

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of
the Securities Exchange Act of 1934

InnovaQor, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

400 S. Australian Avenue, Suite 800
West Palm Beach, Florida
(Address of principal executive offices)

88-0436055
(I.R.S. Employer
Identification No.)

33401
(Zip Code)

(561) 421-1900
(Registrant's telephone number, including area code)

Copies of communications to:

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Gerard Dab
Director, Corporate Secretary
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West Palm Beach, Florida 33401
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Securities to be registered pursuant to Section 12(b) of the Act: None
Securities to be registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$0.0001 per share
Title of each class to be so registered

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Item 1. Description of Business.

Overview

InnovaQor, Inc., a Nevada corporation (“InnovaQor” or the “Company”), provides information technology solutions and services to healthcare and laboratory customers in the United States. Our goal is to develop and deliver a technology-based social media and communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services. The Company, through a recent acquisition that closed on June 25, 2021, has a number of fully developed products and services which it offers through six wholly-owned subsidiaries that provide medical support services primarily to clinical laboratories, corporate operations, rural hospitals, physician practices and behavioral health/substance abuse centers.

The Company has the following wholly-owned subsidiaries, which it purchased on June 25, 2021: Health Technology Solutions, Inc., Medical Mime, Inc., ClinLab, Inc., Advanced Molecular Services Group, Inc. (“AMSG”), Genomas, Inc. and CollabRx, Inc. These subsidiaries provided products and services to approximately 27 customers in the United States and generated approximately \$217,000 in net revenues during the six months ended June 30, 2021, prior to their acquisition by the Company and while they were owned by the former parent, Rennova Health, Inc. (“Rennova”). Sales made to the former parent and related entities amounted to approximately \$125,000 for the six months ended June 30, 2021. The Company had no revenue for the years ended June 30, 2021 and 2020. Consolidated net revenues amounted to \$245,991 (including \$112,898 from a related party) for the six months ended December 31, 2021, to approximately 23 customers since the Company completed the acquisition of the above subsidiaries from Rennova in late June 2021.

Health Technology Solutions, Inc. (“HTS”): HTS provides virtual chief information officer (vCIO), IT managed services and data analytics dashboards to our subsidiaries and outside medical service providers. HTS operates from the corporate offices in West Palm Beach, Florida.

Medical Mime, Inc. (“Mime”): Mime was formed on May 9, 2014. It specializes in electronic health records (EHR) software and subscription services for the behavioral health and rehabilitation market segments. It currently serves nine behavioral health/substance abuse facilities.

ClinLab, Inc. (“ClinLab”): ClinLab develops and markets laboratory information management systems to mid-size clinical laboratories. It currently services 13 clinical laboratories across the country.

AMSG owns CollabRx, Inc. (“CollabRx”) and Genomas, Inc. (“Genomas”), each of which is an inactive operation.

Genomas operated a diagnostics lab until December 31, 2019, and was focused solely on the pharmacogenomics technology and platform, MedTuning, to interpret diagnostics outcomes and translate these outcomes into easily usable information to indicate the effectiveness of medications for a patient. This solution would require minimum effort to be back in operation. CollabRx owns a technology platform and database for interpreting diagnostics outcomes from cancer patients that could match the result to known treatments and or clinical trials. This solution has been dormant for a number of years and to be viable in the marketplace will require updates to the technology and the database.

Each of the subsidiaries is wholly owned by the Company and complements each other, allowing for cross selling of products and services. The Company believes the current solutions will become an added value option to a technology-based social media communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services the Company plans to develop.

In the coming year we plan to develop, acquire or license and offer a telehealth solution through corporate partnerships in the emerging health technology sector.

Cautionary Statement Concerning Forward-Looking Statements

This registration statement contains forward-looking statements. Statements contained in this registration statement that refer to the Company’s estimated or anticipated future results are forward-looking statements that reflect current perspectives of existing trends and information as of the date of this registration statement. Forward-looking statements generally will be accompanied by words such as “anticipate,” “believe,” “plan,” “could,” “should,” “estimate,” “expect,” “forecast,” “outlook,” “guidance,” “intend,” “may,” “might,” “will,” “possible,” “potential,” “predict,” “project,” or other similar words, phrases or expressions. Such forward-looking statements include statements about the Company’s plans, objectives, expectations and intentions. It is important to note that the Company’s goals and expectations are not predictions of actual performance. Actual results may differ materially from the Company’s current expectations depending upon a number of factors affecting the Company’s business. These risks and uncertainties include those set forth under “Risk Factors” beginning on page 10, as well as, among others, business effects, including the effects of industry, economic or political conditions outside of the Company’s control; the inherent uncertainty associated with financial projections; the anticipated size of the markets and demand for the Company’s products and services; the impact of competitive products and pricing; and access to available financing on a timely basis and on reasonable terms. We caution you that the foregoing list of important factors that may affect future results is not exhaustive.

When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events and read the Company’s filings with the Securities and Exchange Commission (the “SEC”) for a discussion of these and other risks and uncertainties. The Company undertakes no obligation to update or revise any forward-looking statement, except as may be required by law. The Company qualifies all forward-looking statements by these cautionary statements.

Company History

The Company was originally incorporated in the State of Nevada on September 7, 1999, under the name Ancona Mining Corporation.

The Company’s name was changed to VisualMED Clinical Solutions Corporation on November 30, 2004, from Ancona Mining Corporation.

The Company’s name was changed to InnovaQor, Inc. on September 8, 2021, from VisualMED Clinical Solutions Corporation.

VisualMED was a medical information company that used technology to assist physicians and nurses streamline the mass of patient information in a coherent and usable manner. Its clinical information systems were designed for use in hospitals, healthcare delivery organizations and regional and national healthcare authorities.

In late 2020, the majority of shareholders and the Board of Directors charged management of VisualMED to find a new business opportunity for the Company. At the beginning of 2021, the Company initiated measures that would facilitate a new opportunity for the Company. Subsequently, in May 2021, then CEO Gerard Dab entered into an agreement with and engaged the services of Epizon Limited (“Epizon”), a Nassau, Bahamas, based management consulting company specializing in the provision of management services to secure financing and opportunities for growth. Seamus Lagan, the Chief Executive Officer of Rennova, the company we ultimately completed a transaction with, is also the managing director of Epizon.

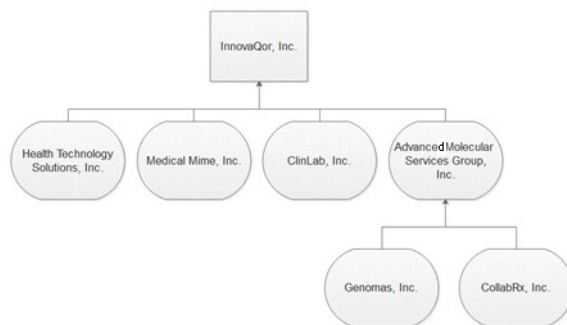
The objective of the agreement with Epizon was to help VisualMED find a new opportunity in its core healthcare technology business. The Company needed to find and develop new products that would be more relevant for a changing healthcare marketplace. Epizon was engaged to assist VisualMED with its capital structure, and to look for new business opportunities and/or acquisitions that could result in improved shareholder value. The terms of the agreement with Epizon called for the transfer to Epizon of 1,000 shares of Series A Supermajority Voting Preferred Stock (the “Series A Preferred Stock”), with a stated value of \$10.00 each, personally owned by Gerard Dab, on the successful completion of a transaction as defined in the agreement. It was determined that an agreement with Rennova was the most viable opportunity available to VisualMED. The conditions of the Epizon agreement have been met and the transfer of shares of Series A Preferred Stock has been completed. This transfer resulted in a change of voting control of VisualMED, as the Series A Preferred Stock, in the aggregate, has the right to the number of votes equal to 51% of the votes entitled to be cast at a meeting or to vote by written consent. Epizon will be able to exercise control over all matters submitted for stockholder approval.

In May 2021, VisualMED entered into an acquisition agreement with Rennova to acquire certain assets owned by Rennova.

On June 25, 2021, VisualMED closed the acquisition agreement with Rennova, and acquired 100% ownership of certain subsidiaries of Rennova. These subsidiaries are Health Technology Solutions, Inc., Medical Mime, Inc., ClinLab, Inc., Advanced Molecular Services Group, Inc., Genomas, Inc. and CollabRx, Inc., and combined are referred to herein as HTS and AMSG (the “HTS Group”).

Products offered by the acquired entities include vCIO services, IT managed services, healthcare finance and operational business intelligence analytics dashboards, an EHR (electronic health records software), an LIS (laboratory information system), and a lab ordering and reporting software. The CollabRx and Genomas subsidiaries provided actionable data analytics and reporting for oncologists to enhance cancer diagnoses and treatment and PhyzioType Systems for DNA-guided management and prescription of drugs. These subsidiaries are not currently operating.

The Company intends to operate its subsidiaries under the following structure.



In consideration for the shares of HTS and AMSG and the elimination of inter-company debt between Rennova and HTS and AMSG, the Company issued 14,000 shares of its Series B Convertible Redeemable Preferred Stock (the “Series B Preferred Stock”) to Rennova. The number of shares of Series B Preferred Stock was subject to a post-closing adjustment which resulted in 950 additional shares of Series B Preferred Stock due Rennova which were issued in September 2021. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of the Company’s common stock equal to the product of the stated value divided by 90% of the average closing price of the common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent the holder’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of the Company would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by the Company upon payment of the stated value of the shares plus any accrued declared and unpaid dividends. In addition, prior to the acquisition the Company’s former CEO, Gerard Dab, forgave \$300,000 owed to him by the Company in exchange for the issuance of 1,000 shares of Series A Preferred Stock. These shares of Series A Preferred Stock have now been transferred to Epizon. Mr. Dab also forgave another \$200,000 owed to him from the Company in exchange for 200 shares of Series C Convertible Redeemable Preferred Stock (the “Series C Preferred Stock”) with each share having a stated value of \$1,000 and convertible into that number of shares of common stock equal to the product of the stated value divided by 90% of the average closing price of the previous 10 trading days immediately prior to the conversion date. Conversion of the Series C Preferred Stock is also subject to a similar 4.99% beneficial ownership limitation. Shares of the Series B Preferred Stock and Series C Preferred Stock may not be converted prior to the first anniversary of their issuance without the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock.

The following table represents the Company’s issued shares at December 31, 2021:

| | |
|----------------------------|-------------|
| Common Shares | 234,953,286 |
| Series A Preference Shares | 1,000 |
| Series B Preference Shares | 14,950 |
| Series C Preference Shares | 200 |

Subsidiaries

The Company has six wholly-owned subsidiaries that provide medical support services primarily to clinical laboratories, corporate operations, rural hospitals, physician practices and behavioral health/substance abuse centers.

Health Technology Solutions, Inc. (“HTS”): HTS provides vCIO, IT managed services and data analytics dashboards to our subsidiaries and outside medical service providers. HTS operates from the corporate offices in West Palm Beach, Florida.

Medical Mime, Inc. (“Mime”): Mime was formed on May 9, 2014. It specializes in electronic health records (EHR) software and subscription services for the behavioral health and rehabilitation market segments. It currently serves nine behavioral health/substance abuse facilities.

ClinLab, Inc. (“ClinLab”): ClinLab develops and markets laboratory information management systems to mid-size clinical laboratories. It currently services 13 clinical laboratories across the country.

AMSG owns and operates CollabRx, Inc. (“CollabRx”) and Genomas, Inc. (“Genomas”), each of which is an inactive operation. Genomas operated a diagnostics lab until December 31, 2019, and was focused solely on the pharmacogenomics technology and platform, MedTuning, to interpret diagnostics outcomes and translate these outcomes into easily usable information to indicate the effectiveness of medications for a patient. This solution would require minimum effort to be back in operation CollabRx owns a technology platform and database for interpreting diagnostics outcomes from cancer patients that could match the result to known treatments and or clinical trials. This solution has been dormant for a number of years and to be viable in the marketplace will require updates to the technology and the database.

Each of the subsidiaries is wholly owned by the Company and complements each other, allowing for cross selling of products and services. The Company believes the current solutions will become an added value option to a technology-based social media communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services the Company plans to develop.

In the coming year we plan to develop, acquire or license and offer a telehealth solution through partnerships in the emerging health technology sector.

Company Information

The address of our principal executive offices is 400 S. Australian Avenue, Suite 800, West Palm Beach, Florida 33401 and our telephone number at that location is (561) 421-1900.

Our website is www.innovaqor.com. The information contained on, or that may be obtained from, our website is not a part of this registration statement. We have included our website address in this information statement solely as an inactive textual reference.

