of the Company's share value, estimated life of conversion rights and warrants and interest rates which could be obtained for debt instruments with similar terms and maturities.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Critical judgments in applying accounting policies (continued from previous page)

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Group uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected credit losses

The Group recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach for trade receivables. Using the simplified approach, the Group records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Group assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Group continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Group has no reasonable expectations of recovering all or any portion thereof. The Group did not assess any credit loss provision at year end.

Valuation of common share purchase warrants and equity-settled share-based payments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

3. Critical accounting judgments and key sources of estimation uncertainty (continued from previous page)

Key sources of estimation uncertainty (continued from previous page)

Global outbreak of COVID-19 (coronavirus)

In 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Company has not been significantly impacted as a result of COVID-19 to-date, although it is difficult to measure the impact with certainty. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

4. Accounts receivable

	December 31, 2020	December 31, 2019
	\$	\$
Trade receivables	819,204	18,889
Input tax credits receivable	15,104	-
	834,308	18,889

5. Property and equipment

	Computer and network equipment
	\$
Cost	
Balance, January 1, 2019	2,705
Additions	1,523
Balance, December 31, 2019	4,228
Additions	3,141
Balance, December 31, 2020	7,369
Accumulated depreciation	
Balance, January 1, 2019	150
Depreciation	1,071
Balance, December 31, 2019	1,221
Depreciation	1,497
Balance, December 31, 2020	2,718
Carrying amount	
December 31, 2019	3,007
December 31, 2020	4,651

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

6. Investment in associate

On July 8, 2020, the Group acquired a 15% voting equity interest in SmartCare GmbH ("SmartCare") for \$18,310. SmartCare is a German limited liability GmbH corporation with its principal place of business in Munich, Germany. SmartCare will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to markets in Europe, the Middle East and Africa.

The Group accounts for its investment in SmartCare using the equity method. Although the Group holds less than 20% of the voting equity shares of SmartCare, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors, participation in policy-making processes and technological dependency through use of its proprietary platform. In 2020, the Group recognized \$18,310 of its share of losses incurred by SmartCare in the consolidated statement of loss and comprehensive loss. To-date, the Group's share of losses of SmartCare exceed the Group's interest in the investee. Accordingly, the Group discontinued recognizing its share of further losses in SmartCare. The unrecognized share of losses of SmartCare for 2020, and cumulatively at December 31, 2020, totalled \$38,534.

7. Convertible loans

The Group issued a series of convertible loans during the period from 2017 to 2020 in the aggregate principal amount of \$4,208,100. These convertible loans were issued in separate tranches, whereas each tranche provides the lenders with a different combination of rights and privileges with respect to maturity date and conversion of unpaid principal and accrued interest thereon into equity securities of the Group. This note disclosure provides a description of each tranche.

The following table summarizes the movement in the carrying amount of the Group's convertible loans, comprised of the debt host liability, derivative conversion option and equity conversion option:

	Debt host liability	Derivative conversion option	Derivative warrant liability	Equity conversion option	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2018	522,464	180,298	-	4,251	707,013
Issuance of convertible loans	385,257	14,743	-	-	400,000
Interest and accretion	82,598	-	-	-	82,598
Fair value gain on remeasurement of conversion option liability	-	(94,735)	-	-	(94,735)
Balance, December 31, 2019	990,319	100,306	-	4,251	1,094,876
Issuance of convertible loans	2,069,186	800,227	198,687	-	3,068,100
Transaction costs:					
- paid in cash	(62,580)	-	-	-	(62,580)
- paid in warrants	(163,057)	-	-	-	(163,057)
Interest and accretion	643,871	-	-	-	643,871
Loss arising on modification of previously issued tranches of convertible loans to align with Tranche 5	132,161	-	-	-	132,161
Loss arising on modification of maturity date of Tranche 5 convertible loans	154,036	-	-	-	154,036
Extinguishment of equity conversion option on modification	-	-	-	(4,251)	(4,251)
Fair value loss (gain) on remeasurement of conversion option liability	-	1,746,771	(12,317)	-	1,734,454
Balance, December 31, 2020	3,763,936	2,647,304	186,370	-	6,597,610

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Interest and accretion expense is included in the line item 'finance costs' in the consolidated statements of loss and comprehensive loss for the year. The fair value gain/loss on remeasurement of the conversion option liability is recognized in the line item 'loss (gain) on fair value remeasurement of derivative instruments (net)' in the consolidated statements of loss and comprehensive loss for the year.

Together, the convertible loans are secured by a general security interest in all of the Group's tangible and intangible property.

Tranche 1A convertible loan

On October 20, 2017, the Group issued a secured bridge note in the principal amount of \$250,000, bearing interest at a rate of 10% per annum (the "Tranche 1A" convertible loan). The principal amount, together with accrued interest, was payable upon maturity. The terms of the Tranche 1A convertible loan provided the holder with an option to convert, at any time prior to maturity, the unpaid principal amount and any accrued and unpaid interest thereon into common shares of CareSpan Holdings, Inc. at a conversion price of \$0.89 per common share.

The Tranche 1A convertible loan represented a compound instrument, consisting of a debt host liability (classified at amortized cost) and a written call option granting the holder the right to purchase common shares of the Company (classified as an equity instrument). The separation of the compound instrument into its liability and equity components was made upon initial recognition and was not subsequently revised. The method used follows:

- firstly, the fair value of the liability component was calculated, and this fair value established the initial carrying amount of the liability component; and
- secondly, the fair value of the liability component was deducted from the fair value of the instrument as a whole, with the resulting residual amount being recognized as the equity component.

The fair value of the liability component on initial recognition reflected the present value of the contractual stream of future cash flows (including both principal and interest) discounted at a rate of 11.90%. This discount rate represented the estimated market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option.

The allocation of proceeds from the Tranche 1A convertible loan on initial recognition was as follows:

	\$
Proceeds from borrowing	250,000
Less: fair value of liability component	(245,749)
Equity conversion option	4,251

The Tranche 1A convertible loan was originally due to mature on October 20, 2018. On August 1, 2018, the holder agreed to extend the maturity date by a period of 6 months to April 20, 2019. Management evaluated whether the extended maturity date should be accounted for as a substantial modification. In accordance with IFRS 9 *Financial Instruments*, the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Based on the results of this evaluation, management determined that the extended maturity date should not be accounted for as a substantial modification. Therefore, the Group recognized a modification gain of \$3,305 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2018 and continued to apply the original effective interest rate over the extended term to maturity.

Effective April 30, 2019, the holder agreed to amend the terms of the Tranche 1A convertible loan such that any unpaid principal and accumulated interest became due on demand. All other terms of the instrument remained unchanged.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 1A convertible loan (continued from previous page)

On March 16, 2020, the terms of the Tranche 1A convertible loan were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the debt host liability of the Tranche 1A convertible loan. The difference between the carrying amount of the Tranche 1A financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

The following table summarizes the movement in the carrying amount of the debt host liability of the Tranche 1A convertible loan:

	Debt host liability
	\$
Initial recognition, October 20, 2017 (unaudited)	245,749
Interest and accretion (unaudited)	5,770
Balance, January 1, 2018 (unaudited)	251,519
Interest and accretion	30,135
Gain arising on modification	(3,305)
Balance, December 31, 2018	278,349
Interest and accretion	26,979
Balance, December 31, 2019	305,328
Interest and accretion	5,137
Derecognized upon substantial modification	(310,465)
Balance, December 31, 2020	-

Tranche 1B convertible loan

On October 20, 2017, the Group issued a secured bridge note in the principal amount of \$250,000, bearing interest at a rate of 10% per annum (the "Tranche 1B" convertible loan). The terms of the Tranche 1B convertible loan provided the holder with an option to convert, at any time prior to maturity, the unpaid principal amount, plus accrued interest, into common shares of CareSpan Holdings, Inc. at a conversion price of \$0.89 per common share. Furthermore, the holder was obliged to convert the unpaid principal amount, plus accrued interest, upon the earliest occurrence of the following specified future events:

(i) Maturity

The Tranche 1B convertible loan was originally due to mature on October 20, 2018. On August 1, 2018, the holder agreed to extend the maturity date by a period of 6 months to April 20, 2019. Effective April 20, 2019, the holder agreed to further amend the terms of the instrument such that the maturity date of the instrument was not fixed.

(ii) Financing Event

If the Group issued equity securities resulting in aggregate gross proceeds of \$5,000,000 or more (a "Financing Event"), the unpaid principal, plus accrued interest, would have automatically converted into such equity securities of CareSpan Holdings, Inc. at a conversion price equal to the lesser of (a) the price per share issued in connection with the Financing Event, and (b) \$0.89 per share.

CareSpan Holdings, Inc.

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December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 1B convertible loan (continued from previous page)

(iii) Strategic Investment

If the Group issued equity securities to a strategic partner (a "Strategic Investment"), the unpaid principal, plus accrued interest, would have automatically converted into such equity securities of CareSpan Holdings, Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

(iv) Collaboration Event

If the Group entered into an agreement with a third party for an option to license or a license to the Group's technology (the "Collaboration Event"), the unpaid principal, plus accrued interest, would have automatically converted into common shares of CareSpan Holdings, Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

(v) Sale Event

If the Group entered into an agreement with a third party for the sale of the business or substantially all of its assets (the "Sale Event"), the unpaid principal, plus accrued interest, would have automatically converted into common shares of CareSpan Holdings, Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

The original terms of the Tranche 1B convertible loan contained no requirement for the Group to deliver cash (by making scheduled payments of principal and interest). Rather, the original Tranche 1B convertible loan could only be settled by the issuance of common shares upon the earliest occurrence of the specified events described above. The number of common shares that could have been delivered upon conversion could not be known until the occurrence of a conversion event. Consequently, management concluded that the whole instrument should be classified as a derivative conversion option at FVTPL.

Prior to December 31, 2020, at each reporting date, the fair value of the Tranche 1B convertible loan was estimated using an expected value, option pricing model that considered the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument could have been converted;
- The expected volatility of the underlying equity interests; and
- The estimated risk-free rate of interest.

No active market exists for the Group's equity interests. For this reason, the Group considered the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the Tranche 1B convertible loan, classified entirely as a derivative conversion option, at each of the following report dates:

	December 31, 2019
Expected time until a conversion event (in years)	0.5
Estimated fair value per common share	\$ 0.50
Expected volatility	50.0%
Risk-free rate of interest	1.6%

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 1B convertible loan (continued from previous page)

On March 16, 2020, the terms of the Tranche 1B convertible loan were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the Tranche 1B convertible loan. The difference between the carrying amount of the Tranche 1B financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

The following table summarizes the movement in the carrying amount of the Tranche 1B convertible loan:

	Derivative conversion option
	\$
Balance, January 1, 2019	175,678
Fair value gain on remeasurement of conversion option liability	(94,108)
Balance, December 31, 2019	81,570
Derecognized upon substantial modification	(81,570)
Balance, December 31, 2020	-

Tranche 2 convertible loans

In 2019, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$130,000 (2018 - \$240,000), bearing interest at a rate of 10% per annum (the "Tranche 2" convertible loans). The principal amount, together with accrued interest, was payable upon maturity. The terms of the Tranche 2 convertible loans provided for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event was defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount would have automatically converted into equity securities at a price per share equal to 85% of the price per share issued in connection with the Financing Event.

If there had been a Change in Control, the holders of the Tranche 2 convertible loans were entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control was defined as (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 2 convertible loans represented compound instruments, each consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 2 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that could have been issued upon conversion could not be known until the date of conversion since the conversion price was defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 2 convertible loans (continued from previous page)

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instruments and was not subsequently revised. The method used was as follows:

- firstly, the fair value of the conversion option was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to that instrument;
- secondly, the residual amount, being the difference between the total proceeds received under the Tranche 2 convertible loan and the fair value of the conversion option, was allocated to the debt host liability.

The allocation of proceeds from the Tranche 2 convertible loans on initial recognition was as follows:

	2019	2018
	\$	\$
Proceeds from borrowing	130,000	240,000
Less: fair value of derivative conversion option	(2,502)	(4,590)
Debt host liability	127,498	235,410

The conversion option represented the expected "in-the-money" value of the Tranche 2 convertible loans. Because the instrument would convert at a fixed percentage discount, the in-the-money payoff upon conversion was deterministic. At each reporting date, the fair value of the conversion option was estimated using an expected value, option pricing model that considered the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur; and
- The estimated risk-free rate of interest.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 2 convertible loans at December 31, 2019:

	December 31, 2019
Expected time until a conversion event (in years)	0.5
Risk-free rate of interest	1.6%

The Tranche 2 convertible loans were originally due to mature on December 31, 2019. However, the parties agreed to amend the maturity date such that all issued and outstanding Tranche 2 convertible loans became due on demand effective December 31, 2019. All other terms of the instrument remained unchanged.

On March 16, 2020, the terms of the Tranche 2 convertible loans were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the Tranche 2 convertible loans. The difference between the carrying amount of the Tranche 2 financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

CareSpan Holdings, Inc.

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December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 2 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 2 convertible loans:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, January 1, 2018 (unaudited)	-	-	-
Issuance of convertible loans	235,410	4,590	240,000
Interest and accretion	8,705	-	8,705
Fair value loss on remeasurement of conversion option liability	-	30	30
Balance, December 31, 2018	244,115	4,620	248,735
Issuance of convertible loans	127,498	2,502	130,000
Interest and accretion	42,416	-	42,416
Fair value gain on remeasurement of conversion option liability	-	(321)	(321)
Balance, December 31, 2019	414,029	6,801	420,830
Interest and accretion	7,603	-	7,603
Derecognized upon substantial modification	(421,632)	(6,801)	(428,433)
Balance, December 31, 2020	-	-	-

Tranche 3 convertible loans

In 2019, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$220,000, bearing interest at a rate of 10% per annum (the "Tranche 3" convertible loans). The principal amount, together with accrued interest, was payable upon maturity on June 30, 2020. The terms of the Tranche 3 convertible loans provided for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event was defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount would have automatically converted into equity securities at a price per share equal to the lesser of:

- (i) 80% of the price per share issued in connection with the Financing Event; and
- (ii) a pre-Financing Event valuation of the Group at \$15,000,000.

If there had been a Change in Control, the holders of the Tranche 3 convertible loans were entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control was defined as (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 3 convertible loans represented compound instruments, each consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 3 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that could have been issued upon conversion could not be known until the date of conversion since the conversion price was defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instruments and was not subsequently revised. The method used was the same as that described for the Tranche 2 convertible loans.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 3 convertible loans (continued from previous page)

The allocation of proceeds from the Tranche 3 convertible loans on initial recognition was as follows:

	\$
Proceeds from borrowing	220,000
Less: fair value of derivative conversion option	(9,793)
Debt host liability	210,207

The conversion option represented the expected "in-the-money" value of the Tranche 3 convertible loans. Because the instrument would convert at a fixed percentage discount, the in-the-money payoff upon conversion was deterministic. At each reporting date, the fair value of the conversion option was estimated using an expected value, option pricing model that considered the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests;
- The probability that the fair value of the underlying equity interest will be a price per share that exceeds a pre-Financing Event valuation of the Group at \$15,000,000; and
- The estimated risk-free rate of interest.

No active market exists for the Group's equity interests. For this reason, the Group considered the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 3 convertible loans at December 31, 2019:

	December 31, 2019
Expected time until a conversion event (in years)	0.5
Estimated fair value per common share	\$ 0.50
Expected volatility	60.0%
Risk-free rate of interest	1.6%

On March 16, 2020, the terms of the Tranche 3 convertible loans were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the Tranche 3 convertible loans. The difference between the carrying amount of the Tranche 3 financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 3 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 3 convertible loans:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, January 1, 2019	-	-	-
Issuance of convertible loans	210,207	9,793	220,000
Interest and accretion	12,391	-	12,391
Fair value gain on remeasurement of conversion option liability	-	(241)	(241)
Balance, December 31, 2019	222,598	9,552	232,150
Interest and accretion	6,969	-	6,969
Derecognized upon substantial modification	(229,567)	(9,552)	(239,119)
Balance, December 31, 2020	-	-	-

Tranche 4 convertible loans

In 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$130,000 (2019 - \$50,000), bearing interest at a rate of 10% per annum (the "Tranche 4" convertible loans). The principal amount, together with accrued interest, was payable upon maturity. The terms of the Tranche 4 convertible loans provided for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event was defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount would have automatically converted into equity securities at a price per share equal to the lesser of:

- (iii) 80% of the price per share issued in connection with the Financing Event; and
- (iv) a pre-Financing Event valuation of the Group at \$7,500,000 (\$0.255 per share).

If there had been a Change in Control, the holders of the Tranche 4 convertible loans were entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control was defined as (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 4 convertible loans represented a compound instrument, consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 4 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that could have been issued upon conversion could not be known until the date of conversion since the conversion price was defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instruments did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instrument and was not subsequently revised. The method used was the same as that described for the Tranche 2 and Tranche 3 convertible loans.

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 4 convertible loans (continued from previous page)

The allocation of proceeds from the Tranche 4 convertible loans on initial recognition was as follows:

	2020	2019
	\$	\$
Proceeds from borrowing	130,000	50,000
Less: fair value of derivative conversion option	(7,522)	(2,448)
Debt host liability	122,478	47,552

The conversion option represented the expected “in-the-money” value of the Tranche 4 convertible loans. Because the instruments would convert at a fixed percentage discount, the in-the-money payoff upon conversion was deterministic. At each reporting date, the fair value of the conversion option was estimated using an expected value, option pricing model that considered the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests;
- The probability that the fair value of the underlying equity interest will be a price per share that exceeds a pre-Financing Event valuation of the Group at \$7,500,000 (\$0.255 per share); and
- The estimated risk-free rate of interest.

No active market exists for the Group’s equity interests. For this reason, the Group considered the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 4 convertible loans at December 31, 2019:

	December 31, 2019
Expected time until a conversion event (in years)	0.5
Estimated fair value per common share	\$ 0.50
Expected volatility	60.0%
Risk-free rate of interest	1.6%

On March 16, 2020, the terms of the Tranche 4 convertible loans were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the Tranche 4 convertible loans. The difference between the carrying amount of the Tranche 4 financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 4 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 4 convertible loan:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, January 1, 2019	-	-	-
Issuance of convertible loans	47,552	2,448	50,000
Interest and accretion	812	-	812
Fair value gain on remeasurement of conversion option liability	-	(65)	(65)
Balance, December 31, 2019	48,364	2,383	50,747
Issuance of convertible loans	122,478	7,522	130,000
Interest and accretion	4,653	-	4,653
Derecognized upon substantial modification	(175,495)	(9,905)	(185,400)
Balance, December 31, 2020	-	-	-

Tranche 5 convertible loans

In 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$938,100 (2019 - \$nil), bearing interest at a rate of 10% per annum (the "Tranche 5" convertible loans). The principal amount, together with accrued interest, is payable upon maturity. The terms of the Tranche 5 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to 50% of the price per share issued in connection with the Financing Event.

If there is a Change in Control or an IPO, the holders of the Tranche 5 convertible loans are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company. IPO refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange.

The Tranche 5 convertible loans represent compound instruments, each consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 5 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that may be issued upon conversion is not known until the date of conversion since the conversion price is defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument does not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instruments and was not subsequently revised. The method used was the same as that described for the Tranche 2 and Tranche 3 convertible loans.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 5 convertible loans (continued from previous page)

The allocation of proceeds from the Tranche 5 convertible loans on initial recognition was as follows:

	\$
Proceeds from borrowing	938,100
Less: fair value of derivative conversion option	(259,822)
Debt host liability	678,278

The conversion option represents the expected “in-the-money” value of the Tranche 5 convertible loans. Because the instrument converts at a fixed percentage discount, the in-the-money payoff upon conversion is deterministic. At each reporting date, the fair value of the conversion option is estimated using an expected value, option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur; and
- The estimated risk-free rate of interest.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 5 convertible loans at the reporting date:

	December 31, 2020
Probability of Financing Event by expiry date	80.0%
Expected time until a conversion event (in years)	0.4
Risk-free rate of interest	0.1%

On March 16, 2020, the terms of all previously issued tranches of convertible loans (including the Tranche 1A, 1B, 2, 3 and 4 convertible loans) were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the previously issued convertible loans. A new financial liability was then recognized, based on the terms of Tranche 5 as discussed above. The new financial liability was measured at fair value, being the present value of the contractual stream of future cash flows (including both principal and interest) discounted at a rate of 24.53%. This discount rate represents the estimated market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the derivative conversion option. The difference of \$132,161 between the carrying amount of the existing financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the consolidated statement of loss and comprehensive loss for the year.

The Company incurred legal and professional fees amounting to \$25,236 with respect to arranging the modification of the convertible loans. These transaction costs were recognized in the line item ‘loss on modification of convertible loans’ in the consolidated statements of loss and comprehensive loss for the year.

On June 30, 2020, the holders agreed to fix the maturity date of the Tranche 5 convertible loans to be June 30, 2021. The amendment was accounted for as a substantial modification, resulting in the recognition of a loss on modification of \$154,036 in the consolidated statement of loss and comprehensive loss for the year.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 5 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 5 convertible loans:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, December 31, 2019	-	-	-
Issuance of convertible loans for cash	678,278	259,822	938,100
Recognition of new financial liability on modification of previously issued tranches of convertible loans	1,269,320	107,828	1,377,148
Transaction costs	(3,682)	-	(3,682)
Interest and accretion	333,014	-	333,014
Loss arising on modification of maturity date	154,036	-	154,036
Fair value loss on remeasurement of conversion option liability	-	1,747,705	1,747,705
Balance, December 31, 2020	2,430,966	2,115,355	4,546,321

Tranche 6 convertible loans

In November 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2021. The terms of the Tranche 6 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Go-Public Transaction. A Go-Public Transaction refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange.

Upon the occurrence of a Go-Public Transaction, the Conversion Amount shall automatically convert into equity securities at a price per share equal to the lesser of:

- (i) 75% of the price per share issued in connection with the Go-Public Transaction; and
- (ii) the price per share that reflects a Group valuation of \$15,000,000.

If there is a Change in Control, the holders of the Tranche 6 convertible loans are entitled to receive, at their election (i) a cash payment of any accrued interest plus 1.25 times the principal amount outstanding (the "Redemption amount"), or (ii) such number of the Company's common shares that is equal to the Redemption Amount divided by the price per share of the Company's common shares in such Change of Control transaction. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company, provided that a Change of Control does not include a Go-Public Transaction.

If a Penalty Event (as defined below) occurs:

- the Company must issue warrants to the holders of the Tranche 6 convertible loans of an amount equal to 100% of their invested capital (the "Penalty Warrants");
- the maturity date of all Tranche 6 convertible loans shall become due on demand; and
- the discount rate applicable to the conversion feature shall be changed to 50%.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 6 convertible loans (continued from previous page)

The Penalty Warrants shall have a 5-year term and exercise price calculated on a fully-diluted equity valuation of the Company of \$6,500,000.

A Penalty Event is defined as any of the following:

- the Company does not complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering;
- the Company does not enter into employment agreements with certain key management personnel within 10 days of the last closing of the Tranche 6 convertible loan offering; or
- the Company does not enter into a letter of intent or initiate a direct listing process on the TSX Venture Exchange ("TSX-V") or the Canadian Securities Exchange ("CSE"), either directly or through a private shell vehicle within 30-days of the last closing of the Tranche 6 convertible loan offering.

However, a Penalty Event shall not be triggered if the Company's failure to complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering is the result of a breach by the capital pool company or the shell vehicle of the Go-Public Transaction agreement between such entity and the Company. If such circumstances arise, the Company will be provided an additional 6-months to complete a Go-Public Transaction.

If the Company completes a concurrent financing in connection with a Go-Public Transaction where securities are offered to subscribers that include a share purchase warrant, the Company shall issue warrants to the holders of the Tranche 6 convertible loans having the same exercise price and term in the same proportion to their invested capital as are offered to subscribers in the concurrent financing.

The Tranche 6 convertible loans represent hybrid contracts, consisting of a debt host liability (classified at amortized cost), a derivative conversion option (classified at FVTPL) and a derivative equity kicker (classified at FVTPL). The derivative equity kicker refers to the Penalty Warrants and potentially issuable warrants in the event the Company completes a concurrent financing, as described above.

The Group evaluated the separate components of the Tranche 6 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that may be issued upon conversion is not known until the date of conversion since the conversion price is defined as a function of the price per share issued in connection with a Go-Public Transaction. With respect to the equity kicker, management determined that the risks and characteristics of the derivative instruments are not closely related to those of the debt host liability. Consequently, management concluded that neither the conversion option nor the equity kicker meet the definition of equity and, therefore, classified these instruments as separate, free-standing derivatives at FVTPL.

The allocation of proceeds between each of the components comprising the hybrid contract was made upon initial recognition of the instruments and was not subsequently revised. The method used was as follows:

- firstly, the fair value of the conversion option and equity kicker were each estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to those instruments;
- secondly, the residual amount, being the difference between the total proceeds received under the Tranche 6 convertible loans less the fair value of the conversion option and equity kicker, was allocated to the debt host liability.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 6 convertible loans (continued from previous page)

The allocation of proceeds from the Tranche 6 convertible loans on initial recognition was as follows:

	\$
Proceeds from borrowing	2,000,000
Less: fair value of derivative conversion option	(532,883)
Less: fair value of derivative warrant liability	(198,687)
Debt host liability	1,268,430

The Company utilized a Monte Carlo simulation to establish the fair value of the conversion feature and warrant liability, using the following key estimates:

- The expected time until a Go-Public Transaction may occur;
- The probability that a Go-Public Transaction may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests;
- The probability that the fair value of the underlying equity interest will be a price per share that exceeds a pre-Go-Public Transaction valuation of the Group at \$15,000,000 and \$6,500,000;
- The probability that the Company will complete a concurrent financing in connection with a Go-Public Transaction where securities are offered to subscribers that include a share purchase warrant;
- The estimated proceeds that may be raised in such a concurrent financing event;
- The expected life of the potentially issuable warrants; and
- The estimated risk-free rate of interest.

The following schedule summarizes the key inputs used in the Monte Carlo simulation at the reporting date:

	December 31, 2020
Probability of Financing Event by expiry date	80.0%
Expected time until a Go-Public Transaction (in years)	0.4
Estimated fair value per common share	\$ 0.17
Expected volatility	50.0%
Expected life of potentially issuable warrants (in years)	5.0
Risk-free rate of interest	0.4%

In connection with the issuance of the Tranche 6 convertible loans, the Company incurred transaction costs totalling \$349,968, of which \$92,868 was paid in cash and \$257,100 was paid by the issue of warrants to purchase common shares of the Company (Note 14). The transaction costs were allocated between the debt host liability, conversion feature and warrant liability in the same proportion as how the proceeds from issuance of the Tranche 6 convertible loans were allocated on initial recognition of the instruments, as described above. Transaction costs of \$128,013 allocated to the derivative instruments were recognized immediately as an expense in the consolidated statement of loss and comprehensive loss for the year, of which \$33,970 was attributable to transaction costs paid in cash and \$94,043 was attributable to transaction costs paid by the issue of warrants. The amount attributable to transaction costs paid in cash was included in the line item 'legal and professional fees', whereas the amount attributable to transaction costs paid by the issue of warrants was included in the line item 'share-based payments'.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

7. Convertible loans (continued from previous page)

Tranche 6 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 6 convertible loans:

	Debt host liability	Derivative conversion option	Derivative warrant liability	Total
	\$	\$	\$	\$
Balance, December 31, 2019	-	-	-	-
Issuance of convertible loans	1,268,430	532,883	198,687	2,000,000
Transaction costs:				
- paid in cash	(58,898)	-	-	(58,898)
- paid in warrants	(163,057)	-	-	(163,057)
Interest and accretion	286,495	-	-	286,495
Fair value gain on remeasurement of conversion option liability	-	(934)	(12,317)	(13,251)
Balance, December 31, 2020	1,332,970	531,949	186,370	2,051,289

8. Warrant liability

The following schedule shows the movement in the carrying amount of the Group's common share purchase warrants during the year:

	#	\$
Balance, January 1, 2019	1,231,065	85,696
Fair value gain on remeasurement of 2015 warrants	-	(61,211)
Balance, December 31, 2019	1,231,065	24,485
Warrants issued with convertible debentures (note 7)	-	198,687
Expired during the year	(6,838)	-
Fair value gain on remeasurement of 2015 warrants	-	(24,485)
Fair value gain on remeasurement of warrants issued with convertible debentures (note 7)	-	(12,317)
Balance, December 31, 2020	1,224,227	186,370

The fair value gain on remeasurement of warrants is recognized in the line item 'gain on fair value remeasurement of derivative instruments (net)' in the consolidated statements of loss and comprehensive loss for the year.

2015 Warrants

In 2015, the Group issued 1,224,227 common share purchase warrants together with the issuance of Series A Preferred shares (Note 11) (the "2015 Warrants"), plus 6,838 common share purchase warrants for consulting services received.

Each warrant entitles the holder to purchase one common share at a price of \$0.75 per share, exercisable at any time prior to expiry. The terms of the warrant provide the holder with multiple settlement options with respect to the payment of the exercise price. Specifically, the holder is provided the option to settle the payment of the aggregate exercise price:

- (i) by delivery of cash payment to the Group;
- (ii) by instructing the Group to withhold such number of common shares then issuable upon exercise of the warrant with a fair value as of the exercise date equal to the aggregate exercise price;

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

8. Warrant liability (continued from previous page)

2015 Warrants (continued from previous page)

(iii) by surrendering to the Group such number of common shares (or other securities of the Group) owned by the holder with a fair value as of the exercise date equal to the aggregate exercise price; or

(iv) any combination of the above.

The settlement options provided to the warrant holder may result in a variable number of common shares being exercised upon exercise of the instrument. Accordingly, management determined that the warrants should be classified as a derivative financial liability as at FVTPL (excluding the 6,838 warrants issued as a share-based payment).

On August 10, 2020, the board of directors extended the expiry date of all issued and outstanding common share purchase warrants (excluding the 6,838 warrants issued as a share-based payment) from August 15, 2020 to the earlier of (i) March 31, 2021, or (ii) the date on which the Group consummates a go-public transaction.

The fair value of the warrants was estimated using the Black-Scholes Merton formula and the following inputs:

	December 31, 2020	December 31, 2019
Estimated fair value per common share	\$ 0.17	\$ 0.50
Exercise price of the warrant	\$ 0.75	\$ 0.75
Expected volatility of the underlying common share	68.2%	52.6%
Expected life of the warrant (in years)	0.3	0.6
Expected dividend yield	0.0%	0.0%
Risk-free rate of interest	0.4%	1.8%

The following reconciles the warrants outstanding at the beginning and the end of the year:

	Number of warrants #	Weighted average exercise price \$	Weighted average remaining contractual life years
Warrants - issued and exercisable, December 31, 2019	1,231,065	0.75	0.60
Warrants - issued and exercisable, December 31, 2020	1,224,227	0.75	0.40

9. Due to related parties

	December 31, 2020 \$	December 31, 2019 \$
ICME International AG	18,310	-
Short-term advances	21,961	222,100
Compensation payable to officers and directors	300,000	-
	340,271	222,100

The amount owed to ICME International AG relates to the Group's investment in SmartCare (Note 6). Short-term advances were received from key management personnel and others to support the Group's working capital requirements. Amounts due to related parties are unsecured, non-interest bearing and payable on demand.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

10. Income taxes

The components of income tax recognized in profit or loss include:

	2020	2019
	\$	\$
Current tax expense	-	-
Deferred tax (recovery) expense	(39,992)	23,141
	(39,992)	23,141

The following schedule reconciles the expected income tax (recovery) expense at the United States combined federal and state statutory rate of 23.40% (2019 – 24.56%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2020	2019
	\$	\$
Net loss	(5,945,960)	(938,586)
Statutory rate	23.40%	24.56%
Expected income tax recovery	(1,391,355)	(230,517)
Tax rate changes and other adjustments	(18,225)	(5,979)
Accretion expense and transaction costs	122,846	-
Fair value loss on remeasurement of conversion option liability	404,646	-
Share-based compensation	221,734	92,309
Loss arising on modification of convertible loans	36,021	-
Other non-deductible expenses	-	26,667
Change in tax benefits not recognized	584,341	140,661
Income tax (recovery) expense	(39,992)	23,141

On December 12, 2018, the board of directors approved the decision to re-domicile CareSpan Holdings, Inc. from the Republic of Panama to the United States of America. The process to re-domicile the Company was ultimately completed in May 2020 (Note 1). As the decision to re-domicile the Company was made on December 12, 2018, the measurement of deferred tax liabilities and assets as at December 31, 2019 reflects the tax consequences that should follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities within the jurisdiction of the United States of America.

The following schedule shows the movement in the Group's deferred tax (liabilities) / assets during the year:

	December 31, 2019	Recognized in profit or loss	December 31, 2020
	\$	\$	\$
Deferred tax liabilities			
Prepaid expenses	-	(6,669)	(6,669)
Property and equipment	(739)	365	(374)
Convertible loans	(41,417)	41,417	-
Deferred tax assets			
Intangible assets	2,164	(2,164)	-
U.S. net operating losses	-	7,043	7,043
Net deferred tax (liability) asset	(39,992)	39,992	-

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

10. Income taxes (continued from previous page)

	December 31, 2018	Recognized in profit or loss	December 31, 2019
	\$	\$	\$
Deferred tax liabilities			
Property and equipment	(630)	(109)	(739)
Convertible loans	(18,276)	(23,141)	(41,417)
Deferred tax assets			
Intangible assets	2,055	109	2,164
Net deferred tax (liability) asset	(16,851)	(23,141)	(39,992)

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2020	December 31, 2019
	\$	\$
Intangible assets	26,076	20,170
Deferred compensation	24,155	-
Share-based compensation	54,255	-
Research credits	64,012	64,012
Professional fees	150,000	-
Transaction costs	10,008	-
Investments	18,310	-
Philippine net operating losses available for carryforward	231,882	-
U.S. net operating losses available for carryforward	4,208,763	2,347,929
	4,787,461	2,432,111

The Group has not recorded a deferred tax asset related to these unused tax benefits as it is uncertain if future taxable income will be available against which these unused tax attributes can be utilized.

The Group has U.S. net operating losses for tax purposes of \$3,960,463 that may be used to reduce taxable income in the future. If not utilized, certain of these losses will expire as follows:

	\$
2031	254,541
2032	147,309
2033	85,753
2034	91,328
2035	106,142
2036	293,906
2037	307,868
U.S. net operating losses subject to expiry	1,286,847
U.S. net operating losses available for carryforward indefinitely	2,921,916
	4,208,763

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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11. Share capital

Authorized

On May 7, 2020, the Group filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America. Since filing its articles of incorporation with the State of Delaware, the Company is authorized to issue:

- 100,000,000 common shares; and
- 20,000,000 preferred shares.

At no time has the Company issued preferred shares as a Delaware corporation.

Prior to filing its Certificate of Corporate Domestication, the Company was authorized to issue:

- 30,000,000 common shares; and
- 5,000,000 Series A Preferred shares.

The voting, dividend and liquidation rights of the holders of common shares were subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred shares.

Voting

Subject to the rights of the Series A Preferred shares, each holder of common shares was entitled to one vote for each share held at all meetings of the shareholders.

On any matter presented at a meeting of the shareholders, each holder of Series A Preferred shares was entitled to the number of votes equal to the number of common shares into which the Series A Preferred shares were convertible as of the record date for determining shareholders entitled to vote on such matter. The holders of Series A Preferred shares voted together with the holders of common shares as a single class and on an as-converted basis.

Dividends

The holders of Series A Preferred shares were entitled to receive, if and when declared by the board of directors, a dividend at a rate of \$0.054 per annum per share, as adjusted for any stock split, stock dividend, combination or other recapitalization. Such dividend was not cumulative, and no right accrued to the holders of Series A Preferred shares by reason of the fact that dividends were not declared in any prior period.

Had dividends in the full preferential amount as described above been paid in any calendar year, and the board of directors declared additional dividends, then the holders of common shares and Series A Preferred shares would have shared rateably in the distribution of any such additional dividends, as a single class on an as-converted basis.

Preference on liquidation

In the event of any liquidation, dissolution or winding up of the Group, the holders of Series A Preferred shares were entitled to receive, prior and in preference to any distribution of any assets of the Group to the holders of common shares, an amount per share equal to the greater of:

- (i) The original price per share paid (the "Series A Original Issue Price"), plus any dividends declared but unpaid thereon; or
- (ii) The amount per share as would have been payable had all shares of Series A Preferred shares been converted into common shares immediately prior to such liquidation, dissolution or winding up of the Group.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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(Expressed in U.S. dollars)

11. Share capital (continued from previous page)

Preference on liquidation (continued from previous page)

Upon satisfaction of the preference described above, the holders of Series A Preferred shares were entitled to share in the remaining assets of the Group rateably with the holders of common shares.

Redemption

The common shares are not redeemable. Similarly, the Series A Preferred shares were not redeemable.

Conversion

Each Series A Preferred share was convertible, at the option of the holder, at any time and without payment of additional consideration, into such number of common shares as was determined by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of conversion. The Series A Conversion Price was defined as \$0.90 per share, subject to adjustment for certain corporate events.

The Series A Preferred shares would have automatically converted into common shares, at the then effective Conversion Price, upon the occurrence of:

- a public listing of the Group's equity securities at a price per share of \$5.00 or more which resulted in aggregate cash proceeds of \$17,000,000 (net of underwriting discounts and commissions); or
- an agreement of the holders of a majority of the then outstanding Series A Preferred shares.

Classification and measurement

The Series A Preferred shares represented a compound instrument, consisting of an equity host contract and a derivative conversion option.

The Group evaluated the conversion option under IAS 32 *Financial Instruments: Presentation*. The terms that allow for an adjustment to the Conversion Price provided the holders of Series A Preferred shares with anti-dilutive protection that resulted in a transfer of value from the existing holders of common shares. The variable Conversion Price resulted in a potentially variable number of common shares issuable upon conversion of the Series A Preferred shares. Consequently, management concluded that the conversion option did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The Series A Preferred shares were first issued in 2015. Upon issuance, each holder of Series A Preferred shares also received an equal number of common share purchase warrants (Note 8). Consequently, the consideration received in exchange for the Series A Preferred shares was allocated between the equity component, conversion option and the common share purchase warrants. This allocation was made upon initial recognition of the Series A Preferred shares and was not subsequently revised. The method used was as follows:

- firstly, the fair value of each derivative component (consisting of the conversion option and common share purchase warrants) was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to those instruments;
- secondly, the residual amount, being the difference between the total consideration received from the issuance and the fair value of the derivative components, was allocated to the equity component.

