

Consolidated Financial Statements of:

Unidoc Health Corp.

For the year ended March 31, 2022 and the period from incorporation on February 1, 2021 to March 31, 2021

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Unidoc Health Corp.

Opinion

We have audited the consolidated financial statements of Unidoc Health Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended March 31, 2022 and the period from incorporation on February 1, 2021 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the year ended March 31, 2022 and the period from incorporation on February 1, 2021 to March 31, 2021 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 2 to the financial statements, which describes events or conditions, that along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 29, 2022



An independent firm
associated with Moore
Global Network Limited

Unidoc Health Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

| As at | Note | March 31, 2022 | March 31, 2021 |
|--|------|---------------------|-------------------|
| ASSETS | | | |
| Current | | | |
| Cash | | \$ 854,430 | \$ 281,844 |
| Prepaid expenses and deposits | | 90,263 | - |
| GST receivable | | 58,613 | 6,556 |
| | | 1,003,306 | 288,400 |
| Equipment | 6 | 83,009 | - |
| Right-of-use asset | 7 | 89,062 | - |
| Security deposits | | 2,503 | - |
| TOTAL ASSETS | | \$ 1,177,880 | \$ 288,400 |
| LIABILITIES AND EQUITY | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 8 | \$ 642,318 | \$ 225,131 |
| Loans payable | 9 | - | 200,000 |
| Lease liability | 10 | 24,750 | - |
| | | 667,068 | 425,131 |
| Lease liability | 10 | 54,536 | - |
| TOTAL LIABILITIES | | 721,604 | 425,131 |
| Equity | | | |
| Share capital | 12 | 2,762,655 | 85,591 |
| Reserves | 12 | 935,887 | 15,000 |
| Deficit | | (3,324,266) | (237,322) |
| | | 456,276 | (136,731) |
| TOTAL LIABILITIES AND EQUITY | | \$ 1,177,880 | \$ 288,400 |

Going concern (Note 2)

Approved on behalf of the Board of Directors on July 29, 2022:

"Antonio Baldassarre" (signed)
Director

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

Unidoc Health Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

| | | Year ended March 31, 2022 | Period from incorporation February 1, 2021 to March 31, 2021 |
|--|-------|---------------------------------|--|
| | Note | | |
| EXPENSES | | | |
| Advertising | | \$ 448,988 | \$ - |
| Consulting | 11 | 554,299 | 11,200 |
| Depreciation | 6,7 | 15,248 | - |
| Foreign exchange loss | | 206 | - |
| Interest expense | 10 | 1,771 | - |
| Investor relations | | 628,720 | 7,500 |
| Office and administrative | | 68,884 | 156 |
| Professional fees | | 510,753 | 173,260 |
| Regulatory and filing fees | | 36,678 | 5,250 |
| Research and development | 11 | 353,016 | - |
| Salaries and benefits | | 13,251 | - |
| Share-based compensation | 11,12 | 372,980 | - |
| Software | | 150 | 26,480 |
| Travel and entertainment | | - | 13,476 |
| NET AND COMPREHENSIVE LOSS | | \$ (3,004,944) | (237,322) |
| Weighted average number of shares outstanding - basic and diluted | | 8,519,196 | 2,420,690 |
| Loss per share - basic and diluted | | \$ (0.35) | \$ (0.10) |

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

Unidoc Health Corp.

Consolidated Statement of Changes in Equity

(Expressed in Canadian dollars)