Terms of the recent acquisition

Background

On June 25, 2021, the Company completed the acquisition agreement with Rennova, and acquired 100% ownership of certain subsidiaries of Rennova. The acquired businesses are now the main business of the Company.

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Reasons for the Acquisition

The previous business model of the Company had not generated revenue for over five years. The Board of Directors and majority shareholders had determined the Company should pursue other opportunities for acquisition of technology and services that were similar in nature to the existing business of the Company. The Company had limited resources of cash and management and believed that an acquisition that could be completed without cash and that had its own management team would provide the best opportunity for a successful closing. The Company believes that the acquired assets and new management team create a new opportunity for the Company in a sector in which the Company’s solutions and services are in demand and should generate profitable revenue. The Company believes the acquisition brings the following benefits for shareholders:

- Enhanced strategic and management focus – The acquisition will provide the Company with a well-established and accomplished management team to more effectively pursue its distinct operating priorities and strategies and enable the management to quickly and efficiently make decisions and concentrate efforts on the unique needs of each business and pursue opportunities for long-term growth and profitability. In this way, the Company’s management will be able to focus exclusively on its IT products and services business and productize its services to third parties.
- Direct access to capital markets – The acquisition provides the Company with a variety of existing product lines, some already generating revenue. These constitute a firm basis for supporting the Company’s business expansion. This should also mean that the Company will achieve better access to the capital markets to support a credible expansion plan.
- Alignment of incentives with performance objectives – The acquisition will facilitate incentive compensation arrangements for employees more directly tied to the performance of the business, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

The Company cannot assure you that, as a result of the acquisition, any of the benefits described above or otherwise will be realized to the extent anticipated or at all and would highlight that the acquisition adds increased risk to the Company with the following:

- Increased costs – the Company will assume increased costs related to the business operations and development plan and will see an immediate increase in legal and accounting costs associated with the acquisition and the Company’s plans to become fully reporting and compliant with the SEC reporting requirements. If the Company fails to raise additional capital it may fail to deliver its business plan.
- The Company may experience disruptions to the business of the acquired entities as a result of the acquisition. The acquired entities had enjoyed revenue and financial assistance from related parties under its previous structure. There is no guarantee that these revenues can be retained and the acquired entities will no longer be able to rely on the support and services received prior to acquisition.
- One-time costs of the acquisition may be significant. The Company will incur costs in connection with the acquisition that may include accounting, tax, legal and other professional services costs, recruiting, and relocation costs associated with hiring or reassigning personnel, costs related to establishing a new brand identity in the marketplace and costs to separate information systems.

Inability to realize anticipated benefits of the acquisition – the Company may not achieve the anticipated benefits of the acquisition for a variety of reasons, including, among others: following the acquisition, the Company may be more susceptible to market fluctuations and other adverse events.

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The prior Board of Directors concluded that the potential benefits of the acquisition outweighed the risks and concluded that it was in the best interest of the Company and its shareholders to complete the acquisition as described.

Business

InnovaQor has expertise in the areas of IT involving the design, development, creation, use and maintenance of information systems for the healthcare industry. These applications and systems will continue to improve patient care, lower costs, increase efficiency, reduce errors and improve patient outcomes. In addition, these applications and

systems will accelerate and maximize reimbursements for healthcare providers.

InnovaQor also recognizes the future in interoperability (sharing data between multiple various health IT systems), telemedicine (the ability to access and interact with health data and practitioners/patients via mobile devices) and the increasing use of blockchain technologies to protect access to medical records.

We intend to develop, acquire or license and offer a telehealth solution through corporate partnerships in the emerging health technology sector.

We also intend to build a single-source, global social media solution for individuals practicing medicine to connect and avail of expertise, services, resources and education, think LinkedIn for the medical industry. The platform will include a talent search module and the Uber of staffing module.

Existing products offered by the Company's subsidiaries are as follows:

"Medical Mime" is a custom built, cloud based, electronic health record which meets the needs of substance abuse treatment and behavioral health providers. Medical Mime's specialized clinical workflow provides intuitive prompts for symptoms and enables you to quickly select problems and create master treatment plans with goals, objectives, and interventions. Medical Mime provides best-in-class patient lifecycle management for Behavioral Health/Substance Abuse (BH/SA) treatment centers. From pre-admission to billing and aftercare, Medical Mime is an electronic health record and patient management software that seamlessly integrates into the natural workflow of day-to-day operations.

"M2Pro" is a custom built, cloud based, electronic health record for ambulatory physician practices that meets meaningful use stage 2 and no further. Its unique dictation services further automate the workflow process for physicians allowing them to focus on their continuum of patient care.

"ClinLab" is a turnkey client/server lab information system for mid-range laboratories. ClinLab supports interfaces to all major reference labs and the ClinLab team can provide an interface to any system with that capability. ClinLab also features an optional EHR package which enables interfacing with the most popular EHR systems allowing lab test results to integrate seamlessly into a provider's EHR for an improved patient record and to fulfill the federal government requirements.

"Qira" is our healthcare business analytics tool powered by PowerBI. It is a culmination of healthcare financial and revenue cycle management plus clinical operations oversight needs. It aggregates data from multiple healthcare systems to produce a single source business intelligence tool with executive level daily briefing to deep dive operational management of claims and operational efficiencies. There are many other analytical services available that customize solutions but none that has a proven template for success. Our competitive advantage comes from having created these tools to identify the deficiencies in the real world for the former parent Rennova from its former national laboratory operations to its more recent rural hospitals.

"vCIO Services". Based on the skills and experience inherent within InnovaQor and resulting from work undertaken on behalf of the former parent, Rennova, InnovaQor offers a range of CIO services centered on our ability to link IT systems to business objectives combined with our knowledge of technology trends likely to impact our sector. The CIO services would include (but not be limited to):

- Program and Project Management
- Business Continuity and Disaster Recovery
- Security Services
- Business Intelligence and Analytics
- Network Infrastructure Management
- Helpdesk Provision

"MedTuning" is the technology and platform owned by Genomas. It utilized proprietary biomarkers, treatment algorithms, and a web-based interactive physician portal delivery system to provide clinical decision support for physicians and personalized drug treatment for patients. Products were DNA-guided to improve the therapeutic benefit of widely used prescription drugs while also reducing the risk of significant side effects for patients.

Medical Informatics: Our technology platform, proprietary algorithms and physician interface portal can be extended to a wide range of drug categories.

Research and Development: Technology platform applicable to numerous disease states; current pipeline in mental health, pain management, cardiovascular and diabetes.

"Advantage" is a proprietary HIPAA compliant software developed to eliminate the need for paper requisitions by providing an easy to use and efficient web-based system that lets customers securely place lab orders, track samples and view test reports in real time from any web-enabled laptop, notepad or smart phone.

Brands

We intend to trademark both InnovaQor and its products i.e. ClinLab, Medical Mime, Qira and Health Technology Solutions.

Sales

HTS subsidiaries provided product and services to approximately 27 customers in the US which generated approximately \$217,000 in net revenues during the six months ended June 30, 2021, prior to the acquisition by the Company. Sales made to the former parent, Rennova, amounted to \$125,000 for the six months ended June 30, 2021. Consolidated net revenues amounted to \$245,991 (including \$112,898 from related party) for the six months ended December 31, 2021, since InnovaQor completed the acquisition of the HTS Group from Rennova in late June 2021.

Distribution

InnovaQor intends to sell its Health Technology Solutions, Medical Mime and ClinLab products and services directly to customers through its internal sales and digital marketing team. InnovaQor intends to identify strategic partnerships that sell into the sectors it is targeting. InnovaQor intends to promote these products and services to the strategic partnerships' existing clientele coming to agreement on a recurring revenue based on cash collected for closed sales of these products and services.

Competitive Position

The healthcare software, IT and vCIO consulting services industry is extremely competitive, highly fragmented, and subject to rapid change. The industry includes a large number of participants with a variety of skills and industry expertise, including other strategy, business operations, technology, technical advisory firms, regional and specialty consulting firms, and the internal professional resources of organizations. We compete with a large number of service and technology providers in all of our segments. Our competitors often vary, depending on the particular practice area. We expect to continue to face competition from new entrants.

We believe the principal competitive factors in our market include reputation, the ability to attract and retain top talent, and the capacity to manage engagements effectively to drive high value to clients. There is also competition on price, although to a lesser extent due to the criticality of the issues that many of our services address. Our competitors often have a greater geographic footprint, a broader international presence, and more resources than we do, but we believe that our industry experience and reputation, ability to deliver meaningful client results, and balanced portfolio of services enable us to compete favorably in the consulting marketplace.

Our rehab EHR product, Medical Mime, is a main competitor in its sector and our immediate competition is provided by KIPU, BestNotes, Zencharts, Sunwave, and TherapyNotes. Our competitive advantage is a system developed with and for facilities practicing in this sector along with customized reports and forms. Our system offers partially automated implementation and fully automated billing files that restrict billing until all required documentation is available while flagging operational deficiencies.

Our LIS, ClinLab, is a small player in its sector and our immediate competitors are LabDaq, Schuyler House and RelayMed. Our competitive advantage is a select feature set and affordability.

Our vCIO services are just launching and have the experience of being the internal IT team for the former parent company, Rennova. With a 10-year experience in providing complete services, consulting, project management, software management, vendor management and network engineering. vCIO will specialize in healthcare facilities.

Qira is our healthcare business analytics tool powered by PowerBI. It is a culmination of healthcare financial and revenue cycle management plus clinical operations operational oversight needs. It aggregates data from multiple healthcare systems to produce a single source business intelligence tool with executive level daily briefing to deep dive operational management of claims and operational efficiencies. There are many other analytical services available that customize solutions but none that has a proven template for success. Our competitive advantage comes from having created these tools to identify the deficiencies in the real world for the former parent Rennova from its former national laboratory operations to its more recent rural hospitals. This product easily pays for itself as it immediately eliminates the need for accountants' monthly delivery of numbers that can cost upwards of \$25,000 a month.

Research and Development

The industries and market segments in which we plan to operate and compete are subject to rapid technological developments, evolving industry standards, changes in customer requirements and competitive new products and features. As a result, we believe our success, in part, will depend on our ability to build and enhance our products in a timely and efficient manner and to develop and introduce new products that meet our clients' needs and help our clients reduce their total cost of operation. To achieve these objectives, we plan to make research and development investments through internal and third-party development activities, third-party licensing agreements and potentially through joint ventures and acquisitions.

Research and Intellectual Property

Our future success and ability to compete will depend on our ability to develop and maintain our intellectual property and proprietary technology and to operate without infringing on the proprietary rights of others. Software products are generally licensed to customers on a non-exclusive basis for internal use in a customer's organization. We plan to also grant rights in intellectual property that we plan on developing or acquiring to third parties to allow them to market certain of our future products on a non-exclusive or limited-scope exclusive basis for an application of such product or to a specific geographic region.

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InnovaQor plans to protect its intellectual property in the other subsidiaries through a combination of trademarks and copyrights in the coming year. InnovaQor will evaluate the possibility of acquiring or developing patents that are related to healthcare services and products.

Our IP strategy encompasses protection on composition of matter and method for DNA markers, marker ensembles, and predictive biostatistical algorithms.

Platform Technology

Trademarks and Copyrights

U.S. Copyright (Registration Number VA 1-797-692): Personalized Health Portal with design, user interface and algorithm

While we believe our intellectual property will be an asset, and our ability to maintain and protect our intellectual property rights is important to our success, we do not anticipate that our business will be materially dependent on any patent, trademark, license, or other intellectual property right.

Employees

Currently we have nine employees and five contractors, the majority of whom are working on maintenance and customer service of our existing products. We expect to grow with a focus on sales and business development eventually expanding our technical team to support the growth. We plan to hire a team of employees and contractors to deliver on the goal of developing and delivering a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services.

Cyclical Nature of the Business

We have found that our business is not very cyclical but it does exhibit certain seasonality around holiday periods.

Regulatory Matters

The healthcare industry is subject to extensive government regulation, most notably the Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PHI).

HIPAA helps protect the privacy of patient information by:

- Providing the ability to transfer and continue health insurance coverage for millions of American workers and their families when they change or lose their jobs;
- Reducing health care fraud and abuse;
- Mandating industry-wide standards for health care information on electronic billing and other processes; and
- Requiring the protection and confidential handling of protected health information

PHI is a HIPAA Privacy Rule that provides federal protections for personal health information held by covered entities and gives patients an array of rights with respect to that information. At the same time, the Privacy Rule is balanced so that it permits the disclosure of personal health information needed for patient care and other important purposes.