Subsequent to initial recognition, the conversion option and common share purchase warrants have been remeasured to fair value at each reporting date. The carrying amount of the equity component was not subsequently remeasured.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

11. Share capital (continued from previous page)

Classification and measurement (continued from previous page)

Based on the estimated fair value of the Company's common shares at the time when the Series A Preferred shares were issued, the economic payoff that a shareholder would have realized by converting their Series A Preferred shares into common shares was less than the estimated fair value of the Series A Preferred shares. Consequently, the conversion option would not provide any financial benefit to the shareholder at that time. As the fair value of the underlying common shares decreased over time, so did the fair value of the Series A Preferred shares. As a result, the fair value of the common shares issuable upon conversion of the Series A Preferred shares was consistently less than the fair value of the Series A Preferred shares at any given time. For this reason, the fair value of the conversion option on initial recognition, and at each reporting date thereafter, was estimated to be \$nil.

Issued

Common shares

The following schedule shows the movement in common shares:

	#	\$
Balance, January 1, 2019	19,373,628	2,307,518
Issue of common shares for consulting services received	40,000	20,000
Balance, December 31, 2019	19,413,628	2,327,518
Issue of common shares upon conversion of Series A Preferred shares	2,594,820	1,131,386
Issue of common shares for consulting services received	96,109	16,627
Share issue costs	-	(5,325)
Balance, December 31, 2020	22,104,557	3,470,206

On April 27, 2020, the holders of Series A Preferred shares agreed to a motion (based on a majority vote) proposed by the board of directors to convert all issued and outstanding Series A Preferred shares into common shares of the Company on the basis of one common share for every 0.9 Series A Preferred shares. All preferential rights of Series A Preferred shares were revoked from the Company's articles of incorporation.

In 2020, the Company issued 96,109 (2019 – 40,000) common shares to a shareholder of the Company as settlement of amounts owed to the individual for services performed in relation to the placement of the Company's equity instruments in prior years. The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of the common shares issued. The cost of the services received in respect of the 40,000 common shares issued in 2019 was previously accrued for at January 1, 2018. The issuance of 96,109 common shares in 2020 was recognized as an expense upon finalizing the terms of settlement, recorded in the line item 'share-based payments' in the consolidated statement of loss and comprehensive loss for the year.

Series A Preferred shares

The following schedule shows the movement in Series A Preferred shares:

	#	\$
Balance, January 1, 2019 and December 31, 2019	2,335,338	1,131,386
Cancelled upon conversion into common shares	(2,335,338)	(1,131,386)
Balance, December 31, 2020	-	-

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

12. Non-controlling interests

CareSpan Integrated Networks Inc.

The Company's subsidiary, CareSpan Integrated Networks Inc. ("CSIN"), is authorized to issue:

- 80,000,000 class A common, voting shares; and
- 20,000,000 class B common, non-voting shares.

The Company owns 100% of class A common shares. The class B common shares are held entirely by officers and employees of the Group. The following table shows the movement in the issued share capital of CSIN:

	Class A common voting shares	Class B common non-voting shares	Total
	#	#	#
Balance, January 1, 2019	-	-	-
Issued upon incorporation of CSIN	50,000,000	-	50,000,000
Issued as share-based compensation	-	414,000	414,000
Balance, December 31, 2019	50,000,000	414,000	50,414,000
Issued as share-based compensation	-	399,500	399,500
Balance, December 31, 2020	50,000,000	813,500	50,813,500

In 2020, the fair value of class B common shares issued as share-based compensation totalled \$54,255 (2019 - insignificant). The fair value was calculated using a discounted cash flow model based on the following inputs: discount rate – 12%, fair value per common share - \$0.173, terminal rate – 3%, income tax rate – 25%.

CareSpan Asia Inc.

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. Pursuant to the terms of a Joint Venture Agreement between the Group and Argosy Partners, Inc., CareSpan Asia will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. In connection with the formation of CareSpan Asia Inc., Argosy Partners Inc. and CareSpan Holdings, Inc. each made a \$100,000 capital contribution, the proceeds of which are being used to fund working capital requirements of the business.

The following schedule shows the movement in the non-controlling interest during the year:

	\$
Balance, January 1, 2019	-
Net loss and total comprehensive loss	(1)
Balance, December 31, 2019	(1)
Capital contribution made by Argosy Partners, Inc.	100,000
Net loss and total comprehensive loss	(117,081)
Balance, December 31, 2020	(17,082)

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

12. Share-based benefits reserve

The Group has a stock option plan (the "Plan") to attract, retain and motivate qualified directors, officers, employees and consultants whose present and future contributions are important to the success of the Group by offering them an opportunity to participate in the Group's future performance through the award of share options.

Each share option converts into one common share of CareSpan Holdings, Inc. on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The total number of common shares reserved and available for grant and issuance pursuant to the Plan is 7,500,000.

The vesting schedule of options granted varies for each award, ranging from immediate vesting upon grant to vesting over a period of up to 36 months from the grant date.

The following reconciles the number of share options available for grant under the Plan:

	#
Total number of options reserved and available for grant and issuance under the Plan	7,500,000
Issued and outstanding at end of year	(6,935,683)
Options available for grant at December 31, 2020	564,317

The following reconciles the options outstanding at the beginning and end of the year that were granted to eligible participants pursuant to the Plan:

	2020		2019
	Number of options #	Weighted average exercise price \$	Number of options #
Balance, beginning of year	6,480,683	0.50	6,067,683
Granted during the year	459,000	0.50	413,000
Expired during the year	(4,000)	0.50	-
Balance, end of year	6,935,683	0.23	6,480,683
Exercisable, end of year	6,926,308	0.23	5,633,673

The weighted average fair value of share options granted during the year was \$0.06 (2019 - \$0.23). No active market exists for the Group's common shares. For this reason, the Group considers the historical volatility of similar entities for which share price information is publicly-available when estimating the expected volatility. The Group used the Black-Scholes Merton formula to estimate the fair value of share options granted during the year, based on the following inputs:

	2020		2019
Estimated fair value per common share	\$ 0.24	\$	0.50
Exercise price of the option	\$0.104 to \$0.5	\$	0.50
Expected volatility of the underlying common share	58.0%		52.6%
Expected life of the option (in years)	5 years		5 years
Expected dividend yield	0.00%		0.00%
Risk-free rate of interest	0.4%		1.5%

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

13. Share-based benefits reserve (continued from previous page)

During the year, the Group recognized an expense of \$189,057 (2019 - \$375,851) in respect of equity-settled share-based payments granted under the Plan, presented in the line item 'share-based payments' in the consolidated statements of loss and comprehensive loss. In addition, 2,770,319 previously granted share options to an officer of the Group and 610,000 previously granted share options to a director of the Group, both with an exercise price of \$0.50 were modified to an exercise price of \$0.10. The modification resulted in an increase in share-based payments of \$351,719 in the consolidated statements of loss and comprehensive loss. As such the weighed average exercise price at December 31, 2020 is revised to \$0.31.

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Share options issued and outstanding - December 31, 2020				
Exercise prices	Grant dates	Expiry dates	Number of options	Weighted average remaining contractual life in years
			#	#
\$0.50	Jan 2011 - Dec 2020	Jan 2021 - Dec 2030	2,266,000	6.2
\$0.104	Jan 2014 - Dec 2020	Jan 2024 - Dec 2030	4,669,683	7.2

Share options issued and outstanding - December 31, 2019				
Exercise prices	Grant dates	Expiry dates	Number of options	Weighted average remaining contractual life in years
			#	#
\$0.50	Nov 2010 - Dec 2019	Nov 2020 - Dec 2029	6,480,683	7.6

14. Warrant reserve

The movement in warrant reserve at each reporting date is as follows:

	#	\$
Balance, January 1, 2019 and December 31, 2019	-	-
Issue of warrants for consulting services		
- Advisory warrants (Tranche 1)	2,050,000	246,330
- Advisory warrants (Tranche 3)	2,050,000	157,192
- Other warrants	20,833	5,000
Issue of warrants in connection with the issue of Tranche 6 convertible loans (Note 7)		
- Advisory warrants (Tranche 2)	2,050,000	225,500
- Finders' warrants	-	31,600
Balance, December 31, 2020	6,170,833	665,622
	2020	2019
Number of warrants exercisable - end of year	4,120,833	-

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

14. Warrant reserve (continued from previous page)

Advisory warrants

In 2020, the Group entered into an arrangement with Antera Inc. ("Antera"), pursuant to which Antera agreed to provide the Group with strategic and corporate advisory services. The initial term of the arrangement is due to expire on the date that is twelve months from the date that the Group's shares become publicly-listed on a Canadian stock exchange. As consideration for the services, the Group issued 6,150,000 warrants to purchase common shares of the Company (the "advisory warrants"). Each advisory warrant entitles the holder to acquire one common share of the Company for a price equivalent to the conversion price of the Tranche 6 convertible loans for a period of 5 years from the date of issuance. The advisory warrants are subject to the following vesting conditions:

- (i) 2,050,000 warrants vested immediately upon execution of the arrangement (the "First Tranche");
- (ii) 2,050,000 warrants vested upon issuance of the Tranche 6 convertible loans (the "Second Tranche"); and
- (iii) 2,050,000 warrants will vest on the date that is the earlier of (a) the date that the Group's shares become publicly-listed on a Canadian stock exchange, and (b) April 15, 2021 (the "Third Tranche").

The fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of the equity instruments over the service period. The fair value of the advisory warrants was estimated using the Black-Scholes Merton formula and the following inputs:

Estimated fair value per common share	\$0.17 to \$0.25
Exercise price of the option	\$0.13 to \$0.19
Expected volatility of the underlying common share	64.5% to 70.8%
Expected life of the option (in years)	4.6 to 5.0 years
Expected dividend yield	0.00%
Risk-free rate of interest	0.4%

The fair value of the First Tranche is being recognized as a share-based payment expense over the expected service period. Since the First Tranche vested immediately upon execution of the arrangement, the Group initially recognized the fair value of the First Tranche as a prepaid expense and a corresponding credit to the warrant reserve. The prepaid expense is being recognized as a share-based payment expense rateably over the expected service period. In 2020, the Group recognized \$133,942 as a share-based payment expense in the consolidated statement of loss and comprehensive loss for the year. An amount equal to \$112,388 was deferred as a prepaid expense in the consolidated statement of financial position as at December 31, 2020.

The fair value of the Second Tranche of \$225,500 was recognized as a transaction cost in connection with the issuance of the Tranche 6 convertible loans (Note 7).

The fair value of the Third Tranche is being recognized as a share-based payment expense over the expected service period. In 2020, the Group recognized \$157,192 as a share-based payment expense in the consolidated statement of loss and comprehensive loss for the year.

Finders' warrants

In 2020, the Group issued common share purchase warrants to consultants for services received in connection with the issuance of the Tranche 6 convertible loans (the "finders' warrants"). In aggregate, the finders' warrants entitle the holders to acquire common shares of the Company with a fair value of up to \$31,600, based on the price per share at the time of exercise. The price at which the common shares are purchasable is the lower of (i) the public offering price per share less a 25% discount, and (ii) the price per share of the Company's common shares reflecting a Group valuation of \$15,000,000. The finders' warrants become exercisable when the transaction with Dynamo Capital Corp. is completed (Note 22). The finders' warrants expire in November 2021.

The fair value of the services received, and the corresponding increase in equity, was measured directly at the fair value of the services received of \$31,600. The finders' warrants were recognized as a transaction cost in connection with the issuance of the Tranche 6 convertible loans (Note 7).

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

14. Warrant reserve (continued from previous page)

Other warrants issued for consulting services

In 2020, the Group issued 20,833 common share purchase to a consultant for advisory services. The fair value of the services received, and the corresponding increase in equity, was measured directly at the fair value of the services received of \$5,000. The warrants are exercisable for a period of 10 years from the date of issuance.

These warrants were recognized as a share-based payment expense in the consolidated statement of loss and comprehensive loss for the year.

Warrants outstanding at the end of the period have the following expiry dates and exercise prices:

Warrant issued and outstanding - December 31, 2020				
Exercise prices	Grant dates	Expiry dates	Number of options	Weighted average remaining contractual life in years
			#	#
\$0.55	Jul 2020	Jul 2025	6,150,000	4.6
\$0.75	Jun 2020	Jun 2030	20,833	9.5

There were no warrants issued and outstanding as at December 31, 2019.

15. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	2020	2019
	\$	\$
Short-term benefits	892,250	304,745
Share-based payments	590,561	357,506
	1,482,811	662,251

Short-term benefits consist primarily of consulting fees paid to directors and officers, recognized in the line item 'consultants and subcontractors' in the consolidated statements of loss and comprehensive loss. Share-based payments were recognized in the line item 'share-based payments' in the consolidated statements of loss and comprehensive loss. The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

Other related party transactions

Refer to Note 7 and Note 9 for disclosure of additional related party transactions.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

15. Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (comprising convertible loans, short-term advances from related parties, and offset by cash) and equity (comprising share capital, reserves and deficit).

The Group is not subject to any externally imposed capital requirements.

16. Financial instruments

In the normal course of business, the Group is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

Fair value

The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature, including the Group's convertible loans which have a maturity date of 6-months from December 31, 2020.

Credit and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not provide any guarantees which would expose the Group to credit risk.

The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's trade receivables are current and there has been no instance of default with any GHC Program or third-party payor.

Since its incorporation, the Group has not incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Group's trade receivables was insignificant at December 31, 2020 and December 31, 2019.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Convertible loans and short-term advances from related parties bear interest at fixed rates or are non-interest bearing. Accordingly, the fair value of these financial liabilities could fluctuate because of changes in market interest rates.

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

17. Financial instruments (continued from previous page)

Liquidity risk

	Within one year	Later than one year and not later than five years	Later than five years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,457,024	-	-	1,457,024
Convertible loans	4,208,100	-	-	4,208,100
Due to related parties	340,271	-	-	340,271
	6,005,395	-	-	6,005,395

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use derivative instruments to reduce its exposure to foreign currency risk.

The Group did not hold any significant balance of foreign currency denominated monetary assets and monetary liabilities at December 31, 2020 or December 31, 2019.

18. Share-based payments

	2020	2019
	\$	\$
Issue of warrants in connection with the issue of convertible loans (Note 7)	94,043	-
Issue of common shares for consulting services received (Note 11)	16,627	-
Share-based compensation		
- Stock options (Note 13)	540,776	375,851
- Class B common shares of CSIN (Note 12)	54,255	-
Issue of warrants for consulting services received (Note 14)		
- Advisory warrants (Tranche 1)	133,942	-
- Advisory warrants (Tranche 3)	157,192	-
- Other warrants	5,000	-
	1,001,835	375,851

19. Finance costs

	2020	2019
	\$	\$
Interest and accretion on convertible loans (Note 7)	643,871	82,598
Other cash finance costs paid	23,869	3,585
	667,740	86,183

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

20. Loss (gain) on fair value remeasurement of derivative instruments

	2020	2019
	\$	\$
Fair value (loss) gain on remeasurement of conversion option liability (Note 7)	1,746,771	(94,735)
Fair value gain on remeasurement of warrants (Note 8)	(36,802)	(61,211)
	1,709,969	(155,946)

21. Segment information

The Group is engaged in a single business activity and does not have multiple operating segments. The CEO is the Group's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Group as a whole, substantially in the form of, and on the same basis as, the Group's consolidated financial statements.

The Group's long-lived assets, consisting of property and equipment, are entirely located in the United States.

The Group's revenues were generated entirely within the U.S. geographic market for the years ended December 31, 2020 and 2019.

22. Significant event

Dynamo Capital Corp.

On August 4, 2021, the Company entered into a merger agreement with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

Dynamo is a capital pool company and intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm's-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 73,530,609 common shares of CareSpan issued and outstanding on a fully diluted, post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,629,823 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,890,930 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% will be assessed on the brokered subscription receipts and shares equivalent to 3% will be assessed on the non-brokered subscription receipts and broker warrants between 3% and 8% will be due on the brokered and non-brokered subscription receipts upon completion of the transaction.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

22. Significant event (continued from previous page)

Dynamo Capital Corp. (continued from previous page)

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.667 pre-consolidation Dynamo common shares as a condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan common share for approximately 0.29416 pre-consolidation CareSpan common shares as a condition to the completion of the transaction.

CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars ("C\$") of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

On August 4, 2021, the aggregate gross proceeds raised in the concurrent private placement are C\$3,581,442. The funds raised in connection with the concurrent financing are being held in escrow, subject to certain release conditions, including:

- (a) written confirmation from each of the Company and Dynamo to the Agent and the Subscription Receipt Agent that all conditions of the Transaction in accordance with the terms of the Transaction Agreement have been satisfied or waived, without any material amendment, other than release of the Escrow Funds and closing of the Transaction, which shall be completed forthwith upon release of the Escrow Funds;
- (b) the receipt of all shareholder, third-party and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Common Shares underlying the Subscription Receipts and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of Applicable Securities Laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on an Exchange, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrow Funds and such other matters as shall only happen at the closing of the Transaction;
- (e) the Company shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (f) Dynamo shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (g) the Company and the Agent shall have delivered the Release Notice to the Subscription Receipt Agent;
- (h) the Agent shall be satisfied with the "bring-down" of their due diligence review with respect to the business, assets, financial condition, affairs and prospectus of the Company, its subsidiaries and Dynamo with respect to the Transaction; and
- (i) such other customary escrow release conditions requested by the Agent, acting reasonably.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in U.S. dollars)

23. Events after the reporting period

Modification of Tranche 5 convertible loans

Subsequent to period end, the maturity date for all the Tranche 5 convertible loans was extended to September 30, 2021.

Modification of Tranche 6 convertible loans

Subsequent to period end, the maturity date for all the Tranche 6 convertible loans was extended to September 30, 2021, and the time to complete a Go-Public Transaction was extended to be within ten months from the last closing of the Offering.

Tranche 7 convertible note

On July 13, 2021, the Company issued a convertible note of \$400,000 to one of its directors. The note is unsecured, bears annual interest at 10% with principal and interest payable at maturity on January 13, 2022. The note contains an automatic conversion feature wherein if the Company completes an RTO, the note together with any accrued but unpaid interest is automatically converted into that number of fully paid and nonassessable common shares of the Company as is equal to the RTO Conversion Amount divided by the initial public offering price per share of the Company's common stock in such RTO.



CareSpan Holdings, Inc.
Consolidated Financial Statements
December 31, 2019 and 2018

To the Shareholders of CareSpan Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of CareSpan Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Matter

The corresponding figures as at January 1, 2018 are unaudited.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Toronto, Ontario

November 5, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

CareSpan Holdings, Inc.

Consolidated Statements of Financial Position

As at December 31, 2019, December 31, 2018 and January 1, 2018

(Expressed in U.S. dollars)

	December 31, 2019	December 31, 2018	January 1, 2018
	\$	\$	\$
			(Unaudited)
Assets			
Current assets			
Cash	6,693	24,452	356,520
Accounts receivable (Note 4)	18,889	1,000	1,000
Prepaid expenses	5,000	5,000	-
	30,582	30,452	357,520
Property and equipment (Note 5)	3,007	2,555	-
	33,589	33,007	357,520
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	63,915	44,350	8,190
Convertible loans (Note 6)	990,319	522,464	251,519
Derivative conversion option (Note 6)	100,306	180,298	163,248
Warrant liability (Note 7)	24,485	85,696	134,665
Due to related parties (Note 8)	222,100	25,000	48,000
	1,401,125	857,808	605,622
Deferred tax liabilities (Note 9)	39,992	16,851	-
	1,441,117	874,659	605,622
Shareholders' Deficiency			
Common shares (Note 10)	2,327,518	2,307,518	2,279,518
Series A Preferred shares (Note 10)	1,131,386	1,131,386	1,131,386
Share-based benefits reserve (Note 12)	1,068,177	692,326	38,279
Option premium on convertible loan (Note 6)	4,251	4,251	4,251
Deficit	(5,938,859)	(4,977,133)	(3,701,536)
Deficit attributable to owners of the parent	(1,407,527)	(841,652)	(248,102)
Non-controlling interests (Note 11)	(1)	-	-
	(1,407,528)	(841,652)	(248,102)
	33,589	33,007	357,520

Events after the reporting period (Note 19)

[Signed]

Director

CareSpan Holdings, Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2019 and 2018

(Expressed in U.S. dollars)

	2019	2018
	\$	\$
Revenues		
Patient service	36,501	-
License	13,000	34,496
	49,501	34,496
Operating Expenses		
Consultants and subcontractors (Note 13)	424,086	451,846
Share-based compensation (Notes 12, 13)	375,851	654,047
Legal and professional fees	105,620	82,372
General and administrative	78,051	81,496
Information technology costs	36,109	20,017
Practice fees	34,281	-
Practice supplies and other operating costs	2,781	2,577
Depreciation (Note 5)	1,071	150
Finance costs (Note 16)	86,183	40,551
	1,144,033	1,333,056
	(1,094,532)	(1,298,560)
Non-Operating Expenses		
Gain on fair value remeasurement of derivative instruments (net) (Note 17)	(155,946)	(36,509)
Gain on modification of convertible loan (Note 6)	-	(3,305)
	(155,946)	(39,814)
Loss before income taxes	(938,586)	(1,258,746)
Income taxes (Note 9)	23,141	16,851
Net loss and total comprehensive loss	(961,727)	(1,275,597)
Attributable to:		
Owners of the parent	(961,726)	(1,275,597)
Non-controlling interests (Note 11)	(1)	-
	(961,727)	(1,275,597)
Basic and diluted loss per share	(0.05)	(0.07)
Weighted average number of common shares outstanding	19,376,587	19,334,044

CareSpan Holdings, Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

For the Years Ended December 31, 2019 and 2018

(Expressed in U.S. dollars)

	Common shares	Series A Preferred shares	Share-based benefits reserve	Option premium on convertible loan	Deficit	Attributable to owners of the parent	Non- controlling interests	Total shareholders' deficiency
	\$ (Note 10)	\$ (Note 10)	\$ (Note 12)	\$ (Note 6)	\$	\$	\$ (Note 11)	\$
Balance, January 1, 2018 (unaudited)	2,279,518	1,131,386	38,279	4,251	(3,701,536)	(248,102)	-	(248,102)
Share-based compensation	-	-	654,047	-	-	654,047	-	654,047
Issue of common shares for consulting services received	28,000	-	-	-	-	28,000	-	28,000
Net loss and total comprehensive loss	-	-	-	-	(1,275,597)	(1,275,597)	-	(1,275,597)
Balance, December 31, 2018	2,307,518	1,131,386	692,326	4,251	(4,977,133)	(841,652)	-	(841,652)
Share-based compensation	-	-	375,851	-	-	375,851	-	375,851
Issue of common shares for consulting services received	20,000	-	-	-	-	20,000	-	20,000
Net loss and total comprehensive loss	-	-	-	-	(961,726)	(961,726)	(1)	(961,727)
Balance, December 31, 2019	2,327,518	1,131,386	1,068,177	4,251	(5,938,859)	(1,407,527)	(1)	(1,407,528)

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

CareSpan Holdings, Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

(Expressed in U.S. dollars)

	2019	2018
	\$	\$
Cash flows used in operating activities		
Net loss	(961,727)	(1,275,597)
Adjustments for:		
Share-based compensation	375,851	654,047
Finance costs	86,183	40,551
Depreciation	1,071	150
Gain on fair value remeasurement of derivative instruments (net)	(155,946)	(36,509)
Gain on modification of convertible loan	-	(3,305)
Income taxes	23,141	16,851
	(631,427)	(603,812)
Changes in non-cash working capital items:		
Accounts receivable	(17,889)	-
Prepaid expenses	5,000	(5,000)
Accounts payable and accrued liabilities	19,565	36,160
	(624,751)	(572,652)
Interest paid	(3,585)	(1,711)
	(628,336)	(574,363)
Cash flows used in investing activities		
Purchases of property and equipment	(1,523)	(2,705)
Cash flows from financing activities		
Proceeds from issue of convertible loans	400,000	240,000
Advances received from related parties	217,100	5,000
Transaction costs paid in advance	(5,000)	-
	612,100	245,000
Net decrease in cash	(17,759)	(332,068)
Cash, beginning of year	24,452	356,520
Cash, end of year	6,693	24,452

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

1. General information

CareSpan Holdings, Inc. (the "Company" or "CareSpan") was formed in November 10, 2010 under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. ("Magellan") which was incorporated under the laws of the Republic of Panama on May 14, 2012. On August 31, 2015, Magellan filed articles of amendment wherein the name of the Company was changed to CareSpan Holdings, Inc. On May 7, 2020, the Company filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

The Company's primary corporate address is 105 East 34th Street, New York, New York, United States of America. These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Domicile and country of incorporation	Date of incorporation
CareSpan USA, Inc.	Nevada, United States of America	September 26, 2013
CareSpan International Inc.	Republic of Panama	May 17, 2012
CareSpan Integrated Networks Inc.	Nevada, United States of America	February 6, 2019
American Advanced Practice Network, P.C.	Iowa, United States of America	December 31, 2018
CareSpan MedPsych Network, P.A.	Florida, United States of America	February 20, 2019

The Company, together with its subsidiaries, is referred to collectively as the Group.

The Group is a health care technology and service company. The Group's proprietary clinic in the cloud is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, the patient's electronic health record, care collaboration capabilities, patient engagement, e-prescribing and lab ordering. The Group's platform seamlessly supports both in-person and virtual/telehealth care. The Group is using this platform, combined with essential business services, to build provider networks across the United States of America that deliver primary and urgent care, as well as behavioural health. To date, the Group has over 50 practitioners across its two networks American Advanced Practice Network, P.C. ("AAPN") and CareSpan MedPsych Network, P.A. ("CMPN").

2. Significant accounting policies

Statement of compliance

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

The consolidated financial statements were authorized for issuance by the board of directors on November 5, 2021.

First-time adoption of IFRS

These consolidated financial statements are the first the Group has prepared in accordance with IFRS, with an effective transition date of January 1, 2018. The date of adoption of IFRS is January 1, 2019.

As consolidated financial statements were not previously prepared under any generally accepted framework as of December 31, 2017 or any period prior, this represents the first time the Group has presented consolidated financial statements for the periods presented herein. Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at December 31, 2019 and has presented comparative period data for the year ended December 31, 2019, with retrospective restatement of opening balances at January 1, 2018. In preparing the consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as at January 1, 2018, the Group's date of transition to IFRS. The transition to IFRS has not resulted in any adjustments to these consolidated financial statements.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

First-time adoption of IFRS (continued from previous page)

IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") prohibits retrospective application of some aspects of other IFRS. The Group has applied the following exemptions to its opening consolidated statement of financial position at January 1, 2018:

- A first-time adopter is encouraged, but not required, to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted and vested before the later of (a) the date of transition to IFRSs and (b) January 1, 2005. The Group has elected not to apply IFRS 2 to awards that vested prior to January 1, 2018. IFRS 2 was applied prospectively and only to equity instruments unvested at the transition date.
- IAS 32 *Financial Instruments: Presentation* ("IAS 32") requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. The first portion is in retained earnings and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, in accordance with IFRS 1, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRSs. The Group has elected to apply this exemption.

Under IFRS 1, an entity is required to make estimates under IFRS that are consistent with the estimates made for the same date, after adjusting for any difference in accounting policy. All of the Group's estimates have been measured reflecting conditions that existed for each consolidated financial statement date presented herein.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars ("U.S. dollars" or "USD"), the Company's functional currency, except share and per share amounts or as otherwise noted.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements include the accounts of the Company and its subsidiaries, which include American Advanced Practice Network, P.C. and CareSpan MedPsych Network, P.A. ("affiliated professional contractors") with which CareSpan Integrated Networks Inc. ("CSIN") currently has specific management arrangements.

CareSpan USA, Inc. and CareSpan International Inc. are each a wholly-owned subsidiary of CareSpan Holdings Inc.

At December 31, 2019, CareSpan Holdings Inc. held 100% voting equity interest and 99% ownership interest in CSIN (Note 11).

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Basis of consolidation (continued from previous page)

The Company does not, however, hold any direct or indirect voting equity interest in the affiliated professional contractors. The agreements between CSIN and the affiliated professional contractors provide that the term of the arrangements are in most cases permanent, subject only to termination by CSIN, except in the case of gross negligence, fraud or bankruptcy of CSIN. CSIN has the right to receive income in the form of ongoing fees from services that it provides to the affiliated professional contractors, in an amount that fluctuates based on the performance of the affiliated professional contractors. CSIN has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the affiliated professional contractors and establishes the guidelines for the employment and compensation of the health care providers. In addition, the agreements provide that CSIN has the right, but not the obligation, to purchase, or to designate a person(s) to purchase, the stock of the affiliated professional contractors for a nominal amount. Separately, in its sole discretion, CSIN has the right to assign its interest in the agreements. Based upon the provisions of these agreements, management determined that the affiliated professional contractors are entities controlled by the Company in accordance with IFRS 10 *Consolidated Financial Statements*.

Application of new and amended standards and interpretations

IFRS 16 Leases

The Group early adopted IFRS 16 *Leases* ("IFRS 16") as issued by the IASB in January 2016. The standard has been applied since the Group's transition to IFRS on January 1, 2018. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 *Leases* ("IAS 17"), IFRIC 4 *Determining whether an Arrangement contains a Lease* ("IFRIC 4"), SIC 15 *Operating Leases – Incentives* ("SIC 15"), and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* ("SIC 27").

IFRS 16 removes the distinction between operating and finance leases from the lessee's perspective and introduces a single lessee accounting model. The standard requires a lessee to recognize a "right-of-use" asset and a corresponding lease liability for substantially all leases, except for leases with terms less than 12 months and leases of low value assets. Requirements for lessor accounting are largely unchanged from IAS 17. IFRS 16 also results in reclassification of the nature of lease expenses to depreciation and interest expense, from their classification of "rent expense" under IAS 17.

The adoption of IFRS 16 did not have any significant impact on these consolidated financial statements.

The Group's accounting policy for leases is as follows:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Revenue recognition

The core principle of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods and services is transferred to customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those goods and services.

Patient service revenue

Patient service revenue is recognized at the time services are provided by the Group's affiliated healthcare providers. The Group's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Substantially all of the Group's patient service revenue is reimbursed by government-sponsored or funded healthcare programs ("GHC Programs"), including Medicare and Medicaid, and third-party insurance payors. Payments for services rendered to the Group's patients are generally less than billed charges. The Group monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectible amounts. The Group estimates allowances for contractual adjustments and uncollectible amounts on accounts receivable based upon historical experience and other factors, including evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the rates billed by healthcare providers for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Group expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of patients and payors, including the various governmental agencies in the states in which the Group provides services.

License revenue

Renewable software licenses for the Group's digital care delivery platform include the right-to-access the software for a specified term, technical support and maintenance services. These agreements are accounted for as licenses, as the customer only has the right to access the software for a specified term. These services are similar in substance to a subscription, as the Group does not sell licenses without technical support and maintenance services. Revenue is recognized ratably over the term of the agreement from the date the license term commences.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Foreign currencies

In preparing the financial statements of each individual entity comprising the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The functional currency of each entity comprising the Group is the U.S. dollar.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures incurred to bring the assets to the location and condition necessary for them to be operated in the manner intended by management.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Management has assessed the useful life of the Group's property and equipment to be as follows:

Computer and network equipment	3-years

Deferred development costs

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

In 2019, the Group did not recognize any development costs as an internally-generated intangible asset (2018 - \$nil).

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or loss or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or loss or directly in equity, respectively. Where deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

IFRS 9 *Financial Instruments* ("IFRS 9") contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

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

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial assets

Recognition and initial measurement

The Group recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Group determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Designated at fair value through profit or loss - On initial recognition, the Group may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

The Group measures all equity investments at fair value. Changes in fair value are recorded in profit or loss except where the Group has irrevocably elected on initial recognition to present in other comprehensive income the fair value gains and losses of an equity investment that is neither held for trading nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Business model assessment

The Group assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Group considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Group's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Group recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach for trade receivables. Using the simplified approach, the Group records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Group assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Group continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Group has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Group derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Group either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Derecognition of financial assets (continued from previous page)

Transferred financial assets are evaluated to determine the extent to which the Group retains the risks and rewards of ownership. When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Group derecognizes the financial asset. At the same time, the Group separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss.

Financial liabilities

Recognition and initial measurement

The Group recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities, except for financial liabilities subsequently measured at fair value through profit or loss, are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments

Derivative instruments are recorded at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recorded in profit or loss.

Embedded derivatives

For hybrid contracts containing a host that is not an asset in the scope of IFRS 9, embedded derivatives are evaluated on initial recognition to determine if the embedded derivative must be separated from the host contract. Embedded derivatives are separated from the host contract when the economic characteristics and risks of the derivative are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives that are separated from the host contract are initially measured at fair value and subsequently measured at fair value through profit or loss. The host contract is accounted for in accordance with the appropriate Standards.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

2. Significant accounting policies (continued from previous page)

Financial instruments (continued from previous page)

Embedded derivatives (continued from previous page)

Non-option derivatives are separated from the host contract on the basis of their stated or implied substantive terms so as to result in them having a fair value of zero at inception. Option-based derivatives are separated from the host contract on the basis of stated terms and conditions and measured at their fair value on inception, with the host contract's initial carrying amount being the residual amount after separating the derivative.

Classification of financial instruments

The following table summarizes the classification of the Group's financial instruments:

<u>Asset / liability:</u>	<u>Classification:</u>
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible loans (debt host liability)	Amortized cost
Derivative conversion option	FVTPL
Conversion option on Series A Preferred shares	FVTPL
Warrant liability	FVTPL
Due to related parties	Amortized cost

Fair value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

- Level 1 inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Loss per share

The Group calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year.

For the purpose of calculating diluted loss per share, the Group adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the year, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

CareSpan Holdings, Inc.

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3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Fair value of financial liabilities as at FVTPL

The determination of the fair values of debt instruments or the component parts of hybrid contracts requires the use of valuation models and/or techniques for which the underlying assumptions are inherently subject to significant estimation and judgment. These models and techniques require that management make estimates and assumptions with respect to one or more of the following at the date of issuance: the fair value of the Group's equity securities, expected volatility of the Company's share value, estimated life of conversion rights and warrants and interest rates which could be obtained for debt instruments with similar terms and maturities.

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Group uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected credit losses

The Group recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach for trade receivables. Using the simplified approach, the Group records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Group assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Group continues to recognize a loss allowance equal to lifetime expected credit losses.

CareSpan Holdings, Inc.

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3. Critical accounting judgments and key sources of estimation uncertainty (continued from previous page)

Key sources of estimation uncertainty (continued from previous page)

Expected credit losses (continued from previous page)

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Group has no reasonable expectations of recovering all or any portion thereof. The Group did not assess any credit loss provision at year end.

Valuation of common share purchase warrants and equity-settled share-based payments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

4. Accounts receivable

	December 31, 2019	December 31, 2018	January 1, 2018
	\$	\$	\$
			(Unaudited)
Trade receivables	18,889	1,000	1,000

5. Property and equipment

	Computer and network equipment
	\$
Cost	
Balance, January 1, 2018 (unaudited)	-
Additions	2,705
Balance, December 31, 2018	2,705
Additions	1,523
Balance, December 31, 2019	4,228
Accumulated depreciation	
Balance, January 1, 2018 (unaudited)	-
Depreciation	150
Balance, December 31, 2018	150
Depreciation	1,071
Balance, December 31, 2019	1,221
Carrying amount	
January 1, 2018 (unaudited)	-
December 31, 2018	2,555
December 31, 2019	3,007

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6. Convertible loans

The Group issued a series of convertible loans during the period from 2017 to 2019 in the aggregate principal amount of \$1,140,000. These convertible loans were issued in separate tranches, whereas each tranche provides the lenders with a different combination of rights and privileges with respect to maturity date and conversion of unpaid principal and accrued interest thereon into equity securities of the Group. This note disclosure provides a description of each tranche.

The following table summarizes the movement in the carrying amount of the Group's convertible loans, comprised of the debt host liability, derivative conversion option and equity conversion option:

	Debt host liability	Derivative conversion option	Equity conversion option	Total
	\$	\$	\$	\$
Balance, January 1, 2018 (unaudited)	251,519	163,248	4,251	419,018
Issuance of convertible loans	235,410	4,590	-	240,000
Interest and accretion	38,840	-	-	38,840
Gain arising on modification	(3,305)	-	-	(3,305)
Fair value loss on remeasurement of conversion option liability	-	12,460	-	12,460
Balance, December 31, 2018	522,464	180,298	4,251	707,013
Issuance of convertible loans	385,257	14,743	-	400,000
Interest and accretion	82,598	-	-	82,598
Fair value gain on remeasurement of conversion option liability	-	(94,735)	-	(94,735)
Balance, December 31, 2019	990,319	100,306	4,251	1,094,876

Interest and accretion expense is included in the line item 'finance costs' in the consolidated statements of loss and comprehensive loss for the year. The fair value gain/loss on remeasurement of the conversion option liability is recognized in the line item 'gain on fair value remeasurement of derivative instruments (net)' in the consolidated statements of loss and comprehensive loss for the year.

Together, the convertible loans are secured by a general security interest in all of the Group's tangible and intangible property.

Tranche 1A convertible loan

On October 20, 2017, the Group issued a secured bridge note in the principal amount of \$250,000, bearing interest at a rate of 10% per annum (the "Tranche 1A" convertible loan). The principal amount, together with accrued interest, is payable upon maturity. The terms of the Tranche 1A convertible loan provides the holder with an option to convert, at any time prior to maturity, the unpaid principal amount and any accrued and unpaid interest thereon into common shares of CareSpan Holdings Inc. at a conversion price of \$0.89 per common share.