| | Number of common shares | Share capital | Reserves | Deficit | Total equity |
|---|----------------------------|---------------------|-------------------|-----------------------|---------------------|
| Balance, February 1, 2021 (incorporation) | - | \$ - | \$ - | \$ - | \$ - |
| Shares issued for debt | 3,600,000 | 36,000 | - | - | 36,000 |
| Shares issued for cash | 3,600,000 | 72,000 | - | - | 72,000 |
| Issuance costs | - | (22,409) | - | - | (22,409) |
| Special warrants financing | - | - | 15,000 | - | 15,000 |
| Net loss for the period | - | - | - | (237,322) | (237,322) |
| Balance, March 31, 2021 | 7,200,000 | \$ 85,591 | \$ 15,000 | \$ (237,322) | \$ (136,731) |
| Special warrants financing | - | - | 3,440,125 | - | 3,440,125 |
| Fair value of broker warrants | - | - | 72,018 | - | - |
| Issuance costs | - | - | (494,542) | - | (422,524) |
| Deemed exercise of special warrants | 2,752,100 | 2,468,713 | (2,468,713) | - | - |
| Exercise of unit warrants | 981,250 | 197,231 | (981) | - | 196,250 |
| Capital contribution | - | 11,120 | - | - | 11,120 |
| Grant of options | - | - | 372,980 | - | 372,980 |
| Net loss for the period | - | - | - | (3,004,944) | (3,004,944) |
| Balance, March 31, 2022 | 10,933,350 | \$ 2,762,655 | \$ 935,887 | \$ (3,242,266) | \$ 456,276 |

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

Unidoc Health Corp.
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

| | Year ended March 31, 2022 | Period from incorporation February 1, 2021 to March 31, 2021 |
|---|------------------------------|--|
| OPERATING ACTIVITIES | | |
| Net loss | \$ (3,004,944) | \$ (237,322) |
| Non-cash items: | | |
| Depreciation | 15,248 | - |
| Share-based compensation | 372,980 | - |
| Changes in non-cash working capital: | | |
| Increase in GST receivable | (52,057) | (6,556) |
| Increase in prepaid expenses and deposits | (90,263) | - |
| Increase in security deposits | (2,503) | - |
| Increase in accounts payable | 375,408 | 261,131 |
| Cash provided by (used in) operating activities | (2,386,131) | 17,253 |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (51,239) | - |
| Cash used in investing activities | (51,239) | - |
| FINANCING ACTIVITIES | | |
| Cash proceeds from the issuance of special warrants | 3,017,601 | 15,000 |
| Cash proceeds from private placement | - | 49,591 |
| Cash proceeds from exercise of unit warrants | 196,250 | - |
| Cash proceeds from the issuance of loans | - | 200,000 |
| Repayment of loans | (200,000) | - |
| Lease liability payments | (3,824) | - |
| Capital contribution | 11,120 | - |
| Security deposit paid on commencement of lease | (11,191) | - |
| Cash provided by financing activities | 3,009,956 | 264,591 |
| NET CHANGE IN CASH | 572,586 | 281,844 |
| CASH, BEGINNING | 281,844 | - |
| CASH, ENDING | \$ 854,430 | \$ 281,844 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Income taxes paid | \$ - | \$ - |
| Interest paid | \$ 4,346 | \$ - |
| Equipment additions in accounts payable and accrued liabilities | \$ 41,779 | \$ - |

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

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS

Unidoc Health Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on February 1, 2021 as Unicheck Holdings Corp. and changed its name to Unidoc Health Corp. on April 8, 2021. Unicheck Holdings Corp., a wholly-owned subsidiary of the Company, was incorporated under the Business Corporations Act of British Columbia on April 8, 2021.

The Company is in the business of virtual health/telemedicine. The Company plans to operate virtual/telehealth units which contain fully integrated diagnostic tools and will provide patients with the ability to have a live virtual visit with a doctor or other health professional. The Company trades on the CSE under the symbol UDOC.

The registered office of the Company is located at 750 Pender Street West, Suite 1200 Vancouver, British Columbia V6C 2T7, Canada.

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

2. GOING CONCERN

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

The Company has not generated any revenues or cash flows from operations and relies on financing for its activities. The Company’s ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. On March 11, 2020, the outbreak of the novel strain of coronavirus specifically identified as “COVID-19” was declared a pandemic by the World Health Organization. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus which in turn have caused material disruption to business globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Conditions surrounding COVID-19 continue to rapidly evolve and the efficacy of the government and central bank interventions is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis and presented in Canadian dollars which is the functional currency of the Company and its subsidiary. The consolidated financial statements of the Company have been prepared on an accrual basis, except for cash flow information. The consolidated financial statements have been prepared on a historical cost basis except for warrants and options, which are measured at fair value.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary. Subsidiaries are those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. Details of the Company’s subsidiary are follows:

| SUBSIDIARIES | OWNERSHIP PERCENTAGE | JURISDICTION OF INCORPORATION |
|-------------------------|---------------------------------|--|
| Unicheck Holdings Corp. | 100% | British Columbia, Canada |

Inter-company balances and transactions are eliminated on consolidation.