Although the standards are challenging, we believe that our products are compliant with HIPAA and PHI regulations. Nonetheless, our Company could be adversely affected if a third party is impacted by HIPAA or PHI related software defects.

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Emerging Growth Company Status of InnovaQor

An emerging growth company (EGC) is any company that meets the following requirements and will lose its emerging growth status should it exceed any of these:

- The company has less than \$1 billion or more of total gross revenue in a consecutive 12-month period;
- Is within 5 years of its original IPO;
- The company cannot have issued more than \$1 billion in non-convertible bonds within the last 3 years; and
- The company does not qualify as a large accelerated filer, meaning having a public float of over \$700 million.

InnovaQor is an “emerging growth company” as defined in the Jumpstart our Business Startups Act (the “JOBS Act”). As such, InnovaQor will be eligible to take advantage of certain exemptions from various reporting requirements that apply to other public companies that are not emerging growth companies, including compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and the requirements to hold a non-binding advisory vote on executive compensation and any golden parachute payments not previously approved. If InnovaQor does take advantage of some or all of these exemptions, some investors may find its common stock less attractive. The result may be a less active trading market for the common stock and its stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for complying with new or revised accounting standards, meaning that InnovaQor, as an emerging growth company, can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. It is InnovaQor’s present intention to adopt any applicable accounting standards timely. If at some time InnovaQor delays adoption of a new or revised accounting standard, our financial statements may not be comparable to those of companies that comply with such new or revised accounting standards.

Item 1A. Risk Factors.

An investment in our common stock is highly speculative and involves a high degree of risk. In determining whether to purchase InnovaQor’s common stock, an investor should carefully consider all of the material risks described below, together with the other information contained in this report. An investor should only purchase InnovaQor’s securities if he or she can afford to suffer the loss of his or her entire investment.

General Business and Industry Risks

An inability to retain our senior management team would be detrimental to the success of our business.

We rely heavily on our senior management team; our ability to retain them is particularly important to our future success. Given the highly specialized nature of our services (Healthcare, IT), the senior management team must have a thorough understanding of our product and service offerings as well as the skills and experience necessary to manage an organization consisting of a diverse group of professionals and external parties. In addition, we rely on our senior management team to generate and market our business successfully in a crowded, complex and legislatively bound marketplace. Further, our senior management’s personal reputations and relationships with our clients are a critical element in obtaining and maintaining client engagements. We will enter into non-solicitation agreements with our senior management team, and we will also enter into well scoped non-competition agreements. If one or more members of our senior management team leave and we cannot replace them with a suitable candidate quickly, we could experience difficulty in securing and successfully completing engagements and managing our business properly, which could harm our business prospects and results of operations.

Our inability to hire and retain talented people in an industry where there is great competition for talent could have a serious negative effect on our prospects and results of operations.

Our business involves the delivery of software products and professional services and is labor intensive. Our success depends largely on our general ability to attract, develop, motivate, and retain highly skilled professionals. Further, we must successfully maintain the right mix of professionals with relevant experience and skill sets as we grow, as we expand into new service offerings, and as the market evolves. The loss of a significant number of our professionals, the inability to attract, hire, develop, train, and retain additional skilled personnel, or failure to maintain the right mix of professionals could have a serious negative effect on us, including our ability to manage, staff, and successfully complete our existing engagements and obtain new engagements. Qualified professionals are in great demand, and we face significant competition for both senior and junior professionals with the requisite credentials and experience. Our principal competition for talent comes from other software and consulting firms as well as from organizations seeking to staff their internal professional positions. Many of these competitors may be able to offer significantly greater compensation and benefits or more attractive lifestyle choices, career paths, or geographic locations than we do. Therefore, we may not be successful in attracting and retaining the skilled persons we require to conduct and expand our operations successfully. Increasing competition for these revenue-generating professionals may also significantly increase our labor costs, which could negatively affect our margins and results of operations.

Additional hiring, departures, business acquisitions and dispositions could disrupt our operations, increase our costs or otherwise harm our business.

Our business strategy is dependent in part upon our ability to grow by hiring individuals or groups of individuals and by acquiring complementary businesses. However, we may be unable to identify, hire, acquire, or successfully integrate new employees and acquired businesses without substantial expense, delay, or other operational or financial obstacles. From time to time, we will evaluate the total mix of products and services we provide and we may conclude that businesses may not achieve the results we previously expected. Competition for future hiring and acquisition opportunities in our markets could increase the compensation we offer to potential employees or the prices we pay for businesses we wish to acquire. In addition, we may be unable to achieve the financial, operational, and other benefits we anticipate from any hiring or acquisition, as well as any disposition, including those we have completed so far. New acquisitions could also negatively impact existing practices and cause current employees to depart. Hiring additional employees or acquiring businesses could also involve a number of additional risks, including:

- the diversion of management’s time, attention, and resources from managing and marketing our Company;
- the failure to retain key acquired personnel or existing personnel who may view the acquisition unfavorably;
- the potential loss of clients of acquired businesses;
- the need to compensate new employees while they wait for their restrictive covenants with other institutions to expire;
- the potential need to raise significant amounts of capital to finance a transaction or the potential issuance of equity securities that could be dilutive to our existing shareholders;
- increased costs to improve, coordinate, or integrate managerial, operational, financial, and administrative systems;

- the potential assumption of liabilities of an acquired business;
- the inability to attain the expected synergies with an acquired business;
- the usage of earn-outs based on the future performance of our business acquisitions may deter the acquired company from fully integrating into our existing business;
- the perception of inequalities if different groups of employees are eligible for different benefits and incentives or are subject to different policies and programs; and
- difficulties in integrating diverse backgrounds and experiences of consultants, including if we experience a transition period for newly hired consultants that results in a temporary drop in our utilization rates or margins.

Our intangible assets primarily consist of customer relationships, trade names, customer contracts, technology and software. We evaluate our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No impairment charges for intangible assets were recorded in the year ended June 30, 2021 or the six months ended December 31, 2021.

Determining the fair value of a reporting unit requires us to make significant judgments, estimates, and assumptions. While we believe that the estimates and assumptions underlying our valuation methodology are reasonable, these estimates and assumptions could have a significant impact on whether or not a non-cash goodwill impairment charge is recognized and also the magnitude of any such charge. The results of an impairment analysis are as of a point in time. There is no assurance that the actual future earnings or cash flows of our reporting units will be consistent with our projections. We will monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods. Any significant decline in our operations could result in additional non-cash goodwill impairment charges.

Changes in capital markets, legal or regulatory requirements, and general economic or other factors beyond our control could reduce demand for our services, in which case our revenues and profitability could decline.

A number of factors outside of our control affect demand for our services. These include:

- fluctuations in the U.S. economy;
- the U.S. or global financial markets and the availability, costs, and terms of credit;
- changes in laws and regulations; and
- other economic factors and general business conditions.

We are not able to predict the positive or negative effects that future events or changes to the U.S. economy, financial markets, or regulatory and business environment could have on our operations.

Changes in U.S. tax laws could have a material adverse effect on our business, cash flow, results of operations and financial conditions.

We are subject to income and other taxes in the U.S. at the state and federal level. Changes in applicable U.S. state or federal tax laws and regulations, or their interpretation and application, could materially affect our tax expense and profitability. The Company has not filed its federal tax returns for the last 10 years. The Company does not anticipate material adjustments of its tax liabilities when such returns are filed, but there is no guarantee that such filings will not have a material adverse effect.

Acquisition of the HTS Group will present management with new challenges that did not exist under the umbrella of its former parent.

Under the former parent, management had the support of an experienced financial team, HR support and support for SEC filings. This support system does not currently exist in the current company and new challenges are presenting themselves every day. The immature knowledge and experience in these areas are likely to take longer to complete actions and will take management's attention away from the day to day operations where it is needed to improve revenues.

If we are unable to manage fluctuations in our business successfully, we may not be able to achieve profitability.

To successfully manage growth, we must periodically adjust and strengthen our operating, financial, accounting, and other systems, procedures, and controls, which could increase our costs and may adversely affect our gross profits and our ability to achieve profitability if we do not generate increased revenues to offset the costs. As a public company, our information and control systems must enable us to prepare accurate and timely financial information and other required disclosures. If we discover deficiencies in our existing information and control systems that impede our ability to satisfy our reporting requirements, we must successfully implement improvements to those systems in an efficient and timely manner.

The nature of our services and the general economic environment make it difficult to predict our future operating results. To achieve profitability, we must:

- attract, integrate, retain, and motivate highly qualified professionals;
- achieve and maintain adequate utilization and suitable billing rates for our revenue-generating professionals;
- expand our existing relationships with our clients and identify new clients in need of our services;
- successfully resell product/ engagements and secure new client sales/engagements every year;
- maintain and enhance our brand recognition; and
- adapt quickly to meet changes in our markets, our business mix, the economic environment, the credit markets, and competitive developments.

Our financial results could suffer if we are unable to achieve or maintain adequate utilization and suitable billing rates for our products and services.

Our profitability depends to a large extent on the utilization and billing rates of our professionals. Utilization of our professionals is affected by a number of factors, including:

- the number and size of client sales/ engagements;
- the timing of the commencement, completion and termination of engagements, which in many cases is unpredictable;
- our ability to transition our consultants efficiently from completed engagements to new engagements;
- the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate;
- unanticipated changes in the scope of client engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate level of consultants; and
- conditions affecting the industries in which we practice as well as general economic conditions.

The billing rates of our consultants that we are able to charge are also affected by a number of factors, including:

- our clients' perception of our ability to add value through our products/services;
- the market demand for the products/services we provide;
- an increase in the number of sales/engagements in the government sector, which are subject to federal contracting regulations;
- introduction of new product/services by us or our competitors;
- our competition and the pricing policies of our competitors; and
- current economic conditions.

If we are unable to achieve and maintain adequate overall utilization as well as maintain or increase the billing rates for our consultants, our financial results could materially suffer. In addition, our consultants may need to perform services at the physical locations of our clients. If there are natural disasters, disruptions to travel and transportation or problems with communications systems, our ability to perform services for, and interact with, our clients at their physical locations may be negatively impacted which could have an adverse effect on our business and results of operations.

It is likely that our quarterly results of operations may fluctuate in the future as a result of certain factors, some of which may be outside of our control.

A key element of our strategy is to market our products and services directly to certain specific organizations, such as health systems and hospitals, and to increase the number of our products and services utilized by existing clients. The sales cycle for some of our products and services is often lengthy and may involve significant commitment of client personnel. As a consequence, the commencement date of a client engagement often cannot be accurately forecasted. Certain of our client contracts contain terms that result in revenue that is deferred and cannot be recognized until the occurrence of certain events. As a result, the period of time between contract signing and recognition of associated revenue may be lengthy, and we are not able to predict with certainty the period in which revenue will be recognized.

Certain of our contracts provide that some portion or all of our fees are at risk if our services do not result in the achievement of certain performance targets. To the extent that any revenue is contingent upon the achievement of a performance target, we only recognize revenue upon client confirmation that the performance targets have been achieved. If a client fails to provide such confirmation in a timely manner, our ability to recognize revenue will be delayed.

Fee discounts, pressure to not increase or even decrease our rates, and less advantageous contract terms could result in the loss of clients, lower revenues and operating income, higher costs, and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations.

Other fluctuations in our quarterly results of operations may be due to a number of other factors, some of which are not within our control, including:

- the timing and volume of client invoices processed and payments received, which may affect the fees payable to us under certain of our engagements;
- client decisions regarding renewal or termination of their contracts;
- the amount and timing of costs related to the development or acquisition of technologies or businesses; and
- unforeseen legal expenses, including litigation and other settlement gains or losses.

The profitability of our fixed-fee engagements with clients may not meet our expectations if we underestimate the cost of these engagements.

When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and consultants as we plan to deploy them on engagements. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-fee engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin.

Our business is becoming increasingly dependent on information technology and will require additional investments in order to grow and meet the demands of our clients.

We depend on the use of sophisticated technologies and systems. Some of services may become dependent on the use of software applications and systems that we do not own and could become unavailable. Moreover, our technology platforms will require continuing investments by us in order to expand existing service offerings and develop complementary services. Our future success depends on our ability to adapt our services and infrastructure while continuing to improve the performance, features, and reliability of our services in response to the evolving demands of the marketplace.

Adverse changes to our relationships with key third-party vendors, or in the business of our key third-party vendors, could unfavorably impact our business.