The Tranche 1A convertible loan represents a compound instrument, consisting of a debt host liability (classified at amortized cost) and a written call option granting the holder the right to purchase common shares of the Company (classified as an equity instrument). The separation of the compound instrument into its liability and equity components was made upon initial recognition and was not subsequently revised. The method used follows:

- firstly, the fair value of the liability component was calculated, and this fair value established the initial carrying amount of the liability component; and
- secondly, the fair value of the liability component was deducted from the fair value of the instrument as a whole, with the resulting residual amount being recognized as the equity component.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

6. Convertible loans (continued from previous page)

Tranche 1A convertible loan (continued from previous page)

The fair value of the liability component on initial recognition reflected the present value of the contractual stream of future cash flows (including both principal and interest) discounted at a rate of 11.90%. This discount rate represented the estimated market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option.

The allocation of proceeds from the Tranche 1A convertible loan on initial recognition was as follows:

	\$
Proceeds from borrowing	250,000
Less: fair value of liability component	(245,749)
Equity conversion option	4,251

The Tranche 1A convertible loan was originally due to mature on October 20, 2018. On August 1, 2018, the holder agreed to extend the maturity date by a period of 6 months to April 20, 2019. Management evaluated whether the extended maturity date should be accounted for as a substantial modification. In accordance with IFRS 9 *Financial Instruments*, the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Based on the results of this evaluation, management determined that the extended maturity date should not be accounted for as a substantial modification. Therefore, the Group recognized a modification gain of \$3,305 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2018 and continued to apply the original effective interest rate over the extended term to maturity.

Effective April 30, 2019, the holder agreed to amend the terms of the Tranche 1A convertible loan such that any unpaid principal and accumulated interest became due on demand. All other terms of the instrument remained unchanged.

The following table summarizes the movement in the carrying amount of the debt host liability of the Tranche 1A convertible loan:

	Debt host liability
	\$
Initial recognition, October 20, 2017 (unaudited)	245,749
Interest and accretion (unaudited)	5,770
Balance, January 1, 2018 (unaudited)	251,519
Interest and accretion	30,135
Gain arising on modification	(3,305)
Balance, December 31, 2018	278,349
Interest and accretion	26,979
Balance, December 31, 2019	305,328

In 2020, the terms of the Tranche 1A convertible loan were amended again, as described in Note 19.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

6. Convertible loans (continued from previous page)

Tranche 1B convertible loan

On October 20, 2017, the Group issued a secured bridge note in the principal amount of \$250,000, bearing interest at a rate of 10% per annum (the "Tranche 1B" convertible loan). The terms of the Tranche 1B convertible loan provides the holder with an option to convert, at any time prior to maturity, the unpaid principal amount, plus accrued interest, into common shares of CareSpan Holdings Inc. at a conversion price of \$0.89 per common share. Furthermore, the holder is obliged to convert the unpaid principal amount, plus accrued interest, upon the earliest occurrence of the following specified future events:

(i) Maturity

The Tranche 1B convertible loan was originally due to mature on October 20, 2018. On August 1, 2018, the holder agreed to extend the maturity date by a period of 6 months to April 20, 2019. Effective April 20, 2019, the holder agreed to further amend the terms of the instrument such that the maturity date of the instrument is not fixed.

In 2020, the terms of the Tranche 1B convertible loan were amended again, as described in Note 19.

(ii) Financing Event

If the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more (a "Financing Event"), the unpaid principal, plus accrued interest, shall automatically convert into such equity securities of CareSpan Holdings Inc. at a conversion price equal to the lesser of (a) the price per share issued in connection with the Financing Event, and (b) \$0.89 per share.

(iii) Strategic Investment

If the Group issues equity securities to a strategic partner (a "Strategic Investment"), the unpaid principal, plus accrued interest, shall automatically convert into such equity securities of CareSpan Holdings Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

(iv) Collaboration Event

If the Group enters into an agreement with a third party for an option to license or a license to the Group's technology (the "Collaboration Event"), the unpaid principal, plus accrued interest, shall automatically convert into common shares of CareSpan Holdings Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

(v) Sale Event

If the Group enters into an agreement with a third party for the sale of the business or substantially all of its assets (the "Sale Event"), the unpaid principal, plus accrued interest, shall automatically convert into common shares of CareSpan Holdings Inc. at a conversion price equal to the lesser of (a) the price per share determined based upon a fully-diluted pre-money valuation of the Group of \$23,000,000, and (b) \$0.89 per share.

The Tranche 1B convertible loan contains no requirement for the Group to deliver cash (by making scheduled payments of principal and interest). Rather, the Tranche 1B convertible loan will only be settled by the issuance of common shares upon the earliest occurrence of the specified events described above. The number of common shares that may be delivered upon conversion is not known until the occurrence of a conversion event. Consequently, management concluded that the whole instrument should be classified as a derivative conversion option at FVTPL.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

6. Convertible loans (continued from previous page)

Tranche 1B convertible loan (continued from previous page)

At each reporting date, the fair value of the Tranche 1B convertible loan is estimated using an expected value, option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests; and
- The estimated risk-free rate of interest.

No active market exists for the Group's equity interests. For this reason, the Group considers the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the Tranche 1B convertible loan, classified entirely as a derivative conversion option, at each reporting date:

	December 31, 2019	December 31, 2018	January 1, 2018 (Unaudited)
Expected time until a conversion event (in years)	0.5	0.8	1.8
Estimated fair value per common share	\$ 0.50	\$ 0.50	\$ 0.50
Expected volatility	50.0%	75.0%	40.0%
Risk-free rate of interest	1.6%	2.5%	1.7%

The following table summarizes the movement in the carrying amount of the Tranche 1B convertible loan:

	Derivative conversion option \$
Balance, January 1, 2018 (unaudited)	163,248
Fair value loss on remeasurement of conversion option liability	12,430
Balance, December 31, 2018	175,678
Fair value gain on remeasurement of conversion option liability	(94,108)
Balance, December 31, 2019	81,570

Tranche 2 convertible loans

In 2019, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$130,000 (2018 - \$240,000), bearing interest at a rate of 10% per annum (the "Tranche 2" convertible loans). The principal amount, together with accrued interest, is payable upon maturity. The terms of the Tranche 2 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to 85% of the price per share issued in connection with the Financing Event.

CareSpan Holdings, Inc.

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(Expressed in U.S. dollars)

6. Convertible loans (continued from previous page)

Tranche 2 convertible loans (continued from previous page)

If there is a Change in Control, the holders of the Tranche 2 convertible loans are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 2 convertible loans represent compound instruments, each consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 2 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that may be issued upon conversion is not known until the date of conversion since the conversion price is defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument does not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instruments and was not subsequently revised. The method used was as follows:

- firstly, the fair value of the conversion option was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to that instrument;
- secondly, the residual amount, being the difference between the total proceeds received under the Tranche 2 convertible loan and the fair value of the conversion option, was allocated to the debt host liability.

The allocation of proceeds from the Tranche 2 convertible loans on initial recognition was as follows:

	2019	2018
	\$	\$
Proceeds from borrowing	130,000	240,000
Less: fair value of derivative conversion option	(2,502)	(4,590)
Debt host liability	127,498	235,410

The conversion option represents the expected "in-the-money" value of the Tranche 2 convertible loans. Because the instrument converts at a fixed percentage discount, the in-the-money payoff upon conversion is deterministic. At each reporting date, the fair value of the conversion option is estimated using an expected value, option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur; and
- The estimated risk-free rate of interest.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 2 convertible loans at each reporting date:

	December 31, 2019	December 31, 2018	January 1, 2018 (Unaudited)
Expected time until a conversion event (in years)	0.5	0.8	-
Risk-free rate of interest	1.6%	2.6%	-

CareSpan Holdings, Inc.

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6. Convertible loans (continued from previous page)

Tranche 2 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 2 convertible loans:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, January 1, 2018 (unaudited)	-	-	-
Issuance of convertible loans	235,410	4,590	240,000
Interest and accretion	8,705	-	8,705
Fair value loss on remeasurement of conversion option liability	-	30	30
Balance, December 31, 2018	244,115	4,620	248,735
Issuance of convertible loans	127,498	2,502	130,000
Interest and accretion	42,416	-	42,416
Fair value gain on remeasurement of conversion option liability	-	(321)	(321)
Balance, December 31, 2019	414,029	6,801	420,830

The Tranche 2 convertible loans were originally due to mature on December 31, 2019. However, the parties agreed to amend the maturity date such that all issued and outstanding Tranche 2 convertible loans became due on demand effective December 31, 2019. All other terms of the instrument remained unchanged.

In 2020, the terms of the Tranche 2 convertible loans were again amended, as described in Note 19.

Tranche 3 convertible loans

In 2019, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$220,000 (2018 - \$nil), bearing interest at a rate of 10% per annum (the "Tranche 3" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2020. The terms of the Tranche 3 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to the lesser of:

- (i) 80% of the price per share issued in connection with the Financing Event; and
- (ii) a pre-Financing Event valuation of the Group at \$15,000,000.

If there is a Change in Control, the holders of the Tranche 3 convertible loans are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 3 convertible loans represent compound instruments, each consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 3 convertible loans under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that may be issued upon conversion is not known until the date of conversion since the conversion price is defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument does not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

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6. Convertible loans (continued from previous page)

Tranche 3 convertible loans (continued from previous page)

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instruments and was not subsequently revised. The method used was the same as that described for the Tranche 2 convertible loans.

The allocation of proceeds from the Tranche 3 convertible loans on initial recognition was as follows:

	\$
Proceeds from borrowing	220,000
Less: fair value of derivative conversion option	(9,793)
Debt host liability	210,207

The conversion option represents the expected "in-the-money" value of the Tranche 3 convertible loans. Because the instrument converts at a fixed percentage discount, the in-the-money payoff upon conversion is deterministic. At each reporting date, the fair value of the conversion option is estimated using an expected value, option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests;
- The probability that the fair value of the underlying equity interest will be a price per share that exceeds a pre-Financing Event valuation of the Group at \$15,000,000; and
- The estimated risk-free rate of interest.

No active market exists for the Group's equity interests. For this reason, the Group considers the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 3 convertible loans at each reporting date:

	December 31, 2019	December 31, 2018	January 1, 2018 (Unaudited)
Expected time until a conversion event (in years)	0.5	-	-
Estimated fair value per common share	\$ 0.50	-	-
Expected volatility	60.0%	-	-
Risk-free rate of interest	1.6%	-	-

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6. Convertible loans (continued from previous page)

Tranche 3 convertible loans (continued from previous page)

The following table summarizes the movement in the carrying amount of the Tranche 3 convertible loans:

	Debt host liability	Derivative conversion option	Total
	\$	\$	\$
Balance, December 31, 2018 and January 1, 2018 (unaudited)	-	-	-
Issuance of convertible loans	210,207	9,793	220,000
Interest and accretion	12,391	-	12,391
Fair value gain on remeasurement of conversion option liability	-	(241)	(241)
Balance, December 31, 2019	222,598	9,552	232,150

In 2020, the terms of the Tranche 3 convertible loans were amended, as described in Note 19.

Tranche 4 convertible loan

In 2019, the Group issued a convertible bridge note in the principal amount of \$50,000 (2018 - \$nil), bearing interest at a rate of 10% per annum (the "Tranche 4" convertible loan). The principal amount, together with accrued interest, is payable upon maturity. The terms of the Tranche 4 convertible loan provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to the lesser of:

- (iii) 80% of the price per share issued in connection with the Financing Event; and
- (iv) a pre-Financing Event valuation of the Group at \$7,500,000 (\$0.255 per share).

If there is a Change in Control, the holder of the Tranche 4 convertible loan is entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company, or (ii) the disposition of all or substantially all of the assets of the Company.

The Tranche 4 convertible loan represents a compound instrument, consisting of a debt host liability (classified at amortized cost) and a derivative conversion option (classified at FVTPL).

The Group evaluated the separate components of the Tranche 4 convertible loan under IAS 32 *Financial Instruments: Presentation*. The number of equity securities that may be issued upon conversion is not known until the date of conversion since the conversion price is defined as a function of the price per share issued in connection with a Financing Event. Consequently, management concluded that the instrument does not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The allocation of proceeds between each of the components comprising the compound instrument was made upon initial recognition of the instrument and was not subsequently revised. The method used was the same as that described for the Tranche 2 and Tranche 3 convertible loans.

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6. Convertible loans (continued from previous page)

Tranche 4 convertible loan (continued from previous page)

The allocation of proceeds from the Tranche 4 convertible loan on initial recognition was as follows:

	\$
Proceeds from borrowing	50,000
Less: fair value of derivative conversion option	(2,448)
Debt host liability	47,552

The conversion option represents the expected “in-the-money” value of the Tranche 4 convertible loan. Because the instrument converts at a fixed percentage discount, the in-the-money payoff upon conversion is deterministic. At each reporting date, the fair value of the conversion option is estimated using an expected value, option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur;
- The estimated fair value of the underlying equity interests into which the instrument may be converted;
- The expected volatility of the underlying equity interests;
- The probability that the fair value of the underlying equity interest will be a price per share that exceeds a pre-Financing Event valuation of the Group at \$7,500,000 (\$0.255 per share); and
- The estimated risk-free rate of interest.

No active market exists for the Group's equity interests. For this reason, the Group considers the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 4 convertible loan at each reporting date:

	December 31, 2019	December 31, 2018	January 1, 2018 (Unaudited)
Expected time until a conversion event (in years)	0.5	-	-
Estimated fair value per common share	\$ 0.50	-	-
Expected volatility	60.0%	-	-
Risk-free rate of interest	1.6%	-	-

The following table summarizes the movement in the carrying amount of the Tranche 4 convertible loan:

	Debt host liability \$	Derivative conversion option \$	Total \$
Balance, December 31, 2018 and January 1, 2018 (unaudited)	-	-	-
Issuance of convertible loans	47,552	2,448	50,000
Interest and accretion	812	-	812
Fair value gain on remeasurement of conversion option liability	-	(65)	(65)
Balance, December 31, 2019	48,364	2,383	50,747

In 2020, the terms of the Tranche 4 convertible loan were amended, as described in Note 19.

CareSpan Holdings, Inc.

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7. Common share purchase warrants

In 2015, the Group issued 1,224,227 common share purchase warrants together with the issuance of Series A Preferred shares (Note 10), plus 6,838 common share purchase warrants for consulting services received.

Each warrant entitles the holder to purchase one common share at a price of \$0.75 per share, exercisable at any time prior to expiry on August 15, 2020. The terms of the warrant provide the holder with multiple settlement options with respect to the payment of the exercise price. Specifically, the holder is provided the option to settle the payment of the aggregate exercise price:

- (i) by delivery of cash payment to the Group;
- (ii) by instructing the Group to withhold such number of common shares then issuable upon exercise of the warrant with a fair value as of the exercise date equal to the aggregate exercise price;
- (iii) by surrendering to the Group such number of common shares (or other securities of the Group) owned by the holder with a fair value as of the exercise date equal to the aggregate exercise price; or
- (iv) any combination of the above.

The settlement options provided to the warrant holder may result in a variable number of common shares being exercised upon exercise of the instrument. Accordingly, management determined that the warrants should be classified as a derivative financial liability as at FVTPL (excluding the 6,838 warrants issued as a share-based payment).

The following schedule shows the movement in the carrying amount of the Group's common share purchase warrants during the year:

	#	\$
Balance, January 1, 2018 (unaudited)	1,231,065	134,665
Fair value gain on remeasurement of warrants	-	(48,969)
Balance, December 31, 2018	1,231,065	85,696
Fair value gain on remeasurement of warrants	-	(61,211)
Balance, December 31, 2019	1,231,065	24,485

The fair value gain on remeasurement of warrants is recognized in the line item 'gain on fair value remeasurement of derivative instruments (net)' in the consolidated statements of loss and comprehensive loss for the year.

The fair value of the warrants was estimated using the Black-Scholes Merton formula and the following inputs:

	December 31, 2019	December 31, 2018	January 1, 2018 (Unaudited)
Estimated fair value per common share	\$ 0.50	\$ 0.50	\$ 0.50
Exercise price of the warrant	\$ 0.75	\$ 0.75	\$ 0.75
Expected volatility of the underlying common share	52.6%	54.0%	52.6%
Expected life of the warrant (in years)	0.6	1.6	2.6
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free rate of interest	1.8%	1.9%	1.8%

CareSpan Holdings, Inc.

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7. Common share purchase warrants (continued from previous page)

The following reconciles the warrants outstanding at the beginning and the end of the year:

	Number of warrants #	Weighted average exercise price \$
Balance, December 31, 2019, 2018 and January 1, 2018 (unaudited)	1,231,065	0.75

The weighted average remaining contractual life of the issued and outstanding warrants was 0.6 years as at December 31, 2019 (December 31, 2018 – 1.6 years; January 1, 2018 (unaudited) – 2.6 years).

8. Due to related parties

	December 31, 2019 \$	December 31, 2018 \$	January 1, 2018 \$ (Unaudited)
Short-term advances	222,100	5,000	-
Payable for consulting services	-	20,000	48,000
	222,100	25,000	48,000

Short-term advances were received from key management personnel and others to support the Group's working capital requirements. These amounts were unsecured, non-interest bearing and payable on demand. In 2020, these short-term advances were exchanged for convertible loans (Note 19).

9. Income taxes

The components of income tax recognized in profit or loss include:

	2019 \$	2018 \$
Current tax	-	-
Deferred tax	23,141	16,851

The following schedule reconciles the expected income tax expense (recovery) at the United States combined federal and state statutory rate of 24.56% (2018 – 24.66%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2019 \$	2018 \$
Net loss	(938,586)	(1,258,746)
Statutory rate	24.56%	24.66%
Expected income tax recovery	(230,517)	(310,407)
Non-deductible expenses	118,976	188,349
Change in tax benefits not recognized	140,661	117,546
Tax rate changes and other adjustments	(5,979)	-
Change in tax status	-	21,363
Income tax expense	23,141	16,851

CareSpan Holdings, Inc.

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9. Income taxes (continued from previous page)

The following schedule shows the movement in the Group's deferred tax (liabilities) / assets during the year:

	December 31, 2018	Recognized in profit or loss	December 31, 2019
	\$	\$	\$
Deferred tax liabilities			
Property and equipment	(630)	(109)	(739)
Convertible loans	(18,276)	(23,141)	(41,417)
Deferred tax assets			
Intangible assets	2,055	109	2,164
Net deferred tax liability	(16,851)	(23,141)	(39,992)

	January 1, 2018	Recognized in profit or loss	December 31, 2018
	\$	\$	\$
	(Unaudited)		
Deferred tax liabilities			
Property and equipment	-	(630)	(630)
Convertible loans	-	(18,276)	(18,276)
Deferred tax assets			
Intangible assets	-	2,055	2,055
Net deferred tax liability	-	(16,851)	(16,851)

On December 12, 2018, the board of directors approved the decision to re-domicile CareSpan Holdings, Inc. from the Republic of Panama to the United States of America. The process to re-domicile the Company was ultimately completed in May 2020 (Note 19). As the decision to re-domicile the Company was made on December 12, 2018, the measurement of deferred tax liabilities and assets as at December 31, 2018 and December 31, 2019 reflects the tax consequences that should follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities within the jurisdiction of the United States of America.

Prior to December 12, 2018, the Group's deferred tax liabilities and assets were measured based on the tax rates (and tax laws) of the Republic of Panama.

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2019	December 31, 2018	January 1, 2018
	\$	\$	\$
			(Unaudited)
Intangible assets	20,170	23,521	34,768
Research credits	64,012	54,276	54,276
Deferred compensation	-	10,000	-
U.S. net operating losses available for carryforward	2,347,929	1,794,056	1,316,144
	2,432,111	1,881,853	1,405,188

The Group has not recorded a deferred tax asset related to these unused tax benefits as it is uncertain if future taxable income will be available against which these unused tax attributes can be utilized.

CareSpan Holdings, Inc.

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9. Income taxes (continued from previous page)

The Group has U.S. net operating losses for tax purposes of \$2,347,929 that may be used to reduce taxable income in the future. If not utilized, certain of these losses will expire as follows:

	\$
2031	283,838
2032	147,309
2033	85,753
2034	91,328
2035	106,142
2036	293,906
2037	307,868
U.S. net operating losses subject to expiry	1,316,144
U.S. net operating losses available for carryforward indefinitely	1,031,785
	2,347,929

10. Share capital

Authorized

The Company is authorized to issue:

- 30,000,000 common shares; and
- 5,000,000 Series A Preferred shares.

The voting, dividend and liquidation rights of the holders of common shares are subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred shares.

Voting

Subject to the rights of the Series A Preferred shares, each holder of common shares is entitled to one vote for each share held at all meetings of the shareholders.

On any matter presented at a meeting of the shareholders, each holder of Series A Preferred shares is entitled to the number of votes equal to the number of common shares into which the Series A Preferred shares are convertible as of the record date for determining shareholders entitled to vote on such matter. The holders of Series A Preferred shares vote together with the holders of common shares as a single class and on an as-converted basis.

Dividends

The holders of Series A Preferred shares are entitled to receive, if and when declared by the board of directors, a dividend at a rate of \$0.054 per annum per share, as adjusted for any stock split, stock dividend, combination or other recapitalization. Such dividend is not cumulative, and no right accrues to the holders of Series A Preferred shares by reason of the fact that dividends are not declared in any prior period.

If all dividends in the full preferential amount as described above have been paid in any calendar year, and the board of directors declare additional dividends, then the holders of common shares and Series A Preferred shares shall share rateably in the distribution of any such additional dividends, as a single class on an as-converted basis.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

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10. Share capital (continued from previous page)

Preference on liquidation

In the event of any liquidation, dissolution or winding up of the Group, the holders of Series A Preferred shares are entitled to receive, prior and in preference to any distribution of any assets of the Group to the holders of common shares, an amount per share equal to the greater of:

- (i) The original price per share paid (the "Series A Original Issue Price"), plus any dividends declared but unpaid thereon; or
- (ii) The amount per share as would have been payable had all shares of Series A Preferred shares been converted into common shares immediately prior to such liquidation, dissolution or winding up of the Group.

Upon satisfaction of the preference described above, the holders of Series A Preferred shares are entitled to share in the remaining assets of the Group rateably with the holders of common shares.

Redemption

The common shares and the Series A Preferred shares are not redeemable.

Conversion

Each Series A Preferred share is convertible, at the option of the holder, at any time and without payment of additional consideration, into such number of common shares as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of conversion. The Series A Conversion Price is defined as \$0.90 per share, subject to adjustment for certain corporate events.

The Series A Preferred shares shall automatically convert into common shares, at the then effective Conversion Price, upon the occurrence of:

- a public listing of the Group's equity securities at a price per share of \$5.00 or more which results in aggregate cash proceeds of \$17,000,000 (net of underwriting discounts and commissions); or
- an agreement of the holders of a majority of the then outstanding Series A Preferred shares.

Classification and measurement

The Series A Preferred shares represent a compound instrument, consisting of an equity host contract and a derivative conversion option.

The Group evaluated the conversion option under IAS 32 *Financial Instruments: Presentation*. The terms that allow for an adjustment to the Conversion Price provide the holders of Series A Preferred shares with anti-dilutive protection that results in a transfer of value from the existing holders of common shares. The variable Conversion Price results in a potentially variable number of common shares issuable upon conversion of the Series A Preferred shares. Consequently, management concluded that the conversion option does not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

CareSpan Holdings, Inc.

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10. Share capital (continued from previous page)

Classification and measurement (continued from previous page)

The Series A Preferred shares were first issued in 2015. Upon issuance, each holder of Series A Preferred shares also received an equal number of common share purchase warrants (Note 7). Consequently, the consideration received in exchange for the Series A Preferred shares was allocated between the equity component, conversion option and the common share purchase warrants. This allocation was made upon initial recognition of the Series A Preferred shares and was not subsequently revised. The method used was as follows:

- firstly, the fair value of each derivative component (consisting of the conversion option and common share purchase warrants) was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to those instruments;
- secondly, the residual amount, being the difference between the total consideration received from the issuance and the fair value of the derivative components, was allocated to the equity component.

Subsequent to initial recognition, the conversion option and common share purchase warrants have been remeasured to fair value at each reporting date. The carrying amount of the equity component has not been subsequently remeasured.

Based on the estimated fair value of the Company's common shares at the time when the Series A Preferred shares were issued, the economic payoff that a shareholder would have realized by converting their Series A Preferred shares into common shares was less than the estimated fair value of the Series A Preferred shares. Consequently, the conversion option would not provide any financial benefit to the shareholder at that time. As the fair value of the underlying common shares increase or decrease over time, so does the fair value of the Series A Preferred shares. As a result, the value of the conversion option is expected to be consistently less than the fair value of the Series A Preferred shares at any given time. For this reason, the fair value of the conversion option on initial recognition, and at each reporting date thereafter, has been estimated to be \$nil.

Issued

Common shares

The following schedule shows the movement in common shares:

	#	\$
Balance, January 1, 2018 (unaudited)	19,317,628	2,279,518
Issue of common shares for consulting services received	56,000	28,000
Balance, December 31, 2018	19,373,628	2,307,518
Issue of common shares for consulting services received	40,000	20,000
Balance, December 31, 2019	19,413,628	2,327,518

In 2019, the Company issued 40,000 common shares to a shareholder of the Company as settlement of amounts owed to the individual for services performed in relation to the placement of the Company's equity instruments in prior years. The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of the common shares issued. The cost of the services received was previously accrued for at January 1, 2018 (Note 8).

In 2018, the Company issued 56,000 common shares to a shareholder of the Company as settlement of amounts owed to the individual for consulting services rendered in prior years. The services received, and the corresponding increase in equity, was measured directly at the fair value of the services received. The cost of the services received was previously accrued for at January 1, 2018 (Note 8).

CareSpan Holdings, Inc.

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10. Share capital (continued from previous page)

Issued (continued from previous page)

Series A Preferred shares

The following schedule shows the movement in Series A Preferred shares:

	#	\$
Balance, December 31, 2019, 2018 and January 1, 2018 (unaudited)	2,335,338	1,131,386

11. Non-controlling interests

The Company's subsidiary, CSIN, is authorized to issue:

- 80,000,000 class A common, voting shares; and
- 20,000,000 class B common, non-voting shares.

The Company owns 100% of class A common, voting shares. The class B common, non-voting shares are held entirely by officers and employees of the Group. The following table shows the movement in the issued share capital of CSIN:

	Class A common voting shares #	Class B common non-voting shares #	Total #
Balance, December 31, 2018 and January 1, 2018 (unaudited)	-	-	-
Issued upon incorporation of CSIN	50,000,000	-	50,000,000
Issued as share-based compensation	-	414,000	414,000
Balance, December 31, 2019	50,000,000	414,000	50,414,000

The fair value of class B common non-voting shares issued as share-based compensation was insignificant in 2019.

12. Share-based benefits reserve

The Group has a stock option plan (the "Plan") to attract, retain and motivate qualified directors, officers, employees and consultants whose present and future contributions are important to the success of the Group by offering them an opportunity to participate in the Group's future performance through the award of share options.

Each share option converts into one common share of CareSpan Holdings Inc. on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The total number of common shares reserved and available for grant and issuance pursuant to the Plan is 7,500,000.

The vesting schedule of options granted varies for each award, ranging from immediate vesting upon grant to vesting over a period of up to 36 months from the grant date.

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12. Share-based benefits reserve (continued from previous page)

The following reconciles the options outstanding at the beginning and end of the year that were granted to eligible participants pursuant to the Plan:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Balance, beginning of year	6,067,683	0.50	2,074,364	0.50
Granted during the year	413,000	0.50	3,993,319	0.50
Balance, end of year	6,480,683	0.50	6,067,683	0.50
Exercisable, end of year	5,633,673	0.50	3,811,889	0.50

The weighted average fair value of share options granted during the year was \$0.23 (2018 - \$0.24). The Group used the Black-Scholes Merton formula to estimate the fair value of share options granted during the year, based on the following inputs:

	2019	2018
Estimated fair value per common share	\$ 0.50	\$ 0.50
Exercise price of the option	\$ 0.50	\$ 0.50
Expected volatility of the underlying common share	52.6%	52.6%
Expected life of the option (in years)	5 years	5 years
Expected dividend yield	0.00%	0.00%
Risk-free rate of interest	1.5%	2.1%

No active market exists for the Group's common shares. For this reason, the Group considers the historical volatility of similar entities for which share price information is publicly-available when estimating the expected volatility.

At December 31, 2019, the weighted average remaining contractual life of the share options issued and outstanding was 7.6 years (December 31, 2018 – 8.5 years).

The following reconciles the number of share options available for grant under the Plan:

	#
Total number of options reserved and available for grant and issuance under the Plan	7,500,000
Issued and outstanding at end of year	(6,480,683)
Options available for grant at December 31, 2019	1,019,317

In 2019, the Group recognized an expense of \$375,851 (2018 - \$654,047) in respect of equity-settled share-based payments under the Plan, presented in the line item 'share-based compensation' in the consolidated statements of loss and comprehensive loss.

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13. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	2019	2018
	\$	\$
Short-term benefits	304,745	346,649
Share-based payments	357,506	650,207
	662,251	996,856

Short-term benefits consist primarily of consulting fees paid to directors and officers, recognized in the line item 'consultants and subcontractors' in the consolidated statements of loss and comprehensive loss. Share-based payments were recognized in the line item 'share-based compensation' in the consolidated statements of loss and comprehensive loss.

The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

Other related party transactions

Refer to Note 6 and Note 8 for disclosure of additional related party transactions.

14. Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of net debt (comprising convertible loans, short-term advances from related parties, and offset by cash) and equity (comprising share capital, reserves and deficit).

The Group is not subject to any externally imposed capital requirements.

15. Financial instruments

In the normal course of business, the Group is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

Fair value

The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature, including the Group's convertible loans which have maturity dates ranging from 6-months to due on demand at December 31, 2019.

Credit and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not provide any guarantees which would expose the Group to credit risk.

The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's trade receivables are current and there has been no instance of default with any GHC Program or third-party payor.

CareSpan Holdings, Inc.

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15. Financial instruments (continued from previous page)

Credit and concentration risk (continued from previous page)

Since its incorporation, the Group has not incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Group's trade receivables was insignificant at December 31, 2019, 2018 and January 1, 2018 (unaudited).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Convertible loans and short-term advances from related parties bear interest at fixed rates or are non-interest bearing. Accordingly, the fair value of these financial liabilities could fluctuate because of changes in market interest rates.

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Within one year	Later than one year and not later than five years	Later than five years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	63,915	-	-	63,915
Convertible loans	1,140,000	-	-	1,140,000
Due to related parties	222,100	-	-	222,100
	1,426,015	-	-	1,426,015

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use derivative instruments to reduce its exposure to foreign currency risk.

The Group did not hold any significant balance of foreign currency denominated monetary assets and monetary liabilities at December 31, 2019, 2018 or January 1, 2018 (unaudited).

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16. Finance costs

	2019	2018
	\$	\$
Interest and accretion on convertible loans (Note 6)	82,598	38,840
Other cash finance costs paid	3,585	1,711
	86,183	40,551

17. Gain on fair value remeasurement of derivative instruments

	2019	2018
	\$	\$
Fair value gain (loss) on remeasurement of conversion option liability (Note 6)	94,735	(12,460)
Fair value gain on remeasurement of warrants (Note 7)	61,211	48,969
	155,946	36,509

18. Segment information

The Group is engaged in a single business activity and does not have multiple operating segments. The CEO is the Group's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Group as a whole, substantially in the form of, and on the same basis as, the Group's consolidated financial statements.

The Group's long-lived assets, consisting of property and equipment, are entirely located in the United States.

The Group's revenues were generated entirely within the U.S. geographic market for the years ended December 31, 2019 and 2018.

19. Events after the reporting period

Global outbreak of COVID-19 (coronavirus)

In 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Company has not been significantly impacted as a result of COVID-19 to-date, although it is difficult to measure the impact with certainty. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Conversion of Series A Preferred shares into common shares

On April 27, 2020, the holders of Series A Preferred shares agreed to a motion (based on a majority vote) proposed by the board of directors to convert all issued and outstanding Series A Preferred shares into common shares of the Company on the basis of one common share for every 0.9 Series A Preferred shares. All preferential rights of Series A Preferred shares were revoked from the Company's articles of incorporation.

CareSpan Holdings, Inc.

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19. Events after the reporting period (continued from previous page)

Re-domestication of CareSpan Holdings, Inc.

On May 7, 2020, the Group filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

Modification of common share purchase warrants

On August 10, 2020, the board of directors extended the expiry date of its issued and outstanding common share purchase warrants (excluding those warrants previously issued as a share-based payment) from August 15, 2020 to the earlier of (i) March 31, 2021, or (ii) the date on which the Group consummates a go-public transaction.

Issuance of additional Tranche 4 convertible loans

In 2020, the Group issued additional Tranche 4 convertible loans in the aggregate principal amount of \$318,100.

Issuance of Tranche 5 convertible loans

In 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$750,000, bearing interest at a rate of 10% per annum (the "Tranche 5" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on December 31, 2020. The terms of the Tranche 5 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to 50% of the price per share issued in connection with the Financing Event.

If there is a Change in Control or an IPO, the holders of the Tranche 5 convertible loans are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company. IPO refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange.

Modification of convertible loans

In June 2020, all previously issued and outstanding convertible loans were amended to align with the terms of the Tranche 5 convertible loans, as described above. Furthermore, the maturity date of all previously issued and outstanding convertible loans was amended to be June 30, 2021. On June 28, 2021, the maturity date for all the Tranche 5 convertible loans (including those modified from the previous tranches) was extended to September 30, 2021.

Issuance of Tranche 6 convertible loans

In November 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2021. The terms of the Tranche 6 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Go-Public Transaction. A Go-Public Transaction refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange. On June 28, 2021, the maturity date for all the Tranche 6 convertible loans was extended to September 30, 2021.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

19. Events after the reporting period (continued from previous page)

Issuance of Tranche 6 convertible loans (continued from previous page)

Upon the occurrence of a Go-Public Transaction, the Conversion Amount shall automatically convert into equity securities at a price per share equal to the lesser of:

- (i) 75% of the price per share issued in connection with the Go-Public Transaction; and
- (ii) the price per share that reflects a Group valuation of \$15,000,000.

If there is a Change in Control, the holders of the Tranche 6 convertible loans are entitled to receive, at their election (i) a cash payment of any accrued interest plus 1.25 times the principal amount outstanding (the "Redemption amount"), or (ii) such number of the Company's common shares that is equal to the Redemption Amount divided by the price per share of the Company's common shares in such Change of Control transaction. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company, provided that a Change of Control does not include a Go-Public Transaction.

If a Penalty Event (as defined below) occurs:

- the Company must issue warrants to the holders of the Tranche 6 convertible loans of an amount equal to 100% of their invested capital (the "Penalty Warrants");
- the maturity date of all Tranche 6 convertible loans shall become due on demand; and
- the discount rate applicable to the conversion feature shall be changed to 50%.

The Penalty Warrants shall have a 5-year term and exercise price calculated on a fully-diluted equity valuation of the Company of \$6,500,000.

A Penalty Event is defined as any of the following:

- the Company does not complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering;
- the Company does not enter into employment agreements with certain key management personnel within 10 days of the last closing of the Tranche 6 convertible loan offering; or
- the Company does not enter into a letter of intent or initiate a direct listing process on the TSX Venture Exchange ("TSX-V") or the Canadian Securities Exchange ("CSE"), either directly or through a private shell vehicle within 30-days of the last closing of the Tranche 6 convertible loan offering.

However, a Penalty Event shall not be triggered if the Company's failure to complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering is the result of a breach by the capital pool company or the shell vehicle of the Go-Public Transaction agreement between such entity and the Company. If such circumstances arise, the Company will be provided an additional 6-months to complete a Go-Public Transaction.

If the Company completes a concurrent financing in connection with a Go-Public Transaction where securities are offered to subscribers that include a share purchase warrant, the Company shall issue warrants to the holders of the Tranche 6 convertible loans having the same exercise price and term in the same proportion to their invested capital as are offered to subscribers in the concurrent financing.

CareSpan Europe

On July 17, 2020, the Group, together with ICME International AG ("ICME"), formed SmartCare GmbH ("CareSpan Europe"), a company domiciled in Germany. The Group holds a 15.0% voting equity interest in CareSpan Europe. Pursuant to the terms of a Joint Venture and Cooperation Agreement between the Group and ICME, CareSpan Europe will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to markets in Europe, the Middle East and Africa.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

19. Events after the reporting period (continued from previous page)

CareSpan Asia

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. Pursuant to the terms of a Joint Venture Agreement between the Group and Argosy Partners, Inc., CareSpan Asia will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets.

Dynamo Capital Corp.

On August 4, 2021, the Company entered into a merger agreement with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

Dynamo is a capital pool company and intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm's-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 73,530,609 common shares of CareSpan issued and outstanding on a fully diluted, post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,629,823 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,890,930 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% will be assessed on the brokered subscription receipts and shares equivalent to 3% will be assessed on the non-brokered subscription receipts and broker warrants between 3% and 8% will be due on the brokered and non-brokered subscription receipts upon completion of the transaction.

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.667 pre-consolidation Dynamo common shares as a condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan common share for approximately 0.29416 pre-consolidation CareSpan common shares as a condition to the completion of the transaction.

CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars ("C\$") of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

CareSpan Holdings, Inc.

Notes to the Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in U.S. dollars)

19. Events after the reporting period (continued from previous page)

Dynamo Capital Corp. (continued from previous page)

On August 4, 2021, the aggregate gross proceeds raised in the concurrent private placement are C\$3,581,442. The funds raised in connection with the concurrent financing are being held in escrow, subject to certain release conditions, including:

- (a) written confirmation from each of the Company and Dynamo to the Agent and the Subscription Receipt Agent that all conditions of the Transaction in accordance with the terms of the Transaction Agreement have been satisfied or waived, without any material amendment, other than release of the Escrow Funds and closing of the Transaction, which shall be completed forthwith upon release of the Escrow Funds;
- (b) the receipt of all shareholder, third-party and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Common Shares underlying the Subscription Receipts and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of Applicable Securities Laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on an Exchange, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrow Funds and such other matters as shall only happen at the closing of the Transaction;
- (e) the Company shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (f) Dynamo shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (g) the Company and the Agent shall have delivered the Release Notice to the Subscription Receipt Agent;
- (h) the Agent shall be satisfied with the "bring-down" of their due diligence review with respect to the business, assets, financial condition, affairs and prospectus of the Company, its subsidiaries and Dynamo with respect to the Transaction; and
- (i) such other customary escrow release conditions requested by the Agent, acting reasonably.