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Significant estimates and judgments made by the Company that have the most significant risk of causing material misstatement to the carrying amounts of assets and liabilities are discussed below. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ.

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 following are the estimates and assumptions that have been made in applying the Company’s accounting policies that have the most significant effect on the amounts in the financial statements:

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

a) Fair value measurement of broker warrants and stock options

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for broker warrants and stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the broker warrants and stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for broker warrants and stock options are disclosed in Note 12.

b) Income taxes

The Company recognizes the tax benefit from an uncertain tax position only if it is probable that the tax position will be sustained based on its technical merits. The Company measures and record the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The amount and timing of future taxable income for unrecognized tax benefits requires the use of assumptions and significant judgement to estimate the exposures associated with our various filing positions. The Company has not recognized the value of any deferred tax assets in its statements of financial position. Although the Company believes that the judgements and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect our effective income tax rate and income tax provision.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

c) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

d) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in some of its leases, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Judgments:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company’s ability to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired. The Company did not have any cash equivalents as of March 31, 2021 and 2022.

Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Company has classified its accounts payable and accrued liabilities and its loans payable as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss and its GST receivable at amortized cost.

Financial assets and financial liabilities are offset and the net amount presented in the statements 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.

Impairment of financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Equity

Common shares and special warrants are classified as equity. Incremental costs directly attributable to the issuance of common shares or special warrants are recognized as a deduction from equity, net of tax.

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity.

The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services like those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of the goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded. When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital.

Share purchase warrants

The fair value of compensatory warrants issued by the Company are determined on their issuance date, using the Black-Scholes option pricing model, and are recorded as a component of equity reserves. When the warrants are granted as compensation for the receipt of goods or services, they are recorded either as an expense or as a cost, capitalized to share capital or assets, on the same basis as equivalent cash payments. When share purchase warrants are exercised, the cash proceeds and their fair value previously recorded in equity reserves are recorded as share capital.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Property and equipment**

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred.

The Company provides for depreciation of equipment on a straight-line basis unless otherwise noted using the following annual rates:

| | |
|---------------------------------|-----------------------|
| Medical cart demonstration unit | 5 years straight line |
| Computer equipment | 2 years straight line |

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Research and development costs (continued)**

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

Research and development costs incurred subsequent to the acquisition of externally acquired intangible assets and on internally generated intangible assets are accounted for as research and development costs.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|----------|-----------------------|
| Building | 3 years straight line |
|----------|-----------------------|

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year end exchange rates are recognized in the consolidated statement of loss and comprehensive loss.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Company's financial instruments are comprised of cash, accounts payable and accrued liabilities and its loans payable. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - Inputs that are not based on observable market data (unobservable inputs).

As at March 31, 2022 the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. The fair values of GST receivable, loans payable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper. Credit risk is not concentrated with any particular customer. The Company's accounts receivable consists only of GST receivable.

The Company's maximum credit risk exposure is \$913,043.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company seeks to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at March 31, 2022, the Company had a cash balance of \$854,430 to settle current liabilities of \$667,068.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

6. EQUIPMENT

The Company's medical cart demonstration units includes three demonstration units. The intention of these units is to demonstrate the effectiveness of the Company's virtual care solutions model in order to generate future sales. The units are sent to prospective customers for demonstration purposes and are not intended for sale.

| | Medical cart demonstration unit | | Computer equipment | | Total |
|--|--|--------|---------------------------|--------|--------------|
| Cost | | | | | |
| Balance, February 1, 2021 and March 31, 2021 | \$ | - | \$ | - | \$ - |
| Additions | | 66,272 | | 26,746 | 93,018 |
| Balance, March 31, 2022 | \$ | 66,272 | \$ | 26,746 | \$ 93,018 |
| Accumulated depreciation | | | | | |
| Balance, February 1, 2021 and March 31, 2021 | \$ | - | \$ | - | \$ - |
| Depreciation | | 5,700 | | 4,309 | 10,009 |
| Balance, March 31, 2022 | \$ | 5,700 | \$ | 4,309 | \$ 10,009 |
| Net book value | | | | | |
| March 31, 2021 | \$ | - | \$ | - | \$ - |
| March 31, 2022 | \$ | 60,572 | \$ | 22,437 | \$ 83,009 |