A portion of our services and solutions depends on technology or software provided by third-party vendors. Some of these third-party vendors refer potential clients to us, and others require that we obtain their permission prior to accessing their software. These third-party vendors could terminate their relationship with us without cause and with little or no notice, which could limit our service offerings and harm our financial condition and operating results. In addition, if a third-party vendor's business changes or is reduced, that could adversely affect our business. Moreover, if third-party technology or software that is important to our business does not continue to be available or utilized within the marketplace, or if the services that we provide to clients is no longer relevant in the marketplace, our business may be unfavorably impacted.

We could experience system failures, service interruptions, or security breaches that could negatively impact our business.

Our organization is comprised of employees who work on matters throughout the United States. We may be subject to disruption to our operating systems from technology events that are beyond our control, including the possibility of failures at third-party data centers, disruptions to the Internet, natural disasters, power losses, and malicious attacks. In addition, despite the implementation of security measures, our infrastructure and operating systems, including the Internet and related systems, may be vulnerable to physical break-ins, hackers, improper employee or contractor access, computer viruses, programming errors, denial-of-service attacks, or other attacks by third parties seeking to disrupt operations or misappropriate information or similar physical or electronic breaches of security. While we have taken and are taking reasonable steps to prevent and mitigate the damage of such events, including implementation of system security measures, information backup, and disaster recovery processes, those steps may not be effective and there can be no assurance that any such steps can be effective against all possible risks. We will need to continue to invest in technology in order to achieve redundancies necessary to prevent service interruptions. Access to our systems as a result of a security breach, the failure of our systems, or the loss of data could result in legal claims or proceedings, liability, or regulatory penalties and disrupt operations, which could adversely affect our business and financial results.

Our reputation could be damaged and we could incur additional liabilities if we fail to protect client and employee data through our own accord or if our information systems are breached.

We rely on information technology systems to process, transmit, and store electronic information and to communicate among our locations and with our clients, partners, and employees. The breadth and complexity of this infrastructure increases the potential risk of security breaches which could lead to potential unauthorized disclosure of confidential information.

In providing services to clients, we may manage, utilize, and store sensitive or confidential client or employee data, including personal data and protected health information. As a result, we are subject to numerous laws and regulations designed to protect this information, such as the U.S. federal and state laws governing the protection of health or other personally identifiable information, including the Health Insurance Portability and Accountability Act (HIPAA). In addition, many states, and U.S. federal governmental authorities have adopted, proposed or are considering adopting or proposing, additional data security and/or data privacy statutes or regulations. Continued governmental focus on data security and privacy may lead to additional legislative and regulatory action, which could increase the complexity of doing business. The increased emphasis on information security and the requirements to comply with applicable U.S. data security and privacy laws and regulations may increase our costs of doing business and negatively impact our results of operations.

These laws and regulations are increasing in complexity and number. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines, and/or criminal prosecution.

In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through systems failure, employee negligence, fraud, or misappropriation, could damage our reputation and cause us to lose clients and their related revenue in the future.

Changes in capital markets, legal or regulatory requirements, general economic conditions and monetary or geo-political disruptions, as well as other factors beyond our control, could reduce demand for our practice offerings or services, in which case our revenues and profitability could decline.

Different factors outside of our control could affect demand for our practices and our services. These include:

- fluctuations in the U.S. economy, including economic recessions and the strength and rate of any general economic recoveries;
- the U.S. financial markets and the availability, costs and terms of credit and credit modifications;
- business and management crises, including the occurrence of alleged fraudulent or illegal activities and practices;
- new and complex laws and regulations, repeals of existing laws and regulations or changes of enforcement of laws, rules and regulations;
- other economic, geographic or political factors; and
- general business conditions.

We are not able to predict the positive or negative effects that future events or changes to the U.S. economy will have on our business. Fluctuations, changes and disruptions in financial, credit, mergers and acquisitions and other markets, political instability and general business factors could impact various segments' operations and could affect such operations differently. Changes to factors described above, as well as other events, including by way of example, contractions of regional economies, monetary systems, banking, real estate and retail or other industries; debt or credit difficulties or defaults by businesses; new, repeals of or changes to laws and regulations, including changes to the bankruptcy and competition laws of the U.S.; tort reform; banking reform; a decline in the implementation or adoption of new laws of regulation, or in government enforcement, litigation or monetary damages or remedies that are sought; or political instability may have adverse effects on our business.

Our revenues, operating income and cash flows are likely to fluctuate.

We expect to experience fluctuations in our revenues and cost structure and the resulting operating income and cash flows. We may experience fluctuations in our annual and quarterly financial results, including revenues, operating income and earnings per share, for reasons that include (i) the types and complexity, number, size, timing and duration of client engagements; (ii) the timing of revenue recognition under U.S. GAAP; (iii) the utilization of revenue-generating professionals, including the ability to adjust staffing levels up or down to accommodate our business and prospects of; (iv) the time it takes before a new hire becomes profitable; (v) the geographic locations of our clients or the locations where services are rendered; (vi) billing rates and fee arrangements, including the opportunity and ability to successfully reach milestones and complete projects, and collect for them; (vii) the length of billing and collection cycles and changes in amounts that may become uncollectible; (viii) changes in the frequency and complexity of government regulatory and enforcement activities; and (ix) economic factors beyond our control.

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We may also experience fluctuations in our operating income and related cash flows because of increases in employee compensation, including changes to our incentive compensation structure and the timing of incentive payments. Also, the timing of investments or acquisitions and the cost of integrating them may cause fluctuations in our financial results, including operating income and cash flows. This volatility may make it difficult to forecast our future results with precision and to assess accurately whether increases or decreases in any one or more quarters are likely to cause annual results to exceed or fall short of expectations.

If we do not effectively manage the utilization of our professionals or billable rates, our financial results could decline.

Our failure to manage the utilization of our professionals who bill on an hourly basis, or maintain or increase the hourly rates we charge our clients for our services, could result in adverse consequences, such as non- or lower-revenue-generating professionals, increased employee turnover, fixed compensation expenses in periods of declining revenues, the inability to appropriately staff engagements (including adding or reducing staff during periods of increased or decreased demand for our services), or special charges associated with reductions in staff or operations. Reductions in workforce or increases of billable rates will not necessarily lead to savings. In such events, our financial results may decline or be adversely impacted. A number of factors affect the utilization of our professionals. Some of these factors we cannot predict with certainty, including general economic and financial market conditions; the complexity, number, type, size and timing of client engagements; the level of demand for our services; appropriate professional staffing levels, in light of changing client demands and market conditions; and competition and acquisitions. In addition, any expansion into or within locations where we are not well-known or where demand for our services is not well-developed could also contribute to low or lower utilization rates.

InnovaQor may enter into engagements which involve non-time and material arrangements, such as fixed fees and time and materials with caps. Failure to effectively manage professional hours and other aspects of alternative fee engagements may result in the costs of providing such services exceeding the fees collected by InnovaQor. Failure to successfully complete or reach milestones with respect to contingent fee or success fee assignments may also lead to lower revenues or the costs of providing services under those types of arrangements may exceed the fees collected by InnovaQor.

We may receive requests to discount our fees or to negotiate lower rates for our services and to agree to contract terms relative to the scope of services and other terms that may limit the size of an engagement or our ability to pass through costs. We will consider these requests on a case-by-case basis. In addition, our clients and prospective clients may not accept rate increases that we put into effect or plan to implement in the future. Fee discounts, pressure not to increase or even decrease our rates, and less advantageous contract terms could result in the loss of clients, lower revenues and operating income, higher costs and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations. There is no assurance that significant client engagements will be renewed or replaced in a timely manner or at all, or that they will generate the same volume of work or revenues, or be as profitable as past engagements.

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Our Company faces certain risks, including (i) industry consolidation and a heightened competitive environment, (ii) downward pricing pressure, (iii) technology changes and obsolescence, (v) failure to protect client information against cyber-attacks and (vi) failure to protect IP, which individually or together could cause the financial results and prospects of the Company to decline.

Our Company is facing significant competition from other consulting and/or software providers. There continues to be significant consolidation of companies providing products and services similar to those offered by our Company, which may provide competitors access to greater financial and other resources than those of InnovaQor. This industry is subject to significant and rapid innovation. Larger competitors may be able to invest more in research and development, react more quickly to new regulatory or legal requirements and other changes, or innovate more quickly and efficiently. Our Medical Mime and ClinLab software has been facing significant competition from competing software products.

The software and products of our Company are subject to rapid technological innovation. There is no assurance that we will successfully develop new versions of our Medical Mime and ClinLab software or other products. Our software may not keep pace with necessary changes and innovation. There is no assurance that new, innovative or improved software or products will be developed, compete effectively with the software and technology developed and offered by competitors, be price competitive with other companies providing similar software or products, or be accepted by our clients or the marketplace. If InnovaQor is unable to develop and offer competitive software and products or is otherwise unable to capitalize on market opportunities, the impact could adversely affect our operating margins and financial results.

Our reputation for providing secure information storage and maintaining the confidentiality of proprietary, confidential and trade secret information is critical to the success of our Company, which hosts client information as a service. We may face cyber-based attacks and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems. Such attacks could disrupt our business operations, cause us to incur unanticipated losses or expenses, and result in unauthorized disclosures of confidential or proprietary information. Although we seek to prevent, detect and investigate these network security incidents, and have taken steps to mitigate the likelihood of network security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective.

We rely on a combination of copyrights, trademarks, trade secrets, confidentiality and other contractual provisions to protect our assets. Our software and related documentation will be protected principally under trade secret and copyright laws, which afford only limited protection, and the laws of some foreign jurisdictions provide less protection for our proprietary rights than the laws of the U.S. Unauthorized use and misuse of our IP by employees or third parties could have a material adverse effect on our business, financial condition and results of operations. The available legal remedies for unauthorized or misuse of our IP may not adequately compensate us for the damages caused by unauthorized use.

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If we (i) fail to compete effectively, including by offering our software and services at a competitive price, (ii) are unable to keep pace with industry innovation and user requirements, (iii) are unable to replace clients or revenues as engagements end or are canceled or the scope of engagements are curtailed, or (iv) are unable to protect our clients' or our own IP and proprietary information, the financial results of InnovaQor would be adversely affected. There is no assurance that we can replace clients or the revenues from engagements, eliminate the costs associated with those engagements, find other engagements to utilize our professionals, develop competitive products or services that will be accepted or preferred by users, offer our products and services at competitive prices, or continue to maintain the confidentiality of our IP and the information of our clients.

We may not manage our growth effectively, and our profitability may suffer.

Periods of expansion may strain our management team, or human resources and information systems. To manage growth successfully, we may need to add qualified managers and employees and periodically update our operating, financial and other systems, as well as our internal procedures and controls. We also must effectively motivate, train and manage a larger professional staff. If we fail to add or retain qualified managers, employees and contractors when needed, estimate costs, or manage our growth effectively, our business, financial results and financial condition may suffer.

We cannot assure that we can successfully manage growth through acquisitions and the integration of the companies and assets we acquire or that they will result in the financial, operational and other benefits that we anticipate. Some acquisitions may not be immediately accretive to earnings, and some expansion may result in significant expenditures.

In periods of declining growth, underutilized employees and contractors may result in expenses and costs being a greater percentage of revenues. In such situations, we will have to weigh the benefits of decreasing our workforce or limiting our service offerings and saving costs against the detriment that InnovaQor could experience from losing valued professionals and their industry expertise and clients.

Our business, financial condition, results of operations and growth could be harmed by the effects of the COVID-19 pandemic.

We are subject to risks related to the public health crises such as the global pandemic associated with the coronavirus (COVID-19). In December 2019, a novel strain of coronavirus, SARS-CoV-2, was reported to have surfaced in Wuhan, China. Since then, SARS-CoV-2, and the resulting disease COVID-19, has spread to most countries, and all 50 states within the United States. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Further, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response, and under the Defense Production Act, the legislation that facilitates the production of goods and services necessary for national security and for other purposes. Numerous governmental jurisdictions have imposed, and others in the future may impose, "shelter-in-place" orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Most states and the federal government have declared a state of emergency related to the spread of COVID-19. Such orders or restrictions, and the perception that such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellation of events, among other effects, thereby negatively impacting our customers, employees, and offices, among others. We may experience further limitations on employee resources in the future, because of sickness of employees or their families.