Maturity extension

Subsequent to period-end, on June 28, 2021, the maturity date for all the Tranche 5 and Tranche 6 convertible loans was extended to September 30, 2021.

Tranche 7 convertible note

On July 13, 2021, the Company issued a convertible note of \$400,000 to one of its directors. The note is unsecured, bears annual interest at 10% with principal and interest payable at maturity on January 13, 2022. The note contains an automatic conversion feature wherein if the Company completes an RTO, the note together with any accrued but unpaid interest is automatically converted into that number of fully paid and nonassessable common shares of the Company as is equal to the RTO Conversion Amount divided by the initial public offering price per share of the Company's common stock in such RTO.



CareSpan Holdings, Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Unaudited)

CareSpan Holdings, Inc.
Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2021 and December 31, 2020
(Unaudited)
Expressed in U.S. dollars

	Note	June 30, 2021	December 31, 2020
		\$	\$
Assets			
Current assets			
Cash		374,901	1,474,177
Trade and other receivables	4	528,297	834,308
Prepaid expenses		474,827	147,225
		1,378,025	2,455,710
Property and equipment	5	5,851	4,651
		1,383,876	2,460,361
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,919,326	1,457,024
Convertible loans	7	4,639,094	3,763,936
Derivative conversion option	7	1,911,113	2,647,304
Warrant liability	8	123,582	186,370
Advances for private placement		264,590	-
Due to related parties	9	630,133	340,271
		9,487,838	8,394,905
Shareholders' Deficiency			
Common shares	10	3,470,206	3,470,206
Share-based benefits reserve	12	1,850,293	1,663,208
Warrant reserve	13	770,574	665,622
Foreign currency translation reserve		4,370	3,505
Deficit		(14,077,757)	(11,720,003)
Deficit attributable to owners of the parent		(7,982,314)	(5,917,462)
Non-controlling interests	11	(121,648)	(17,082)
		(8,103,962)	(5,934,544)
		1,383,876	2,460,361

Significant event (Note 20)

Events after the reporting period (Note 21)

Director

Director

CareSpan Holdings, Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended June 30, 2021 and 2020
(Unaudited)

Expressed in U.S. dollars

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
		\$	\$	\$	\$
Revenues					
Patient service		1,201,485	415,616	2,306,402	890,036
License and other		5,000	-	5,000	10,000
		1,206,485	415,616	2,311,402	900,036
Operating expenses					
Consultants and subcontractors	9	224,719	231,038	540,079	430,189
Depreciation	5	848	351	1,563	705
Finance costs	17	559,994	98,256	1,042,048	136,664
Foreign exchange loss		819	-	4,092	-
General and administrative		40,088	20,732	65,077	30,923
Information technology costs		176,795	23,294	295,591	44,375
Legal and professional fees		278,361	89,449	514,257	122,991
Practice fees		1,020,434	350,105	1,949,669	748,520
Practice supplies and other operating costs		95,525	13,144	147,429	29,198
Salaries and benefits	9	381,742	-	759,245	-
Share-based payments	16	48,852	30,354	404,425	76,132
		2,828,177	856,723	5,723,475	1,619,697
Loss before other losses (gains) and income taxes		(1,621,692)	(441,107)	(3,412,073)	(719,661)
Other losses (gains)					
(Gain) loss on fair value remeasurement of derivative instruments (net)	18	(787,423)	887,999	(798,979)	910,087
(Gain) loss on modification of convertible loans	7	(149,913)	154,036	(149,913)	286,197
Loss before income taxes		(684,356)	(1,483,142)	(2,463,181)	(1,915,945)
Income taxes		-	(39,992)	-	(39,992)
Net loss		(684,356)	(1,443,150)	(2,463,181)	(1,875,953)
Other comprehensive income					
Exchange difference on translating foreign operations		(742)	-	(1,726)	-
Total comprehensive loss		(683,614)	(1,443,150)	(2,461,455)	(1,875,953)
Net loss attributable to:					
Owners of the parent		(639,077)	(1,442,842)	(2,357,754)	(1,875,952)
Non-controlling interests	11	(45,279)	(308)	(105,427)	(1)
		(684,356)	(1,443,150)	(2,463,181)	(1,875,953)
Total comprehensive loss attributable to:					
Owners of the parent		(635,096)	(1,443,444)	(2,356,889)	(1,875,952)
Non-controlling interests	11	(48,518)	294	(104,566)	(1)
		(683,614)	(1,443,150)	(2,461,455)	(1,875,953)
Basic and diluted loss per share		(0.03)	(0.07)	(0.11)	(0.09)
Weighted average number of common shares outstanding		22,104,557	21,267,074	22,104,557	22,008,448

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

CareSpan Holdings, Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the six months ended June 30, 2021 and 2020
(Unaudited)
Expressed in U.S. dollars

	Common shares	Series A Preferred shares	Share-based benefits reserve	Warrant reserve	Foreign currency translation reserve	Option premium on convertible loan	Deficit	Attributable to owners of the parent	Non- controlling interests	Total shareholders' deficiency
	(Note 10)	(Note 10)	(Notes 11, 12)	(Note 13)		(Note 7)			(Note 11)	
Balance, December 31, 2019	2,327,518	1,131,386	1,068,177	-	-	4,251	(5,938,859)	(1,407,527)	(1)	(1,407,528)
Conversion of Series A Preferred shares for common shares	1,131,386	(1,131,386)	-	-	-	-	-	-	-	-
Modification of convertible loan	-	-	-	-	-	(4,251)	4,251	-	-	-
Share-based compensation	-	-	76,132	-	-	-	-	76,132	-	76,132
Net loss	-	-	-	-	-	-	(1,875,952)	(1,875,952)	(1)	(1,875,953)
Balance, June 30, 2020	3,458,904	-	1,144,309	-	-	-	(7,810,560)	(3,207,347)	(2)	(3,207,349)
Balance, December 31, 2020	3,470,206	-	1,663,208	665,622	3,505	-	(11,720,003)	(5,917,462)	(17,082)	(5,934,544)
Issue of warrants for consulting services rendered	-	-	-	104,952	-	-	-	104,952	-	104,952
Share-based compensation	-	-	187,085	-	-	-	-	187,085	-	187,085
Share issue costs	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(2,357,754)	(2,357,754)	(105,427)	(2,463,181)
Other comprehensive gain	-	-	-	-	865	-	-	865	861	1,726
Balance, June 30, 2021	3,470,206	-	1,850,293	770,574	4,370	-	(14,077,757)	(7,982,314)	(121,648)	(8,103,962)

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

CareSpan Holdings, Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2021 and 2020
(Unaudited)
Expressed in U.S. dollars

	Six Months Ended June 30	
	2021	2020
	\$	\$
Cash flows used in operating activities		
Net loss	(2,463,181)	(1,875,953)
Adjustments for:		
Share-based payments	404,425	76,132
Finance costs	1,042,048	136,664
Depreciation	1,563	705
(Gain) loss on fair value remeasurement of derivative instruments (net)	(798,979)	910,087
(Gain) loss on modification of convertible loans	(149,913)	286,197
Unrealized foreign exchange loss	3,039	-
Income taxes	-	(39,992)
	(1,960,998)	(506,160)
Changes in non-cash working capital items:		
Trade and other receivables	306,011	(372,082)
Prepaid expenses	14,952	5,000
Accounts payable and accrued liabilities	462,302	327,702
	(1,177,733)	(545,540)
Interest paid	(16,977)	(12,757)
	(1,194,710)	(558,297)
Cash flows used in investing activities		
Purchases of property and equipment	(2,763)	-
Cash flows from financing activities		
Proceeds from issue of convertible loans	-	1,028,100
Subscriptions received	264,590	-
Advances received from related parties	289,862	(317,100)
Transaction costs paid in advance	(454,942)	-
	99,510	711,000
Net (decrease) increase in cash	(1,097,963)	152,703
Cash, beginning of period	1,474,177	6,693
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,313)	-
Cash, end of period	374,901	159,396

CareSpan Holdings, Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2021 and 2020
(Unaudited)

Expressed in U.S. dollars

1. General information

CareSpan Holdings, Inc. (the "Company" or "CareSpan") was formed on November 10, 2010, under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. which was incorporated under the laws of the Republic of Panama on May 14, 2012. On May 7, 2020, the Company filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

These condensed consolidated interim financial statements (the "Q2 2021 Financial Statements") include the accounts of the Company and the following subsidiaries:

Subsidiary	Domicile and country of incorporation	Date of incorporation
CareSpan USA, Inc.	Nevada, United States of America	September 26, 2013
CareSpan International Inc.	Republic of Panama	May 17, 2012
CareSpan Integrated Networks Inc.	Nevada, United States of America	February 6, 2019
American Advanced Practice Network, P.C.	Iowa, United States of America	December 31, 2018
American MedPsych Network, P.A. ⁽¹⁾	Florida, United States of America	February 20, 2019
CareSpan Asia Inc.	Manila, Philippines	October 9, 2020

⁽¹⁾ CareSpan MedPsych Network, P.A. amended its name to American MedPsych Network, P.A. on February 26, 2021.

The Company, together with its subsidiaries, is referred to collectively as the Group. The Group is a health care technology and service company. The Group's proprietary Clinic-in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, the patient's electronic health record, care collaboration capabilities, patient engagement, e-prescribing and lab ordering. The Group's platform seamlessly supports both in-person and virtual/telehealth care. The Group is using this platform, combined with essential business services, to build provider networks across the United States of America that deliver primary and urgent care, as well as behavioural health. To date, the Group has over 50 practitioners across its two networks American Advanced Practice Network, P.C. ("American-APN") and American MedPsych Network, P.A. ("AMPN").

2. Significant accounting policies

Statement of compliance

The Q2 2021 Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and therefore do not contain all disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). These Q2 2021 Financial Statements should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended December 31, 2020 (the "annual financial statements").

The Q2 2021 Financial Statements were authorized for issuance by the board of directors on November 5, 2021.

CareSpan Holdings, Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2021 and 2020
(Unaudited)

Expressed in U.S. dollars

2. Significant accounting policies *(continued from previous page)*

Basis of preparation

The condensed consolidated interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited annual consolidated financial statements for the year ended December 31, 2020..

Basis of consolidation

The Group's wholly-owned subsidiaries include CareSpan USA, Inc. and CareSpan International Inc.

At June 30, 2021, the Company held 100% voting equity interest and 98% ownership interest in CareSpan Integrated Networks Inc. ("CSIN") (December 31, 2020 – 100% voting equity interest and 98% ownership interest) (Note 11).

At June 30, 2021, the Company held 50.1% voting equity interest in CareSpan Asia Inc. (December 31, 2020 – 50.1%).

The Company consolidates American-APN and AMPN as a result of specific management arrangements between those entities and CSIN pursuant to which the Company is deemed to control those entities.

The Company accounts for its 15% voting equity interest in SmartCare GmbH ("SmartCare") using the equity method. Although the Group holds less than 20% of the voting equity shares of SmartCare, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors, participation in policy-making processes and technological dependency through use of its proprietary platform.

The condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, which include American-APN and AMPN. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Functional and presentation currency

These Q2 2021 Financial Statements are presented in United States dollars ("U.S. dollars"), the Company's presentation currency. Each of the Company's foreign subsidiaries determines its own functional currency and items included in the interim financial statements of each foreign subsidiary are measured using that functional currency. Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are accumulated as a component of equity. On the disposal of a foreign operation, or the loss of control, the component of accumulated other comprehensive income (loss) relating to that foreign operation is reclassified to net income (loss).

The functional currency of CareSpan Asia Inc. is Philippine Pesos. The functional currency of the remaining entities of the Group is the U.S. dollar.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements.

Fair value of financial liabilities as at fair value through profit or loss ("FVTPL")

The determination of the fair values of debt instruments or the component parts of hybrid contracts requires the use of valuation models and/or techniques for which the underlying assumptions are inherently subject to significant estimation and judgment. These models and techniques require that management make estimates and assumptions with respect to one or more of the following at the date of issuance: the fair value of the Group's equity securities, expected volatility of the Company's share value, estimated life of conversion rights and warrants and interest rates which could be obtained for debt instruments with similar terms and maturities.

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Group uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information of a comparable peer group), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of warrant liabilities. The fair value reported may not represent the transaction value if these options/warrants were exercised/exchanged at any point in time.

Going concern

Management has applied significant judgment in the assessment of the Group's ability to continue as a going concern when preparing the Q2 2021 Financial Statements. Management prepares the condensed consolidated interim financial statements on a going concern basis which assumes that the Group will be able to realize its assets, meet its obligations and continue its operations in the normal course of business.

Seasonality of interim operations

The operations of the Group can be seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Expected credit losses

The Group recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach for trade receivables. Using the simplified approach, the Group records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Group assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Group continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the condensed consolidated interim statement of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Group has no reasonable expectations of recovering all or any portion thereof. The Group did not assess any credit loss provision at period end.

Valuation of common share purchase warrants and equity-settled share-based payments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

Global outbreak of COVID-19 (coronavirus)

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Various levels of government including the Bank of Canada and the U.S. Federal Reserve have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

As at June 30, 2021, such restrictions regarding travel, business operations and isolation/quarantine orders continue to be in place. The Group has not been significantly impacted as a result of COVID-19 to-date, although it is difficult to measure the impact with certainty. Judgments, estimates and assumptions made by management during the preparation of these Q2 2021 Financial Statements may also change as conditions related to COVID-19 change. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Group as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the United States and other countries to fight the virus.

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4. Trade and other receivables

	June 30, 2021	December 31, 2020
	\$	\$
Trade receivables	505,524	819,204
Input tax credits receivable	22,773	15,104
	528,297	834,308

5. Property and equipment

	Computer and network equipment
	\$
Cost	
Balance, January 1, 2020	4,228
Additions	3,141
Balance, December 31, 2020	7,369
Additions	2,763
Balance, June 30, 2021	10,132
Accumulated depreciation	
Balance, January 1, 2020	1,221
Depreciation	1,497
Balance, December 31, 2020	2,718
Depreciation	1,563
Balance, June 30, 2021	4,281
Carrying amount	
December 31, 2020	4,651
June 30, 2021	5,851

6. Investment in associate

On July 8, 2020, the Group acquired a 15% voting equity interest in SmartCare GmbH ("SmartCare") for \$18,310. SmartCare is a German limited liability GmbH corporation with its principal place of business in Munich, Germany. SmartCare will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to markets in Europe, the Middle East and Africa.

The Group accounts for its investment in SmartCare using the equity method. Although the Group holds less than 20% of the voting equity shares of SmartCare, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors, participation in policy-making processes and technological dependency through use of its proprietary platform. During the year ended December 31, 2020, the Group recognized \$18,310 of its share of losses incurred by SmartCare in the annual consolidated statements of loss and comprehensive loss. To-date, the Group's share of losses of SmartCare exceed the Group's interest in the investee. Accordingly, the Group discontinued recognizing its share of further losses in SmartCare. The cumulative unrecognized share of losses of SmartCare at June 30, 2021, totalled \$59,255 (December 31, 2020 - \$38,534).

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7. Convertible loans

The Group issued a series of convertible loans during the period from 2017 to 2020 in the aggregate principal amount of \$4,208,100. These convertible loans were issued in separate tranches, whereas each tranche provides the lenders with a different combination of rights and privileges with respect to maturity date and conversion of unpaid principal and accrued interest thereon into equity securities of the Group. The specific terms and conditions of each tranche are described in note 7 to the annual financial statements. All of the convertible loans mature on September 30, 2021. The convertible loans were extended to September 30, 2021 during the six months ended June 30, 2021. Together, the convertible loans are secured by a general security interest in all of the Group's tangible and intangible property. The following table summarizes the movement in the carrying amount of the Group's convertible loans, comprised of the debt host liability, derivative conversion option and equity conversion option:

	Debt host liability	Derivative conversion option	Derivative warrant liability	Equity conversion option	Total
	\$	\$	\$	\$	\$
Balance, January 1, 2020	990,319	100,306	-	4,251	1,094,876
Issuance of convertible loans	2,069,186	800,227	198,687	-	3,068,100
Transaction costs:					
- paid in cash	(62,580)	-	-	-	(62,580)
- paid in warrants	(163,057)	-	-	-	(163,057)
Interest and accretion	643,871	-	-	-	643,871
Loss arising on modification of previously issued tranches of convertible loans to align with Tranche 5	132,161	-	-	-	132,161
Loss arising on modification of maturity date of Tranche 5 convertible loans	154,036	-	-	-	154,036
Extinguishment of equity conversion option on modification	-	-	-	(4,251)	(4,251)
Fair value loss (gain) on remeasurement of derivative instruments	-	1,746,771	(12,317)	-	1,734,454
Balance, December 31, 2020	3,763,936	2,647,304	186,370	-	6,597,610
Interest and accretion	1,025,071				1,025,071
Gain arising on modification of maturity date of Tranche 5 convertible loans	(79,692)				(79,692)
Gain arising on modification of maturity date of Tranche 6 convertible loans	(70,221)	-	-	-	(70,221)
Fair value loss (gain) on remeasurement of derivative instruments		(736,191)	(62,788)		(798,979)
Balance, June 30, 2021	4,639,094	1,911,113	123,582	-	6,673,789

7. Convertible loans *(continued from previous page)*

Interest and accretion expense is included in the line item 'finance costs' in the condensed consolidated interim statements of loss and comprehensive loss for the period. The fair value gain/loss on remeasurement of the conversion option liability is recognized in the line item '(gain) loss on fair value remeasurement of derivative instruments (net)' in the condensed consolidated interim statements of loss and comprehensive loss for the period.

On March 16, 2020, the terms of all previously issued tranches of convertible loans (including the Tranche 1A, 1B, 2, 3 and 4 convertible loans, as defined in the annual financial statements) were amended to align with the rights, privileges, terms and conditions of Tranche 5. The amendment was accounted for as a substantial modification, resulting in the extinguishment of the previously issued convertible loans. The new financial liability was measured at fair value, being the present value of the contractual stream of future cash flows (including both principal and interest) discounted at a rate of 24.53%. This discount rate represents the estimated market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the derivative conversion option. The difference of \$132,161 between the carrying amount of the existing financial liability at the date of modification and the initial measurement of the new Tranche 5 financial liability was recognized as a loss on modification in the condensed consolidated interim statement of loss and comprehensive loss for the six-month period ended June 30, 2020.

The conversion option represents the expected "in-the-money" value of the Tranche 5 convertible loans (including the Tranche 1A, 1B, 2, 3 and 4 convertible loans). Because the instrument converts at a fixed percentage discount, the in-the-money payoff upon conversion is deterministic. At each reporting date, the fair value of the conversion option is estimated using an option pricing model that considers the following key estimates:

- The expected time until a conversion event may occur;
- The probability that a conversion event may occur; and
- The estimated risk-free rate of interest.

The following schedule summarizes the key inputs used to estimate the fair value of the derivative conversion option related to the Tranche 5 convertible loans at the reporting date:

	June 30, 2021	December 31, 2020
Probability of a Financing Event by expiry date	50.0%	50.0%
Expected time until a Financing Event (in years)	0.20	0.40
Conversion discount	50.0%	50.0%
Risk-free rate of interest	0.1%	0.1%

The following schedule summarizes the key inputs used in the Monte Carlo simulation related to the Tranche 6 convertible loans for both the conversion option and the associated warrant liability at the reporting date:

	June 30, 2021	December 31, 2020
Probability of a Go-Public Transaction by expiry date	50.0%	80.0%
Expected time until a Go-Public Transaction (in years)	0.20	0.40
Estimated fair value per common share	\$ 0.17	\$ 0.17
Conversion discount	25.0%	25.0%
Expected volatility	50.0%	50.0%
Expected life of potentially issuable warrants (in years)	5.0	5.0
Risk-free rate of interest	0.9%	0.4%

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8. Warrant liabilities

The following schedule shows the movement in the carrying amount of the Group's common share purchase warrants:

	#	\$
Balance, January 1, 2020	1,231,065	24,485
Warrants issued with convertible debentures (note 7)	-	198,687
Expired during the year	(6,838)	-
Fair value gain on remeasurement of 2015 warrants	-	(24,485)
Fair value gain on remeasurement of warrants issued with convertible debentures (note 7)	-	(12,317)
Balance, December 31, 2020	1,224,227	186,370
Expired during the period	(1,224,227)	-
Fair value gain on remeasurement of warrants issued with convertible debentures (note 7)	-	(62,788)
Balance, June 30, 2021	-	123,582

The liability related to warrants issuable with convertible debentures is a derivative, the measurement of which varies based on various factors, as described in the annual financial statements.

The fair value gain on remeasurement of warrants is recognized in the line item '(gain) loss on fair value remeasurement of derivative instruments (net)' in the condensed consolidated interim statements of loss and comprehensive loss for the period.

The fair value of the warrants issued with preferred shares was estimated using the Black-Scholes Merton formula and the following inputs prior to expiry as at December 31, 2020:

	December 31, 2020
Estimated fair value per common share	\$ 0.17
Exercise price of the warrant	\$ 0.75
Expected volatility of the underlying common share	68.2%
Expected life of the warrant (in years)	0.30
Expected dividend yield	0.0%
Risk-free rate of interest	0.4%

The following reconciles the warrants outstanding at the beginning and the end of the period:

	Number of warrants #	Weighted average exercise price \$	Weighted average exercise price \$
Warrants - issued and exercisable, December 31, 2020	1,224,227	0.75	0.40
Warrants - issued and exercisable, June 30, 2021	-	-	-

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9. Due to related parties

	June 30, 2021	December 31, 2020
	\$	\$
ICME International AG	18,310	18,310
Short-term advances	311,823	21,961
Compensation payable to officers and directors	300,000	300,000
	630,133	340,271

The amount owed to ICME International AG relates to the Group's investment in SmartCare (Note 6). Short-term advances were received from key management personnel and others to support the Group's working capital requirements. Amounts due to related parties are unsecured, non-interest bearing and payable on demand. Remuneration for related parties during the period is as follows:

	For the Six Months Ended June 30	
	2021	2020
Short-term benefits	430,572	207,500
Share-based payments	404,425	76,132
	834,997	283,632

The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends. For the six months ended June 30, 2021, \$120,570 of short-term benefits is included in the line item 'consultants and subcontractors' (Six months ended June 30, 2020 – \$207,500) and \$310,000 is included in the line item 'salaries and benefits' (Six months ended June 30, 2020 – nil) respectively, in the condensed consolidated interim statements of loss and comprehensive loss.

10. Share capital

Authorized

On May 7, 2020, the Group filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America. Since filing its articles of incorporation with the State of Delaware, the Company is authorized to issue:

- 100,000,000 common shares; and
- 20,000,000 preferred shares.

At no time has the Company issued preferred shares as a Delaware corporation.

Prior to filing its Certificate of Corporate Domestication, the Company was authorized to issue:

- 30,000,000 common shares; and
- 5,000,000 Series A Preferred shares.

The voting, dividend and liquidation rights of the holders of common shares were subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred shares and are outlined in note 11 to the annual financial statements.

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10. Share capital (continued from previous page)

Issued

As at June 30, 2021 the issued share capital comprises 22,104,557 common shares (December 31, 2020 – 22,104,557 common shares) and nil preferred shares (December 31, 2020 – nil preferred shares).

On April 27, 2020, the holders of Series A Preferred shares agreed to a motion (based on a majority vote) proposed by the board of directors to convert all issued and outstanding Series A Preferred shares into common shares of the Company on the basis of one common share for every 0.9 Series A Preferred shares. All preferential rights of Series A Preferred shares were revoked from the Company's articles of incorporation.

11. Non-controlling interests

CareSpan Integrated Networks Inc.

The Company's subsidiary, CareSpan Integrated Networks Inc. ("CSIN"), is authorized to issue:

- 80,000,000 class A common, voting shares; and
- 20,000,000 class B common, non-voting shares.

The Company owns 100% of class A common shares. The class B common shares are held entirely by officers and employees of the Group. The following table shows the movement in the issued share capital of CSIN:

	Class A common voting shares #	Class B common non-voting shares #	Total #
Balance, January 1, 2020	50,000,000	414,000	50,414,000
Issued as share-based compensation	-	399,500	399,500
Balance, December 31, 2020	50,000,000	813,500	50,813,500
Issued as share-based compensation	-	40,000	40,000
Forfeited	-	(24,000)	(24,000)
Balance, June 30, 2021	50,000,000	829,500	50,829,500

During the six-months ended June 30, 2021, the fair value of class B common shares issued as share-based compensation totalled (\$661) (Six months ended June 30, 2020 – \$30,072).

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11. Non-controlling interests *(continued from previous page)*

CareSpan Asia Inc.

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. CareSpan Asia Inc. is authorized to issue 100,000 common shares and has issued 100,000 as at June 30, 2021 (December 31, 2020 – 100,000). As at June 30, 2021, CareSpan holds 50,098 common shares (December 31, 2020 – 50,098 common shares). The following schedule shows the movement in the non-controlling interest:

	\$
Balance, January 1, 2020	(1)
Capital contribution made by Argosy Partners, Inc.	100,000
Net loss and total comprehensive loss	(117,081)
Balance, December 31, 2020	(17,082)
Net loss and total comprehensive loss	(104,566)
Balance, June 30, 2021	(121,648)

12. Share-based benefits reserve

The Group has a stock option plan (the "Plan") to attract, retain and motivate qualified directors, officers, employees and consultants whose present and future contributions are important to the success of the Group by offering them an opportunity to participate in the Group's future performance through the award of share options. The number of share options available for grant under the Plan at period-end is as follows:

	#
Total number of options reserved and available for grant and issuance under the Plan	7,500,000
Issued and outstanding at end of period	(3,293,364)
Options available for grant at June 30, 2021	4,206,636

The following reconciles the options outstanding at the beginning and end of the year that were granted to eligible participants pursuant to the Plan:

	Six months ended June 30, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Balance, beginning of period	6,935,683	0.23	6,480,683	0.50
Granted during the period	1,566,000	0.12	459,000	0.50
Cancelled during the period	(5,180,319)	0.10	-	-
Expired during the period	(28,000)	0.50	(4,000)	0.50
Balance, end of period	3,293,364	0.38	6,935,683	0.23
Exercisable, end of period	3,293,364	0.38	6,926,308	0.23

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12. Share-based benefits reserve *(continued from previous page)*

During the six months ended June 30, 2021, the Group recognized an expense of \$404,425 (Six months ended June 30, 2020 - \$60,676) in respect of equity-settled share-based payments under the Plan, presented in the line item 'share-based payments' in the condensed consolidated interim statements of loss and comprehensive loss. The fair value of these options was calculated using the Black-Scholes Merton model based on the following inputs:

	June 30, 2021	December 31, 2020
Estimated fair value per common share	\$ 0.17	\$ 0.24
Exercise price of the option	\$0.10 to \$0.50	\$0.10 to \$0.50
Expected volatility of the underlying common share	59.2%	58.0%
Expected life of the option (in years)	5 years	5 years
Expected dividend yield	0.00%	0.00%
Risk-free rate of interest	1.0%	0.4%

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Share options issued and outstanding - June 30, 2021					
Exercise prices	Grant dates	Expiry dates	Number of options	Weighted average exercise price	Weighted average remaining contractual life in years
			#	\$	#
\$0.10	Jan 2014 - Dec 2020	Jan 2024 - Dec 2030	989,364	\$ 0.10	4.5
\$0.50	Jan 2011 - Jun 2021	Jan 2021 - Jun 2031	2,304,000	\$ 0.50	5.9

Share options issued and outstanding - December 31, 2020					
Exercise prices	Grant dates	Expiry dates	Number of options	Weighted average exercise price	Weighted average remaining contractual life in years
			#	\$	#
\$0.10	Jan 2014 - Dec 2020	Jan 2024 - Dec 2030	4,669,683	\$ 0.10	7.2
\$0.50	Jan 2011 - Dec 2020	Jan 2021 - Dec 2030	2,266,000	\$ 0.50	6.2

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13. Warrant reserve

The movement in warrant reserve at each reporting date is as follows:

	#	\$
Balance, January 1, 2020	-	-
Issue of warrants for consulting services		
- Advisory warrants (Tranche 1)	2,050,000	246,330
- Advisory warrants (Tranche 3)	2,050,000	157,192
- Other warrants	20,833	5,000
Issue of warrants in connection with the issue of Tranche 6 convertible loans		
- Advisory warrants (Tranche 2)	2,050,000	225,500
- Finders' warrants	-	31,600
Balance, December 31, 2020	6,170,833	665,622
Issue of warrants for consulting services		
- Advisory warrants (Tranche 3)	-	100,827
- Other warrants	75,000	4,125
Balance, June 30, 2021	6,245,833	770,574

	June 30, 2021	December 31, 2020
Number of warrants exercisable - end of period	4,195,833	4,120,833

Advisory warrants

The Group used the Black-Scholes Merton valuation model to estimate the compensation expense recognized on the First and Third Tranches (as defined in the annual financial statements) for services during the six-months ended June 30, 2021. The valuation was based on the following inputs:

	June 30, 2021
Estimated fair value per common share	\$0.17 to \$0.19
Exercise price of the option	\$0.11 to \$0.13
Expected volatility of the underlying common share	59.2% to 71.9%
Expected life of the option (in years)	4.2 to 4.5 years
Expected dividend yield	0.00%
Risk-free rate of interest	0.4% to 0.8%

	December 31, 2020
Estimated fair value per common share	\$0.17 to \$0.25
Exercise price of the option	\$0.13 to \$0.19
Expected volatility of the underlying common share	64.5% to 70.8%
Expected life of the option (in years)	4.6 to 5.0 years
Expected dividend yield	0.00%
Risk-free rate of interest	0.4%

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13. Warrant reserve *(continued from previous page)*

Finders' warrants

In 2020, the Group issued common share purchase warrants to consultants for services received in connection with the issuance of the Tranche 6 convertible loans (the "finders' warrants"). In aggregate, the finders' warrants entitle the holders to acquire common shares of the Company with a fair value of up to \$31,600, based on the price per share at the time of exercise.

The fair value of the services received, and the corresponding increase in equity, was measured directly at the fair value of the services received of \$31,600. The finders' warrants were recognized as a transaction cost in connection with the issuance of the Tranche 6 convertible loans (Note 7).

Other warrants issued for consulting services

In 2020, the Group issued 20,833 common share purchase warrants to a consultant for advisory services. The fair value of the services received, and the corresponding increase in equity, was measured directly at the fair value of the services received of \$5,000. The warrants are exercisable for a period of 10 years from the date of issuance.

During the six-months ended June 30, 2021, the Group issued 75,000 common share purchase warrants to a consultant for advisory services. The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase in equity, was measured by reference to the fair value of the warrants issued. The fair value of services received is being recognized as a share-based payment expense over the expected service period ending in June 2021. The valuation was derived using the Black-Scholes Merton valuation model based on the following inputs:

	June 30, 2021
Estimated fair value per common share	\$0.17 to \$0.19
Exercise price of the option	\$0.55
Expected volatility of the underlying common share	59.2% to 71.9%
Expected life of the option (in years)	5.0 years
Expected dividend yield	0.00%
Risk-free rate of interest	0.4% to 1.0%

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13. Warrant reserve *(continued from previous page)*

Warrants outstanding at the end of the period have the following expiry dates and exercise prices:

Warrants issued and outstanding - June 30, 2021				
Exercise prices	Grant dates	Expiry dates	Number of warrants	Weighted average remaining contractual life in years
			#	#
\$0.55	Jul 2020	Jul 2025	6,150,000	4.3
\$0.55	Feb 2021	Feb 2031	75,000	9.5
\$0.50	Jun 2020	Jun 2030	20,833	9.2

Warrants issued and outstanding - December 31, 2020				
Exercise prices	Grant dates	Expiry dates	Number of warrants	Weighted average remaining contractual life in years
			#	#
\$0.55	Jul 2020	Jul 2025	6,150,000	4.6
\$0.75	Jun 2020	Jun 2030	20,833	9.5

14. Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the annual financial statements. The capital structure of the Group consists of net debt (comprising convertible loans, short-term advances from related parties, and offset by cash) and equity (comprising share capital, reserves and deficit). The Group is not subject to any externally imposed capital requirements.

15. Financial instruments

In the normal course of business, the Group is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

Fair value

The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature, including the Group's convertible loans.

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15. Financial instruments *(continued from previous page)*

Credit and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not provide any guarantees which would expose the Group to credit risk. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's trade receivables are current and there has been no instance of default with any government-sponsored or funded healthcare program ("GHC Program") or third-party payor.

Since its incorporation, the Group has not incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Group's trade receivables was insignificant at June 30, 2021, and December 31, 2020.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Convertible loans and short-term advances from related parties bear interest at fixed rates or are non-interest bearing. Accordingly, the fair value of these financial liabilities could fluctuate because of changes in market interest rates.

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within one year	Later than one year and not later than five years	Later than five years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,919,326	-	-	1,919,326
Convertible loans	4,208,100	-	-	4,208,100
Due to related parties	630,133	-	-	630,133
	6,757,559	-	-	6,757,559

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15. Financial instruments *(continued from previous page)*

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use derivative instruments to reduce its exposure to foreign currency risk. The Group did not hold any significant balance of foreign currency denominated monetary assets and monetary liabilities at June 30, 2021, or December 31, 2020.

16. Share-based payments

		For the Six Months Ended June 30	
	Notes	2021	2020
		\$	\$
Share-based compensation			
- Stock options	12	183,815	61,261
- Class B common shares of CSIN	11	3,270	14,871
Issue of warrants for consulting services received	13		
- Advisory warrants (Tranche 1)		112,388	-
- Advisory warrants (Tranche 3)		100,827	-
- Other warrants		4,125	-
		404,425	76,132

17. Finance costs

		For the Six Months Ended June 30	
	Notes	2021	2020
		\$	\$
Interest and accretion on convertible loans	7	1,025,071	133,079
Other cash finance costs paid		16,977	3,585
		1,042,048	136,664

18. Gain (loss) on fair value remeasurement of derivative instruments

		For the Six Months Ended June 30	
	Notes	2021	2020
		\$	\$
Fair value gain (loss) on remeasurement of conversion option liability	7	736,191	(934,572)
Fair value gain on remeasurement of warrants	8	62,788	24,485
		798,979	(910,087)

19. Segment information

The Group is engaged in a single business activity and does not have multiple operating segments. The CEO is the Group's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Group as a whole, substantially in the form of, and on the same basis as, the Group's annual financial statements.

The Group's long-lived assets, consisting of property and equipment, are entirely located in the United States, and the Group's revenues were generated entirely within the U.S. geographic market for the periods ended June 30, 2021 and 2020.

20. Significant event

Dynamo Capital Corp.

On August 4, 2021, the Company entered into a merger agreement with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

Dynamo is a capital pool company and intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm's-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 73,530,609 common shares of CareSpan issued and outstanding on a fully diluted, post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,629,823 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,890,930 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% will be assessed on the brokered subscription receipts and shares equivalent to 3% will be assessed on the non-brokered subscription receipts and broker warrants between 3% and 8% will be due on the brokered and non-brokered subscription receipts upon completion of the transaction.

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.667 pre-consolidation Dynamo common shares as a condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan common share for approximately 0.29416 pre-consolidation CareSpan common shares as a condition to the completion of the transaction.

20. Significant event *(continued from previous page)*

Dynamo Capital Corp. (continued from previous page)

CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars ("C\$") of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

On August 4, 2021, the aggregate gross proceeds raised in the concurrent private placement are C\$3,581,442. The funds raised in connection with the concurrent financing are being held in escrow, subject to certain release conditions, including:

- (a) written confirmation from each of the Company and Dynamo to the Agent and the Subscription Receipt Agent that all conditions of the Transaction in accordance with the terms of the Transaction Agreement have been satisfied or waived, without any material amendment, other than release of the Escrow Funds and closing of the Transaction, which shall be completed forthwith upon release of the Escrow Funds;
- (b) the receipt of all shareholder, third-party and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Common Shares underlying the Subscription Receipts and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of Applicable Securities Laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on an Exchange, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrow Funds and such other matters as shall only happen at the closing of the Transaction;
- (e) the Company shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (f) Dynamo shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (g) the Company and the Agent shall have delivered the Release Notice to the Subscription Receipt Agent;
- (h) the Agent shall be satisfied with the "bring-down" of their due diligence review with respect to the business, assets, financial condition, affairs and prospectus of the Company, its subsidiaries and Dynamo with respect to the Transaction; and
- (i) such other customary escrow release conditions requested by the Agent, acting reasonably.

21. Events after the reporting period

Modification of Tranche 5 convertible loans

Subsequent to period end, the maturity date for all the Tranche 5 convertible loans was extended to September 30, 2021.

Modification of Tranche 6 convertible loans

Subsequent to period end, the maturity date for all the Tranche 6 convertible loans was extended to September 30, 2021, and the time to complete a Go-Public Transaction was extended to be within ten months from the last closing of the Offering.

Tranche 7 convertible note

On July 13, 2021, the Company issued a convertible note of \$400,000 to one of its directors. The note is unsecured, bears annual interest at 10% with principal and interest payable at maturity on January 13, 2022. The note contains an automatic conversion feature wherein if the Company completes an RTO, the note together with any accrued but unpaid interest is automatically converted into that number of fully paid and nonassessable common shares of the Company as is equal to the RTO Conversion Amount divided by the initial public offering price per share of the Company's common stock in such RTO.

SCHEDULE “D”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF CARESPAN FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019 AND FOR THE THREE AND SIX-MONTH PERIOD ENDED JUNE 30,
2021**

[see attached]



CARESPAN HOLDINGS, INC.

Management's Discussion and Analysis
For the years ended December 31, 2020 and 2019

November 5, 2021

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the years ended December 31, 2020, and 2019.