7. RIGHT-OF-USE ASSET

During the year ended March 31, 2022, the Company entered into a lease agreement to lease an office space for an initial term of 36 months. The lease commenced on February 1, 2022 and the related right-of-use asset was recorded.

| | Building | |
|--|-----------------|--------|
| Cost | | |
| Balance, February 1, 2021 and March 31, 2021 | \$ | - |
| Additions | | 94,301 |
| Balance, March 31, 2022 | \$ | 94,301 |
| Accumulated depreciation | | |
| Balance, February 1, 2021 and March 31, 2021 | \$ | - |
| Depreciation | | 5,239 |
| Balance, March 31, 2022 | \$ | 5,239 |
| Net book value | | |
| Balance, March 31, 2021 | \$ | - |
| Balance, March 31, 2022 | \$ | 89,062 |

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

| | | March 31, 2022 | | March 31, 2021 |
|---------------------|-----------|---------------------------|-----------|---------------------------|
| Accounts payable | \$ | 359,591 | \$ | 198,102 |
| Accrued liabilities | | 282,727 | | 27,029 |
| Total | \$ | 642,318 | \$ | 225,131 |

9. LOANS PAYABLE

On March 22, 2021, the Company issued two promissory notes in the amount of \$100,000 each and are due at the earlier of (i) the closing of the Company's private placement financing of \$1.25 Special Warrants, (ii) 5 business days from the demand date and (ii) in the event of a default. The notes bear interest at 5% per annum and are unsecured.

During the year ended March 31, 2022, the loans were repaid and the balance outstanding on the loans is \$Nil (March 31, 2021 - \$200,000).

During the year ended March 31, 2022, the Company recorded \$2,575 (March 31, 2021 - \$Nil) in interest expense related to the promissory notes.

10. LEASE LIABILITY

During the year ended March 31, 2022, the Company entered into a lease agreement to lease an office space for an initial term of 36 months. The expiry date of the lease is January 1, 2025. Upon expiration, the Company is entitled to renew the lease for an additional 36 month term on written notice of not less than 6 months prior to expiry of the initial term. Additional payments consisting of utilities and additional rent are expensed as incurred. The lease commenced on February 1, 2022 and the related lease liability was recorded.

| | | Building |
|--|-----------|-----------------|
| Lease liability | | |
| Balance, February 1, 2021 and March 31, 2021 | \$ | - |
| Additions | | 83,110 |
| Interest expense | | 1,771 |
| Lease payments | | (5,595) |
| Balance, March 31, 2022 | \$ | 79,286 |
| Current portion | \$ | 24,750 |
| Long-term portion | \$ | 54,536 |
| | \$ | 79,286 |

At March 31, 2022, the Company is committed to minimum lease payments as follows:

| Maturity analysis | | |
|---|-----------|---------------|
| Less than one year | \$ | 33,573 |
| One to five years | | 61,550 |
| Total undiscounted lease liabilities | \$ | 95,124 |

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)**11. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

- a) Related party transactions with directors, subsequent and former directors and companies and entities over which they have significant influence over:

| | Year ended March 31, 2022 | Period from incorporation February 1, 2021 to March 31, 2021 |
|-------------------------------|------------------------------|--|
| Consulting (i) | \$ 179,486 | \$ - |
| Research and development (i) | \$ 353,016 | \$ - |
| Share-based compensation (ii) | \$ 47,448 | \$ - |

(i) To a company controlled by a director of the Company.

(ii) To directors of the Company.

- b) Key management compensation

| | Year ended March 31, 2022 | Period from incorporation February 1, 2021 to March 31, 2021 |
|-------------------------------|------------------------------|--|
| Consulting (iii) | \$ 183,332 | \$ 11,200 |
| Share-based compensation (iv) | \$ 75,786 | \$ - |

(iii) To a company controlled by the CEO.