Healthcare organizations around the world, including our health care provider customers, have faced and will continue to face, substantial challenges in treating patients with COVID-19, such as the diversion of staff and resources from ordinary functions to the treatment of COVID-19, supply, resource and capital shortages and overburdening of staff and resource capacity. In the United States, governmental authorities have also recommended, and in certain cases required, that elective, specialty and other procedures and appointments, including certain primary care services, be suspended or canceled to avoid non-essential patient exposure to medical environments and potential infection with COVID-19 and to focus limited resources and personnel capacity toward the treatment of COVID-19. These measures and challenges will likely continue for the duration of the pandemic, which is uncertain, and will disproportionately harm the results of operations, liquidity and financial condition of these health care organizations and our health care provider customers. As a result, our health care provider customers may seek contractual accommodations from us in the future. To the extent such health care provider customers experience challenges and difficulties, it will adversely affect our business operation and results of operations. Further, a recession or prolonged economic contraction as a result of the COVID-19 pandemic could also harm the business and results of operations of our customers, resulting in potential business closures, layoffs of employees and a significant increase in unemployment in the United States which may continue even after the pandemic. The occurrence of any such events may lead to reduced income for customers and reduced size of workforces, which could reduce our revenue and harm our business, financial condition and results of operations.

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The widespread COVID-19 pandemic has resulted in, and may continue to result in, significant volatility and uncertainty in U.S. financial markets, which may reduce our

ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect our business and the value of our common stock.

Further, given the dislocation and government-imposed travel related limitations as a consequence of the COVID-19 pandemic, our ability to complete acquisitions in the near-term may be delayed. Future acquisitions may be subject to difficulties in evaluating potential acquisition targets as a result of the inability to accurately predict the duration or long-term economic and business consequences resulting from the COVID-19 pandemic.

The global outbreak of COVID-19 continues to rapidly evolve. We have taken steps intended to mitigate the effects of the pandemic and to protect our workforce. Although we believe we have taken the appropriate actions, we cannot guarantee that these measures will mitigate all or any negative effects of the pandemic. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. We cannot at this time precisely predict what effects the COVID-19 outbreak will have on our business, results of operations and financial condition, including the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the pandemic, the availability of vaccinations, and the governmental responses to the pandemic. However, we will continue to monitor the COVID-19 situation closely and are committed to continuing to make appropriate changes as and when needed.

We may not secure the capital required to develop our business.

Our business is dependent on securing additional capital. If we fail to secure the required capital our business will fail.

Going Concern Risk Factor

Although our financial statements have been prepared on a going concern basis, we have accumulated significant losses and have negative cash flows from operations that could adversely affect our ability to secure additional capital to fund our operations or limit our ability to react to changes in the economy or our industry. These or additional risks or uncertainties not presently known to us, or that we currently deem immaterial, raise substantial doubt about our ability to continue as a going concern.

Under Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Accounting Standards Codification (“ASC 205-40”), InnovaQor has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed InnovaQor’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

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The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The consolidated financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. InnovaQor has accumulated significant losses and has negative cash flows from operations and, at December 31, 2021, had a working capital deficit and accumulated deficit of \$2.8 million and \$33.3 million, respectively. In addition, the Company’s cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about InnovaQor’s ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about InnovaQor’s ability to continue as a going concern are discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

InnovaQor has incurred substantial costs in connection with the acquisition of the Group which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to InnovaQor, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in InnovaQor’s historical financial statements, which would cause its future losses to increase. Accordingly, InnovaQor will continue to focus on increasing revenues.

There can be no assurance that InnovaQor will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary to implement its current operating plan. The ability of InnovaQor to continue as a going concern is dependent upon its ability to significantly increase its revenues and eventually achieve profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if InnovaQor is unable to continue as a going concern.

Risks Related to Our Common Stock

Our stock is considered a “penny stock,” and is therefore considered risky.

OTC Pink Sheet stocks, and especially those being offered for less than \$5.00 per share, are often known as “penny stocks” and are subject to regulations which mandate the dispersion of certain disclosures to potential investors prior to any investor’s purchase of any penny stocks. Penny stocks are low-priced securities with low trading volume. Consequently, the price of the stock is often volatile and investors may be unable to buy or sell the stock when you desire. The SEC extensively monitors “penny stocks,” and such regulations are enumerated in Exchange Act Section 15(h) and Exchange Act Rules 3a51-1 and 15g-1 through 15g-100. With certain exceptions, brokers selling our stock must adhere to the SEC’s “penny stock” regulations, which requirements include, but are not limited to, the following:

- Brokers must provide you with a risk disclosure document relating to the penny stock market.
- Brokers must disclose price quotations and other information relating to the penny stock market.
- Brokers must disclose any compensation they receive from the sale of our stock.
- Brokers must provide a disclosure of any compensation paid to any associated persons in connection with transactions relating to our stock.
- Brokers must provide you with quarterly account statements.
- Brokers may not sell any of our stock that is held in escrow or trust accounts.
- Prior to selling our stock, brokers must approve your account for buying and selling penny stocks.
- Brokers must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction.

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These additional sales practices and the disclosure requirements could impede the sale of our securities. In addition, the liquidity for our securities may be adversely affected, with related adverse effects on the price of our securities.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend their customers buy our common stock, which may have the effect of reducing the trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder's ability to resell shares of our common stock, thereby potentially reducing the liquidity of our common stock.

We have no plans to pay dividends on our Common Stock.

We have not previously paid any cash dividends, nor have we determined to pay dividends on any share of preferred stock or shares of Common Stock. There can be no assurance that our operations will result in sufficient revenues to enable us to operate at profitable levels or to generate positive cash flows. Furthermore, there is no assurance that the Board of Directors will declare dividends even if profitable. Dividend policy is subject to the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements and other factors.

If we issue additional shares in the future, it will result in the dilution of our existing shareholders.

InnovaQor has authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,286 are issued and outstanding as of December 31, 2021 and June 30, 2021, respectively. These shares have 1 vote per share. The issuance of any such shares may result in a reduction of market price of our outstanding shares of our common stock.

Our common stock is subject to conversion of other securities into common stock.

The Company has outstanding convertible preferred stock. Conversions of the convertible preferred stock could result in substantial dilution of our common stock and a decline in its market price. Our Board of Directors, upon the approval of the shareholders, may seek to change the number of authorized shares in the future, may seek to adjust the number of shares issued, and may choose to issue shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares may result in a reduction of market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will cause a reduction in the proportionate ownership of current shareholders.

Voting power is highly concentrated in holders of our Series A Preferred Stock.

InnovaQor has authorized 1,000 shares of \$0.0001 par value (stated value \$10) Series A Supermajority Voting Preferred Stock of which 1,000 were issued and outstanding as of December 31, 2021 and June 30, 2021. So long as one share of Series A Preferred Stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate, equal to 51% of all votes of all classes of shares entitled to be voted at any stockholder meeting. These shares have no rights to receive dividends and liquidation rights are equal to the stated value per share. Such concentrated control of InnovaQor may adversely affect the price of our common stock. Epizon Limited will be able to exercise control over all matters submitted for stockholder approval. A stockholder that acquires common stock will not have an effective voice in the management of InnovaQor.

We are a “smaller reporting company” and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our Common Stock less attractive to investors.

We are a “smaller reporting company,” as defined in Rule 12b-2 under the Exchange Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including “emerging growth companies” such as, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Our status as a smaller reporting company is determined on an annual basis. We cannot predict if investors will find our Common Stock less attractive or our Company less comparable to certain other public companies because we will rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future financial results may not be as comparable to the financial results of certain other companies in our industry that adopted such standards. If some investors find our Common Stock less attractive as a result, there may be a less active trading market for our Common Stock and our stock price may be more volatile.

The requirements of being a reporting public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members.

As a reporting public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the Dodd-Frank Act, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly and increase demand on our systems and resources, particularly after we are no longer a “smaller reporting company.” The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. As a “smaller reporting company,” we receive certain reporting exemptions under the Sarbanes-Oxley Act.

Changing laws, regulations and standards relating to corporate governance and public disclosure create uncertainty for public companies, increase legal and financial compliance costs and increase time expenditures for internal personnel. These laws, regulations and standards are subject to interpretation, in many cases due to their lack of specificity, and their application in practice may evolve over time as regulators and governing bodies provide new guidance. These changes may result in continued uncertainty regarding compliance matters and may necessitate higher costs due to ongoing revisions to filings, disclosures and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate regulatory or legal proceedings against us and our business may be adversely affected.

As a public company under these rules and regulations, we expect that it may make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, and could also make it more difficult to attract qualified executive officers.

Our stock price may be volatile, which may result in losses to our shareholders.

The stock markets have experienced and may experience significant price and trading volume fluctuations, and the market prices of companies quoted on the Pink Tier of the OTC Marketplace, which is where our stock is currently quoted, have experienced sharp share price and trading volume changes. The trading price of our common stock is likely to be volatile and could fluctuate widely in response to many factors both in and outside of our control, and include but are not limited to the following:

- variations in our operating results;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other companies in our industry;
- additions or departures of key personnel; and
- future sales of our common stock.

Stock markets often experience significant price and volume fluctuations. These fluctuations, as well as general economic and political conditions unrelated to our performance, may adversely affect the price of our common stock.

Volatility in the price of our common stock may subject us to securities litigation.

The market for our common stock may be characterized by significant price volatility as compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

Our common stock may become thinly traded and you may be unable to sell at or near ask prices, or at all.

We cannot predict the extent to which an active public market for trading our common stock will be sustained. The trading volume of our common stock may be sporadically or "thinly-traded," meaning that the number of persons interested in purchasing our common stock at or near bid prices at certain given time may be relatively small or non-existent.

This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stockbrokers, institutional investors and others in the investment community who generate or influence sales volume. Even if we came to the attention of such persons, those persons may be reluctant to follow, purchase, or recommend the purchase of shares of an unproven company such as ours until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common stock will develop or be sustained.

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The market price for our common stock may become volatile given our status as a relatively small company, which could lead to wide fluctuations in our share price. You may be unable to sell your common stock at or above your purchase price if at all, which may result in substantial losses to you.

The market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include but are not limited to: (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

General Risk Statement

Based on all of the foregoing, we believe it is possible for future revenue, expenses and operating results to vary significantly from quarter to quarter and year to year. As a result, quarter-to-quarter and year-to-year comparisons of operating results are not necessarily meaningful or indicative of future performance. Furthermore, we believe that it is possible that in any given quarter or fiscal year our operating results could differ from the expectations of public market analysts or investors. In such event or in the event that adverse conditions prevail, or are perceived to prevail, with respect to our business or generally, the market price of our Common Stock would likely decline.

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Item 2. Financial Information.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of the financial condition and results of operation of InnovaQor as of the date of this filing. This discussion and analysis should be read in conjunction with InnovaQor's audited and unaudited consolidated financial statements including the notes thereto, which are included elsewhere in this filing.

Estimates

Management's discussion and analysis of InnovaQor's financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent liabilities. Significant areas of estimation include estimating fair value of intangible assets acquired, the impairment of assets, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. On an on-going basis, management evaluates past estimates and judgments, including those related to bad debts, accrued liabilities, derivative liabilities, and contingencies. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. InnovaQor believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include but are not limited to those discussed below and elsewhere in this Form 10, particularly in the section entitled “Risk Factors”.

Critical Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of InnovaQor and, since the date of acquisition on June 25, 2021, its wholly-owned subsidiaries, are prepared in conformity with U.S. GAAP and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

All intercompany transactions among InnovaQor and its subsidiaries have been eliminated in the consolidation.

We have identified the policies discussed below as critical to our business and to the understanding of our results of operations.

Cash and Cash Equivalents

InnovaQor considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

In accordance with ASC 820, “*Fair Value Measurements and Disclosures*,” InnovaQor applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, InnovaQor considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- 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 or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company’s own assumptions.

The estimated fair value of financial instruments is determined by the Company using available market information and valuation methodologies considered to be appropriate.

Impairment of Long-lived Assets

InnovaQor accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board’s (“FASB”) ASC 360, “*Property, Plant and Equipment*.” Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. As of December 31, 2021 and June 30, 2021, the majority of InnovaQor’s fixed assets were fully depreciated and, therefore, the carrying value of fixed assets represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of net assets acquired in connection with business acquisitions. Goodwill is tested at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. InnovaQor assesses goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The annual impairment review is completed in the fourth quarter of InnovaQor’s fiscal year.

If the carrying amount of a reporting unit exceeds its fair value, InnovaQor measures the possible goodwill impairment based upon an allocation of the estimate of fair value to the underlying assets and liabilities of the reporting unit, including any previously unrecognized intangible assets, based upon known facts and circumstances as if the acquisition occurred currently. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds the implied fair value of the goodwill.

Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Operations. There were no impairment losses for any period presented.

Income Taxes

InnovaQor uses the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Company will recognize a valuation allowance.

In accordance with U.S. GAAP, InnovaQor has determined whether a tax position of InnovaQor is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in InnovaQor recording a tax liability that would reduce net assets. InnovaQor has determined that it has not incurred any liability for tax benefits as of December 31, 2021 and June 30, 2021 and 2020. State income taxes will also be due on any income generated in the future.