This MD&A should be read in conjunction with the Company's audited financial statements as at and for the years ended December 31, 2020, and 2019, including the notes thereto, all of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in US Dollars, unless otherwise identified. This MD&A is presented as of November 5, 2021, and is current to that date unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward looking-information, including such statements relating to:

- assumptions and expectations described in our critical accounting policies and estimates;
- our expectation regarding the adoption and impact of certain accounting pronouncements;
- our expectation regarding the growth rates of our subsidiaries' businesses;
- our estimates regarding our effective tax rate;
- our expectations regarding ability to acquire additional businesses to further our growth; and
- our expectations with respect to the sufficiency of our financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "would", "intend", "believe", "plan", "continue", "project", the negatives of these words or other variations on these words, comparable terms and similar expressions are intended to identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information are based on estimates and assumptions made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances. We provide forward-looking statements and forward-looking information to assist external stakeholders in understanding our management's expectations and plans relating to the future as of the date of this MD&A and such statements and information may not be appropriate for any other purposes. The forward-looking statements and forward-looking information in this MD&A are made as of the date of this MD&A only. We have no intention and undertake no obligation to update or revise any forward-looking statements or forward looking information, whether as a result of new information, future events or otherwise, except as required by law.

CareSpan has historically used a set of metrics when evaluating our operational and financial performance. We continually monitor, evaluate and update these metrics as required to ensure they provide information considered most useful, in the opinion of our management, to any decision-making based on CareSpan's performance. This section defines, quantifies and analyzes the key performance indicators used by our management and referred to elsewhere in this MD&A, which are not recognized under IFRS and have no standardized meaning prescribed by IFRS. These indicators and measures are therefore unlikely to be comparable to similar measures presented by other issuers.

COMPANY OVERVIEW

CareSpan Holdings, Inc. (the "Company" or "CareSpan") was formed in November 10, 2010, under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. ("Magellan") which was incorporated under the laws of the Republic of Panama on May 14, 2012. On August 31, 2015, Magellan filed articles of amendment wherein the name of the Company was changed to CareSpan Holdings, Inc. On May 7, 2020, the Company filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

Subsidiary	Jurisdiction	Date of Incorporation	Percentage of securities owned or controlled by CareSpan
CareSpan USA, Inc.	Nevada, USA	September 26, 2013	100%
CareSpan International Inc.	Republic of Panama	May 17, 2012	100% ⁽³⁾
CareSpan Integrated Networks Inc.	Nevada, USA	February 6, 2019	98% ⁽¹⁾
American Advanced Practice Network, P.C.	Iowa, USA	December 31, 2018	100% ⁽²⁾
American MedPsych Network, P.A.	Florida, USA	February 20, 2019	100% ⁽²⁾
Smart Care GmbH	Berlin, Germany	July 8, 2020	15%
CareSpan Asia Inc.	Salcedo Village, City of Makati, Philippines	October 9, 2020	50.1%

Notes:

- (1) CareSpan owns 50,000,000 (100%) Class A voting equity common shares. The remainder of 805,500 Class B non-voting equity common shares outstanding of CareSpan Integrated Networks are held by directors of AAPN and AMP and by consultants to CSIN. Pursuant to CSIN board resolutions, board members are granted shares for service served. During fiscal 2020, 391,500 Class B non-voting equity common shares were issued (2019: 414,000 Class B non-voting equity common shares). CareSpan controls 98% of CSIN (2019: 99%).
- (2) CareSpan does not legally own shares in American Advanced Practice Network, P.C. ("AAPN") or American MedPsych Network, P.A. ("AMP") as these are professional corporations which cannot have lay ownership. Shares of AAPN can only be owned by a Nurse Practitioner (an "NP"). Shares of AMP can only be owned by a licensed medical doctor. CareSpan controls AAPN and AMP through stock transfer agreements which provide that shares transferred to a new licensed clinician owner must be approved by CareSpan Integrated Networks Inc.
- (3) CareSpan International Inc. is dormant.

DESCRIPTION OF OUR BUSINESS

The CareSpan group of companies (the "Group") is a health care technology and service company. The Company's proprietary Clinic in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, patient electronic health records ("EHRs"), care collaboration capabilities, patient engagement, e-prescribing and lab ordering. CareSpan's platform seamlessly supports both in-person and virtual/telehealth care. CareSpan is using this platform, combined with essential business services, to build provider networks across the United States that deliver primary and urgent care, as well as behavioural health care. To date, CareSpan has over 60 practitioners practicing across its two networks.

Accounting Standards and Currency

CareSpan prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The functional currency is US dollars.

Principal Products and Services

CareSpan anticipates having two main sources of revenue: (i) revenue from its technology-enabled group practices/provider networks (e.g., AAPN and AMP), and (ii) revenue from licensing the CareSpan platform on a SaaS basis.

Tech-Enabled Group Practices/Provider Networks

CareSpan is focused on enabling the delivery of integrated digital care through its two "group practices without walls", AAPN and AMP. Most of CareSpan's revenue to date is derived from its group practices/provider networks. AAPN is a group practice consisting of independent NPs, mainly in primary and urgent care. AMP is comprised mainly of independent behavioral health practitioners, as well as primary and specialty physicians. Both AAPN and AMP are Variable Interest Entities ("VIEs") of CareSpan and, as such, their revenues roll up to CSIN, a subsidiary in which CareSpan holds approximately a 98% ownership interest. Members of AAPN and AMP bill under their respective Employer Identification Number, as applicable. However, in accordance with applicable legislation, AAPN, AMP and their members maintain clinical independence from CareSpan. The determination of AAPN and AMP as VIEs is a qualitative analysis based on power and benefits, and agreements between CareSpan and each of AAPN and AMP which govern operations and cash flows.

CSIN provides the CareSpan technology platform, as well as business services, to members of AAPN and AMP. These services include, among others, revenue cycle management, credentialing and payor enrollment, HIPAA compliance support, cash management, practice marketing, and group purchasing. In essence, CSIN is a "one-stop shop" for technology and business services for AAPN and AMP members. Currently, over 90% of collections are Fee-for-Service for patient care services (Centre for Medicare and Medicaid Services and private insurance reimbursement based on allowed Current Procedural Terminology ("CPT") codes) and less than 10% of collections are for Direct Primary Care. A flat fee is charged for platform and services provided. In addition, fees are also charged by CSIN to AAPN and AMP members for the use of technology and services to support RPM and Chronic Care Management ("CCM"), among others.

Fees-for-service ("FFS") is a form of payment to clinicians for the delivery of healthcare services on a line-item basis according to the coded service and the associated fee schedule authorized by the payer for each coded service. Traditionally, FFS represents the most common form for payment for medical care. Critics claim that the FFS mechanism encourages overprescribing and incentivizes volume of services rendered over outcomes.

Direct Primary Care is a form of capitated reimbursement for medical care delivery, specifically for primary care services. The payer (commonly the patient or employer) pays a flat monthly fee to the primary care provider for comprehensive primary care according to a delineated spectrum of services and for overall care management. Proponents cite the incentive to keep patients well using preventive

care measures, thus enabling the provider to maximize the monetary reward. Critics express concerns that patients may be undertreated as a consequence of capitated reimbursement.

Software-as-a-Service ("SaaS")

CareSpan is also engaged in licensing its cloud-based platform, CareSpan® Clinic, a proprietary internet-based telemedicine/telehealth and digital healthcare platform. The target market for this SaaS/subscription-based business includes health systems, group/individual practices, Accountable Care Organizations, self-insured employers and other risk-bearing entities, payors, and academia.

CareSpan generates revenue by charging a subscription fee per provider/user per month with additional revenues that can be generated through implementation fees, customization fees and additional products/services (such as RPM). While this business represents a small portion of CareSpan's total revenue to date, it is expected that based on current business development activity, it can be a meaningful contributor to CareSpan's growth.

SaaS customers include a group practice in Texas focused on occupational health and two institutions that are using CareSpan for nurse education. Currently, CareSpan has a growing pipeline of SaaS opportunities, including a partnership with a large systems integrator pursuing a major digital home health initiative with the Veteran's Administration.

Markets and Competitive Conditions

CareSpan operates in the US\$3.6 trillion United States healthcare industry primarily providing integrated digital care and services through its technology platform to members of AAPN and AMP. CareSpan's revenue is largely from an end-user base of clinics and other healthcare facilities digitizing their operations looking to improve patient health.

US Primary Health Care Market

Health care in the United States is provided by many distinct organizations, made up of insurance companies, healthcare providers, hospital systems, and independent providers (Rosenthal, 2013). Health care facilities are largely owned and operated by private sector businesses. In the U.S., most hospitals are community hospitals (84%) of which 57% are not-for-profit, 19% are state and local government managed, and 24% are investor owned for-profit. (American Hospital Association, 2021). Of the approximately 4,840 community hospitals operating in the US, two-thirds (65%) of community hospitals are urban (American Hospital Association, 2018).

As a percentage of the nation's gross domestic product ("GDP"), healthcare has increased from 5% in 1960 to 18% in 2020, nearly twice the OECD average of 9.8% (World Bank, 2018). Per capita healthcare spending exceeded US\$11,000 in 2018, approximately two times higher than Australia, France, Canada or the United Kingdom (OECD, 2019).

Despite the high spending levels, the U.S. population experiences worse health outcomes when compared with its international peers. In the U.S., life expectancy of 80 years is just below the OECD average of 81 years. The U.S. has the highest chronic disease burden and an obesity rate that is two times higher than the OECD average. Americans had fewer physician visits than peers in most countries, which may be related to a low supply of physicians in the U.S., and the highest chronic disease burden with about 28% of the population suffering from multiple chronic conditions of which many are preventable by modifying major risk factors (OECD, 2019).

CareSpan believes that much of the U.S.'s healthcare predicaments can be attributed to poor primary care access.

- The U.S. spends more on health care as a share of the economy — nearly twice as much as the average OECD country — yet has the lowest life expectancy and highest suicide rates among the 11 nations.
- The U.S. has the highest chronic disease burden and an obesity rate that is two times higher than the OECD average.
- Americans had fewer physician visits than peers in most countries, which may be related to a low supply of physicians in the U.S.
- In 2005, approximately 400,000 people provided primary medical care in the United States. About 300,000 were physicians, and another 100,000 were NPs and physician assistants. Yet primary care faces a growing crisis, in part because increasing numbers of U.S. medical graduates are avoiding careers in adult primary care. 65 million Americans live in what are officially deemed primary care shortage areas, and adults throughout the United States face difficulty obtaining prompt access to primary care. A variety of strategies are being tried to improve primary care access, even without a large increase in the primary care workforce (Thomas Bodenheimer 1, n.d.).
- Compared to peer nations, the U.S. has among the highest number of hospitalizations from preventable causes and the highest rate of avoidable deaths.

The U.S. ranks close to last in practicing physicians per capita compared to other OECD countries, with 2.6 physicians per every 1,000 people (OECD, 2021). With a population of approximately 332 million, about 83 million Americans live in primary care shortage areas (HRSA, 2021). Scoring criteria used to determine an underserved population include population-to-provider ratio (where the ratio of primary care providers to the population may range from 1 to 3,000 to 1 to 3,500), percent of population below 100% of the federal poverty level, high infant mortality, high elderly population, and travel time to the nearest source of care outside the designated area (HRSA, 2021). This shortage has contributed to a reduced number of average physician visits per capita in the U.S. of about 4, compared to the OECD average of 6.8 (OECD, 2019). The situation is anticipated to worsen with a projected shortfall of up to 139,000 physicians by 2033 (Boyle, 2020). The shortages have been felt even more acutely with the recent COVID-19 pandemic.

The Association of American Medical Colleges has noted that in addition to training more physicians, there is a need for a multipronged approach to address the shortage of physicians and the resulting gaps in care. This approach includes better use of technology, including training doctors and staff on how to use it to improve care and reach underserved populations. Critical to addressing these issues is expanding the care that doctors and other health care professionals can provide. Some states have expanded the roles of physician assistants and nurse practitioners (Boyle, 2020).

US Mental Health Market

CareSpan is also targeting the shortage in U.S. mental health providers. An estimated 26% of Americans ages 18 and older (about 1 in 4 adults) suffers from a diagnosable mental disorder in a given year (Hopkins Medicine, n.d.). About 57% of adults with mental illness are receiving no treatment (Hopkins Medicine, n.d.). Suicide rates in the U.S. are among the highest compared to other OECD countries with almost 14.5 deaths per every 100,000 people (OECD, 2019).

There are 120 million Americans who live in designated shortage areas for mental and behavioral health care. In these areas, there is less than one behavioral health provider per 30,000 people (HRSA, 2021).

Supporting Nurse Practitioners

Although CareSpan's technology platform is capable of supporting the needs of general practitioners and specialty practices, it has focused its go-to-market approach on NPs or advanced practice nurses ("APNs"). CareSpan believes that NPs represent perhaps the most viable option for the U.S. to address its primary care shortage. According to the Health Services and Resources Administration ("HRSA"), by 2030 there will be a primary care shortage of more than 120,000 physicians. According to the American Association of Nurse Practitioners, there are more than 325,000 NPs licensed in the U.S. 88.9% of NPs are certified in an area of primary care, and 70.2% of all NPs deliver primary care. Eight of the top ten healthiest U.S. states grant NPs full practice authority to address primary care needs. In comparison, the ten least healthy states restrict NPs from practicing independently and therefore are limiting patient access to care.

The U.S. has steadily been loosening the regulatory restrictions associated with allowing only physicians to provide primary care. There are 23 U.S. states plus Washington DC, the Indian Health Care Services, and the VA Health Care Services that allow NPs to practice independently without physician oversight. There are an additional 16 states that allow NPs to practice with reduced practice authority and another 11 states that permit NPs restricted practice authority.

Supporting Mental Health Providers

NPs are licensed, autonomous clinicians focused on managing people's health conditions and preventing disease. As an NP, they can specialize by patient population, including pediatric, adult-gerontological, and women's health. NPs may also subspecialize in areas such as dermatology, cardiovascular health, and oncology.

According to the HRSA, the U.S. is expected to have a shortage of more than 100,000 mental health professionals by 2025. The gaps between what is required and what is available include 57,000 psychologists, 48,000 social workers and 15,000 psychiatrists. CareSpan believes its holistic front office and back office platform can help mental health providers see more patients and achieve better health outcomes.

Complex Reimbursement System

With the full enactment of The Patient Protection and Affordable Care Act ("ACA"), Medicaid expansion in more than three-quarters of all states and the aging population driving Medicare growth, the U.S. government is playing an increasingly material role in U.S. health care economics. As a result, providers are faced with increased regulatory requirements and documentation to ensure proper reimbursement within reasonable timelines. Providers are also dealing with an ongoing shift to value-based reimbursement models through programs like the Medicare Access and CHIP Reauthorization Act ("MACRA") and Bundled Payment Care Initiative, which change the way that Medicare rewards clinicians for value over volume. We provide value to our provider network by managing through the complexity and allowing healthcare providers to focus on patient care.

Increased Consumerization of Healthcare

Healthcare patients having rising expectations on the cost, convenience and level of service they are receiving from their providers. Rising out of pocket expenses and higher technology utilization is driving the population away from passive patients to active consumers of healthcare. CareSpan has devoted considerable resources in building patient portals to ensure that providers can offer their populations the education and tools they require.

Global Healthcare Computing Technology Market

The COVID-19 pandemic is placing enormous strain on the global health care sector's workforce, infrastructure, and supply chain, and exposing social inequities in health and care. COVID-19 is also accelerating change across the ecosystem and forcing public and private health systems to adapt and innovate in a short-period. Governments, health care providers, payers and other stakeholders around the globe are being challenged to quickly pivot, adapt and innovate.

Several global health care sector issues stand out:

- digital transformation and interoperable data: personalized medicine and leveraging AI to provide real-time care interventions;
- socioeconomic shifts, with programs to focus on underserved populations;
- care model innovation, changing focus from acute care to prevention and well-being;
- utilization of remote staff (clinical and non-clinical);
- rapid adoption of virtual health and digital innovations; and
- the need to improve chronic disease management and to leverage technology as a means to reduce the burden of costs.

These issues have given rise to an increased demand for preventive/primary and behavioral health care, and the use of digital capabilities and analytics/artificial intelligence ("AI") to support in-person and telemedicine delivery and clinical workflow efficiency. COVID-19 has only accelerated an existing trend and necessitated a steep rise in demand for digital remote patient monitoring (mainly to continuously track indicators to help stem adverse effects of chronic illness).

COVID-19 has been a driver and accelerator of health care digital innovation in 2020. The pandemic concurrently has exposed a growing gap between the demand for health care and the supply of staff and other resources, and it has crystallized stakeholder awareness that widespread adoption of digital technologies is critical to help close that gap. As a result, many digital initiatives that have been in the works for years are coming to fruition in months. Health care organizations today are transitioning to health IT systems powered by cloud computing and data and analytics tools to enable real-time, smart digital health. Increasing government initiatives are expected to fuel the demand for healthcare cloud computing during the forecast period. In order to implement innovative technologies, such as electronic health records, governments of countries around the world focus on providing healthcare infrastructure with financial advantages. Government agencies are willing to take a faster direction in the traditionally slow healthcare system, realizing that emerging technology will boost patient care.

Cloud computing technology is forecast to be an effective solution to improve health systems' IT infrastructure and reduce costs, due to its ability to process and deliver data in an efficient, collaborative manner and analyze data into meaningful information. Cloud enables health care organizations to move from a highly centralized approach in which each organization acquires and maintains the requisite hardware, software, and staff, regardless of whether the resources are used at full capacity, to a decentralized approach in which they have real-time, easy-to-use, remote access to data, paying cloud service providers only for what they use—storage, applications (SaaS), or infrastructure services.

The global healthcare cloud computing market size is estimated to surpass US\$65 billion by 2027, growing at a rate (CAGR) of roughly 17.8% (Precedence Research, Globe Newswire, 2020). The North American market is estimated to be 41% of the total or approximately US\$31 billion.

CareSpan's Clinic-in-the-Cloud is a cloud-based, integrated digital care platform that is scalable worldwide and enables medical providers to manage and optimize medical care outcomes. It is a complete, HIPAA-compliant platform for out-patient care that contains an integrated set of digital tools, features and functions and meets U.S. and global standards for security, privacy and data management.

Competitive Conditions

The market for primary care and behavioral health in the U.S. is characterized by a massive shortage of provider capacity. The major competitors for AAPN and AMP are other primary care and mental health care providers and/or provider groups. Since most AAPN and AMP members are independent practitioners, the competitors in their respective areas tend to be the large hospitals and health systems. However, as there is a general shortage of provider capacity, the competitive threat is relatively low. This would vary, however, on an individual/case-to-case basis.

For CareSpan's SaaS business, there is relative competitive intensity in the health information technology ("IT") industry, depending on the sub-sector. The health IT industry can be characterized as being in a state of high growth and continuous innovation. It is currently impacted by the following:

- constant collaborations and alliances, mergers and acquisitions (driven further by opportunities resulting from the COVID-19 pandemic);
- a rise in technological advancements to improve IT infrastructure, such as the implementation of internet of things, AI and big data, as well as the rapid advancement of smartphone technology;
- the increasing prevalence of chronic diseases (mainly hypertension, diabetes, cancer and congestive heart failure); and
- an increasing geriatric and pediatric population, and rising demand for home healthcare.

CareSpan's Competitive Advantage

CareSpan is well-positioned to capitalize on its integrated set of capabilities. The platform is architected to enable the efficient integration of current and future digital capabilities that improve out-patient care. CareSpan is continuously developing proprietary functions and capabilities (such as disease-specific analytics and protocols), and is also able to incorporate leading-edge third-party tools and programs seamlessly into its platform. This open architecture makes CareSpan unique and well-posed for growth.

The CareSpan Clinic enables both patients and clinicians to engage in clinical encounters, regardless of the distance between them, from any modern computing device (desktop, laptop, tablet or smartphone) with an HTML-5-compliant browser (e.g., Chrome, Firefox, Safari, Edge) regardless of operating system and without any installed software. The only requirement is an Internet connection, including 4G/5G, WiFi, etc., with moderate bandwidth (minimum 500Kbps up/down). The CareSpan Clinic, among its hundreds of features, contains a complete EHR with HL7 Fast Healthcare Interoperability Resources and Consolidated Clinical Document Architecture exchange capabilities for interoperability with other modern EHRs. Multi-channel audio-video and a complete set of clinical care tools such as e-prescribing, diagnostic interfaces, ordering, capture, annotation and storage of sound files, images, electrocardiogram and spirometry tracings, multiple behavioral/mental health evaluations, patient education, remote monitoring and multi-specialist consulting.

Further, the CareSpan Clinic fosters efficient clinical workflow with dynamic documentation, voice recognition, multiple languages and software assisted coding. Efficient clinical workflow is designed to minimize or eliminate off-hours charting by providers.

Key to our strategy is developing the tools to support the following areas:

	Opportunity
Mental health	Through speciality exams and assessments, enhance support for psychiatric services and integrated health
Care continuity	Develop functionality for a care continuity platform
Enhanced telemedicine	Increase virtual visits and improve operational processes through a waiting room, patient portal and scheduling.
Care gap closure	Payer contracts Expand on RPM / CCM
Patient engagement	Increase visits and patient engagement through a additional functionality added to the patient portal, education and mobile apps.
Billing	Launch an integrated billing module

Many of the above milestones interlap, The target technology milestones are:

Milestone	Target Date	Delivered
CareSpan 2.0 Release	Q2 2021	June 2021
Mental health platform Enhanced telemedicine RPM platform	Q3 2021	TBD
Care continuity center	Q4 2021	TBD
Increased patient engagement Integrated billing	Q1 2022	TBD

In addition to the above goals, CareSpan will be working towards several milestones including:

- Ending the year with 70+ network providers
- Generate revenues of approximately \$6 million in 2021

Significant Events During 2020

On May 7, 2020, the Group filed a Certificate of Corporate Domestication to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United State of America.

On August 10, 2020, the board of directors extended the expiry date of its issued and outstanding common share purchase warrants (excluding those warrants previously issued as a share-based

payment) from August 15, 2020, to the earlier of (i) March 31, 2021, or (ii) the date on which the Group consummates a go-public transaction.

In 2020, the Group issued additional Tranche 4 convertible loans in the aggregate principal amount of \$318,100.

In 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$750,000, bearing interest at a rate of 10% per annum (the "Tranche 5" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on December 31, 2020.

In June 2020, all previously issued and outstanding convertible loans were amended to align with the terms of the Tranche 5 convertible loans, as described above. Furthermore, the maturity date of all previously issued and outstanding convertible loans was amended to be June 30, 2021.

In November 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2021.

On July 17, 2020, the Group, together with ICME International AG ("ICME"), formed Smart Care GmbH ("CareSpan Europe"), a company domiciled in Germany. The Group holds a 15.0% voting equity interest in CareSpan Europe. Pursuant to the terms of a Joint Venture and Cooperation Agreement between the Group and ICME, CareSpan Europe will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to markets in Europe, the Middle East and Africa.

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. Pursuant to the terms of a Joint Venture Agreement between the Group and Argosy Partners, Inc., CareSpan Asia will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets.

On December 23, 2020, the Company entered into a letter of intent with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

In 2019, we launched American MedPsych Network, PA, whose doctor and therapist members deliver both primary care and mental/behavioral health. We also launched CareSpan Integrated Networks, Inc., the CareSpan-owned management services organization (MSO) for exclusive business and digital care infrastructure support to its affiliated professional corporations American Advanced Practice Network and American MedPsych Network. In 2019, we added further platform functionality, including remote patient monitoring, in order to be able to serve nurse health providers on our network. We signed our first nurse practitioner providers in 2019 and recorded initial patient service revenues of \$36,501 in Fiscal 2019.

In 2020, CareSpan began to generate meaningful revenue from its management services organization ("MSO") which provides exclusive business and digital care infrastructure support to its affiliated professional corporation "group practices without walls". AAPN is for NPs delivering primary care, and AMP is for doctor and therapist members delivering both primary care and mental/behavioral health care. These two CareSpan-affiliated national group practices included more than 50 practitioners at year end. Examples of network members include the Quick Care clinics, a multi-million dollar chain of urgent care locations in South Dakota established and managed by the President of AAPN, Melissa Magstadt, and Modern Day Healthcare, a healthcare network owned by Annie Donaway with a

presence in six states which delivers telehealth care to patients with chronic medical conditions in rural areas and small towns. Through its affiliated professional corporations, the CareSpan Clinic is operational today in more than twenty U.S. states.

COVID - 19 Pandemic Update

As the COVID-19 Pandemic continues to affect the global economy, we have continued to take active steps in each of our business segments to protect our employees and business operations as further described below. Protecting our Employees, Customers, and Communities The health and safety of our stakeholders remains critical to CareSpan.

During the past year, we have continued to employ proactive measures such as providing for work from home, eliminating travel and closely following the guidelines issued by applicable health and regulatory authorities. Our human resource policies have evolved to respond to questions or concerns from our employees while continuing to explore opportunities to return to an "in office" work environment.

Operations

To date, our companies remain in full operation and continue to execute on the delivery of existing customer mandates, while also working to build and sustain business pipelines and advance new opportunities through their respective sales cycles. Our companies are considered to be "essential", and as expected, the enhanced precautions being taken, and the broader dynamic of the current business environment, has not resulted in any significant delay in the delivery of technology development or in services provided.

SELECTED CONSOLIDATED ANNUAL RESULTS

	Year ended December 31		
	2020	2019	2018
Revenue	3,438,561	49,501	34,496
Net loss from operations	(3,924,558)	(1,094,532)	(1,298,560)
Net loss	(5,905,968)	(961,727)	(1,275,597)
Loss per share, basic and diluted	(0.28)	(0.05)	(0.07)
Total assets	2,460,361	33,589	33,007
Non-current financial liabilities	Nil	39,992	16,851

For the year ended December 31, 2020

Since the corporate reorganization in 2012, CareSpan has been focused on the design and development of the proprietary software and other intellectual property. CareSpan had an operating loss of \$3,924,558 and a total comprehensive loss of \$5,898,971 for the period ended December 31, 2020 (2019: \$1,094,532 and \$961,727). CareSpan has accumulated a deficit to December 31, 2020, of \$11,720,003 and expects to incur further losses in the development of its business.

CareSpan has not yet generated any profit and has funded its operations from capital raises. The Company will continue to rely on third party financing until it generates sufficient revenue from operating activities. To date, the Company has been successful in raising third party financing, however there is no assurance that we will continue to have access to capital. See "Risk Factors".

- Revenues: CareSpan recorded \$3,438,561 in revenues from patient services and licenses (2019: \$49,501) and its efforts to go from concept to commercialization have been demonstrated by the growth of revenue.
- Practice fees: CareSpan recorded \$2,885,878 in practice fees (2019: \$34,281). These practice fees are related to revenues generated by patient service revenues.

- Consultants and subcontractors: CareSpan recorded \$1,166,748 (2019: \$424,086) in consultant and subcontractor expenses during the year. All personnel employed by CareSpan in 2020 were considered consultants and contractors. The remuneration of key management personnel, including directors and officers, represented most of the total fees paid to consultants and contractors.
- Share-based compensation: The Company recorded \$1,001,835 during the year (2019: \$375,851) in share-based compensation payments to key management personnel, including directors and officers. CareSpan's stock option plan allows the Company to issue up to 7.5 million options that each convert into one common share. As at December 31, 2020, the number of issued and outstanding options totaled 6,935,683 and were 564,317 options available for grant.
- Legal and professional fees: The Company recorded \$741,860 during the year. This spend pertains to various legal and accounting costs related to general bookkeeping, tax preparation and various financing activities.
- Salaries and benefits. Prior to 2020, the Company engaged workers as consultants and subcontractors. In December 2020, the Company entered into employment agreements with certain executives and other individuals.

For the Year Ended December 31, 2019

The net loss and total comprehensive loss for the year ended December 31, 2019, was \$961,727 (\$0.05 per share) compared to a net loss and total comprehensive loss of \$1,275,597 (\$0.07 per share) for the year ended December 31, 2018. The decrease in loss is attributable to a modest increase in revenues to \$49,501 (December 31, 2019) from \$34,496 (December 31, 2018) as the Company revenue shifted from its model from software subscription revenue to patient care revenue. Additionally, operating expenses decreased by \$189,023 as compared to the year ended December 31, 2018, due to lower share-based compensation \$278,196 and higher gain on fair value remeasurement of derivative instruments \$119,437 offset by higher finance costs \$45,632, higher practice salaries and benefits \$34,281 and higher legal and professional fees \$23,248.

- Consultants and subcontractors: The Company recorded \$424,086 in Fiscal 2019 expenses. All personnel engaged by CareSpan in Fiscal 2019 were considered consultants and contractors. The remuneration of key management personnel, including directors and officers, represented the majority of the total fees paid to consultants and contractors.
- Share-based compensation: The Company recorded \$375,851 in Fiscal 2019 expenses. The majority of this expense (\$357,506) was related to the share-based payments to key management personnel, including directors and officers. CareSpan's stock option plan allows the Company to issue up to 7.5 million options that each convert into one common share. As at December 31, 2019, the number of issued and outstanding options totaled 6,480,683.
- Legal and professional fees: The Company recorded \$105,620 in Fiscal 2019 expenses. This spend pertains to various legal and accounting costs related to general bookkeeping, tax preparation and various financing activities.

SELECTED CONSOLIDATED QUARTERLY RESULTS

For the quarter ended	Revenue	Net loss from operations	Net loss	Loss per share, basic and diluted	Total assets	Non-current liabilities
31-Dec-20	1,869,538	2,600,251	2,588,614	0.11	2,460,361	Nil
30-Sep-20	668,987	604,646	1,441,401	0.07	408,023	Nil
30-Jun-20	415,616	441,107	1,443,150	0.07	433,425	Nil
31-Mar-20	484,420	278,554	432,803	0.02	790,970	39,992
31-Dec-19	31,683	636,049	595,427	0.03	33,589	39,992
30-Sep-19	10,817	109,159	109,159	0.01	45,794	16,851
30-Jun-19	2,000	127,997	125,997	0.01	18,047	16,851
31-Mar-19	4,000	135,144	131,144	0.01	38,503	16,851

Historically, our operating results have fluctuated on a quarterly basis and we expect that quarterly results will continue to fluctuate in the future. Operating results for interim periods should not be relied upon as an indication of the results to be expected or achieved in any future period or any fiscal year as a whole. The risk factors affecting our revenue and results, many of which are outside of our control,

Additionally in 2020, CareSpan signed two international joint venture partnership agreements:

- EMEA** – CareSpan entered into a Joint Venture and Cooperation Contract with SmartCare GmbH ("SmartCare") in July 2020 for the establishment of CareSpan Europe and related international business development by and through ICME GmbH Management Consultants Munich, a German limited liability company and a subsidiary of ICME International AG, Switzerland, and an early seed investor into CareSpan. The joint venture agreement created a European-based business, SmartCare, owned jointly between the parties to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the EU, the Middle East and Africa ("EMEA"). CareSpan owns 15% of the share capital of the joint venture and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in the EMEA territory for the fifteen-year term of the agreement.
- Asia-Pacific** – CareSpan entered into a Joint Venture Agreement with Argosy Partners, Inc. for the establishment of CareSpan Asia Inc. in October 2020. CareSpan and Argosy Partners, Inc. to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. CareSpan has a 50.1% interest in the joint venture company, CareSpan Asia, and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in member countries of the Association of South-East Asian Nations, Japan, Australia, India and Bangladesh for the five-year term of the agreement.

CAPITAL AND LIQUIDITY

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic acquisitional growth, pay dividends, and, from time to time, return capital to shareholders, while maintaining an adequate return for shareholders. The Company defines its capital as cash, the aggregate of cash and cash equivalents, short-term investments, restricted short-term investments, bank indebtedness, current and long-term debt, and shareholder's equity.

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may issue new shares, or raise or retire the debt. In the current year, CareSpan conducted the following transactions:

- On August 10, 2020, the board of directors extended the expiry date of its issued and outstanding common share purchase warrants (excluding those warrants previously issued as a share-based payment) from August 15, 2020, to the earlier of (i) March 31, 2021, or (ii) the date on which the Group consummates a go-public transaction.
- In 2020, the Group issued additional Tranche 4 convertible loans in the aggregate principal amount of \$318,100.
- In 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$750,000, bearing interest at a rate of 10% per annum (the "Tranche 5" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on December 31, 2020.
- In June 2020, all previously issued and outstanding convertible loans were amended to align with the terms of the Tranche 5 convertible loans, as described above. Furthermore, the maturity date of all previously issued and outstanding convertible loans was amended to be June 30, 2021.
- In November 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2021.
- On July 17, 2020, the Group, together with ICME International AG ("ICME"), formed Smart Care GmbH ("CareSpan Europe"), a company domiciled in Germany. The Group holds a 15.0% voting equity interest in CareSpan Europe. Pursuant to the terms of a Joint Venture and Cooperation Agreement between the Group and ICME, CareSpan Europe will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to markets in Europe, the Middle East and Africa.
- On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. Pursuant to the terms of a Joint Venture Agreement between the Group and Argosy Partners, Inc., CareSpan Asia will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets.
- On December 23, 2020, the Company entered into a letter of intent with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

For the year ended December 31	2020	2019	2018
Net cash used in operating activities	(1,703,515)	(628,336)	(574,363)
Net cash used in investing activities	(21,451)	(1,523)	(2,705)
Net cash proceeds from financing activities	3,192,951	612,100	245,000
Net increase (decrease) in cash	1,467,984	(17,759)	(332,068)
Cash – beginning of the year	6,693	24,452	356,520
Effects of exchange rate changes on cash held in foreign currencies	(500)	-	-
Cash – end of the year	1,474,177	6,693	24,452

Cash used in operating activities

During fiscal 2020, CareSpan used cash of \$1,703,515 in operating activities (2019: \$628,336). The increase in cash used is primarily due to an increase in practice fees, consultants and subcontractors as the company moved to enhance the CareSpan platform, legal and professional fees related with the effort to go-public offset by an increase in revenue compared to fiscal 2019.

Cash used in investing activities

During fiscal 2020, the Company used cash of \$21,451 in investing activities (2019: \$1,523) primarily due to investment in SmartCare.

Cash from financing activities

During fiscal 2020, the Company received cash from financing activities of \$3,192,951 (2019: \$612,100) consisting primarily of proceeds from issuance of convertible loans of \$3,068,100.

Working capital

CareSpan had a working capital \$658,415 for the year ended December 31, 2020 (2019: working capital deficiency \$255,433).

For the year ended December 31	2020	2019	2018
Cash	1,474,177	6,693	24,452
Accounts receivable	834,308	18,889	1,000
Prepaid expenses	147,225	5,000	5,000
Accounts payable and accrued liabilities	1,457,024	63,915	44,350
Due to related parties	340,271	222,100	25,000
Working capital (deficiency)	658,415	(255,433)	(38,898)

The following transactions, which are in current liabilities, have been excluded from the working capital calculation as it is management's intent to convert the convertible loans and secured notes to shares as part of the go-public transaction. Had the transactions below been included, there would have been a working capital deficiency of \$5,939,195 (2019: 1,370,543).

For the year ended December 31	2020	2019	2018
Convertible loans	3,763,936	990,319	522,464
Derivative conversion option	2,647,304	100,306	180,298
Warrant liability	186,370	24,485	85,696

CAPITAL RESOURCES

No significant or material capital requirements are anticipated for the next 18 months. CareSpan's business growth will be underpinned through the development of its platform which is maintained on cloud-based servers.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2020, there were no off-balance sheet arrangements.

OUTSTANDING COMMON SHARE DATA

Authorized

On May 7, 2020, the Group filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America. Since filing its articles of incorporation with the State of Delaware, the Company is authorized to issue:

- 100,000,000 common shares; and
- 20,000,000 preferred shares.

At no time has the Company issued preferred shares as a Delaware corporation.

Prior to filing its Certificate of Corporate Domestication, the Company was authorized to issue:

- 30,000,000 common shares; and
- 5,000,000 Series A Preferred shares.

The voting, dividend, and liquidation rights of the holders of common shares were subject to and qualified by the rights, powers and preferences of the holders of Series A Preferred shares.

Voting

Subject to the rights of the Series A Preferred shares, each holder of common shares was entitled to one vote for each share held at all meetings of the shareholders.

On any matter presented at a meeting of the shareholders, each holder of Series A Preferred shares was entitled to the number of votes equal to the number of common shares into which the Series A Preferred shares were convertible as of the record date for determining shareholders entitled to vote on such matter. The holders of Series A Preferred shares voted together with the holders of common shares as a single class and on an as-converted basis.

Dividends

The holders of Series A Preferred shares were entitled to receive, if and when declared by the board of directors, a dividend at a rate of \$0.054 per annum per share, as adjusted for any stock split, stock dividend, combination or other recapitalization. Such dividend was not cumulative, and no right accrued to the holders of Series A Preferred shares by reason of the fact that dividends were not declared in any prior period.

Had dividends in the full preferential amount as described above been paid in any calendar year, and the board of directors declared additional dividends, then the holders of common shares and Series

A Preferred shares would have shared rateably in the distribution of any such additional dividends, as a single class on an as-converted basis.

Preference on liquidation

In the event of any liquidation, dissolution or winding up of the Group, the holders of Series A Preferred shares were entitled to receive, prior and in preference to any distribution of any assets of the Group to the holders of common shares, an amount per share equal to the greater of:

- (i) The original price per share paid (the "Series A Original Issue Price"), plus any dividends declared but unpaid thereon; or
- (ii) The amount per share as would have been payable had all shares of Series A Preferred shares been converted into common shares immediately prior to such liquidation, dissolution or winding up of the Group.

Upon satisfaction of the preference described above, the holders of Series A Preferred shares were entitled to share in the remaining assets of the Group rateably with the holders of common shares.

Redemption

The common shares are not redeemable. Similarly, the Series A Preferred shares were not redeemable.

Conversion

Each Series A Preferred share was convertible, at the option of the holder, at any time and without payment of additional consideration, into such number of common shares as was determined by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of conversion. The Series A Conversion Price was defined as \$0.90 per share, subject to adjustment for certain corporate events.

The Series A Preferred shares would have automatically converted into common shares, at the then effective Conversion Price, upon the occurrence of:

- a public listing of the Group's equity securities at a price per share of \$5.00 or more which resulted in aggregate cash proceeds of \$17,000,000 (net of underwriting discounts and commissions); or
- an agreement of the holders of a majority of the then outstanding Series A Preferred shares.

Classification and measurement

The Series A Preferred shares represented a compound instrument, consisting of an equity host contract and a derivative conversion option.