(iv) To the CEO and CFO.

As at March 31, 2022, accounts payable and accrued liabilities included \$10,200, (March 31, 2021 - \$56,927) due to a company controlled by the CEO of the Company, \$17,085 (March 31, 2021 - \$5,000) due to the CEO of the Company and \$265,897 (March 31, 2021 - \$77,844) due to a company controlled by a director of the Company. The balances due bear no interest, are unsecured, and are due on demand.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

12. EQUITY

(a) Share Capital

Authorized

Unlimited number of common shares without par value.

Issued

For the year ended March 31, 2022:

On September 30, 2021, the Company entered into a contribution agreement with a company controlled by the CEO whereby the related party agreed to make a capital contribution of \$11,120 to the Company.

On June 22, 2021, the Company closed a private placement financing of 2,752,100 special warrants (the “Special Warrants”) at \$1.25 per Special Warrant for gross proceeds of \$3,440,125. Each of the Special Warrants entitles the holder to acquire one common share in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”) for no additional consideration upon voluntary exercise prior to, or deemed exercise on the earlier of: (a) October 23, 2021; and (b) the third business day after a receipt is issued for the Final Prospectus (the “Exercise Date”). Each Warrant will entitle the holder to acquire one additional common share in the capital of the Company at an exercise price of \$2.50 for a period of 24 months following the Exercise Date.

Upon issuance, the Special Warrants were initially recorded at their estimated fair value which is based on the amount of cash subscriptions received.

In conjunction with the financing, the Company incurred issuance costs of \$422,524 and issued 165,207 broker warrants with a fair value of \$72,018. Each broker warrant is exercisable at \$1.75 until June 22, 2023. The fair value of the broker warrants of \$0.43 per warrant was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at the grant date of \$1.077; 100% volatility; risk free interest rate of 0.3%; and a dividend yield of 0%.

On October 23, 2021 the 2,752,100 Special Warrants were deemed to have been exercised which resulted in the issuance of 2,752,100 common shares and 1,376,050 Warrants. As a result of the deemed exercise of the Special Warrants, \$2,468,713 was reclassified from reserves to share capital. The fair value of the Warrants was estimated to be \$476,870 using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at the grant date of \$1.077; 100% volatility; risk free interest rate of 0.3%; and a dividend yield of 0%.

During the year ended March 31, 2022, the Company issued 981,250 common shares in connection with the exercise of Unit Warrants for proceeds of \$196,250. As a result, \$981 has been reclassified from reserves to share capital.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)

12. EQUITY (continued)

(a) Share Capital (continued)

Issued (continued)

For the period from incorporation on February 1, 2021 to March 31, 2021:

On March 1, 2021, the Company issued 3,600,000 common shares at \$0.01 per share to settle debt of \$36,000 with a company controlled by the Company's CEO.

On March 22, 2021, the Company closed a private placement of 3,600,000 shares at \$0.02 per share for gross proceeds of \$72,000.

The Company incurred \$22,409 in legal fees as share issuances costs.

Escrow

Pursuant to a National Policy 46-201 escrow agreement dated June 24, 2021 (the "NP 46-201 Escrow Agreement") among the Company, Odyssey Trust Company as escrow agent, and certain principals of the Company, 2,200,000 common shares and 250,000 stock options were deposited into escrow. 10% of the escrowed securities were released on the date the Company's common shares were listed for trading on the CSE, which was December 13, 2021 (the "Listing Date") and the remaining escrowed securities are scheduled for release in 15% tranches every six months thereafter.

An aggregate of 7,200,000 common shares are subject to voluntary resale restrictions ("Voluntary Resale Restrictions") pursuant to which 10% of such shares will be released on the date that is 12 months after the Listing Date with the remaining shares being released in 15% tranches every four months thereafter.

In addition, an aggregate of 15,000,000 Unit Warrants (including underlying securities) were subject to escrow pursuant to which 25% of the Unit Warrants were released on the Listing Date, and the remaining Unit Warrants will be released in 25% tranches every six months thereafter.