Revenue Recognition

We will recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the contract price.
- Allocate the transaction price to the performance obligations of the contract.
- Recognize revenue when or as you satisfy a performance obligation.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, “Earnings per Share” which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method.

Diluted loss per share excludes all dilutive potential shares if their effect is antidilutive. As of December 31, 2021 and June 30, 2021 and 2020, there were approximately [_], 1,660,936,000 and 0 common stock equivalents, respectively, which were antidilutive due to the Company’s losses.

Recent Accounting Pronouncements

InnovaQor reviews all of the Financial Accounting Standard Board’s updates periodically to ensure InnovaQor’s compliance of its accounting policies and disclosure requirements to the Codification Topics.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU will be effective for InnovaQor for annual and interim periods beginning on July 1, 2021. Early adoption of this standard is permitted. The adoption of this ASU by InnovaQor did not have a material impact on its consolidated results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU will be effective for InnovaQor for annual and interim periods beginning on July 1, 2021. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The adoption of this ASU by InnovaQor did not have a material impact on its consolidated results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard will be effective for InnovaQor for annual periods beginning on July 1, 2021, including interim periods within those fiscal years. Adoption of this standard is permitted, including adoption of all amendments in any interim period for which financial statements have not yet been issued. The adoption of this ASU by InnovaQor did not have a material impact on its consolidated results of operations, financial position and cash flows.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on InnovaQor’s consolidated financial statements.

InnovaQor will continue to monitor these emerging issues to assess any potential future impact on its financial statements.

Results of Operations

Financial Presentation

The following sets forth a discussion and analysis of InnovaQor’s consolidated financial condition and results of operations for the fiscal years ended June 30, 2021 and 2020. This discussion and analysis should be read in conjunction with our consolidated financial statements appearing elsewhere in this filing. The following discussion contains forward-looking statements. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in “Risk Factors” of this filing.

Comparison for the Years Ended June 30, 2021 and 2020

The following summary of our consolidated results of operations should be read in conjunction with our audited consolidated financial statements for the years ended June 30, 2021 and 2020, which are included herein.

The following table summarizes the results of our consolidated operations for the years ended June 30, 2021 and 2020:

| | Year Ended June 30, | | Change |
|-------------------------------------|---------------------|--------|----------|
| | 2021 | 2020 | |
| Net revenues | \$ — | \$ — | \$ — |
| Operating expenses: | | | |
| Direct costs of revenue | — | — | — |
| General and administrative expenses | 507,768 | 17,913 | -489,855 |
| Depreciation | — | — | — |

| | | | |
|----------------------------|--------------|-------------|-------------|
| Loss from operations | (507,768) | (17,913) | -489,855 |
| Other expense | — | — | — |
| Loss before income taxes | (507,768) | (17,913) | -489,855 |
| Provision for income taxes | — | — | — |
| Net loss | \$ (507,768) | \$ (17,913) | \$ -489,855 |

Net Revenues

Consolidated net revenues were zero for the years ended June 30, 2021 and 2020, since InnovaQor completed the acquisition of the HTS Group from Rennova in late June 2021.

General and Administrative Expenses

General and administrative expenses increased by \$489,855, compared to the year ended June 30, 2020 due to an agreement with Mr. Dab, the Company's former CEO, to provide services in connection with the acquisition of the HTS Group from Rennova in exchange for \$500,000.

Loss from Operations

Our operating loss was increased by \$489,855, for the year ended June 30, 2021, when compared to a loss of \$17,913 for the same period a year ago. The increase was due to the increases in our general and administrative expenses.

Net Loss

Our net loss was \$507,768 for the year ended June 30, 2021, as compared to a net loss of \$17,913 for the year ended June 30, 2020. The \$489,855 increase in net loss was due to the increases in our general and administrative expenses.

Liquidity, Capital Resources and Acquisition

At June 30, 2021, we had \$46 in cash on hand, a working capital deficit of \$2,244,923 and an accumulated deficit of \$32.7 million. In addition, we incurred a loss from operations of \$507,768 and \$17,913 for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, we have financed our operations with non-interest bearing loans from our former CEO.

InnovaQor acquired all of the common stock of the HTS Group from Rennova on June 25, 2021.

Below is a summary of the assets acquired and liabilities assumed stated at fair market value on the date of acquisition:

| | <u>June 25, 2021</u> |
|---|----------------------|
| Assets Acquired: | |
| Cash | \$ 46 |
| Accounts Receivable | 34,591 |
| Prepaid Expenses and other current assets | 858 |
| Property and equipment, net | 711 |
| Intellectual Property | 2,365,000 |
| Customer Relationships | 66,000 |
| Tradename | 473,000 |
| Goodwill | 7,956,824 |
| Total Assets Acquired | <u>\$ 10,897,030</u> |
| Liabilities Assumed | |
| Accounts payable | \$ 766,343 |
| Accrued expenses | 1,379,922 |
| Notes payable | 298,419 |
| Total Liabilities Assumed | <u>2,444,684</u> |
| Net Assets Acquired | <u>\$ 8,452,346</u> |

The following is a summary Statement of Operations as if the acquisition of the HTS Group had taken place on July 1, 2020:

| | <u>Year Ended June 30, 2021</u> |
|---|-------------------------------------|
| Net revenues (including \$271,524 from former Parent) | \$ 493,621 |
| Operating Expenses | |
| Direct costs of revenues | 7,166 |
| General and administrative expenses | 1,343,436 |
| Depreciation and amortization | 195,055 |
| Total Operating Expenses | <u>1,545,657</u> |
| Loss from operations | <u>\$ (1,052,036)</u> |
| Other (Expense) | <u>(42,103)</u> |
| Net Loss | \$ (1,094,139) |
| Basic and Diluted (loss) per share | <u>\$ (0.00)</u> |

The change in cash used in operations for the years ended June 30, 2021 and 2020 is presented in the following table:

| | Year Ended June 30, | | Change |
|---------------------------------------|----------------------------|--------------------|-----------------|
| | 2021 | 2020 | |
| Net loss | \$ (507,768) | \$ (17,913) | \$ -489,855 |
| Non-cash adjustments to loss | | | |
| Accounts payable and accrued expenses | 496,418 | (2,475) | -498,893 |
| Other | — | — | — |
| Net cash used in operating activities | <u>\$ (11,350)</u> | <u>\$ (20,388)</u> | <u>\$ 9,038</u> |

No cash was provided by investing or financing activities for the years ended June 30, 2021 or 2020.

Going Concern and Liquidity

Under Accounting Standards Update (“ASU”), 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40), management of InnovaQor has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by Accounting Standard Codification (“ASC”) 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed InnovaQor’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

As reflected in the consolidated financial statements, InnovaQor had a working capital deficit and an accumulated deficit of \$2.2 million and \$32.7 million, respectively, at June 30, 2021. In addition, InnovaQor had a loss from operations of approximately \$508,000 and cash used in operating activities of \$11,350 for the year ended June 30, 2021. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

InnovaQor’s consolidated financial statements are prepared assuming that InnovaQor can continue as a going concern, which contemplates continuity of operations through realization of assets, and the settling of liabilities in the normal course of business. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about InnovaQor’s ability to continue as a going concern are as follows:

During 2021, InnovaQor’s Board of Directors approved plans to acquire the HTS Group. Completion of the acquisition occurred on June 25, 2021. The intent of the acquisition was to create a revenue generating business in the health technology space focused on its strengths and operational plans. The acquisition of the HTS Group from Rennova is intended, among other things, to: (1) result in improved business and operational decision-making and greater strategic and management focus for each respective business; (2) improve the Company’s ability to attract, retain and incentivize employees; (3) improve access to capital for InnovaQor; and (4) create an equity structure for InnovaQor, resulting in an improved understanding of InnovaQor in the capital and investor markets, and a stronger, more focused investor base for InnovaQor. Management believes that the acquisition will allow InnovaQor to more fully realize its value, and InnovaQor to use its stock as consideration for further acquisitions and enhance the value of its equity-based compensation programs.

In addition, in connection with the acquisition, at the closing Rennova forgave \$14,000,000 of loans it had previously made to the subsidiaries. A further \$950,000 in debt was forgiven by Rennova in September 2021, meaning all of the loans owed by the acquired subsidiaries have been forgiven. The Company issued 14,000 shares of its Series B Preferred Stock to Rennova in June 2021 and a further 950 shares in September 2021.

Notwithstanding the benefits that are expected to result from the acquisition, InnovaQor has incurred substantial costs in connection with the acquisition and the transition to being a fully reporting public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to InnovaQor, tax costs and costs to separate information systems. The cost of performing such functions is anticipated to be more than the amounts reflected in InnovaQor’s historical financial statements, which could cause its losses to increase. Accordingly, InnovaQor will continue to focus on increasing revenues.

There can be no assurance that the acquisition of the HTS Group will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary from Rennova or third parties to implement its current operating plan. The ability of InnovaQor to continue as a going concern is dependent upon its ability to significantly increase its revenues and eventually achieve profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if InnovaQor is unable to continue as a going concern.

Other Matters

Inflation

We do not believe inflation has a significant effect on InnovaQor’s operations.

Off-Balance Sheet Arrangements

Under SEC regulations, we are required to disclose InnovaQor’s off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on InnovaQor’s financial condition, results of operations, liquidity, capital expenditures or capital resources that are material to investors. Off-balance sheet arrangements consist of transactions, agreements, or contractual arrangements to which any entity that is not consolidated with us is a party, under which we have:

- Any obligation under certain guarantee contracts.
- Any retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets.
- Any obligation under a contract that would be accounted for as a derivative instrument, except that it is both indexed to InnovaQor’s stock and classified in equity in InnovaQor’s statement of financial position.
- Any obligation arising out of a material variable interest held by us in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us, or engages in leasing, hedging or research and development services with us.

As of June 30, 2021, InnovaQor had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on InnovaQor’s financial condition, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Recently Issued Accounting Pronouncements

We do not expect the adoption of any recently issued accounting pronouncements to have a significant impact on our net results of operations, financial position, or cash flows. Recently issued accounting pronouncements are more fully discussed in Note 14 to our audited consolidated financial statements, which are included herein.

Seasonality

We do not expect our net revenues to be impacted by seasonal demands for our products and services.

Comparison for the Six Months ended December 31, 2021 and 2020

The following summary of our consolidated results of operations should be read in conjunction with our interim consolidated financial statements for the six months ended December 31, 2021 and 2020, which are included herein.

The following table summarizes the results of our consolidated operations for the six months ended December 31, 2021 and 2020 (unaudited):

| | Six Months Ended December 31, | | Change |
|--|-------------------------------|------------|-------------|
| | 2021 | 2020 | |
| Net revenues | \$ 245,991 | \$ — | \$ -245,991 |
| Operating expenses: | | | |
| Direct costs of revenue | 137,647 | — | -137,647 |
| General and administrative expenses | 699,830 | 5,505 | -694,325 |
| Depreciation | 711 | — | -711 |
| Amortization | 96,800 | — | -96,800 |
| Other | — | 2,165 | 2,165 |
| Total operating expenses | 934,988 | (7,670) | -925,318 |
| Interest expense and payroll tax liabilities | (4,944) | — | 4,945 |
| Other income, net | 104,918 | — | -104,968 |
| Loss before income taxes | (589,023) | (7,670) | -581,353 |
| Provision for income taxes | — | — | — |
| Net loss | \$ (589,023) | \$ (7,760) | \$ -581,353 |

Net Revenues

During for the six months ended December 31, 2021, the Company had net revenues of \$245,991 compared to \$0 for the same period in 2020, due to the acquisition of the HTS Group from Rennova in late June 2021.

Operating Expenses

During the six months ended December 31, 2021, the Company had total operating expenses of \$934,988, compared to \$7,670 for the same period in 2020, due to the acquisition of the HTS Group in late June 2021. The major increases in operating expenses were general and administrative expenses and amortization expense of the acquired intangibles.

Interest Expense and Other Income

Interest expense increased during the six months ended December 31 from \$0 in 2020 to \$4,944 in 2021, respectively, due to the acquisition of the HTS Group in late June 2021.

Other income increased during the six months ended December 31 from \$0 in 2020 to \$104,918 in 2021, respectively, principally due to forgiveness of a Payroll Protection Program Loan in the amount of \$103,900 in July 2021.

Net Loss

Since the Company has incurred losses since inception, it has not recorded any income tax expense or benefit. Accordingly, the Company's net loss is driven by operating and other expenses.