The Group evaluated the conversion option under IAS 32 *Financial Instruments: Presentation*. The terms that allow for an adjustment to the Conversion Price provided the holders of Series A Preferred shares with anti-dilutive protection that resulted in a transfer of value from the existing holders of common shares. The variable Conversion Price resulted in a potentially variable number of common shares issuable upon conversion of the Series A Preferred shares. Consequently, management concluded that the conversion option did not meet the definition of equity and classified the conversion option as a separate, free-standing derivative at FVTPL.

The Series A Preferred shares were first issued in 2015. Upon issuance, each holder of Series A Preferred shares also received an equal number of common share purchase warrants (Note 8). Consequently, the consideration received in exchange for the Series A Preferred shares was allocated between the equity component, conversion option and the common share purchase warrants. This allocation was made upon initial recognition of the Series A Preferred shares and was not subsequently revised. The method used was as follows:

- firstly, the fair value of each derivative component (consisting of the conversion option and common share purchase warrants) was estimated on a stand-alone basis and the resultant fair value established the amount of proceeds allocated to those instruments;
- secondly, the residual amount, being the difference between the total consideration received from the issuance and the fair value of the derivative components, was allocated to the equity component.

Subsequent to initial recognition, the conversion option and common share purchase warrants have been remeasured to fair value at each reporting date. The carrying amount of the equity component was not subsequently remeasured.

Based on the estimated fair value of the Company's common shares at the time when the Series A Preferred shares were issued, the economic payoff that a shareholder would have realized by converting their Series A Preferred shares into common shares was less than the estimated fair value of the Series A Preferred shares. Consequently, the conversion option would not provide any financial benefit to the shareholder at that time. As the fair value of the underlying common shares decreased over time, so did the fair value of the Series A Preferred shares. As a result, the fair value of the common shares issuable upon conversion of the Series A Preferred shares was consistently less than the fair value of the Series A Preferred shares at any given time. For this reason, the fair value of the conversion option on initial recognition, and at each reporting date thereafter, was estimated to be \$nil.

Issued

Common shares

The following schedule shows the movement in common shares:

	#	\$
Balance, January 1, 2019	19,373,628	2,307,518
Issue of common shares for consulting services received	40,000	20,000
Balance, December 31, 2019	19,413,628	2,327,518
Issue of common shares upon conversion of Series A Preferred shares	2,594,820	1,131,386
Issue of common shares for consulting services received	96,109	16,627
Share issue costs	-	(5,325)
Balance, December 31, 2020	22,104,557	3,470,206

On April 27, 2020, the holders of Series A Preferred shares agreed to a motion (based on a majority vote) proposed by the board of directors to convert all issued and outstanding Series A Preferred shares into common shares of the Company on the basis of one common share for every 0.9 Series A Preferred shares. All preferential rights of Series A Preferred shares were revoked from the Company's articles of incorporation.

In 2020, the Company issued 96,109 (2019 – 40,000) common shares to a shareholder of the Company as settlement of amounts owed to the individual for services performed in relation to the placement of the Company's equity instruments in prior years. The fair value of the services received could not be estimated reliably. Accordingly, the fair value of the services received, and the corresponding increase

in equity, was measured by reference to the fair value of the common shares issued. The cost of the services received in respect of the 40,000 common shares issued in 2019 was previously accrued for at January 1, 2018. The issuance of 96,109 common shares in 2020 was recognized as an expense upon finalizing the terms of settlement, recorded in the line item 'share-based payments' in the consolidated statement of loss and comprehensive loss for the year.

Series A Preferred shares

The following schedule shows the movement in Series A Preferred shares:

	#	\$
Balance, January 1, 2019 and December 31, 2019	2,335,338	1,131,386
Cancelled upon conversion into common shares	(2,335,338)	(1,131,386)
Balance, December 31, 2020	-	-

Non-controlling interests

CareSpan Integrated Networks Inc.

The Company's subsidiary, CareSpan Integrated Networks Inc. ("CSIN"), is authorized to issue:

- 80,000,000 class A common, voting shares; and
- 20,000,000 class B common, non-voting shares.

The Company owns 100% of class A common shares. The class B common shares are held entirely by officers and employees of the Group. The following table shows the movement in the issued share capital of CSIN:

	Class A common voting shares #	Class B common non-voting shares #	Total #
Balance, January 1, 2019	-	-	-
Issued upon incorporation of CSIN	50,000,000	-	50,000,000
Issued as share-based compensation	-	414,000	414,000
Balance, December 31, 2019	50,000,000	414,000	50,414,000
Issued as share-based compensation	-	399,500	399,500
Balance, December 31, 2020	50,000,000	813,500	50,813,500

In 2020, the fair value of class B common shares issued as share-based compensation totaled \$54,255 (2019 - insignificant).

CareSpan Asia Inc.

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. Pursuant to the terms of a Joint Venture Agreement between the Group and Argosy Partners, Inc., CareSpan Asia will leverage the Group's virtual clinic medical care delivery platform to provide digitized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. In connection with the formation of CareSpan Asia Inc., Argosy Partners Inc. and CareSpan Holdings, Inc. each made a \$100,000 capital contribution, the proceeds of which are being used to fund working capital requirements of the business.

The following schedule shows the movement in the non-controlling interest during the year:

	\$
Balance, January 1, 2019	-
Net loss and total comprehensive loss	(1)
Balance, December 31, 2019	(1)
Capital contribution made by Argosy Partners, Inc.	100,000
Net loss and total comprehensive loss	(117,081)
Balance, December 31, 2020	(17,082)

RELATED PARTY TRANSACTIONS

For the year ended December 31	2020	2019	2018
ICME International AG	18,310	-	-
Short-term advances	21,961	222,100	5,000
Compensation payable to directors and officers	300,000	-	-
Payable for consulting services	-	-	20,000
	340,332	222,100	25,000

The amount owed to ICME International AG relates to its investment in SmartCare. In 2020, the Group recognized \$18,310 of its share of losses incurred by SmartCare in the consolidated statement of loss and comprehensive loss. To-date, the Group's share of losses of SmartCare exceed the Group's interest in the investee. Accordingly, the Group discontinued recognizing its share of further losses in SmartCare. The unrecognized share of losses of SmartCare for 2020, and cumulatively at December 31, 2020, totalled \$38,534.

Short-term advances were received from key management personnel and others to support the Group's working capital requirements.

Compensation payable to directors and officers were to bonus accruals pursuant to certain employment agreements signed in December 2020. In July 2021, certain directors and officers agreed to cancel \$225,000 of the bonuses payable.

Amounts due to related parties are unsecured, non-interest bearing and payable on demand.

Key Management Personnel

During the year ended December 31, 2020, 459,000 options (2019 - 204,000, 2018 - 3,862,319) were granted to directors and key management members as a means for compensation, retention and incentives.

At December 31, 2020, a total of \$21,961 (2019 - \$222,100) in short term advances were received from key management personnel and others to support the Company's working capital requirement which were exchanged for convertible loans.

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	2020	2019	2018
	\$	\$	\$
Short-term benefits	892,250	304,745	346,649
Share-based payments	590,561	357,506	650,207
	1,482,811	662,251	996,856

Short-term benefits consist primarily of consulting fees paid to directors and officers, recognized in the line item 'consultants and subcontractors' in the consolidated statements of loss and comprehensive loss. Share-based payments were recognized in the line item 'share-based payments' in the consolidated statements of loss and comprehensive loss. The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

Convertible loans

	Related party	Other debtholders	Total
Tranche 5	958,100	1,250,000	2,208,100
Tranche 6	170,500	1,829,500	2,000,000
	1,128,600	3,079,500	4,208,100

Tranche 5

The Group issued a series of convertible loans during the period from 2017 to 2020 in the aggregate principal amount of \$4,208,100. These convertible loans were issued in separate tranches, whereas each tranche provides the lenders with a different combination of rights and privileges with respect to maturity date and conversion of unpaid principal and accrued interest thereon into equity securities of the Group. However, on March 16, 2020, the terms of all previously issued tranches of convertible loans were amended to align with the rights, privileges, terms and conditions of Tranche 5. Tranche 5 terms and conditions include: interest at a rate of 10% per annum where the principal amount, together with accrued interest, is payable upon maturity. The terms of the Tranche 5 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Financing Event. A Financing Event is defined as an event in which the Group issues equity securities resulting in aggregate gross proceeds of \$5,000,000 or more. Upon the occurrence of a Financing Event, the Conversion Amount shall automatically convert into equity securities at a price per share equal to 50% of the price per share issued in connection with the Financing Event.

If there is a Change in Control or an IPO, the holders of the Tranche 5 convertible loans are entitled to receive any accrued interest plus 1.25 times the principal amount outstanding. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company. IPO refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange.

On June 30, 2020, the holders agreed to fix the maturity date of the Tranche 5 convertible loans to be June 30, 2021 (see "Subsequent Events")

Tranche 6 convertible loans

In November 2020, the Group issued a series of convertible bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans). The principal amount, together with accrued interest, is payable upon maturity on June 30, 2021. The terms of the Tranche 6 convertible loans provide for automatic conversion of the unpaid principal amount and any accrued and unpaid interest thereon (the "Conversion Amount") into equity securities upon the occurrence of a Go-Public Transaction. A Go-Public Transaction refers to an underwritten public offering by the Company of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering which results in the securities of the Company being listed for trading on a stock exchange.

Upon the occurrence of a Go-Public Transaction, the Conversion Amount shall automatically convert into equity securities at a price per share equal to the lesser of: (i) 75% of the price per share issued in connection with the Go-Public Transaction; and (ii) the price per share that reflects a Group valuation of \$15,000,000.

If there is a Change in Control, the holders of the Tranche 6 convertible loans are entitled to receive, at their election (i) a cash payment of any accrued interest plus 1.25 times the principal amount outstanding (the "Redemption amount"), or (ii) such number of the Company's common shares that is equal to the Redemption Amount divided by the price per share of the Company's common shares in such Change of Control transaction. Change in Control means (i) a merger or consolidation of the Group with another entity which results in a change in voting control of the Company or the acquisition of the Company by another entity by means of share purchase or share exchange, or (ii) the disposition of all or substantially all of the assets of the Company, provided that a Change of Control does not include a Go-Public Transaction.

If a Penalty Event (as defined below) occurs:

- the Company must issue warrants to the holders of the Tranche 6 convertible loans of an amount equal to 100% of their invested capital (the "Penalty Warrants");
- the maturity date of all Tranche 6 convertible loans shall become due on demand; and
- the discount rate applicable to the conversion feature shall be changed to 50%.

The Penalty Warrants shall have a 5-year term and exercise price calculated on a fully-diluted equity valuation of the Company of \$6,500,000. A Penalty Event is defined as any of the following:

- the Company does not complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering;
- the Company does not enter into employment agreements with certain key management personnel within 10 days of the last closing of the Tranche 6 convertible loan offering; or
- the Company does not enter into a letter of intent or initiate a direct listing process on the TSX Venture Exchange ("TSX-V") or the Canadian Securities Exchange ("CSE"), either directly or through a private shell vehicle within 30-days of the last closing of the Tranche 6 convertible loan offering.

However, a Penalty Event shall not be triggered if the Company's failure to complete a Go-Public Transaction within 8-months of the last closing of the Tranche 6 convertible loan offering is the result of a breach by the capital pool company or the shell vehicle of the Go-Public Transaction agreement between such entity and the Company. If such circumstances arise, the Company will be provided an additional 6-months to complete a Go-Public Transaction.

If the Company completes a concurrent financing in connection with a Go-Public Transaction where securities are offered to subscribers that include a share purchase warrant, the Company shall issue warrants to the holders of the Tranche 6 convertible loans having the same exercise price and term in the same proportion to their invested capital as are offered to subscribers in the concurrent financing (refer to "*Subsequent Events*").

Investment in Joint Ventures

- **EMEA** – CareSpan entered into a Joint Venture and Cooperation Contract with SmartCare GmbH ("SmartCare") in July 2020 for the establishment of CareSpan Europe and related international business development by and through ICME GmbH Management Consultants Munich, a German limited liability company and a subsidiary of ICME International AG, Switzerland, and an early seed investor into CareSpan. The joint venture agreement created a European-based business, SmartCare, owned jointly between the parties to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the EU, the Middle East and Africa ("EMEA"). CareSpan owns 15% of the share capital of the joint venture and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in the EMEA territory for the fifteen-year term of the agreement.
- **Asia-Pacific** – CareSpan entered into a Joint Venture Agreement with Argosy Partners, Inc. for the establishment of CareSpan Asia Inc. in October 2020. CareSpan and Argosy Partners, Inc. to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. CareSpan has a 50.1% interest in the joint venture company, CareSpan Asia, and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in member countries of the Association of South-East Asian Nations, Japan, Australia, India, and Bangladesh for the five-year term of the agreement.

As at December 31, 2020, the joint ventures revenues, losses, assets and liabilities were not considered to be material to CareSpan.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, convertible loans, and due to related parties. The recorded values of all CareSpan's financial instruments with the exception of convertible debt, approximate their fair values because of their short-term nature. The convertible debt is recorded at amortized cost.

As of December 31, 2020, 2019, and 2018, the Company's financial instruments are valued as follows:

For the year ended December 31	2020	2019	2018
Cash	1,474,177	6,693	24,452
Accounts receivable	834,308	18,889	1,000
Accounts payable and accrued liabilities	1,457,024	63,915	44,350
Convertible loans	3,763,936	990,319	522,464
Due to related parties	340,271	222,100	25,000

SEGMENT INFORMATION

The Group is engaged in a single business activity and does not have multiple operating segments. The CEO is the Group's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Group as a whole, substantially in the form of, and on the same basis as, the Group's consolidated financial statements.

The Group's long-lived assets, consisting of property and equipment, are entirely located in the United States.

The Group's revenues were generated entirely within the U.S. geographic market for the years ended December 31, 2020 and 2019.

EVENTS AFTER THE REPORTING PERIOD

Dynamo Capital Corp.

On August 4, 2021, the Company entered into a merger agreement with Dynamo Capital Corp. ("Dynamo") pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange ("TSX-V").

Dynamo is a capital pool company and intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm's-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 73,530,609 common shares of CareSpan issued and outstanding on a fully diluted, post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,629,823 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,890,930 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% will be assessed on the brokered subscription receipts and shares equivalent to 3% will be assessed on the non-brokered subscription receipts and broker warrants between 3% and 8% will be due on the brokered and non-brokered subscription receipts upon completion of the transaction.

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.667 pre-consolidation Dynamo common shares as a condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan common share for approximately 0.29416 pre-consolidation CareSpan common shares as a condition to the completion of the transaction. CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars ("C\$") of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

On August 4, 2021, the aggregate gross proceeds raised in the concurrent private placement are C\$3,581,442. The funds raised in connection with the concurrent financing are being held in escrow, subject to certain release conditions, including:

- (a) written confirmation from each of the Company and Dynamo to the Agent and the Subscription Receipt Agent that all conditions of the Transaction in accordance with the terms of the Transaction

Agreement have been satisfied or waived, without any material amendment, other than release of the Escrow Funds and closing of the Transaction, which shall be completed forthwith upon release of the Escrow Funds;

- (b) the receipt of all shareholder, third-party and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Common Shares underlying the Subscription Receipts and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of Applicable Securities Laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on an Exchange, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrow Funds and such other matters as shall only happen at the closing of the Transaction;
- (e) the Company shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (f) Dynamo shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (g) the Company and the Agent shall have delivered the Release Notice to the Subscription Receipt Agent;
- (h) the Agent shall be satisfied with the "bring-down" of their due diligence review with respect to the business, assets, financial condition, affairs and prospectus of the Company, its subsidiaries and Dynamo with respect to the Transaction; and
- (i) such other customary escrow release conditions requested by the Agent, acting reasonably.

EVENTS AFTER THE REPORTING PERIOD

Modification of Tranche 5 convertible loans

Subsequent to period-end, the maturity date for all the Tranche 5 convertible loans was extended to November 30, 2021.

Modification of Tranche 6 convertible loans

Subsequent to period-end, the maturity date for all the Tranche 6 convertible loans was extended to November 30, 2021, and the time to complete a Go-Public Transaction was extended to be within eleven months from the last closing of the Offering.

Tranche 7 convertible note

On July 13, 2021, the Company issued a convertible note of \$400,000 to one of its directors. The note is unsecured, bears annual interest at 10% with principal and interest payable at maturity on January 13, 2022. The note contains an automatic conversion feature wherein if the Company completes an RTO, the note together with any accrued but unpaid interest is automatically converted into that number of fully paid and nonassessable common shares of the Company as is equal to the RTO Conversion Amount divided by the initial public offering price per share of the Company's common stock in such RTO.

CRITICAL ESTIMATES

Key areas involving estimation, uncertainty and critical judgments include the following:

Revenue recognition

The core principle of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

CareSpan accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods and services is transferred to customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those goods and services.

Patient service revenue

Patient service revenue is recognized at the time services are provided by CareSpan's affiliated healthcare providers. CareSpan's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Substantially all of CareSpan's patient service revenue is reimbursed by government-sponsored or funded healthcare programs ("GHC Programs"), including Medicare and Medicaid, and third-party insurance payors. Payments for services rendered to CareSpan's patients are generally less than billed charges. CareSpan monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectible amounts. CareSpan estimates allowances for contractual adjustments and uncollectible amounts on accounts receivable based upon historical experience and other factors, including evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the rates billed by healthcare providers for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue CareSpan expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party payors, such as insurance companies, self-insured employers and patients and GHC Programs geographically dispersed throughout the United States. Concentration of credit risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of patients and payors, including the various governmental agencies in the states in which CareSpan provides services.

License revenue

Renewable software licenses for CareSpan's digital care delivery platform include the right-to-access the software for a specified term, technical support and maintenance services. These agreements are accounted for as licenses, as the customer only has the right to access the software for a specified term.

These services are similar in substance to a subscription, as CareSpan does not sell licenses without technical support and maintenance services. Revenue is recognized rateably over the term of the agreement from the date the license term commences.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Income taxes and deferred taxes

The Company is subject to income taxes in the United States and other foreign jurisdictions. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits which could materially change the amount of current and deferred income taxes and liabilities. Additionally, estimation of the income tax provision includes evaluating the recoverability of deferred tax assets based on the assessment of the Company's ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based on existing tax laws, estimates of future profitability and tax planning strategies. If the future taxable results of the Company differ significantly from those expected, the Company would be required to increase or decrease the carrying value of the deferred tax assets with a potentially material impact on the Company's consolidated statements of financial position and consolidated statements of comprehensive income. The carrying amount of deferred tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are recognized to the extent that it is more likely than not that taxable income will be available against which deferred tax assets can be utilized. Financial assets Assessments about the recoverability of financial assets, including accounts receivable and unbilled revenue, require judgment as to whether a loss event has occurred and estimate of the amounts and timing of future cash flows.

Future accounting Pronouncements

Listed below are the standard, amendments, and interpretations that we reasonably expect to be applicable to CareSpan at a future date and that we intend to adopt when they become effective.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an

entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been revised to incorporate amendments issued by the IASB in May 2020. The amendments specify which costs an entity includes in determining the costs of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company is currently assessing the impact of these amendments.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 30, IFRS 7, IFRS 4 and IFRS 16)

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases have been revised to incorporate amendments issued by the IASB in August 2020. The amendments provide relief to accounting for the modifications required by the interest rate benchmark reform and hedge accounting. In addition, the amendments to IFRS 7 require additional disclosure related to interest rate benchmark reform. The amendments are effective for annual periods beginning on or after January 1, 2021. Earlier application is permitted. The Company is currently assessing the impact of these amendments.

RISKS AND UNCERTAINTIES

CareSpan and its operating subsidiaries and joint ventures operate in ever-changing business and competitive economic environments that expose it to a number of risks and uncertainties. This MD&A is qualified in its entirety by the risk factors described. The risks and uncertainties are not, however, the only risks we face. We may also be subject to additional risks and uncertainties that are currently unknown or not currently deemed material to our respective business operations. If any of the risks or uncertainties we and our operating subsidiaries face were to occur, they could materially affect our future operating results and could cause actual events to differ materially from those which we expect or that we have described in our forward-looking statements.

Business Risks

Credit Risk

Credit risk is the risk of financial loss to CareSpan if a licensee or a counter-party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, and foreign exchange. Our cash and cash equivalents consist primarily of cash held primarily in US banks. Management does not expect any counter-parties to fail to meet their obligations. Our exposure to credit risk with our accounts receivable from customers is influenced mainly by the individual characteristics of each customer and from collections of receivables from health care insurance providers. Credit risk from accounts receivable encompasses the default risk of our customers and the health care insurance providers.

Management monitors the level of accounts receivable attributable to each customer and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those balances considered overdue. We have had no significant bad debts for any periods presented. None of the amounts outstanding have been challenged by the respective counterparties and we continue to conduct business with them on an ongoing basis. Accordingly, management has no reason to believe that these balances are not fully collectable in the future.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our objective in managing liquidity risk is to ensure that we have sufficient liquidity available to meet our liabilities when due. We manage our liquidity needs through various sources including cash generated through operations, cash reserves, loan agreements, and the issuance of Common Shares. At December 31, 2020, we had cash and cash equivalents of \$1,474,177.

Currency Risk

Portions of CareSpan's companies' respective revenues and operating expenses are denominated in Philippine pesos and euros. Because CareSpan's functional currency is in US dollars, our operating results are subject to changes in the exchange rate of the foreign currencies relative to the US dollar. Any decrease in the value of the foreign currency relative to the US dollar has an unfavorable impact on US dollar denominated revenues and a favorable impact on US dollar denominated operating expenses. Approximately 6.4% of our cash and cash equivalents are denominated in Philippine pesos and are subject to changes in the exchange rate of the Philippine peso relative to the US dollar. We may manage the risk associated with foreign exchange rate fluctuations by, from time to time, entering into foreign exchange forward contracts and engaging in other hedging strategies. To the extent CareSpan engages in risk management activities related to foreign exchange rates, we may be subject to credit risks associated with the counterparties with whom we contract. We do not use foreign exchange forward contracts for speculative or trading purposes and do not have a history of any foreign exchange forward contracts as the amounts concerned are not currently material to our operations.

Retention and Acquisition of Skilled Personnel

The loss of any member of CareSpan's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on CareSpan's business and operating results. The expansion of marketing and sales of its products will require CareSpan to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and CareSpan may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, CareSpan may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as CareSpan moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Managing Growth

In order to manage growth and changes in strategy effectively, CareSpan must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, CareSpan expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If CareSpan incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Reliance on Contracts with Key Customers

Revenues attributable to the Resulting Issuer's business is heavily dependent upon certain significant customers. The largest provider on CareSpan's network was responsible for generating over 90% of its revenue in 2020. There can be no assurance that CareSpan's contracts with these key customers will be renewed or that the CareSpan's services will continue to be utilized by those key customers. There could be material adverse effects on the financial results or businesses of CareSpan if a material

healthcare practitioner does not renew its contracts with CareSpan or if such practitioner elects to terminate its contracts with CareSpan in favour of another service provider.

Ability to Attract Nurse Practitioners and Behavioral Health Providers to CareSpan's Networks

The organic growth of CareSpan's business relies heavily on its ability to attract and contract with NPs and behavioral health providers to its integrated networks – AAPN and AMP. CareSpan's current value proposition is that, to independent practitioners, it is a "one stop shop" that provides the technology platform and business services that allows them to focus on caring for patients. While CareSpan's offering is fundamentally attractive, target providers may not find it compelling enough to shift their current business to the company over time. CareSpan's recruiting cycle can also vary widely by client.

Ability to Help CareSpan's Network Providers Grow their Practices

CareSpan's revenues are dependent on the individual practice growth of its member providers. Their growth is influenced by multiple factors, including their ability to market their services to their communities, their ability to retain patients/clients over time, and competitive factors in their community that impact their growth. If CareSpan is unable to help them grow their practices profitably, the company will constrict network growth and, therefore, revenues for CareSpan.

Onboarding and Transitioning

While CareSpan has a standardized onboarding and transitioning process, its operations can be negatively impacted depending on the individual situations of individual providers. For example, whether a provider's network is efficient can impact the transition process – an inefficient network can make the process difficult to implement and complete. CareSpan is heavily reliant on the effectiveness of its training, data migration and interface implementation.

Shortage of Healthcare Providers

As the Resulting Issuer expands its operations, it may encounter difficulty in securing the necessary professional medical and support staff to support its expanding operations. Any shortage in the number of NPs, behavioural health specialists or other healthcare service providers may affect the Resulting Issuer's ability to adequately meet demand for its services and provide its clients with adequate services, which may adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Breach of Clients' or Patients' Confidential Information

CareSpan's platform stores confidential information of clients and patients, including users' health information and other personally identifiable sensitive data. Any accidental or willful security breaches of CareSpan's information technology systems or other unauthorized access could cause clients' secure information to be stolen and used for criminal purposes. Security breaches or unauthorized access to secure information could also expose CareSpan to liability related to the loss of the information, time-consuming and expensive litigation, negative publicity and loss of reputation. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in its licensed software is exposed and exploited, and, as a result, a third party or disaffected employee obtains unauthorized access to any of its clients' data, CareSpan's relationships with its users could be severely damaged and CareSpan could incur significant liability.

Regulatory Requirements

Governmental regulation in any of CareSpan's jurisdictions of operations, or those of CareSpan's joint ventures, may affect CareSpan's activities and the Company may be affected in varying degrees by government policies and regulations. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

Healthcare Legislation

Reforms in the legislation governing the healthcare industry in any of the jurisdictions in which CareSpan operates could limit the prices that CareSpan can charge for its services, which would reduce its revenues and harm its operating results. In addition to extensive existing government healthcare

regulation, there could be initiatives at the federal, state or provincial levels for reforms affecting the payment for and availability of healthcare services. Limitations on reimbursement amounts and other cost containment pressures could result in a decrease in the revenue received for each patient seen. It is not clear at this time what proposals, if any, will be adopted or, if adopted, what effect these proposals would have on the business of CareSpan. The adoption of any such proposals could have an adverse impact on the business, financial conditions or results of operations of CareSpan.

Permits and Licenses

The operations of CareSpan may require licenses and permits from various governmental authorities in the future. There can be no assurance that CareSpan will be able to obtain any or all necessary licenses and permits that may be required.

Material Defects or Errors in CareSpan's Technology Infrastructure

CareSpan's ability to provide services to its customers is heavily dependent on the operability of its technology. Material defects or errors in CareSpan's technology infrastructure could harm CareSpan's reputation, result in significant costs and impair CareSpan's ability to sell its services. Software used by CareSpan can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced. Despite internal testing, CareSpan's technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that CareSpan may be unable to successfully correct in a timely manner, or at all.

Dependencies on Third Party Software and Services

Certain of CareSpan's technology and services rely on software and services developed and maintained by third-party vendors. CareSpan's business may be disrupted if these services or software ceased to be available to CareSpan, or offered to it on commercially reasonable terms. In either instance, CareSpan would either be required to redesign services to function with alternate third-party vendors, or CareSpan may need to develop these components itself, which could result in increased costs and could result in delays in providing future services. Further, CareSpan be forced to limit the features available in its current or future service offerings as a result of unavailability of third party software.

Litigation Risks

CareSpan's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations or with respect to the interpretation of existing agreements. Any future claims or litigation could have a material adverse effect on the CareSpan's business and its profitability.

COVID-19 Pandemic or Other Similar Outbreaks

Since the onset of the COVID-19 Pandemic and the impacts of this crisis on the global economy, our businesses continue to evolve as we adapt to manage, operate, and sustain these businesses during these uncertain times. Some countries in which we operate remain in COVID-19-related lockdowns of some degree and/or have imposed restrictions on non-essential business activities. As a result, each of our affected businesses has undertaken a number of steps to protect their employees while continuing their respective business operations.

Throughout the past year, we have continued to employ proactive measures including closing offices, making provisions for employees working from home, eliminating travel and closely following the guidelines issued by health and regulatory authorities. Over the past year, our human resource policies have evolved to respond to questions or concerns from our employees and are planning to return to "in office" work environments in certain regions. As a result of our proactive measures, the CareSpan companies remain in full operation and continue to execute on the delivery of existing customer mandates, while also working to build and sustain business pipelines and advance new opportunities through their respective sales cycles. While we are not immune to the impacts of the COVID-19

Pandemic, it appears that our businesses may have been less affected than other companies. Work remains ongoing and is deemed "essential" by applicable governing authorities.

Insurance Coverage

CareSpan's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to CareSpan and environmental contingencies.

Financial and Accounting Risks

History of Losses

CareSpan has a history of losses since inception. CareSpan intends to further incur expenses in order to facilitate the growth of the business. While CareSpan expects to generate profits in the future, there can be no assurances that it will be successful in this regard.

Access to Capital

CareSpan makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, CareSpan has financed these expenditures through offerings of its equity securities. CareSpan will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. CareSpan may incur major unanticipated liabilities or expenses. CareSpan can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

CareSpan's functional currency is denominated in U.S. dollars. CareSpan currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, CareSpan incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of CareSpan's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact CareSpan's business, financial condition and results of operations. CareSpan has not previously engaged in foreign currency hedging. If CareSpan decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide CareSpan from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. CareSpan bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the CareSpan Financial Statements set forth in Schedule "C", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. CareSpan's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause CareSpan's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of CareSpan. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Risks Related to the Common Shares and Completion of the Qualifying Transaction

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. CareSpan cannot predict the prices at which the Common Shares will trade. The price of the CareSpan Subscription Receipts was determined by negotiations with the Subscription Receipt Agents in connection with the financing and might not bear any relationship to the market price at which the Common Shares will trade or to any other established criteria of the value of CareSpan's business. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (a) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by CareSpan or its competitors; (b) price and volume fluctuations in the overall stock market from time to time; (c) significant volatility in the market price and trading volume of agriculture companies; (d) fluctuations in the trading volume of the Common Shares or the size of CareSpan's public float; (e) actual or anticipated changes or fluctuations in CareSpan's results of operations; (f) whether CareSpan's results of operations meet the expectations of securities analysts or investors; (g) actual or anticipated changes in the expectations of investors or securities analysts; (h) litigation involving CareSpan, its industry, or both; (i) regulatory developments in the United States and foreign countries; (j) general economic conditions and trends; (k) major catastrophic events; (l) escrow releases, sales of large blocks of the Common Shares; (m) departures of key employees or members of management; or (n) an adverse impact on CareSpan from any of the other risks cited herein.

No History of Payment of Cash Dividends

CareSpan has not declared or paid cash dividends on the Common Shares. Upon Completion of the Qualifying Transaction, CareSpan intends to retain future earnings to finance the operation, development and expansion of the business. CareSpan does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on CareSpan's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this Filing Statement, CareSpan has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSX-V. As a reporting issuer, CareSpan will be subject to reporting requirements under applicable securities law and stock exchange policies. CareSpan is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to CareSpan's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, CareSpan will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm CareSpan's business and results of operations. CareSpan may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Significant Sales of Common Shares

The Common Shares held by CareSpan's directors, executive officers, Control Persons and certain other security holders of CareSpan may be subject to contractual lock-up restrictions and may also be subject to escrow and SSRR pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up, SSRR or escrow restrictions, or the

perception that these sales could occur, may adversely affect the market price of the Common Shares and could make it more difficult for investors to sell Common Shares at a favourable time and price.

Analyst Coverage

The trading market for the Common Shares may become dependent on the research and reports that securities or industry analysts publish about CareSpan or its business. CareSpan will not have any control over these analysts. If one or more of the analysts who covers CareSpan should downgrade the Common Shares or change their opinion of CareSpan's business prospects, CareSpan's share price would likely decline. If one or more of these analysts ceases coverage of CareSpan or fails to regularly publish reports on CareSpan, CareSpan could lose visibility in the financial markets, which could cause the Common Share price or trading volume to decline.

Tax Issues

There are income tax consequences in relation to the Common Shares in the context of the Qualifying Transaction that will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Qualifying Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the final approval by the TSX-V. There can be no assurance that these conditions will be satisfied and that the Qualifying Transaction will be completed.

All risk factors should be considered carefully and readers should not place undue reliance on our forward-looking statements and forward-looking information. Any of the matters described under this "Risks and Uncertainties" section could have a material adverse effect on our businesses, results of operations and financial condition. Please also refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.



CARESPAN HOLDINGS, INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2021

November 5, 2021

INTRODUCTION

The following management discussion and analysis ("MD&A") of CareSpan Holdings, Inc. ("**CareSpan**", the "**Company**", "**we**", "**us**" and "**our**") and its subsidiaries and affiliated companies (together with CareSpan, the "**Group**") is provided to enable readers to assess CareSpan's financial condition and results of operations. References to "**Common Shares**" in this MD&A refer to common shares of the Company.

CareSpan Holdings is a U.S. (Delaware) parent company overseeing a technology-enabled medical care delivery organization dedicated to improving individual health care outcomes by aggregating dedicated clinicians, providing for their essential business infrastructure and supplying them with a cloud-based integrated digital care platform—the *CareSpan® Clinic*, a "clinic in the cloud"—that facilitates improved quality of clinical care while removing geographical barriers to access and systematically lowering healthcare costs. The U.S.-based CareSpan Group includes two major CareSpan Holdings' subsidiaries and two contractually-bound affiliated national professional "group practices without walls."

CareSpan USA, Inc. (Nevada) is the technology development and licensing subsidiary.

CareSpan Integrated Networks, Inc. (Nevada) is the management services organization ("MSO") supporting the affiliated group practice providers.

American Advanced Practice Networks, PC, is the affiliated national nurse practitioner group delivering primary care utilizing the *CareSpan Clinic in the Cloud™* platform.

American MedPsych Networks, PC, is the affiliated national doctor and psychotherapist group delivering mental and behavioral health care utilizing the *CareSpan Clinic in the Cloud™* platform.

This MD&A provides information for the three and six months ended June 30, 2021, and information on subsequent events up to and including November 5, 2021, and should be read in conjunction with CareSpan's unaudited condensed interim consolidated financial statements and the notes thereto for the three and months ended June 30, 2021, and June 30, 2020 (the "**Interim Financial Statements**") and the annual audited consolidated financial statements for the year ended December 31, 2020.

The Interim Financial Statements have been prepared in accordance with *International Financial Reporting Standards 34 – Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board. The tables and charts included in this document form an integral part of this MD&A.

COVID - 19

Pandemic Since the onset of the COVID-19 pandemic, CareSpan has undertaken a number of steps to protect our employees and continue its respective business operations as further described below.

Protecting our Employees, Communities and other Stakeholders

The health and safety of its stakeholders is critical to CareSpan. As a result, we have implemented active measures to protect employees, suppliers, and other stakeholders as well as our communities from the spread of the SARS-CoV-2 virus that causes COVID-19. Proactive measures include working from home where feasible, reducing or eliminating travel, and closely following the guidelines issued by local health and regulatory authorities.

CareSpan has also developed and deployed a COVID-19 Screening and Response Program so that its affiliated clinicians may systematically assess patients' symptomatology, stratify risk and care for those able to be treated as outpatients by using the virtual care features of our *CareSpan Clinic* platform.

Operations

To date, CareSpan continues with its business operations, working to build and sustain its providers and practitioners through its affiliations with American-APN and American MedPsych. The enhanced precautions being taken and the broader dynamic of the current business environment indicate that there may be some delay in recruiting technical personnel, and lengthened timelines for certain development efforts.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward looking-information, including such statements relating to:

- assumptions and expectations described in our critical accounting policies and estimates;
- our expectation regarding the adoption and impact of certain accounting pronouncements;
- our expectation regarding the growth rates of our subsidiaries' businesses;
- our estimates regarding our effective tax rate;
- our expectations regarding ability to acquire additional businesses to further our growth; and
- our expectations with respect to the sufficiency of our financial resources.

The words "expect", "anticipate", "estimate", "may", "will", "should", "would", "intend", "believe", "plan", "continue", "project", the negatives of these words or other variations on these words, comparable terms and similar expressions are intended to identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information are based on estimates and assumptions made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances. We provide forward-looking statements and forward-looking information to assist external stakeholders in understanding our management's expectations and plans relating to the future as of the date of this MD&A and such statements and information may not be appropriate for any other purposes. The forward-looking statements and forward-looking information in this MD&A are made as of the date of this MD&A only. We have no intention and undertake no obligation to update or revise any forward-looking statements or forward looking information, whether as a result of new information, future events or otherwise, except as required by law. Forward looking statements that may appear in this MD&A include statements including:

- the Company's ability to raise sufficient financing on a timely basis, and attract and retain qualified personnel;
- the adverse impact on the Company's contractors and suppliers' ability to meet their obligations to the Company as a result of COVID-19;
- the Company's ability to secure required capital to fund development and operating costs beyond fiscal 2022 in a timely manner;
- the Company has sufficient cash on hand to satisfy expected costs associated with research and development deliverables for the CareSpan Clinic platform;
- the Company's expectations with respect to its relationship with its suppliers and product development firms;
- the engagement of certain contractors and suppliers and the assurance that those parties will all be agreeable to engage throughout the project on terms satisfactory to the Company;
- the expected closing date of the RTO transaction;
- the Company's ability to arrange further financing;
- the Company's intention with respect to updating any forward-looking statement after the date on which such statement is made or to reflect the occurrence of unanticipated events.

CareSpan has historically used a set of metrics when evaluating our operational and financial performance. We continually monitor, evaluate and update these metrics as required to ensure they provide information considered most useful, in the opinion of our management, to any decision-making based on CareSpan's performance. This section defines, quantifies and analyzes the key performance indicators used by our management and referred to elsewhere in this MD&A, which are not recognized under IFRS and have no standardized meaning prescribed by IFRS. These indicators and measures are therefore unlikely to be comparable to similar measures presented by other issuers.

The Company cautions that the foregoing list of important factors and assumptions is not exhaustive. Although the Company has attempted to identify on a reasonable basis important factors and assumptions related to forward-looking statements, there can be no assurance that forward-looking statements will prove to be accurate, as events or circumstances or other factors could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.

HISTORY AND BUSINESS

CareSpan Holdings, Inc. is the successor corporation formed pursuant to separate amalgamations in 2010 and 2012, and on May 7, 2020, was re-domiciled under the laws of the State of Delaware, United States of America pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware (GDCL).