As of the date hereof, 25,000 stock options have been released from the NP 46-201 Escrow Agreement and 3,750,000 Unit Warrants have been released from escrow. 220,000 common shares have been released from the NP 46-201 Escrow Agreement but remain subject to the Voluntary Resale Restrictions.

(b) Unit Warrants

On March 31, 2021, the Company closed a private placement financing of 15,000,000 unit warrants (the "Unit Warrants") at \$0.001 per Unit Warrant for gross proceeds of \$15,000. Each Unit Warrant is exercisable at \$0.20 into one common share of the Company and an additional warrant (the "Additional Warrants") until the earlier of: (i) March 31, 2025; and (ii) the date that is three years following the Listing Date. Each Additional Warrant is exercisable into one additional share of the Company at \$0.50 until the earlier of: (i) March 31, 2025; and (ii) the date that is three years following the Listing Date. The Unit Warrants are recorded at their estimated fair value which is based on the amount of cash subscriptions received.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021
(Expressed in Canadian Dollars)**12. EQUITY (continued)****(c) Warrants**

The continuity of warrants for the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021 is summarized below:

| | Number of warrants | Weighted average exercise price | Weighted average life remaining |
|--|--------------------|---------------------------------|---------------------------------|
| | | | \$ |
| Balance, February 1, 2021 and March 31, 2021 | - | - | - |
| Issued | 2,522,507 | 1.67 | 1.99 |
| Balance, March 31, 2022 | 2,522,507 | 1.67 | 1.99 |

As at March 31, 2022, the number of warrants outstanding and exercisable are as follows:

| Number of warrants | Price | Expiry date |
|--------------------|-------|-------------------|
| | \$ | |
| 1,376,050 | 2.50 | October 25, 2023 |
| 165,207 | 1.75 | June 22, 2023 |
| 981,250 | 0.50 | December 13, 2024 |

(d) Unit Warrants

The continuity of Unit Warrants for the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021 is summarized below:

| | Number of warrants | Weighted average exercise price | Weighted average life remaining |
|---------------------------|--------------------|---------------------------------|---------------------------------|
| | | | \$ |
| Balance, February 1, 2021 | - | - | - |
| Issued | 15,000,000 | 0.20 | 2.95 |
| Balance, March 31, 2021 | 15,000,000 | 0.20 | 2.95 |
| Exercised | (981,250) | 0.20 | N/A |
| Balance, March 31, 2022 | 14,018,750 | 0.20 | 2.71 |

(e) Special Warrants

The continuity of Special Warrants for the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021 is summarized below:

| | Number of warrants | Weighted average exercise price | Weighted average life remaining |
|--|--------------------|---------------------------------|---------------------------------|
| | | | \$ |
| Balance, February 1, 2021 and March 31, 2021 | 2,752,100 | - | - |
| Exercised | (2,752,100) | - | - |
| Balance, March 31, 2022 | - | - | - |

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

(f) Options

On April 16, 2021, the Company has finalized its Stock Option Plan (the “Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and technical consultants and contractors to the Company, non-transferable options to purchase common shares of the Company.

All options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan. The number of shares which will be available for purchase pursuant to an option will be equal to the number of shares as determined by the Board of Directors from time to time, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. If any option expires or otherwise terminates for any reason without having been exercised in full, the number of shares in respect of such expired or terminated option shall again be available for the purposes of granting options pursuant to the Plan.

The grant date and the expiry date of an option shall be the dates fixed by the Board of Directors at the time the option is granted and shall be set out in the option certificate issued in respect of such option. The exercise price shall also be determined by the Board of Directors and set out in the option certificate issued in respect of the option. If the Company’s shares are listed on a stock exchange, the exercise price will not be lower than the greater of the last closing price for the shares as quoted on the trading day prior to the grant date and the grant date.

On April 30, 2021, the Company issued 500,000 stock options exercisable at \$0.50 for a period of 2 years to directors, officers and consultants. The stock options vested immediately. The fair value of the options of \$130,484 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at the grant date of \$0.50; 100% volatility; risk free interest rate of 0.3%; and a dividend yield of 0%.