Comparison of Historical to Proforma Results of Operations

The following table sets forth a comparison of the historical consolidated statement of operations to the proforma statement of operations (which appears in footnote 3 to the unaudited consolidated financial statements) assuming the acquisition of the HTS Group occurred on July 1, 2020, for the periods indicated. The table and the discussion below should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto, appearing elsewhere herein.

| | Six Months Ended December 31, | | Change |
|----------------------------|-------------------------------|--------------|-------------|
| | 2021 | 2020 | |
| Net revenues | \$ 245,991 | \$ 266,446 | \$ (20,455) |
| Operating expenses | | | |
| Direct costs of revenue | 137,647 | — | 137,647 |
| Amortization | 96,800 | 96,800 | — |
| Depreciation | 711 | — | 711 |
| General and administrative | 699,830 | 794,262 | (94,432) |
| Other | — | — | — |
| Total operating expenses | 934,988 | 891,062 | 43,926 |
| Interest expense | (4,944) | — | (4,944) |
| Other Income (Expense) | 104,918 | (62,703) | 167,621 |
| | 99,974 | (62,703) | 162,677 |
| Net loss | \$ (589,023) | \$ (687,319) | \$ (98,296) |

Net Revenues

During the six months ended December 31, 2021, the Company had net revenues of \$245,991 compared to \$266,446 on a proforma bases for 2020 or a reduction of \$20,455. This reduction is principally a result of reduced subscription business.

Operating Expenses

During the six months ended December 31, 2021, the Company had total operating expenses of \$934,988 compared to \$891,062 on a proforma basis for 2020 or an increase of \$43,926. The major increases in operating expenses were direct cost of revenues which is principally a result of increased payroll expenses.

Other Income (Expense)

Interest expense increased during the six months ended December 31 from \$0 in 2020 to \$4,944 in 2021, respectively, due to more debt in 2021.

Other income (expense) increased during the six months ended December 31 from expense of \$62,703 in 2020 to income of \$104,918 in 2021, respectively, principally due to forgiveness of a Payroll Protection Program Loan in the amount of \$103,900 in July 2021.

Net Loss

Since the Company has incurred losses since inception, it has not recorded any income tax expense or benefit. Accordingly, the Company's net loss is driven by operating and other expenses.

Liquidity and Capital Resources

The Company has historically met its liquidity requirements primarily through advances from its former parent and/or its former CEO. At December 31, 2021, the Company had cash of \$46.

Working capital is the amount by which current assets exceed current liabilities. The Company had negative working capital of \$2,840,335 and \$2,244,923, respectively, at December 31, 2021 and June 30, 2021. The increase in negative working capital was due to the significant increase in accrued expenses. Based on its current forecast and budget, management believes that its cash resources will not be sufficient to fund its operations through the end of the third quarter. Unless the Company can generate sufficient revenue from the execution of the Company's business plan, it will need to obtain additional capital to continue to fund the Company's operations. There is no assurance that capital in any form will be available to us, and if available, on terms and conditions that are acceptable.

Off-Balance Sheet Arrangements

Currently, the Company has no off-balance sheet arrangements.

Cash Flows

Cash flows from operating, investing and financing activities were as follows:

| | Six Months Ended December 31, | |
|---|-------------------------------|-------------|
| | 2021 | 2020 |
| Net cash (used in) operating activities | \$ (374,473) | \$ (11,287) |
| Net cash from investing activities | — | — |
| Net cash from financing activities | 374,473 | 7,670 |

Net cash (used in) operating activities increased due to an increase in expenses, specifically an increase of \$581,353 in the loss from operations and the non-cash gain on forgiveness of the PPP Loan in the amount of \$103,900 which was offset by an increase in accounts payable and accrued expenses of \$218,290 and an increase in depreciation and amortization of \$97,511.

Net cash provided by financing activities increased by \$366,803 due to increased advances from the Company's former Parent during the six months ended December 31, 2021.

Management believes the Company's funds are insufficient to provide for its projected needs for operations for the next 12 months. The Company is currently working to close additional funding to support product development or for other purposes. The Company may have to rely on equity or debt financing that may involve substantial dilution to our then existing stockholders. If it is unable to close additional equity financing, the Company may have to cease operations.

Going Concern

The Company has incurred net losses of \$33,277,221 since inception, raising substantial doubt about its ability to continue as a going concern. Management believes that the Company's ability to continue as a going concern is dependent on its ability to raise capital, generate revenue, achieve profitable operations and repay its obligations when they come due. As of December 31, 2021, we had \$46 in cash and we owed \$2,933,582 for various liabilities. We are pursuing various financing alternatives to address the payment of outstanding liabilities and to support the sales, as well as the completion of the elements of our business plan. There can be no assurance, however, that we will obtain adequate funding or that we will be successful in accomplishing any of our objectives. Consequently, we may not be able to continue as an operating company.

Recently Issued Accounting Pronouncements

We do not expect the adoption of any recently issued accounting pronouncements to have a significant impact on our net results of operations, financial position, or cash flows. Recently issued accounting pronouncements are more fully discussed in Note 15 to our unaudited consolidated financial statements, which are included herein.

Seasonality

We do not expect our sales to be impacted by seasonal demands for our products and services.

Capitalization

The following table sets forth InnovaQor's capitalization as of December 31, 2021 and June 30, 2021, on a historical basis. In addition, it is not indicative of our future capitalization. This table should be read in conjunction with InnovaQor's financial statements and notes thereto included elsewhere in this registration statement.

The following table sets forth our cash and capitalization as of December 31, 2021 and June 30, 2021:

| | December 31, 2021 | June 30, 2021 |
|---|----------------------|----------------------|
| Cash | \$ 46 | \$ 46 |
| Stockholders' Equity | | |
| Preferred Series A Stock, Par Value \$0.0001, 1,000 shares authorized. 1,000 shares issued and outstanding | — | — |
| Preferred Series B Stock, Par Value \$0.0001, 25,000 shares authorized. 14,950 and 14,000 shares issued and outstanding | 1 | 1 |
| Preferred Series C Stock, Par Value \$0.0001, 2,000 shares authorized. 200 shares issued and outstanding | — | — |
| Common stock, Par Value \$0.0001, 325,000,000 shares authorized, 234,953,286 issued and outstanding | 23,495 | 23,495 |
| Additional Paid-in Capital | 41,117,013 | 40,539,617 |
| Total capitalization | \$ 41,140,555 | \$ 40,563,159 |

Item 3. Properties.

InnovaQor does not own any properties, and currently subleases office space from Rennova on a month to month term at a cost of approximately \$6,500 a month.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth, as of November 30, 2021, information regarding beneficial ownership of our capital stock by:

- Each person, or group of affiliated persons, known by us to beneficially own more than 5% of any class of our voting securities;
- Each of our executive officers;
- Each of our directors; and
- All of our current executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the Securities and Exchange Commission (the "SEC") and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including convertible securities, warrants and options that are convertible or exercisable within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares shown that they beneficially own, subject to community property laws where applicable. The address for each of our executive officers and directors is c/o InnovaQor, Inc., 400 South Australian Avenue, Suite 800, West Palm Beach, Florida 33401.

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| Title of Class | Name of Beneficial Owner | No. of Shares of Class Owned | Percentage of Ownership(1) |
|--------------------------|---|------------------------------|----------------------------|
| Series A Preferred Stock | Epizon Limited (2) | 1,000 | 100% |
| Common Stock | Sharon L. Hollis | - | - |
| | Justin Doherty | - | - |
| | Gerard Dab (3) | - | - |
| | All Directors and Executive Officers as a Group (3 persons) | -(4) | -% |
| | Michel Dab(5) | 27,785,000 | 11.8% |
| | Ithaca Scientific Ventures(6) | 22,000,000 | 9.4% |
| | Real Gauthier(7) | 18,300,000 | 7.8% |

(1) Based on 234,953,286 shares of Common Stock issued and outstanding as of November 30, 2021, and additional shares deemed to be outstanding as to a particular person, in accordance with applicable rules of the SEC. Beneficial ownership is determined in accordance with SEC rules to generally include shares of Common Stock subject to options or issuable upon conversion of convertible securities or exercise of warrants, and such shares are deemed outstanding for computing the percentage of the person holding such options, securities or warrants, but are not deemed outstanding for computing the percentage of any other person. This table assumes the Company has sufficient authorized shares of Common Stock available to permit the conversion of all outstanding convertible securities and the exercise of all outstanding warrants and options.

(2) Epizon Limited ("Epizon") owns all of the issued and outstanding shares of Series A Preferred Stock. The Series A Preferred Stock is not convertible into Common Stock but holders of Series A Preferred Stock are entitled to vote on all matters submitted to a vote of the holders of Common Stock. Regardless of the number of shares of Series A Preferred Stock outstanding and so long as at least one share of Series A Preferred Stock is outstanding, the outstanding shares of Series A Preferred Stock shall have the number of votes, in the aggregate, equal to 51% of all votes entitled to be voted at any annual or special meeting of stockholders of the Company or action by written consent of stockholders. Epizon will be able to exercise control over all matters submitted for stockholder approval. Epizon's address is Suite 104a, Saffrey Square, Bank Lane, P.O. Box N-9306, Nassau, Bahamas. All of the outstanding capital stock of Epizon is owned by The Shanoven Trust, of which P. Wilhelm F. Tooth serves as trustee. Seamus Lagan is the settlor and Mr. Lagan's family are beneficiaries of The Shanoven Trust. Mr. Lagan is also the Chief Executive Officer of Rennova. Rennova owns 14,850 shares of Series B Preferred Stock, which has no voting rights but is convertible into Common Stock under certain circumstances. The Series B Preferred Stock is not currently convertible without the consent of Epizon, as the holder of the Series A Preferred Stock. If it were converted, the shares held by Rennova would, as of November 30, 2021, be convertible into up to 4.99% of the then outstanding shares of Common Stock (due to the 4.99% ownership blocker in the terms of the Series B Preferred Stock).

- (3) Gerard Dab owns 200 shares of Series C Preferred Stock, which is all of the currently outstanding shares of Series C Preferred Stock. The Series C Preferred Stock has no voting rights but is convertible into Common Stock under certain circumstances. The Series C Preferred Stock is not currently convertible without the consent of Epizon, as the holder of the Series A Preferred Stock. If it were converted, the shares held by Mr. Dab would, as of November 30, 2021, be convertible to up to 4.99% of the then outstanding shares of Common Stock (due to the 4.99% ownership blocker in the terms of the Series C Preferred Stock).
- (4) Includes Ms. Hollis and Messrs. Doherty and Dab. Mr. Dab also owns 200 shares of Series C Preferred Stock, as described in the above footnote.
- (5) Michel Dab is Gerard Dab's adult son. Michael Dab was Treasurer of the Company from December 15, 2008 until June 29, 2021. Mr. Dab's address is 50 High Park Avenue, Apt.1609, Toronto, Ontario M6P 2R9 Canada.
- (6) Ithaca Scientific Ventures' address is 30 N. Gould St., Suite R, Sheridan, Wyoming 82801. Dr. Linda McHarg is the sole owner and control person of Ithaca Scientific Ventures. Dr. McHarg is married to Gerard Dab. Under Quebec law, Mr. Dab and Dr. McHarg are subject to the matrimonial regime of separation as to property. Each spouse remains the owner of his or her property and administers the property alone. As a result, Mr. Dab disclaims any beneficial interest in any securities owned by Ithaca Scientific Ventures or Dr. McHarg and Dr. McHarg similarly disclaims any beneficial interest in any securities owned by Mr. Dab.
- (7) Mr. Gauthier's address is 225 Chabanel, Suite 114, Montreal, Quebec H2N 2C9 Canada.

Change-in-Control

We do not currently have, nor are we aware of, any arrangements which if consummated may result in a change of control in the future.

Item 5. Directors and Executive Officers.

Directors and Executive Officers

The following table sets forth the names and ages of our initial directors and executive officers which currently serve on the Board of Directors for InnovaQor. Directors will be elected annually.

| Name | Age | Position |
|------------------|-----|--------------------------|
| Justin Doherty | 53 | Director, Chairman |
| Sharon L. Hollis | 45 | Director, President, CEO |
| Gerard Dab | 73 | Director, Secretary |

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There are no agreements with respect to electing directors. Each director shall serve for a term of one year or until his successor is elected at our Annual Meeting of Shareholders and is qualified, subject to removal by InnovaQor's shareholders. The Board of Directors appoints officers annually and each executive officer serves at the discretion of the Board of Directors. InnovaQor does not have any standing board committees at this time, and due to its small size does not believe that committees are necessary at this time. As of the date of this filing our three directors fulfill the duties of an audit committee. None of the directors held any directorships during the past five years in any company with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such act, or of any company registered as an investment company under the Investment Company Act of 1940.