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

Subsidiary	Domicile and country of incorporation	Date of incorporation	Percentage of securities owned or controlled by CareSpan
CareSpan USA, Inc.	Nevada, United States of America	September 26, 2013	100%
CareSpan International Inc.	Republic of Panama	May 17, 2012	100% ⁽⁴⁾
CareSpan Integrated Networks Inc.	Nevada, United States of America	February 6, 2019	100% / 98% ⁽¹⁾
American Advanced Practice Network, P.C.	Iowa, United States of America	December 31, 2018	100% ⁽²⁾
American MedPsych Network, P.A.	Florida, United States of America	February 20, 2019	100% ⁽²⁾⁽³⁾
CareSpan Asia Inc.	Manila, Philippines	October 9, 2020	50.1% ⁽⁶⁾
Smart Care GmbH	Berlin, Germany	July 8, 2020	15% ⁽⁵⁾

Notes:

- (1) At June 30, 2021, the Company held 100% voting equity interest and 98% ownership interest in CareSpan Integrated Networks Inc. ("CSIN") (December 31, 2020 – 100% voting equity interest and 98% ownership interest). The Class B non-voting equity common shares of CareSpan Integrated Networks are held entirely by officers and employees of the Group and key contributing provider-members of American-APN and American MedPsych. The board of CSIN has determined in connection with the establishment of American-APN and American MedPsych that it is in the best interest of the CareSpan to issue 1,000 Class B non-voting shares to each member of the boards of American-APN and American MedPsych each for so long as they are board members of American-APN and American MedPsych.
- (2) CareSpan does not legally own shares in American Advanced Practice Network, P.C. ("American-APN") or American MedPsych Network, P.A. ("American-MedPsych") as these are professional corporations which cannot have lay ownership. Shares of American-APN can only be owned by a Nurse Practitioner (an "NP"). Shares of American MedPsych can only be owned by a licensed medical doctor. CareSpan controls American-APN and American MedPsych through stock transfer agreements which provide that shares transferred to a new licensed clinician owner must be approved by CareSpan Integrated Networks Inc.
- (3) On February 26, 2021, CareSpan MedPsych Network, P.A. amended its name to American MedPsych Network, P.A.
- (4) CareSpan International Inc. is dormant.
- (5) ICME GmbH holds 85% common shares of SmartCare GmbH ("SmartCare"). Two officers of CareSpan, the CEO and the Chief Technology Officer, are also directors of SmartCare. The CEO of ICME is a shareholder and is on the board of CareSpan.
- (6) Argosy Partners hold 49.9% common shares of CareSpan Asia Inc.

COMPANY OVERVIEW

The CareSpan group of companies (the "Group") is a health care technology and service company. The Company's proprietary CareSpan® Clinic™ is a clinical workflow-driven platform designed by doctors and experienced healthcare software developers that integrates remote patient monitoring, diagnostic tools, patient electronic health records (EHRs), care collaboration capabilities, patient engagement, e-prescribing and lab ordering. CareSpan's platform seamlessly supports both in-person and virtual/telehealth care. CareSpan is using this platform, combined with essential business services, to build provider networks across the United States that deliver primary and urgent care, as well as behavioural health care. As at September 12, 2021, CareSpan had over 60 practitioners practicing across its two networks.

Business Strategy

CareSpan's mission is to empower nurse practitioners and physicians with technologies intended to facilitate their operations in primary care and behavioral health. To this end, CareSpan is scaling development of its proprietary applications to support health services delivered through its virtual care platform: CareSpan Clinic.

Key to our business strategy is to develop the tools to support the following areas:

- Practitioner networks
- Platform enhancements

Currently, CareSpan's revenue consists primarily of service fees to its friendly PCs, American-APN and American MedPsych.

Practitioner network growth strategy

From the beginning, CareSpan has focused on providing a supportive environment for its practitioners through its:

- Dedicated international network development team
- Partnerships with complementary groups such as the National Nurse Practitioner Entrepreneur Network (NNPEN) and CM&F group, a professional liability insurer.
- Referral programs and influencer marketing
- Collaboration with APN education institutions such as South Dakota State University, Western Governors University, and the United States University
- Acquisitions of clinics and practitioners where we assist in the recruiting efforts for existing and new network clinics.

Platform enhancements

Focus	Opportunity
Mental health	Through speciality exams and assessments, enhance support for psychiatric services and integrated health for collaborative care and improved clinical outcomes.
Care continuity services	Develop functionality for a care continuity platform and enable an array of revenue-generating services.
Enhanced telemedicine	Increase virtual visits, improve operational processes and increase competitive advantage through a waiting room, advanced diagnostics, clinical decision support, patient portal and scheduling.
Care gap closure	Payer contracts for high-risk patient identification and care-gap closure utilizing remote patient monitoring ("RPM"), chronic care management ("CCM") and extended care continuity services.
Patient engagement	Increase visits and patient engagement through a additional functionality added to the patient portal, education and mobile apps to further attract and retain patients.
Billing	Launch an integrated billing module to enhance revenue cycle management ("RCM") and improve margins.

Many of the above milestones interlap. The target technology milestones are:

Reference	Milestone	Schedule for Milestone Completion	Comments
Milestone 1	Platform enhancements	Q1 2021	Completed
Milestone 2	CareSpan 2.0 release	Q2 2021	Completed ⁽¹⁾
Milestones 3 - 5	Mental health platform Enhanced telemedicine RPM platform	Q3 2021	In process – undergoing beta-testing and initial operations
Milestone 6	Care continuity center	Q4 2021	TBD
Milestone 7	Increased patient engagement Integrated billing	Q1 2022	TBD

Note:

1. Milestone 2 was completed on June 18th, 2021.
2. The estimated costs include the IT employees and contractors engaged directly on the development of the CareSpan platform.

Milestone 1 This milestone focuses on platform enhancements providing RPM Phase II features, financial reporting, ONC certification technology, and pediatrics specialty.

Milestone 2 This milestone focuses on core improvements to the CareSpan platform. These core improvements include achieving Office of the National Coordinator and Certified Electronic Health Record Technology (ONC/CEHRT) certification, launch the data ingest gateway, the patient waiting room, create collaborative care templates (diabetes) and the education module,

Milestones 3 – 5 These milestones will focus on core expansion and will include; specialty care expansion, CareSpan patient mobile apps, secure interoperability FHIR API, AWS infrastructure and Phase 1 of the new patient portal.

Milestone 6 Milestone 6 will focus on the development and launch of the Care Continuity Center.

Milestone 7 This milestone will focus on the launch of enhanced CareSpan 3.0 design, collaborative care expansion, enhanced analytics and worldwide scalability.

Opportunities for growth

Currently offering primary and urgent care through American-APN and behavioral health through American MedPsych, the CareSpan technology platform has been architected to interface with third party EHRs to facilitate partnerships with healthcare system verticals. We have the opportunity to expand into physician and other segment practices, as well as form continuity-of-care reciprocity with hospitals. Future growth areas include home care, physical therapy, specialist providers, and wellness.

Due to the nature of technology development, there is no assurance that the milestones set forth in the table above will be achieved, and there can be no assurance with respect to the time or resources that may be required to achieve them. The Company expects that additional specific milestones could be identified in the course of the development of the system, and existing milestones, budgets and the schedule for completion of each milestone may change depending on a number of factors including the results of the Company's development program, clarification of or changes to regulatory requirements, the availability of financing and the ability of development firms engaged by the Company to complete work assigned to them.

In addition to the above goals, CareSpan will be working towards several milestones in 2021 including:

- Grow to 100+ network providers by the end of 2021
- Achieve a revenue run-rate of approximately \$10 million by December 2021

Regulatory Overview

The Company is considered a Covered Entity under HIPAA/HITECH statutes. Consequently, CareSpan has focused its regulatory efforts on meeting the Quality Management System (QMS) requirements of ONC/CEHRT certification and the HIPAA/HITECH statutes and regulations for data security privacy and confidentiality. CareSpan requires all employees and key consultants to undergo HIPAA privacy/security training and certification and offers the training and certification to all American-APN and American-MedPsych provider-members and their practices. The Company maintains appropriate HIPAA Business Associate Agreements (BAAs) with all vendors supplying technology to support the CareSpan Clinic platform. CareSpan also routinely subjects itself to third-party cybersecurity challenges and audits. The Company's *Clinic in the Cloud* platform is also engineered to support international General Data Protection Regulations (GDPR).

Operations

The Company maintains its head office in New York, United States.

Recent Developments

CareSpan devoted significant resources in Q1 2021 to the conversion of its platform-imbedded electronic health record (HER) to meet the requirements of a government-certified EHR. This successful endeavor, with ONC/CEHRT certification achieved in late June, results in enhanced capabilities for our affiliated provider-members and enhanced reimbursement potential from government payers (Center for Medicare and Medicaid or CMS). Achieving this certification also enhances EHR interoperability with major enterprise-based EHRs utilized by major hospital groups and health systems, thus expanding CareSpan's potential customer base and addressable markets.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 30, IFRS 7, IFRS 4 and IFRS 16)

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases have been revised to incorporate amendments issued by the IASB in August 2020. The amendments

provide relief to accounting for the modifications required by the interest rate benchmark reform and hedge accounting. In addition, the amendments to IFRS 7 require additional disclosure related to interest rate benchmark reform. The amendments are effective for annual periods beginning on or after January 1, 2021. CareSpan adopted these amendments and determined that impact of these are minimal. No additional disclosure is required at this time.

SELECTED CONSOLIDATED QUARTERLY RESULTS

For the quarter ended	Revenue	Net loss from operations	Net loss	Loss per share, basic and diluted	Total assets	Non-current liabilities
30-Jun-21	1,206,485	1,621,693	684,356	0.03	1,383,876	Nil
31-Mar-21	1,104,917	1,790,380	1,778,825	0.09	1,234,783	Nil
31-Dec-20	1,869,538	2,600,251	2,588,614	0.11	2,460,361	Nil
30-Sep-20	668,987	604,646	1,441,401	0.07	408,023	Nil
30-Jun-20	415,616	441,107	1,443,150	0.07	433,425	Nil
31-Mar-20	484,420	278,554	432,803	0.02	790,970	39,992
31-Dec-19	31,683	636,049	595,427	0.03	33,589	39,992
30-Sep-19	10,817	109,159	109,159	0.01	45,794	16,851

Comparison of the Three and Six Months Ended June 30, 2021, and 2020

Revenue

Total revenue for the three and six months ended June 30, 2021, was \$1,206,485 and \$2,311,402, an increase of \$790,869 and \$1,411,366, respectively, over the revenue recognized in the comparative periods in 2020. This increase in revenues is notable as CareSpan went from proof-of-concept to a commercial offering and saw a large number of nurse practitioners onboarded during that period. Growth in the nurse practitioner customer base, usage of the CareSpan platform and nurse practitioner interaction with patients resulting in a strong growth of approximately 500% when comparing the second quarter 2021 with the same quarter in 2020. This growth has also been supported by an increased telehealth clinical encounters, in part due to the effect of the pandemic.

Expenses

Finance costs. Finance costs for the three and six months ended June 30, 2021, were \$559,994 and \$1,042,048 (three and six months ended June 30, 2019: \$98,256 and \$136,664). These costs are associated with the convertible notes and include interest and accretion expenses on Tranches 5 and 6. As part of the Go-Public transaction, it is anticipated that the convertible notes will be converted into shares and these costs will no longer accrue.

Legal and professional fees. Legal and professional fees for the three and six months ended June 30, 2021, were \$278,361 and \$514,257 (three and six months ended June 30, 2019: \$89,449 and \$122,991). These costs are directly and indirectly associated with the decision to move forward with an RTO. These are mostly one-time fees consist mostly of legal fees, and other similar costs associated with our plans to go-public,

Consultants and subcontractors. Consultants and subcontractors were \$224,719 and \$540,079 for the three and six month period ended June 30, 2021, a decrease of \$6,319 and an increase \$109,890 over the same period in the prior year, respectively. During this period, CareSpan also engaged an Interim Chief Financial Officer.

Information technology costs. Information technology for the three and six months ended June 30, 2021, were \$176,795 and \$295,591 respectively costs, an increase of \$153,501 and \$251,216. This increase in costs was due to a ramp up in the development of the CareSpan platform and ONC certification.

Practice fees. Practice fees were \$1,020,434 and \$1,949,669 for the three and six month period ended June 30, 2021, and \$350,105 and \$748,520 for the three and six month period ended June 30, 2020. Practice fees are underpinned by certain vendor contracts associated with revenue. The increase in practice fees was expected and is in alignment with the growth in revenue.

Salaries and benefits. Salaries and benefits were \$381,742 and \$759,245 for the three and six month period ended June 30, 2021, and \$Nil for the same quarter and six month period ended June 30, 2020. CareSpan progressed from a contractor base to full time employees in 2021.

Other losses (gains). Other losses were \$937,336 and 948,892 for the three and six month period ended June 30, 2021, and a gain \$1,042,035 and \$1,196,284 for the same three and six month period ended June 30, 2020. While the variance in 2021 is not large, there is ongoing non-cash impact associated with the requirement to revalue the Company's warrant derivative liability at fair value, with subsequent changes recorded through net and comprehensive loss for the period which had a large impact on the financials in 2020.

Historically, operating results have fluctuated on a quarterly basis and the Company expects that quarterly results will continue to fluctuate in the future. Operating results for interim periods should not be relied upon as an indication of the results to be expected or achieved in any future period or any fiscal year as a whole. Risk factors affecting revenue and results are identified in this MD&A.

Net loss and Loss per share. CareSpan reported a net loss of \$684,356, or \$(0.03) per share (basic and diluted), for the three months ending June 30, 2021, compared to a net loss of \$1,443,150, or \$(0.07) per share (basic and diluted), for the three months ending June 30, 2020. The Company reported a net loss of \$2,463,181, or \$(0.11) per share (basic and diluted), for the six months ending June 30, 2021, compared to a net loss of \$1,875,953, or \$(0.09) per share (basic and diluted), for the six months ending June 30, 2020. The losses in three and six months ended June 30, 2021, were driven by a reclass of some financing costs to prepaid expenses, an increase in legal and professional fees, consultants and subcontractors, information technology costs, practice fees, salaries and benefits, and non-cash share-based compensation offset by an increase in revenues.

CAPITAL AND LIQUIDITY

CareSpan's cash totalled \$374,901 at June 30, 2021, as compared to \$1,474,177 at December 31, 2020, representing a decrease of \$831,633. Current liabilities, excluding non-cash warrant liability and derivative conversion option, were \$2,814,049 at June 30, 2021, compared to \$1,797,295 at December 31, 2020. The Company's working capital deficiency at June 30, 2021, was \$8,103,962 compared to working capital deficiency of \$5,934,544 at December 31, 2020. If the RTO proceeds forward, the convertible loans are converted into shares, the non-cash derivative conversion option and warrant liability is closed out, then CareSpan's working capital deficiency would be \$1,430,173 at June 30, 2021, compared to a working capital of \$663,066 at December 31, 2020.

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic acquisitional growth, pay dividends, and, from time to time, return capital to shareholders, while maintaining an adequate return for shareholders. The Company defines its capital as cash, the aggregate of cash and cash equivalents, short-term investments, restricted short-term investments, bank indebtedness, current and long-term debt, and shareholder's equity.

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may issue new shares, or raise or retire the debt. In the current year, CareSpan conducted the following transactions:

- In July 2021, the Group issued additional Tranche 7 convertible loans bearing interest at a rate of 10% per annum (the "Tranche 7" convertible loans) in the aggregate principal amount of \$400,000. The principal amount, together with accrued interest, is payable upon maturity on January 13, 2022.
- In June 2021, CareSpan extended the maturity date for the Tranche 5 convertible secured bridge notes in the aggregate principal amount of \$2,000,000, bearing interest at a rate of 10% per annum (the "Tranche 6" convertible loans) to September 30, 2021.
- In July 2021, CareSpan extended the maturity date for the Tranche 6 convertible secured notes to September 30, 2021.
- In September 2021, CareSpan extended the maturity date for the Tranche 5 convertible secured notes and the Tranche 6 convertible secured notes to October 31, 2021.
- In October 2021, CareSpan extended the maturity date for the Tranche 5 convertible secured notes and the Tranche 6 convertible secured notes to November 30, 2021. The penalty event for the Tranche 6 convertible secured notes was deleted in its entirety and replaced with the following (the underlined portion is the amended language):

2.1 Penalty Event. In the event that a Penalty Event (as defined below) occurs: (i) the Company shall issue warrants representing 100% of their invested capital pursuant to the Note (the "Penalty Warrants"); (ii) the

Maturity Date of this Note shall accelerate, and this Note shall become immediately due and payable; and (iii) the Discount Rate shall be changed to 50%. The Penalty Warrants shall have a 5-year term and exercise price calculated on a fully-diluted equity valuation of US\$6.5 million for the Company.

A "Penalty Event" shall have occurred if the Company: (i) does not complete a Go-Public Transaction by November 30, 2021 from the last closing of the Offering; (ii) does not enter into employment agreements (the "Employment Agreements") with each of the Key Individuals (as defined below), with each Employment Agreement specifying the number and type of equity securities or options to acquire equity securities of the Company to be issued to the applicable Key Individual within ten (10) business days from the last closing of the Offering; or (iii) does not enter into an LOI (as defined below) or initiate a direct listing process on the TSXV (as defined below) or the CSE (as defined below), either directly or through a private shell vehicle within 30 days of the last closing of the Offering, provided that a Penalty Event shall not have occurred if the Company does not complete a Go-Public Transaction within ten (10) months from the last closing of the Offering as a result of a breach by the CPC or the Shell of the Go-Public Transaction agreement between the CPC or the Shell and the Company, in which case the Company shall have an additional six (6) months to complete a Go-Public Transaction.

"Key Individuals" means Rembert De Villa and Doug Wolfram.

A summary of the sources and uses of cash follows:

For the period ended	For the six months ended June 30	
	2021	2020
Net cash used in operating activities	(1,194,710)	(558,297)
Net cash used in investing activities	(2,763)	-
Net cash proceeds from financing activities	99,510	711,000
Net increase (decrease) in cash	(1,097,963)	152,703
Cash, beginning of period	1,474,177	6,693
Effects of exchange rates on cash held in foreign currencies	(1,313)	-
Cash, end of the period	374,901	159,396

Cash used in operating activities

During the six months ended June 30, 2021, used cash of \$1,097,963 compared to a source of cash of \$152,703 during the six months ended June 30, 2020. The increase in the use of cash primarily due to an increase in practice fees associated with an increase in revenues, engagement of consultants, finance costs from interest and accretion on convertible loans, legal and professional fees incurred in anticipation of a go-public event, a ramp up in information technology costs as the company engaged in work relating to its platform and an increase in share-based payments.

Cash used in investing activities

During the six months ended June 30, 2021, CareSpan used cash of \$2,763 in investing activities (June 30, 2020: \$Nil) due to the purchase of property and equipment for CareSpan Asia. No property, plant and equipment was purchased in 2020.

Cash from financing activities

During the three and six months ended June 30, 2021, CareSpan received a working capital loan from a related party in the amount of \$200,000 and \$264,590 in subscription receipts from non-brokered investors. During the six months ended June 30, 2020, CareSpan received proceeds from the issuance of convertible loans.

Working capital

At June 30, 2021, CareSpan had a working capital deficiency of \$1,430,173 (December 31, 2020: working capital of \$663,066, excluding convertible notes to be converted to shares as part of the RTO, the non-cash warrant liability and derivative conversion option).

For the period ended	June 30, 2021	December 31, 2020
Cash	374,901	1,474,177
Trade and other receivables	528,297	834,308
Prepaid expenses	474,827	147,225
Accounts payable and accrued liabilities	(1,919,326)	(1,457,024)
Due to related parties	(630,133)	(340,271)
Working capital (deficiency)	(1,430,173)	663,066

The following transactions have been excluded from the table above as it is management's intent to convert the convertible loans and secured notes to shares as part of the go-public transaction. Had the transactions below been included, there would have been a working capital deficiency of \$7,667,603 (December 31, 2020: \$5,939,195).

For the period ended	June 30, 2021	December 31, 2020
Convertible loans	4,639,094	3,763,936
Derivative conversion option	1,911,113	2,647,304
Warrant liability	123,582	186,370

OUTSTANDING COMMON SHARE DATA

The following table summarizes the outstanding share capital as of September 12, 2021:

Type of Securities	Number of Common Shares issued or issuable
Common Shares	22,104,557
Stock options	2,304,000

We are authorized to issue up to 100,000,000 common shares and 20,000,000 preferred shares. As at June 30, 2021, CareSpan had 22,104,557 common shares outstanding and nil preferred shares outstanding (December 31, 2020: 22,104,557 and Nil, respectively).

Pursuant to a meeting of the board in March 2021, the outstanding options will be cancelled just prior to the go-public transaction.

Non-controlling interests

CareSpan Integrated Networks Inc.

We are authorized to issue up to 80,000,000 Class A common, voting shares and 20,000,000 Class B common, non-voting shares. As at June 30, 2021, CareSpan owned 50,000,000 Class A common, voting shares (June 30, 2020: 50,000,000) and there were 829,500 Class B common, non-voting shares (June 30, 2020: 595,500).

At June 30, 2021, CSIN issued 24,000 (June 30, 2020: 181,500) Class B common, non-voting shares and Nil (2019: 50,000,000) Class A common, voting shares. The board of CareSpan Integrated Networks issues shares for services performed by members of the boards of American-APN and American MedPsych, owners of American-APN and American MedPsych, certain practitioners and consultants.

During the six months ended June 30, 2021, the fair value of class B common shares issued as share-based compensation totaled \$611 (six months ended June 30, 2020 – \$30,072).

CareSpan Asia Inc.

On October 9, 2020, the Group, together with Argosy Partners, Inc., formed CareSpan Asia Inc. ("CareSpan Asia"), a company domiciled in the Republic of the Philippines. The Group holds a 50.1% voting equity interest in CareSpan Asia. CareSpan Asia Inc. is authorized to issue 100,000 common shares and has issued 100,000 as at June 30, 2021 (December 31, 2020 – 100,000). As at June 30, 2021, CareSpan holds 50,098 common shares (December 31, 2020 – 50,098 common shares).

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2021, there were no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

	June 30, 2021	December 31, 2020
	\$	\$
ICME International AG	18,310	18,310
Short-term advances	311,823	21,961
Compensation payable to officers and directors	300,000	300,000
	630,133	340,271

The amount owed to ICME International AG relates to the Group's investment in SmartCare. Short-term advances were received from key management personnel and others to support the Group's working capital requirements. Amounts due to related parties are unsecured, non-interest bearing and payable on demand. Remuneration for related parties during the period is as follows:

	For the Six Months Ended June 30	
	2021	2020
Short-term benefits	430,572	207,500
Share-based payments	404,425	60,676
	834,997	268,176

The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends. For the six months ended June 30, 2021, \$120,570 of short-term benefits is included in the line item consultants and subcontractors (six months ended June 30, 2020 – \$207,500) and \$310,000 is included in the line item salaries and benefits (period ended June 30, 2020 – \$Nil) respectively, (refer to CareSpan's *condensed interim consolidated statements of loss and comprehensive loss for the three and six months ended June 30, 2021*).

INVESTMENT IN JOINT VENTURES

- **EMEA** – CareSpan entered into a Joint Venture and Cooperation Contract with SmartCare GmbH (“SmartCare”) in July 2020 for the establishment of CareSpan Europe and related international business development by and through ICME GmbH Management Consultants Munich, a German limited liability company and a subsidiary of ICME International AG, Switzerland, and an early seed investor into CareSpan. The joint venture agreement created a European-based business, SmartCare, owned jointly between the parties to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the EU, the Middle East and Africa (“EMEA”). CareSpan owns 15% of the share capital of the joint venture and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in the EMEA territory for the fifteen-year term of the agreement.
- **Asia-Pacific** – CareSpan entered into a Joint Venture Agreement with Argosy Partners, Inc. for the establishment of CareSpan Asia Inc. in October 2020. CareSpan and Argosy Partners, Inc. to leverage the capabilities of the CareSpan Clinic for the delivery of digitalized medical care, remote patient monitoring and other digital health services to the Philippines and Asia-Pacific markets. CareSpan has a 50.1% interest in the joint venture company, CareSpan Asia, and has appointed two director nominees to the board of directors. The joint venture has exclusive rights to the CareSpan Clinic in member countries of the Association of South-East Asian Nations, Japan, Australia, India, and Bangladesh for the five-year term of the agreement.

As at June 30, 2021, the joint ventures revenues, losses, assets and liabilities were not considered to be material to CareSpan.

SIGNIFICANT EVENT

Dynamo Capital Corp.

On August 4, 2021, the Company entered into a merger agreement with Dynamo Capital Corp. (“Dynamo”) pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo. The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Holdings, Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 technology issuer on the TSX Venture Exchange (“TSX-V”).

Dynamo is a capital pool company and intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm's-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 73,530,609 common shares of CareSpan issued and outstanding on a fully diluted, post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,629,823 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,890,930 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% will be assessed on the brokered subscription receipts and shares equivalent to 3% will be assessed on the non-brokered subscription receipts and broker warrants between 3% and 8% will be due on the brokered and non-brokered subscription receipts upon completion of the transaction.

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.667 pre-consolidation Dynamo common shares as a

condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan common share for approximately 0.29416 pre-consolidation CareSpan common shares as a condition to the completion of the transaction. CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars ("C\$") of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

On August 4, 2021, the aggregate gross proceeds raised in the concurrent private placement are C\$3,581,442. The funds raised in connection with the concurrent financing are being held in escrow, subject to certain release conditions, including:

- (a) written confirmation from each of the Company and Dynamo to the Agent and the Subscription Receipt Agent that all conditions of the Transaction in accordance with the terms of the Transaction Agreement have been satisfied or waived, without any material amendment, other than release of the Escrow Funds and closing of the Transaction, which shall be completed forthwith upon release of the Escrow Funds;
- (b) the receipt of all shareholder, third-party and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Common Shares underlying the Subscription Receipts and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of Applicable Securities Laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on an Exchange, and the completion, satisfaction, or waiver of all conditions precedent to such listing, other than the release of the Escrow Funds and such other matters as shall only happen at the closing of the Transaction;
- (e) the Company shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (f) Dynamo shall not be in breach or default of any of its covenants or obligations under this Agreement or the Agency Agreement, and all conditions set out in the Agency Agreement shall have been satisfied or waived;
- (g) the Company and the Agent shall have delivered the Release Notice to the Subscription Receipt Agent;
- (h) the Agent shall be satisfied with the "bring-down" of their due diligence review with respect to the business, assets, financial condition, affairs and prospectus of the Company, its subsidiaries and Dynamo with respect to the Transaction; and
- (i) such other customary escrow release conditions requested by the Agent, acting reasonably.

EVENTS AFTER THE REPORTING PERIOD

Modification of Tranche 5 convertible loans

Subsequent to period-end, the maturity date for all the Tranche 5 convertible loans was extended to November 30, 2021.

Modification of Tranche 6 convertible loans

Subsequent to period-end, the maturity date for all the Tranche 6 convertible loans was extended to November 30, 2021, and the time to complete a Go-Public Transaction was extended to be within eleven months from the last closing of the Offering.

Tranche 7 convertible note

On July 13, 2021, the Company issued a convertible note of \$400,000 to one of its directors. The note is unsecured, bears annual interest at 10% with principal and interest payable at maturity on January 13, 2022. The note contains an automatic conversion feature wherein if the Company completes an RTO, the note together with any accrued but unpaid interest is automatically converted into that number of fully paid and nonassessable common shares of the Company as is equal to the RTO Conversion Amount divided by the initial public offering price per share of the Company's common stock in such RTO.

ACCOUNTING POLICIES

The accounting policies set out in the notes to the audited financial statements have been applied in preparing the audited financial statements for the year ended December 31, 2020, including the comparative information presented in the audited financial statements for the year ended December 31, 2019.

These financial statements have been prepared in accordance with accounting principles applicable to going concern, which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due during the normal course of operations for the foreseeable future. At June 30, 2021, the Company had a shareholders' deficiency of \$9,373,508 and a net loss of \$3,732,774 for the six months ended June 30, 2021.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of provisions at the date of the financial statements and the reported amount of expenses during the period. Financial statement items subject to significant judgement include, (a) incremental borrowing rate used to measure lease liabilities, (b) the fair value estimate of the measurement of lease, warrant liabilities and note payable, and (c) the assessment of the Company's ability to meet its obligations as they come due. While management believes that the estimates and assumptions are reasonable, actual results may differ.

CRITICAL ESTIMATES

Key areas involving estimation, uncertainty and critical judgments include the following:

Revenue recognition

The core principle of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

CareSpan accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods and services is transferred to customers, and in an amount that reflects the consideration the Company is contractually due in exchange for those goods and services.

The Company has one main source of revenue: patient service revenue although there are opportunities that may exist for license revenue.

Patient Service Revenue

Patient service revenue is recognized at the time services are provided by the Company's affiliated healthcare providers. The Company's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, for the three and six months ended June 30, 2021 there are no performance obligations that were unsatisfied or partially unsatisfied with respect to patient service revenue. Substantially all of the Company's patient service revenue is reimbursed by government-sponsored or funded healthcare programs ("GHC Programs"), including Medicare, Medicaid, and third-party insurance payors. Payments for services rendered to the Company's patients are generally less than billed charges. The Company continually monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

License revenue

Renewable software licenses for the Company's digital care delivery platform include the right-to-access the software for a specified term, technical support, and maintenance services. These agreements are accounted for as licenses, as the customer only has the right to access the software during the contract term. These services are similar in substance to a subscription, as the Company does not sell licenses without technical support and maintenance services. Revenue is recognized rateably over the term of the agreement from the date the license contract commences.

RISKS AND UNCERTAINTIES

CareSpan and its operating subsidiaries and joint ventures operate in ever-changing business and competitive economic environments that expose it to a number of risks and uncertainties. This MD&A is qualified in its entirety by the risk factors described. The risks and uncertainties are not, however, the only risks we face. We may also be subject to additional risks and uncertainties that are currently unknown or not currently deemed material to our respective business operations. If any of the risks or uncertainties we and our operating subsidiaries face were to occur, they could materially affect our future operating results and could cause actual events to differ materially from those which we expect or that we have described in our forward-looking statements.

Credit and Concentration Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not provide any guarantees which would expose the Group to credit risk. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's trade receivables are current and there has been no instance of default with any government-sponsored or funded healthcare program ("GHC Program") or third-party payor.

Since its incorporation, the Group has not incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Group's trade receivables was insignificant at June 30, 2021, and December 31, 2020.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Convertible loans and short-term advances from related parties bear interest at fixed rates or are non-interest bearing. Accordingly, the fair value of these financial liabilities could fluctuate because of changes in market interest rates.

Liquidity Risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate

cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within one year	Later than one year and not later than five years	Later than five years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,919,326	-	-	1,919,326
Convertible loans	4,408,100	-	-	4,208,100
Due to related parties	630,133	-	-	630,133
	6,957,559	-	-	6,957,559

Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use derivative instruments to reduce its exposure to foreign currency risk. The Group did not hold any significant balance of foreign currency denominated monetary assets and monetary liabilities at June 30, 2021, or December 31, 2020.

Retention and Acquisition of Skilled Personnel

The loss of any member of CareSpan's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on CareSpan's business and operating results. The expansion of marketing and sales of its products will require CareSpan to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and CareSpan may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, CareSpan may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as CareSpan moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Managing Growth

In order to manage growth and changes in strategy effectively, CareSpan must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, CareSpan expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If CareSpan incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Reliance on Contracts with Key Customers

Revenues attributable to the Resulting Issuer's business is heavily dependent upon certain significant customers. The largest provider on CareSpan's network was responsible for generating over 90% of its revenue in 2020 and into the second quarter of 2021. There can be no assurance that CareSpan's contracts with these key customers will be renewed or that the CareSpan's services will continue to be utilized by those key customers. There could be material adverse effects on the financial results or businesses of CareSpan if a material healthcare practitioner does not renew its contracts with CareSpan or if such practitioner elects to terminate its contracts with CareSpan in favour of another service provider.

Ability to Attract Nurse Practitioners and Behavioral Health Providers to CareSpan's Networks

The organic growth of CareSpan's business relies heavily on its ability to attract and contract with NPs and behavioral health providers to its integrated networks – American-APN and American MedPsych. CareSpan's current value proposition is that, to independent practitioners, it is a "one stop shop" that provides the technology platform and business services that allows them to focus on caring for patients. While CareSpan's offering is fundamentally attractive, target providers may not find it compelling enough to shift their current business to the company over time. CareSpan's recruiting cycle can also vary widely by client.

Ability to Help CareSpan's Network Providers Grow their Practices

CareSpan's revenues are dependent on the individual practice growth of its member providers. Their growth is influenced by multiple factors, including their ability to market their services to their communities, their ability to retain patients/clients over time, and competitive factors in their community that impact their growth. If CareSpan is unable to help them grow their practices profitably, the company will constrict network growth and, therefore, revenues for CareSpan.

Onboarding and Transitioning

While CareSpan has a standardized onboarding and transitioning process, its operations can be negatively impacted depending on the individual situations of individual providers. For example, whether a provider's network is efficient can impact the transition process – an inefficient network can make the process difficult to implement and complete. CareSpan is heavily reliant on the effectiveness of its training, data migration and interface implementation.

Shortage of Healthcare Providers

As the Resulting Issuer expands its operations, it may encounter difficulty in securing the necessary professional medical and support staff to support its expanding operations. Any shortage in the number of NPs, behavioural health specialists or other healthcare service providers may affect the Resulting Issuer's ability to adequately meet demand for its services and provide its clients with adequate services, which may adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Breach of Clients' or Patients' Confidential Information

CareSpan's platform stores confidential information of clients and patients, including users' health information and other personally identifiable sensitive data. Any accidental or willful security breaches of CareSpan's information technology systems or other unauthorized access could cause clients' secure information to be stolen and used for criminal purposes. Security breaches or unauthorized access to secure information could also expose CareSpan to liability related to the loss of the information, time-consuming and expensive litigation, negative publicity and loss of reputation. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in its licensed software is exposed and exploited, and, as a result, a third party or disaffected employee obtains unauthorized access to any of its clients' data, CareSpan's relationships with its users could be severely damaged and CareSpan could incur significant liability.

Regulatory Requirements

Governmental regulation in any of CareSpan's jurisdictions of operations, or those of CareSpan's joint ventures, may affect CareSpan's activities and the Company may be affected in varying degrees by government policies and regulations. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

Healthcare Legislation

Reforms in the legislation governing the healthcare industry in any of the jurisdictions in which CareSpan operates could limit the prices that CareSpan can charge for its services, which would reduce its revenues and harm its operating results. In addition to extensive existing government healthcare regulation, there could be initiatives at the federal, state or provincial levels for reforms affecting the payment for and availability of healthcare services. Limitations on reimbursement amounts and other cost containment pressures could result in a decrease in the revenue received for each patient seen. It is not clear at this time what proposals, if any, will be adopted or, if adopted, what effect these proposals would have on the business of CareSpan. The adoption of any such proposals could have an adverse impact on the business, financial conditions or results of operations of CareSpan.

Permits and Licenses

The operations of CareSpan may require licenses and permits from various governmental authorities in the future. There can be no assurance that CareSpan will be able to obtain any or all necessary licenses and permits that may be required.

Material Defects or Errors in CareSpan's Technology Infrastructure

CareSpan's ability to provide services to its customers is heavily dependent on the operability of its technology. Material defects or errors in CareSpan's technology infrastructure could harm CareSpan's reputation, result in significant costs and impair CareSpan's ability to sell its services. Software used by CareSpan can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced. Despite internal testing, CareSpan's technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that CareSpan may be unable to successfully correct in a timely manner, or at all.

Dependencies on Third Party Software and Services

Certain of CareSpan's technology and services rely on software and services developed and maintained by third-party vendors. CareSpan's business may be disrupted if these services or software ceased to be available to CareSpan, or offered to it on commercially reasonable terms. In either instance, CareSpan would either be required to redesign services to function with alternate third-party vendors, or CareSpan may need to develop these components itself, which could result in increased costs and could result in delays in providing future services. Further, CareSpan be forced to limit the features available in its current or future service offerings as a result of unavailability of third party software.

Litigation Risks

CareSpan's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations or with respect to the interpretation of existing agreements. Any future claims or litigation could have a material adverse effect on the CareSpan's business and its profitability.

COVID-19 Pandemic or Other Similar Outbreaks

In March 2020, the World Health Organization declared the outbreak of a disease caused by a novel strain of the coronavirus ("COVID-19") to be a pandemic. This pandemic has had widespread, rapidly evolving and unpredictable impacts on global societies, economies, financial markets, and business practices. Federal and state governments have implemented measures to contain the virus, including physical distancing, travel restrictions, border closures, limitations on public gatherings, work-from-home orders or initiatives, supply chain logistical changes and closure of non-essential businesses.

Since the onset of the COVID-19 Pandemic and the impacts of this crisis on the global economy, our businesses continue to evolve as we adapt to manage, operate, and sustain these businesses during these uncertain times. Some countries in which we operate remain in COVID-19-related lockdowns of some degree and/or have imposed restrictions on non-essential business activities. As a result, each of our affected businesses has undertaken a number of steps to protect their employees while continuing their respective business operations.

Throughout the past year, we have continued to employ proactive measures including closing offices, making provisions for employees working from home, eliminating travel and closely following the guidelines issued by health and regulatory authorities. Our human resource policies have evolved to respond to questions or concerns from our employees and are planning to return to "in office" work environments in certain regions. As a result of our proactive measures, the CareSpan companies remain in full operation and continue to execute on the delivery of existing customer mandates, while also working to build and sustain business pipelines and advance new opportunities through their respective sales cycles. While we are not immune to the impacts of the COVID-19 Pandemic, it appears that our businesses may have been less affected than other companies. Work remains ongoing and is deemed "essential" by applicable governing authorities.

Our providers see patients both in-person and via telemedicine. Our operations and financial situation may be at risk to the extent total primary care and behavioral health patient visits decline as a result of the pandemic, and if the volume of visits does not go back to pre-pandemic levels, even after a high rate of public vaccination is

achieved. If patient visit volume does not increase, this may impact our ability to earn revenue from remote payment monitoring services.

Insurance Coverage

CareSpan's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to CareSpan and environmental contingencies.