On December 6, 2021, the Company issued 430,000 stock options exercisable at \$1.25 for a period of 2 years to directors, officers and consultants. The stock options vested immediately. The fair value of the options of \$226,695 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at the grant date of \$1.08; 100% volatility; risk free interest rate of 1.06%; and a dividend yield of 0%.

On December 10, 2021, the Company issued 30,000 stock options exercisable at \$1.25 for a period of 2 years to consultants. The stock options vested immediately. The fair value of the options of \$15,802 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at the grant date of \$1.08; 100% volatility; risk free interest rate of 0.97%; and a dividend yield of 0%.

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

12. EQUITY (continued)**(d) Options**

The continuity of stock options for the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021 is summarized below:

| | Options outstanding | Weighted average exercise price | Weighted average fair value | Weighted average life remaining |
|--|------------------------|--|-----------------------------------|--|
| | | \$ | \$ | |
| Balance, February 1, 2021 and March 31, 2021 | - | - | - | - |
| Issued | 960,000 | 0.86 | 0.39 | 1.37 |
| Balance, March 31, 2022 | 960,000 | 0.86 | 0.39 | 1.37 |

The following table discloses the number of options outstanding as at March 31, 2022:

| Number of options | Price per share | Expiry date | Number of options vested |
|-------------------|-----------------|-------------------|--------------------------|
| | \$ | | |
| 500,000 | 0.50 | April 30, 2023 | 500,000 |
| 430,000 | 1.25 | December 6, 2023 | 430,000 |
| 30,000 | 1.25 | December 10, 2023 | 30,000 |
| 960,000 | | | 960,000 |

13. COMMITMENTS

The Company entered into a consulting agreement dated effective February 24, 2021 with a company controlled by the CEO and is committed to the following fee structure for the next three years:

- \$15,000 per month for the first year of service;
- \$16,667 per month for the second year of service; and
- \$20,000 per month for the third year of service.

Notwithstanding the above, the consulting fees will increase to \$25,000 per month once the Company has earned a profit.

The agreement has a three-year term which may be terminated by the company controlled by the CEO with a lump sum cash severance payment equal to 18 months of such company's aggregate monthly consulting fee currently in effect at the effective date of termination, subject to a minimum monthly consulting fee rate equal to \$16,667. If the agreement is terminated for cause, the foregoing severance will not be payable.

The Company entered into a consulting agreement dated effective February 28, 2021 with a company controlled by a director of the Company and is committed to the following fee structure for the next three years:

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

13. COMMITMENTS (continued)

- US\$10,000 per month for the first year of service;
- US\$11,667 per month the second year of service; and
- US\$13,333 per month for the third year of service.

Notwithstanding the above, the consulting fees will increase to US\$15,000 per month once the Company has earned a profit.

The Company has the right to terminate the agreement at any time for a lump sum severance payment of 18 months of the monthly consulting fee in effect at the time of termination subject to a minimum monthly consulting fee rate equal to US\$11,667.

14. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity which is comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at March 31, 2022.

15. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

| | Year ended March 31, 2022 | Period from incorporation February 1, 2021 to March 31, 2021 |
|--|--------------------------------------|---|
| Net loss before taxes | \$ (3,004,944) | \$ (237,322) |
| Canadian statutory income tax rate | 27% | 27% |
| Income tax recovery at statutory rate | (811,335) | (64,077) |
| Effect of income taxes of: | | |
| Temporary differences | (84,505) | - |
| Change in deferred tax assets not recognized | 895,840 | 64,077 |
| Deferred income tax recovery | \$ - | \$ - |

Unidoc Health Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022 and period from incorporation on February 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

| | March 31, 2022 | March 31, 2021 |
|------------------------------------|-----------------------|-----------------------|
| Non-capital loss carry forwards | \$ 3,241,944 | \$ 237,000 |
| Share issuance costs | 422,524 | - |
| Deferred tax assets not recognized | (3,664,468) | (237,000) |
| | \$ - | \$ - |

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward years to utilize all deferred tax assets. The Company has non-capital losses carried forward of approximately \$3,479,000 available to reduce income taxes in future years which expire starting in 2041.