Financial and Accounting Risks

History of Losses

CareSpan has a history of losses since inception. CareSpan intends to further incur expenses in order to facilitate the growth of the business. While CareSpan expects to generate profits in the future, there can be no assurances that it will be successful in this regard.

Access to Capital

CareSpan makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, CareSpan has financed these expenditures through offerings of its equity securities. CareSpan will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. CareSpan may incur major unanticipated liabilities or expenses. CareSpan can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

CareSpan's functional currency is denominated in U.S. dollars. CareSpan currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, CareSpan incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of CareSpan's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact CareSpan's business, financial condition and results of operations. CareSpan has not previously engaged in foreign currency hedging. If CareSpan decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide CareSpan from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. CareSpan bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the CareSpan Financial Statements set forth in Schedule "C", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. CareSpan's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause CareSpan's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of CareSpan. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Risks Related to the Common Shares and Completion of the Qualifying Transaction

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. CareSpan cannot predict the prices at which the Common Shares will trade. The price of the CareSpan Subscription Receipts was determined by negotiations with the Subscription Receipt Agents in connection with the financing and might not bear any relationship to the market price at which the Common Shares will trade or to any other established criteria of the value of CareSpan's business. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (a) announcements of new offerings,

products, services or technologies, commercial relationships, acquisitions or other events by CareSpan or its competitors; (b) price and volume fluctuations in the overall stock market from time to time; (c) significant volatility in the market price and trading volume of agriculture companies; (d) fluctuations in the trading volume of the Common Shares or the size of CareSpan's public float; (e) actual or anticipated changes or fluctuations in CareSpan's results of operations; (f) whether CareSpan's results of operations meet the expectations of securities analysts or investors; (g) actual or anticipated changes in the expectations of investors or securities analysts; (h) litigation involving CareSpan, its industry, or both; (i) regulatory developments in the United States and foreign countries; (j) general economic conditions and trends; (k) major catastrophic events; (l) escrow releases, sales of large blocks of the Common Shares; (m) departures of key employees or members of management; or (n) an adverse impact on CareSpan from any of the other risks cited herein.

No History of Payment of Cash Dividends

CareSpan has not declared or paid cash dividends on the Common Shares. Upon Completion of the Qualifying Transaction, CareSpan intends to retain future earnings to finance the operation, development and expansion of the business. CareSpan does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on CareSpan's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this Filing Statement, CareSpan has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSX-V. As a reporting issuer, CareSpan will be subject to reporting requirements under applicable securities law and stock exchange policies. CareSpan is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to CareSpan's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, CareSpan will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm CareSpan's business and results of operations. CareSpan may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Significant Sales of Common Shares

The Common Shares held by CareSpan's directors, executive officers, Control Persons and certain other security holders of CareSpan may be subject to contractual lock-up restrictions and may also be subject to escrow and SSRR pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up, SSRR or escrow restrictions, or the perception that these sales could occur, may adversely affect the market price of the Common Shares and could make it more difficult for investors to sell Common Shares at a favourable time and price.

Analyst Coverage

The trading market for the Common Shares may become dependent on the research and reports that securities or industry analysts publish about CareSpan or its business. CareSpan will not have any control over these analysts. If one or more of the analysts who covers CareSpan should downgrade the Common Shares or change their opinion of CareSpan's business prospects, CareSpan's share price would likely decline. If one or more of these analysts ceases coverage of CareSpan or fails to regularly publish reports on CareSpan, CareSpan could lose visibility in the financial markets, which could cause the Common Share price or trading volume to decline.

Tax Issues

There are income tax consequences in relation to the Common Shares in the context of the Qualifying Transaction that will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Qualifying Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the final approval by the TSX-V. There can be no assurance that these conditions will be satisfied and that the Qualifying Transaction will be completed.

All risk factors should be considered carefully and readers should not place undue reliance on our forward-looking statements and forward-looking information. Any of the matters described under this "*Risks and Uncertainties*" section could have a material adverse effect on our businesses, results of operations and financial condition. Please also refer to the "*Cautionary Note Regarding Forward-Looking Statements*" section of this MD&A.

Additional information relating to the Company, including CareSpan's Financial Statements for the 2020 fiscal year and its quarterly financial statements, is available on SEDAR at www.sedar.com.

SCHEDULE “E”

**UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT JULY
31, 2021**

[see attached]



CareSpan Health, Inc.
(formerly Dynamo Capital Corp.)

Pro Forma Consolidated
Statement of Financial Position of Resulting Issuer

As at July 31, 2021

(Unaudited)

CareSpan Health Inc. (formerly Dynamo Capital Corp.)
Pro Forma Consolidated Statement of Financial Position of Resulting Issuer
(Unaudited)
As at July 31, 2021
(Expressed in U.S. dollars)

	CareSpan Holdings, Inc.	Dynamo Capital Corp.	Dynamo Capital Corp.	Note 3	Pro-Forma Adjustments	Pro-Forma Consolidated
	As at June 30, 2021 (U.S. dollars)	As at July 31, 2021 (Canadian dollars)	As at July 31, 2021 (U.S. dollars)			As at July 31, 2021 (U.S. dollars)
	\$	\$	\$		\$	\$
Assets						
Current assets						
Cash	374,901	74,329	59,624	c	1,638,245	2,072,770
Trade and other receivables	528,297	3,574	2,867		-	531,164
Prepaid expenses	474,827	17,000	13,637		-	488,464
	1,378,025	94,903	76,128		1,638,245	3,092,398
Property and equipment	5,851	-	-			5,851
	1,383,876	94,903	76,128		1,638,245	3,098,249
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	1,919,326	24,960	20,022		-	1,939,348
Convertible loans	4,639,094	-	-	d	(4,639,094)	-
Derivative conversion option	1,911,113	-	-	d	(1,911,113)	-
Warrant liability	123,582	-	-	d	(123,582)	-
Advances for private placement	264,590	-	-	c	(264,590)	-
Due to related parties	630,133	4,295	3,445		-	633,578
	9,487,838	29,255	23,467		(6,938,379)	2,572,926
Shareholders' equity (deficit)						
Common shares	3,470,206	289,412	232,158	a	(232,158)	12,535,368
				b	902,441	
				c	2,620,475	
				c	(717,640)	
				c	(61,721)	
				d	(352,182)	
				d	6,673,789	
Share-based benefits reserve	1,850,293	44,000	35,295	a	(35,295)	1,649,744
				b	12,666	
				d	(213,215)	
Warrant reserve	770,574	-	-	c	61,721	832,295
Foreign currency translation reserve	4,370	-	-		-	4,370
Deficit	(14,077,757)	(267,764)	(214,792)	a	214,792	(14,374,806)
				b	(862,446)	
				d	352,182	
				d	213,215	
Deficit attributable to owners of the parent	(7,982,314)	65,648	52,661		8,576,624	646,971
Non-controlling interests	(121,648)	-	-		-	(121,648)
	(8,103,962)	65,648	52,661		8,576,624	525,323
Total liabilities and shareholders' equity (deficit)	1,383,876	94,903	76,128		1,638,245	3,098,249

Basis of presentation (Note 2)

Pro forma assumptions and adjustments (Note 3)

The accompanying notes are an integral part of these pro forma consolidated financial statements.

CareSpan Health Inc. (formerly Dynamo Capital Corp.)
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
(Unaudited)
For the Six Months Ended July 31, 2021
(Expressed in U.S. dollars)

	CareSpan Holdings, Inc.	Dynamo Capital Corp.	Average exchange rate	Dynamo Capital Corp.	Note 3	Pro-Forma Adjustments	Pro-Forma Consolidated
	Six months ended June 30, 2021 (U.S. dollars)	Six months ended July 31, 2021 (Canadian dollars)	for the six months ended July 31, 2021	Six months ended July 31, 2021 (U.S. dollars)			Six months ended July 31, 2021 (U.S. dollars)
	\$	\$		\$			
Revenues							
Patient service	2,306,402	-	0.8042	-		-	2,306,402
License and other	5,000	-	0.8042	-		-	5,000
	2,311,402	-		-		-	2,311,402
Operating expenses							
Practice fees	1,949,669	-	0.8042	-		-	1,949,669
Consultants and subcontractors	540,079	3,000	0.8042	2,413		-	542,492
Share-based payments	404,425	-	0.8042	-	d(i)	(213,215)	191,210
Legal and professional fees	514,257	19,830	0.8042	15,947		-	530,204
Salaries and benefits	759,245	-	0.8042	-		-	759,245
Information technology costs	295,591	-	0.8042	-		-	295,591
Practice supplies and other operating costs	147,429	-	0.8042	-		-	147,429
General and administrative	65,077	-	0.8042	-		-	65,077
Transfer agent and filing fees	-	10,830	0.8042	8,709		-	8,709
Rent	-	6,000	0.8042	4,825		-	4,825
Foreign exchange loss	4,092	-	0.8042	-		-	4,092
Depreciation	1,563	-	0.8042	-		-	1,563
Finance costs	1,042,048	72	0.8042	58	d(ii)	(1,025,071)	17,035
	5,723,475	39,732		31,952		(1,238,286)	4,517,141
Loss before other gains	(3,412,073)	(39,732)		(31,952)		1,238,286	(2,205,739)
Other gains							
Gain on fair value remeasurement of derivative instruments (net)	(798,979)	-	0.8042	-	d(iii)	736,191	(62,788)
Gain on modification of convertible loans	(149,913)	-	0.8042	-	d(iv)	149,913	-
Net loss	(2,463,181)	(39,732)		(31,952)		352,182	(2,142,951)
Other comprehensive income							
Exchange difference on translating foreign operations	(1,726)	-	0.8042	-		-	(1,726)
Total comprehensive loss	(2,461,455)	(39,732)		(31,952)		352,182	(2,141,225)
Net loss attributable to:							
Owners of the parent	(2,357,754)	(39,732)		(31,952)		352,182	(2,037,524)
Non-controlling interests	(105,427)	-		-		-	(105,427)
	(2,463,181)	(39,732)		(31,952)		352,182	(2,142,951)
Total comprehensive loss attributable to:							
Owners of the parent	(2,356,889)	(39,732)		(31,952)		352,182	(2,036,659)
Non-controlling interests	(104,566)	-		-		-	(104,566)
	(2,461,455)	(39,732)		(31,952)		352,182	(2,141,225)

The accompanying notes are an integral part of these pro forma consolidated financial statements.

CareSpan Health Inc. (formerly Dynamo Capital Corp.)
Notes to the Pro Forma Consolidated Statement of Financial Position of Resulting Issuer
(Unaudited)
As at July 31, 2021

Expressed in U.S. dollars (unless otherwise indicated)

1. Transaction

Effective August 4, 2021, CareSpan Holdings Inc. (“CareSpan” or the “Company”) entered into a binding merger agreement with Dynamo Capital Corp. (“Dynamo”) pursuant to which Dynamo proposes to acquire all of the issued and outstanding securities of CareSpan Holdings Inc. in exchange for the issuance of securities of Dynamo, which will result in CareSpan Holdings, Inc. becoming a wholly-owned subsidiary of Dynamo.

The completion of the Transaction is subject to the satisfaction of various conditions that are customary for a transaction of this nature, including but not limited to: (i) the completion of a concurrent brokered and non-brokered financing for gross proceeds of C\$3,596,513 (the “Private Placement”) through the issuance of Subscription Receipts, assuming the completion of the private placement (as defined below), (ii) the approval by the directors of CareSpan and Dynamo of the Transaction and the matters related therein; (iii) approval of the Consolidation (as defined herein) by the shareholders of Dynamo (iv) the receipt of all requisite regulatory, stock exchange, and government authorizations and consents, including the Exchange.

Dynamo is carrying on business as a capital pool company (“CPC”), as such term is defined in TSX Venture Exchange Inc. (the “TSX-V”) *Policy 2.4 – Capital Pool Companies* (“CPC Policy”). Dynamo’s principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX-V. Dynamo intends that the transaction will constitute its qualifying transaction under the policies of the TSX-V. The transaction will not constitute a non-arm’s-length qualifying transaction or a related-party transaction pursuant to the policies of the TSX-V.

Trading in the common shares of Dynamo (the “Dynamo Common Shares”) is currently halted in accordance with the policies of the TSX-V and will remain halted until such time as all required documentation in connection with the Transaction has been filed with and accepted by the TSX-V and permission to resume trading has been obtained from the TSX-V.

CareSpan Holdings, Inc. (the “Company”) was formed in November 10, 2010, under the name Magellan Global Health, Inc. incorporated in Nevada, United States of America as a result of a merger and share exchange between Debson Destination Health, Inc. (a Canadian corporation) and Trans-National Treatments, Inc. (a Panamanian Corporation). Subsequently, Magellan Global Health, Inc. was dissolved, and its shareholders were transferred to a newly formed corporation Magellan Global Holdings Inc. (“Magellan”) which was incorporated under the laws of the Republic of Panama on May 14, 2012. On August 31, 2015, Magellan filed articles of amendment wherein the name of the Company was changed to CareSpan Holdings, Inc. On May 7, 2020, the Company filed a Certificate of Corporate Domestication pursuant to the provisions of Section 388 of the General Corporation Law of the State of Delaware to re-domicile CareSpan Holdings, Inc. under the laws of the State of Delaware, United States of America.

The registered office of CareSpan is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and the head office of CareSpan is located at 105 East 34th Street, New York, New York, United States of America.

These pro forma consolidated statement of financial position of the resulting issuer (the “Pro Forma Statement”) include the accounts of CareSpan and its subsidiaries:

Subsidiary	Domicile and country of incorporation	Date of incorporation
CareSpan USA, Inc.	Nevada, United States of America	September 26, 2013
CareSpan International Inc.	Republic of Panama	May 17, 2012
CareSpan Integrated Networks Inc.	Nevada, United States of America	February 6, 2019
American Advanced Practice Network, P.C.	Iowa, United States of America	December 31, 2018
American MedPsych Network, P.A. ⁽¹⁾	Florida, United States of America	February 20, 2019
CareSpan Asia Inc.	Manila, Philippines	October 9, 2020
Smart Care GmbH	Berlin, Germany	July 8, 2020

Note 1:

CareSpan MedPsych Network, P.A. amended its name to American MedPsych Network, P.A. on February 26, 2021.

The Company, together with its subsidiaries, is referred to collectively as CareSpan. CareSpan is a health care technology and service company. CareSpan’s proprietary Clinic-in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, the patient’s electronic health record, care collaboration capabilities, patient engagement, e-prescribing and lab ordering. CareSpan’s platform seamlessly supports both in-person and virtual/telehealth care. CareSpan is using this platform, combined with essential business services, to build provider networks across the United States of America, Asia Pacific (“APAC”) and Europe, Middle East

CareSpan Health Inc. (formerly Dynamo Capital Corp.)
Notes to the Pro Forma Consolidated Statement of Financial Position of Resulting Issuer
(Unaudited)
As at July 31, 2021

Expressed in U.S. dollars (unless otherwise indicated)

and Africa (“EMEA”) that deliver primary and urgent care, as well as behavioural health. To date, CareSpan has over 60 practitioners across its two networks American Advanced Practice Network, P.C. (“American-APN”) and American MedPsych Network, P.A. (“American MedPsych”) in the United States.

The Qualifying Transaction

The transaction, assuming the completion of the private placement (as defined below), will result in a reverse takeover of Dynamo where the existing shareholders of CareSpan will own a majority of the outstanding common shares of Dynamo and Dynamo will be renamed CareSpan Health Inc. or such other name as CareSpan may determine. Upon completion of the transaction, it is anticipated that the resulting issuer will be listed as a Tier 2 healthcare issuer on the TSX-V.

Subject to satisfaction or waiver of the conditions precedent referred to herein and in the Merger Agreement, CareSpan and Dynamo anticipate that the Transaction will be completed no later than November 30, 2021. There can be no assurance that the Transaction or Private Placement will be completed.

As consideration for the acquisition of all of the outstanding securities of the Company, holders of issued and outstanding common shares of CareSpan will receive one Dynamo common share (on a post-Dynamo consolidation basis) for each one CareSpan common share (on a post-CareSpan consolidation basis). Excluding any common shares of CareSpan to be issued in connection with the private placement immediately prior to the transaction, it is anticipated that there will be 95,174,973 common shares of CareSpan issued and outstanding on a post-CareSpan consolidation basis, and holders of such CareSpan common shares will receive an aggregate of approximately 21,955,017 Dynamo common shares (on a post-Dynamo consolidation basis) in accordance with the exchange ratio. An additional 1,822,430 warrants will be issued following completion of the transaction. The final structure of the transaction is subject to the receipt of tax, corporate and securities law advice by both Dynamo and CareSpan. Agency fees of 8% on the brokered portion of the Qualifying Transaction and compensation warrants equal to 8% on the brokered portion of the Qualifying Transaction and 55,007 compensation shares for the non-brokered portion of the Qualifying Transaction and 55,007 compensation warrants for the non-brokered portion of the Qualifying Transaction will be due upon completion of the transaction.

Immediately prior to the completion of the transaction, it is anticipated that: (i) Dynamo will consolidate its issued and outstanding Dynamo common shares on the basis of one post-consolidation Dynamo common share for approximately every 4.66667 pre-consolidation Dynamo common shares as a condition to the completion of the transaction; and (ii) CareSpan will consolidate its issued and outstanding CareSpan common shares on the basis of one post-consolidation CareSpan Health common share for approximately 4.33495 pre-consolidation CareSpan Common Shares as a condition to the completion of the transaction.

CareSpan intends to conduct, and it is a condition of the transaction for CareSpan to close, a concurrent private placement for minimum aggregate gross proceeds in Canadian dollars (“C\$”) of C\$3,500,000 to a maximum of C\$6,510,000 through the offering of securities of CareSpan to be sold at an issue price to be determined in the context of the market. CareSpan intends to use the net proceeds from the private placement for sales growth, product development, strategic acquisitions and general corporate purposes. It is anticipated that the private placement will occur at a price of C\$0.70 per share (on a post-Dynamo consolidation, post-CareSpan consolidation basis). In the event that the private placement occurs at a different price, the exchange ratio will be adjusted accordingly.

Immediately prior to and as a condition to closing of the Transaction, Dynamo shall consolidate its issued and outstanding Dynamo Common Shares on the basis of approximately 4.66667 pre-consolidation Dynamo Common Shares for each one (1) post-consolidation Dynamo Common Share (the “Consolidation”). In addition, immediately prior to the Transaction and assuming a November 30, 2021, Transaction date and an assumed exchange rate of 1.2403 per C\$1.00 at that time, all convertible notes of CareSpan (including accrued and unpaid interest thereon) will be converted, in accordance with their respective terms into additional CareSpan shares.

As consideration for the acquisition of all of the outstanding securities of CareSpan, holders of the issued and outstanding common shares of CareSpan (“CareSpan Common Shares”) will receive approximately 0.23068 post-Consolidation (as defined herein) Dynamo Common Shares for each (1) CareSpan Common Share (the “Exchange Ratio”) held. The outstanding capital of CareSpan to be acquired by Dynamo at the Exchange Ratio is comprised of the following:

Upon Completion of the Qualifying Transaction:

- (1) an aggregate of 26,899,949 Resulting Issuer Shares will be issued and outstanding, consisting of:
 - (a) 21,955,017 Resulting Issuer Common Shares issued to existing CareSpan Shareholders;
 - (b) 0 Resulting Issuer Restricted Voting Shares issued to existing CareSpan Shareholders;

CareSpan Health Inc. (formerly Dynamo Capital Corp.)
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Expressed in U.S. dollars (unless otherwise indicated)

- (c) 3,282,782 Resulting Issuer Common Shares issued to holders of CareSpan Subscription Receipts;
 - (d) 1,607,143 Resulting Issuer Common Shares currently held by Dynamo Shareholders; and
 - (e) 55,007 Resulting Issuer Common Shares issued to the Agent as a financial advisory fee.
- (2) an aggregate of 96,428 Resulting Issuer Options, 1,504,800 Resulting Issuer Warrants, and 317,629 Resulting Issuer Compensatory Warrants will be outstanding, consisting of:
- (a) Resulting Issuer Options to purchase 96,428 Resulting Issuer Common Shares pursuant to the Dynamo Options;
 - (b) Resulting Issuer Warrants to purchase 1,504,800 Resulting Issuer Warrants issued to holders of CareSpan Warrants; and
 - (c) Resulting Issuer Compensatory Warrants to the Agent representing the right to acquire up to an aggregate 317,629 Common Shares pursuant to the Resulting Issuer Compensatory Warrants.

On March 18, 2021, the CareSpan board elected to cancel all outstanding CareSpan options prior to the Transaction. It is not anticipated there to be any options after the Transaction except for the Resulting Issuer Options to be issued to Dynamo.

Upon closing of the Transaction, finder's warrants and advisory warrants will be issued as follows:

Name of Finder / Advisor	Term	Exercise price post consolidation	Number of Resulting Issuer Warrants upon Completion of the Qualifying Transaction
Karim Jessa	1 year	C\$0.525	31,701
Pankaj Varma	1 year	C\$0.525	9,600
Maurice Colson	1 year	C\$0.525	7,620
Finder's Capital / Westpark Capital	1 year	C\$0.700	8,622
Polyrhythm Ltd.	1 year	C\$0.525	28,572
Antera, Inc.	5 years	C\$0.525	709,341
Arinder Mahal	5 years	C\$0.525	236,448
Dushan Batrovic	5 years	C\$0.525	236,448
Synoptim Advisory Corp.	5 years	C\$0.525	236,448
Total			1,504,800

The Private Placement

CareSpan has entered into an agency agreement dated August 4, 2021 with Canaccord Genuity Corp together with its affiliate Canaccord Genuity LLC (collectively "Canaccord" or the "Agent"), as lead agent and sole bookrunner, on its own behalf, pursuant to which CareSpan shall complete the Private Placement of brokered and non-brokered subscription receipts of CareSpan (the "Subscription Receipts") at a price of C\$0.70 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of C\$3,581,442. Each Subscription Receipt shall be deemed to be exercised, without payment of any additional consideration and without any further action on the part of the holder thereof, for that number of CareSpan Common Shares equal to a fraction, the numerator of which is one, and the denominator of which is the Exchange Ratio, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions") as described in a subscription receipt agreement to be entered into by the parties (the "Subscription Receipt Agreement"). Each CareSpan Common Share received by holders of the Subscription Receipts shall then be converted into Resulting Issuer Shares pursuant to the Exchange Ratio. For clarity, each Subscription Receipt shall result in the issuance of one Resulting Issuer Share following the completion of the Transaction.

The gross proceeds of the Private Placement less 50% of the Cash Fee (as defined below), which will be paid upon closing of the Private Placement, will be deposited in escrow at closing pending the satisfaction of the Escrow Release Conditions. If either: (i) the Escrow Release Conditions are not satisfied on or before the escrow release deadline to be stipulated in the Subscription Receipt Agreement; or (ii) prior to such escrow release deadline, CareSpan and/or Dynamo advises the Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Subscription Receipts will be cancelled and the escrowed funds shall be returned to the holders of the Subscription Receipts in accordance with the terms of the Subscription Receipt Agreement. In connection with the Private Placement, the

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Agents will be paid a cash commission equal to 8% of the brokered gross proceeds raised under the Private Placement (the "Cash Fee"). In addition, the Agents are to be issued such number of share purchase warrants (the "Compensation Warrants") equal to 8% of the Subscription Receipts sold under the Private Placement, with the exception of investors identified on a president's list (the "President's List") in which the number of Compensation Warrants shall be reduced to 3% and Resulting Issuer Common Shares as is equal to the number of Subscription Receipts sold under the President's List is 3% for the respective subscriptions. Each Compensation Warrant will entitle the holder to acquire a Resulting Issuer Share at the Issue Price for a period of twenty-four months following the completion of the Transaction.

2. Significant accounting policies

Basis of preparation

The accompanying unaudited pro forma consolidated statement of financial position of Resulting Issuer (the "Pro Forma Financial Statement") has been prepared by the management of CareSpan to reflect a "three cornered amalgamation" discussed above. Prior to completion of the Transaction, dynamo is expected to change its name to "CareSpan Health Inc." (the "Resulting Issuer"), and following completion of the Qualifying Transaction, the Resulting Issuer will conduct its business under the new name.

The Resulting Issuer will operate as a health care technology and service company. CareSpan Health's proprietary Clinic-in-the-Cloud™ is a clinical workflow-driven platform designed by doctors that integrates remote patient monitoring, diagnostic tools, the patient's electronic health record, care collaboration capabilities, patient engagement, e-prescribing and lab ordering. CareSpan's platform seamlessly supports both in-person and virtual/telehealth care. CareSpan Health is using this platform, combined with essential business services, to build provider networks across the United States of America, Asia Pacific ("APAC") and Europe, Middle East and Africa ("EMEA") that deliver primary and urgent care, as well as behavioural health.

The Qualifying Transaction has been accounted for in the Pro Forma Financial Statement as a continuation of the financial statements of CareSpan, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Dynamo and a recapitalization of the equity of CareSpan. The unaudited Pro Forma Financial Statement has been prepared from information derived from and should be read in conjunction with the following (including the notes thereto):

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- Unaudited interim condensed consolidated financial statements of CareSpan for the three and six months ended June 30, 2021, and the audited consolidated financial statements for the year ended December 31, 2020.
- Unaudited interim condensed financial statements of Dynamo for the three and six months ended July 31, 2021, and the audited financial statements of Dynamo for the year ended January 31, 2021.

The unaudited interim condensed consolidated financial statements and audited consolidated financial statements of CareSpan are prepared in US dollars. The unaudited interim condensed financial statements and audited financial statements of Dynamo are prepared in Canadian dollars. The unaudited Pro Forma Financial Statement of Financial Position of the Resulting Issuer translates the unaudited interim condensed financial statements of Dynamo using historical rates of exchange for equity related balances and at the spot rate of 0.8022 for the asset and liability accounts at July 31, 2021. Pro Forma adjustments use rates of exchange as disclosed herein which management believes are more reflective of the rate of exchange that will transpire at the date of the Qualifying Transaction.

The unaudited pro forma consolidated statement of financial position, in the opinion of management, includes all adjustments necessary for fair presentation. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Dynamo and CareSpan. The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the financial position had the Qualifying Transaction been in effect at the date indicated. The pro forma consolidated statement of financial position has been prepared for inclusion in the filing statement of CareSpan dated November 9, 2021.

The Pro Forma Financial Statement is not necessarily indicative of the financial position that would have been achieved if the Transaction had been completed on the date presented, nor does it claim to project the financial position of the consolidated entities as of any future date. The actual calculation and allocation of the purchase price will be based on the assets purchased and liabilities assumed at the effective date of the acquisition and other information at that date to support the allocation of the purchase price to the respective assets and liabilities. Accordingly, the actual amounts for each of the assets and liabilities will vary from the pro forma amount and the variation may be material.

The Pro Forma Financial Statement has been prepared based on financial statements that are prepared in accordance with International Financial Reporting Standards ("IFRS"), from information derived from the unaudited interim statement of financial position of CareSpan as at June 30, 2021, and the unaudited interim statements of financial position of Dynamo as at July 31, 2021.

The Pro Forma Financial Statements should be read in conjunction with: (i) the description of the transaction in the Filing Statement, and (ii) the historical financial statements, together with the notes thereto of CareSpan and Dynamo referred to above, which are included in the Filing Statement.

It is management's opinion that this unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the Transaction. The unaudited pro-forma consolidated statement of financial position is not intended to reflect the financial position or results of operations of the Company, which would have actually resulted had the Transaction been effected on the dates indicated. Actual amounts recorded upon consummation of the Transaction will differ from those recorded in the unaudited pro-forma consolidated statement of financial position and the differences may be material.

The accounting policies used in preparing the Pro Forma Financial Statement are set out in CareSpan's annual consolidated financial statements for the year ended December 31, 2020. In preparing the Pro Forma Financial Statement, a review of publicly available information was undertaken to identify accounting policy differences between CareSpan and Dynamo. While management believes that the significant accounting policies of CareSpan and Dynamo are consistent in all material respects, accounting policy differences may be identified upon completion of the Transaction. On completion of the Transaction, Dynamo will be the legal parent of CareSpan. However, as a result of the Transaction, control of Dynamo will pass to the former shareholders of CareSpan. This type of share exchange is referred to as a reverse acquisition. The acquisition is considered to be outside the scope of IFRS 3 Business Combinations since Dynamo's activities prior to the acquisition were limited to the management of cash resources and the maintenance of its listing, and accordingly, did not constitute a business. As CareSpan has granted equity instruments in return for goods or services received, the arrangement falls under the scope of IFRS 2 Share-based Payments.

Functional and presentation currency

These unaudited Pro Forma Financial Statements are presented in United States dollars ("US"), CareSpan's presentation currency. The functional currency and presentation currency of Dynamo is Canadian dollars ("C"). For the purposes of this Pro Forma, Dynamo has been presented in US dollars.

Critical accounting judgments and key sources of estimation uncertainty

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In the application of the Group's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. Pro Forma Assumptions and Adjustments

The key terms of the Transaction, which are more clearly laid out in the Filing Statement and the amalgamation agreement between CareSpan and Dynamo (the "Amalgamation Agreement"), are as follows:

- **Dynamo Share Consolidation:** Immediately prior to the transaction, Dynamo will consolidate its issued and outstanding CareSpan Common Shares on a basis of approximately 4.66667 pre-consolidation Dynamo Common Shares for each one (1) post-consolidation share (the "Consolidation").
- **CareSpan Share Exchange:** As consideration for the acquisition of all of the outstanding securities of CareSpan, holders of the issued and outstanding common shares of Dynamo will receive approximately 4.33495 post-Consolidation (as defined herein) CareSpan Common Shares for each one (1) Dynamo Share held.
- **Name Change:** Dynamo will change its name to "CareSpan Health" in connection with closing of the Transaction and will request a stock symbol reservation with the TSX-V under separate cover.
- **CareSpan Financing:** CareSpan has raised gross proceeds of \$2,620,475 by way of a private placement of 3,282,782 CareSpan Subscription Receipts at a price of C\$0.70 per CareSpan Subscription Receipt Share and 7,948,513 CareSpan shares for the August 5 transaction ("Concurrent Financing").

On completion of the Transaction, Dynamo will be the legal parent of CareSpan. However, as a result of the Transaction, control of Dynamo will pass to the former shareholders of CareSpan. This type of share exchange is referred to as a reverse acquisition. A reverse acquisition involving a non-public enterprise and a non-operating public enterprise is a share-based payment in substance, rather than a business combination. Since the Transaction does not meet the definition of a business combination in accordance with IFRS 3 Business Combinations, the Transaction will be accounted for as an asset acquisition as follows:

- The identifiable assets and liabilities of Dynamo are recognized at fair value at the acquisition date; and
- The excess of the fair value over the identifiable assets and liabilities of Dynamo is charged to profit or loss as listing expense in accordance with IFRS 2 Share-based Payments;
- Deficit and other equity balances recognized in the consolidated statement of financial position is determined by adding the fair value of CareSpan to Dynamo's issued equity immediately prior to the Transaction.
- The equity structure shown in the Pro Forma Financial Statement of the Resulting Issuer reflects Dynamo's equity structure, including the common shares issued by CareSpan to effect the Transaction.
- The equity structure of Dynamo is restated using the exchange ratio established in the Amalgamation Agreement to reflect the number of shares issued by CareSpan in the Transaction.

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The Pro Forma Financial Statement reflects the following transactions:

(a) Elimination of Dynamo's equity

Adjustments to record the reverse takeover of Dynamo's share capital, retained earnings, and contributed surplus are eliminated on consolidation.

(b) Reverse takeover listing costs

The difference between the fair value of the consideration (i.e. the fair value of the Dynamo common shares and stock options issued to effect the RTO) and the fair value of the net identifiable assets received is recognized as a listing expense which is reflected as an increase in shareholders' deficit.

Based on Dynamo's statement of financial position as of July 31, 2021, the difference between fair value of the consideration and the net assets acquired by CareSpan are as follows:

Purchase consideration

Shares ¹	902,441
Options ²	12,666
Fair value of consideration	915,107

Identifiable assets acquired

Cash	59,624
Trade and other receivables	16,504
Accounts payable	(20,022)
Due to related parties	(3,445)
Net assets acquired	52,661

Reverse takeover (RTO) listing expense

862,446

Note 1: 1,607,143 shares at C\$0.70 exchanged at USD \$0.80217.

Note 2: An increase in the share-based benefits reserve of the Company of \$12,666 to represent 96,428 options issued prior to closing the Transaction. These options were valued using the Black-Scholes Option Pricing Model using a risk-free rate of 0.42%, expected life of 2 years and a dividend yield of 0%, vesting immediately.

(c) Estimated cash costs of the Transaction

Post consolidation, an increase in cash and corresponding increase in share capital of \$2,620,475 (includes the brokered portion of \$1,843,344 from the issuance of 3,282,782 subscription receipts plus the August 5, 2021, Concurrent Financing of \$777,131 from the issuance of 7,948,513 CareSpan shares) less transaction costs of \$717,640. The full proceeds net of issuance costs were allocated to share capital. As part of the Transaction, CareSpan will issue advisory finder and broker warrants valued at \$61,721 valued using the Black-Scholes Option Pricing Model using a risk-free rate of 0.42%, expected life 2 years and a dividend yield of 0%.

An increase in share capital of \$38,508 with a corresponding decrease in share capital of the same amount, resulting in no net impact to share capital related to the issuance of 55,007 common shares to the agents as compensation from the private placement.

(d) CareSpan note conversions

The CareSpan shareholder debt conversions to common shares is accounted for as a reduction to the convertible loans carrying amount with a corresponding increase to share capital. The conversion price on issuance is calculated at a 25% or 50% discount to the liquidity price in a qualifying transaction. The conversion price on the date of the Transaction is C\$0.0807 per share for the 50% Notes C\$0.1211 per share for the 25% Notes.

Convertible loans	4,639,094

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Derivative conversion option	1,911,113
Warrant liability	123,582
	6,673,789

Adjustments impacting the Pro Forma Consolidated Statement of Loss and Comprehensive Loss

i.	Decrease in share-based payment expense related to advisory warrants issued to Antera Inc. for strategic and corporate advisory services in connection with the proposed Qualifying Transaction	213,215
ii.	Decrease in interest and accretion on convertible loans issued prior to the Transaction	1,025,071
iii.	Decrease in fair value losses on remeasurement of the conversion option liability related to convertible loans that were issued prior to the Transaction.	(736,191)
iv.	Decrease in loss on modification of convertible loans issued prior to the Transaction.	(149,913)
		352,182

50% Notes conversion (Tranche 5)

The CareSpan shareholder debt conversion to common shares is accounted for as a reduction in the shareholder loan balance of \$2,773,725, which includes accrued 10% interest calculated to November 8, 2021, the estimated Transaction date, with a corresponding increase to share capital. Conversion of the 50% Notes will result in the issuance of 42,610,103 shares (9,829,323 Resulting Issuer Shares).

25% Notes conversion (Tranche 6)

The CareSpan shareholder debt conversion to common shares is accounted for as a reduction in the shareholder loan balance of \$2,198,132, which includes accrued 10% interest to November 8, 2021, the estimated Transaction date, with a corresponding increase to share capital. Conversion of the shareholder loan will result in the issuance of 21,511,800 shares (5,193,037 Resulting Issuer Shares).

(e) Warrants

A reconciliation of the number of warrants outstanding is as follows:

CareSpan warrants	6,523,299
Exchange ratio	0.23068
CareSpan warrants post consolidation	1,504,800
Resulting issuer compensation warrants	317,629
Resulting Issuer Warrants	1,822,429

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(f) Share Capital

A reconciliation of the number of shares outstanding July 31, 2021, is as follows:

	Dynamo Capital Corp	Shares issued to Dynamo shareholders
Common shares	4,500,000	
Finders fee shares	3,000,000	
Common shares issued to Dynamo shareholders	7,500,000	1,607,143

	CareSpan Holdings Inc.	Shares issued to CareSpan shareholders
Common shares	30,053,070 ¹	6,932,657
Conversion of secured convertible notes:		
50% Convertible Notes (Tranche 5)	42,610,103	9,829,323
25% Convertible Notes (Tranche 6)	22,511,800	5,193,037
Common shares issued to CareSpan shareholders	95,174,973	21,955,017
Issuance of shares as part of the Qualifying Transaction		3,282,782
Issuance of shares to Dynamo shareholders		1,607,143
Issuance of compensation shares to Agent		55,007
Common shares following the share exchange		26,899,949

Note 1 – includes the shares issued for the August 5th, 2021 non-brokered financing.

	CareSpan Shareholders (pre-consolidation)⁽¹⁾	Resulting Issuer Common Shares
Common shares	30,053,070	6,232,657
Conversion of secured convertible notes:		
50% Convertible Notes (Tranche 5) ⁽²⁾	42,610,103	9,829,323
25% Convertible Notes (Tranche 6) ⁽²⁾	22,511,800	5,193,037
Common shares after conversion of convertible notes held by CareSpan shareholders	95,174,973	21,995,017
Issuance of shares as part of the Qualifying Transaction		3,282,782
Issuance of shares to Dynamo shareholders		1,607,143
Issuance of compensation shares to the Agent		55,007
Common shares outstanding	95,174,973	26,899,949
Advisory and finders warrants	6,523,299	1,504,800
Options issued to Dynamo shareholders		96,428
Compensatory warrants to the Agent		317,629
Fully diluted common shares outstanding	101,875,242	28,818,806

Note 1 – No pre-consolidation shares have been issued since August 5, 2021 to CareSpan shareholders.

Note 2 - The convertible notes will be converted just prior to the Transaction.

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4. Loss per share

The estimated loss per share pursuant to the Qualifying Transaction for the period ended July 31, 2021 is as follows:

	CareSpan Holdings Inc. Six months ended June 30, 2021	Dynamo Capital Corporation Six months ended July 31, 2021	Pro Forma Adjustments	CareSpan Health, Inc. Six months ended July 31, 2021
Net loss	(2,463,181)	(31,952)	352,182	(2,142,951)
Weighted average number of common shares outstanding (basic and diluted)	25,292,806	1,607,143		26,899,949
Basic and diluted loss per share	(0.10)	(0.02)		(0.08)

5. INCOME TAXES

The pro forma effective tax rate applicable to the consolidated operations will be 27%.

Given the uncertainty of how and when non-capital tax loss carry forwards can be utilized, no adjustment has been made to these unaudited pro forma consolidated financial statements.