Justin Doherty is a member of our Board and was appointed to our Board and as Chairman on July 6, 2021. Mr. Doherty brings over 20 years of international experience in integrated facility management and software solutions for multiple industries across the UK, Europe and the USA. Mr. Doherty previously owned and operated Axis Control Systems for over 10 years, where he started, grew and eventually sold the business. His main area of expertise is operational management and process improvement within the technological and healthcare field, with experience ranging from security systems to healthcare solutions and dementia home health care facilities.

Mr. Doherty was previously CEO of Medical Mime and ClinLab from April 2016 and March 2014, respectively, each an InnovaQor company specializing in healthcare technologies for medical practices throughout the United States. He is currently a Board member for Pathlogic Limited. Mr. Doherty is the managing director of Zest Fire and Security Ltd., which he founded in August 2020.

Sharon L. Hollis is a member of our Board and was appointed to our Board and as our Chief Executive Officer on July 6, 2021. Ms. Hollis transitioned from property sales in New York and Florida into healthcare in 2010 when she oversaw the development of a proprietary lab ordering and reporting software, Advantage, which allowed doctors and clinical laboratories to evolve from paper orders and reports with minimal disruption and cost. Ms. Hollis oversaw the evolution of Advantage to a fully integrated product that allowed real time tracking of lab samples and their results from sample collection to reporting and billing. Ms. Hollis sold her interests in this software into the predecessor of Rennova, Medytox Solutions, Inc., in 2012 and was the VP of Operations of the corporate office to 2015 overseeing sales development, customer care, process improvement and development of software products and their integration and medical billing related processes. From October 2015, as the owner of PetVetCorp, Inc., Ms. Hollis built a veterinarian health records software. Ms. Hollis re-joined Rennova in 2016 and became the COO of the software division, HTS in 2018. Ms. Hollis has been focused on setting direction for the software division in anticipation of a separation from Rennova and has been engaged in the provision of software solutions to Rennova's hospital entities for real-time reporting and analysis of billing related data in easy to utilize dashboards for management. Ms. Hollis' focus is on the provision of easy-to-use software solutions that create efficient solutions and visual interpretation of necessary and actionable data and information.

Gerard Dab is a member of our Board and was appointed as a Director, CEO, Chairman of the Board, and Corporate Secretary on October 6, 2004. As part of the agreement with Rennova he resigned his position as CEO and Chairman of the Board on July 6, 2021 and retained the positions of Director and Corporate Secretary. Mr. Dab is a pioneer of the modern healthcare informatics industry – He is notably the co-founder of one of the world's most innovative systems for the automation of clinical workflow in hospitals and medical facilities that had been originally developed at McGill University Royal Victoria Hospital.

His companies provided advanced software platforms that power clinical applications at point of care in hospitals and clinics developed at a cost of some \$50,000,000. These applications offered advanced patient management clinical systems with full diagnostic and medical content including decision support that have been developed by senior McGill University practitioners and were used by more than 1,000 clinicians and care givers in the US and Canada.

Prior to his work in the healthcare field, Mr. Dab worked for advertising giant Foote, Cone & Belding of Chicago following his graduation from McGill University. During the 1980s, he founded and was the managing partner of Productions Publi-Cité, a film and television finance company that helped raise some \$100,000,000 in production money for independent film producers. During the 1990s, Dab Communications was noted for producing weekly information programs on Canadian network television about investing, created with the support of Maryland Public Television and Louis Rukeyser, long-time host of Wall Street Week.

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Independence of Directors

In determining the independence of our directors, we will apply the definition of “independent director” provided under the listing rules of The NASDAQ Stock Market LLC (“NASDAQ”). Pursuant to these rules, we anticipate that two of our directors will be independent within the meaning of NASDAQ Listing Rule 5605.

We do not expect there to be a family relationship between any of the individuals who are expected to serve as members of our Board and as our executive officers.

Item 6. Executive Compensation.

The Board of Directors has approved a compensation for its CEO, Sharon L. Hollis of \$250,000 a year and approved compensation of \$7,500 a month for Thomas J. Bellante to act as a part time contracted CFO.

Currently, there are no other executives but InnovaQor plans to appoint additional executives and may reimburse its executives for expenses incurred in connection with travel, networking, and day to day business development.

The following table sets forth all of the compensation awarded to, earned by or paid to each individual that served as our principal executive officer or principal financial officer during the fiscal years ended June 30, 2020 and 2021. The Company did not have any other executive officers during the fiscal years ended June 30, 2020 and 2021. Mr. Dab performed the duties of both the principal executive officer and the principal financial officer during those fiscal years.

| Name and Principal Position | Fiscal Year | Salary | Stock Awards | Option Awards | Nonequity Incentive Plan Compensation | Nonqualified Deferred Compensation Earnings | All Other Compensation (2) | Total |
|---|-------------|--------|--------------|---------------|---------------------------------------|---|----------------------------|------------|
| Gerard Dab, former CEO and Director (1) | 2021 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 500,000 | \$ 500,000 |
| | 2020 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |

(1) Mr. Dab resigned as Chief Executive Officer of the Company on July 6, 2021. He continues to act as Secretary and as a Director.

(2) Pursuant to our agreement with the Company, Mr. Dab provided services in connection with the acquisition of the Group in exchange for \$500,000. Mr. Dab then forgave \$300,000 owed to him by the Company in exchange for 1,000 shares of Series A Preferred Stock and forgave an additional \$200,000 owed to him by the Company in exchange for 200 shares of Series C Preferred Stock.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information regarding outstanding equity awards held by the named executive officers at June 30, 2020 and 2021:

| Name | Number of shares underlying unexercised options exercisable | Number of shares underlying unexercised options unexercisable | Equity Incentive Plan Awards; Number of shares underlying unexercised unearned options | Option exercise price | Option Expiration date | Number of shares or units of stock that have not vested | Market value of shares or units of stock that have not vested \$ | Equity Incentive Plan Awards: Number of unearned shares, units or other rights that have not vested | Equity Incentive Plan Awards: Market or payout value of unearned shares, units or other rights that have not vested \$ |
|------------|---|---|--|-----------------------|------------------------|---|--|---|--|
| Gerard Dab | — | — | — | \$ — | — | — | \$ — | — | \$ — |

AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

Gerard Dab

Consulting Agreement – the Company entered into a consulting agreement effective June 1, 2021, with a company owned by Mr. Dab for a period of one year to assist in developing the Company’s business including communications with existing shareholders and the general public. This company shall be paid \$60,000 upon receipt of funding from an outside source or within 90 days of signing the agreement. This has not yet been paid. Additionally, this company shall be paid \$3,500 per month until the agreement expires.

Director Compensation

InnovaQor has not paid any director’s fees or other cash compensation for services rendered as a director since the acquisition of the HTS Group to the date of this filing. Compensation of \$30,000 per year for each director (excluding the CEO) has been agreed for the next 12 months.

We do not pay employee directors for Board service in addition to their regular employee compensation. The Board has the primary responsibility for considering and determining the amount of director compensation.

The following table shows amounts earned by each non-employee Director in the fiscal years ended June 30, 2020 and 2021:

| Director | Fees earned or paid in cash | Stock Awards | Option Awards | Non-equity Incentive Plan Compensation | All Other Compensation ⁽²⁾ | Total |
|--------------------|-----------------------------|--------------|---------------|--|---------------------------------------|-------|
| Gerard Dab | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Lewis Lombardo (1) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |

(1) Mr. Lombardo resigned as a Director in connection with the acquisition of the Group on June 25, 2021.

Item 7. Certain Relationships and Related Transactions, and Director Independence.

Mr. Dab, the former CEO of InnovaQor, paid all the disbursements on behalf of the Company for the fiscal years ended June 30, 2021 and 2020. The cash disbursements amounted to \$11,385 and \$20,388 for the years ended June 30, 2021 and 2020, respectively, and are shown in the accompanying Statements of Operations, operating expenses.

In addition, during the year ended June 30, 2021 under an agreement with the Company, Mr. Dab provided services in connection with the acquisition of the Group in exchange

for \$500,000. This was reflected in the accompanying Statement of Operations as a General and Administrative Expense. Mr. Dab then forgave the \$500,000 owed to him by the Company in exchange for shares of Series A Preferred Stock and Series C Preferred Stock as described above.

The above amounts are not necessarily indicative of what third parties would have agreed to.

Item 8. Legal Proceedings.

From time to time, InnovaQor may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. InnovaQor operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on InnovaQor's consolidated financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

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P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of June 30, 2021 and 2020, \$10,464 was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

Two former employees of CollabRx, Inc., one of the acquired subsidiaries, filed suits in a California state court against the former Parent, Rennova and CollabRx, Inc., in connection with amounts claimed to be owed under their respective employment agreements with CollabRx, Inc. One former employee received a judgment for approximately \$253,000. The other former employee received a judgment for approximately \$173,000.

ClinLab, Medical Mime and HTS, as well as the former Parent, Rennova and many of its subsidiaries, were defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleged a breach by Medytox Solutions, Inc. of its obligations under a debenture and claimed damages in excess of \$2,000,000 plus interest, costs and fees. In May 2020, the SEC appointed a Receiver to close down the TCA Global Credit Master Fund, L.P. The other entities were sued as alleged guarantors of the debenture. In September 2021, the parties entered into a settlement agreement with the Receiver to pay \$500,000 as full and final settlement of all claims in this matter. Subject to Rennova abiding by the terms of the settlement agreement, InnovaQor does not believe it has any risk or liability in this matter. The Company has not recorded any liability for this obligation as it expects Rennova to complete payments per its settlement agreement. Regardless of the going concern disclosure in Rennova's filings, Rennova has succeeded in securing additional capital when required and has paid \$300,000 of the \$500,000 settlement.

CTI Consulting LLC filed suit against Health Technology Solutions, Inc. in September 2021, claiming approximately \$45,000 as owed for services provided. The Company has agreed to pay \$5,000 per month until the obligation is satisfied.

Item 9. Market Price of, and Dividends on, the Registrant's Common Equity and Related Stockholder Matters.

Market Information

Our Common Stock is not listed on any securities exchange and is quoted on the OTC Pink Market under the symbol "VMCS". Because our Common Stock is not listed on a securities exchange and its quotation on the OTC Pink are limited and sporadic, there is currently no established public trading market for our Common Stock.

The following table sets forth the high and low closing prices per share of our common stock as reported for the periods indicated. Such quotations represent inter-dealer prices without retail markup, markdown on commissions and may not represent actual transactions. On March __, 2022, the closing price of our common stock on the OTC Pink was \$ _____ per share.

| Quarter Ended | High | Low |
|---|-----------|-----------|
| September 30, 2019 | \$ 0.0220 | \$ 0.0045 |
| December 31, 2019 | \$ 0.0064 | \$ 0.0017 |
| March 31, 2020 | \$ 0.0025 | \$ 0.0013 |
| June 30, 2020 | \$ 0.0022 | \$ 0.0010 |
| September 30, 2020 | \$ 0.0036 | \$ 0.0018 |
| December 31, 2020 | \$ 0.0027 | \$ 0.0012 |
| March 31, 2021 | \$ 0.0064 | \$ 0.0016 |
| June 30, 2021 | \$ 0.0308 | \$ 0.0027 |
| September 30, 2021 | \$ 0.0162 | \$ 0.0088 |
| December 31, 2021 | \$ 0.0126 | \$ 0.0049 |
| March 31, 2022 (through March __, 2022) | \$ _____ | \$ _____ |

Record Holders

There are 78 holders of record as of November 30, 2021. In many instances, a registered shareholder is a broker or other entity holding shares in street name for one or more customers who beneficially own the shares.

The transfer agent for our Common Stock is Olde Monmouth Stock Transfer Co., Inc., 200 Memorial Parkway, Atlantic Heights, New Jersey 07716. Their telephone number is (732) 872-2727.

Dividend Policy

We have never paid cash dividends on our Common Stock and have no plans to do so in the foreseeable future. Our future dividend policy will be determined by our Board of Directors and will depend on a number of factors, including our financial condition and performance, our cash needs, income tax consequences and any restrictions that applicable laws, our preferred stock and any future credit or other agreements may then impose.

Dividends on our Series B Preferred Stock and Series C Preferred Stock are only payable when and if declared by our Board of Directors.

Penny Stock

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than \$5.00. Excluded from the penny stock designation are securities registered on certain national securities exchanges or quoted on NASDAQ, provided that current price and volume information with respect to transactions in such securities is provided by the exchange/system or sold to established customers or accredited investors.

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The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction, and the monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction.

These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. As our Common Stock has become subject to the penny stock rules, investors may find it more difficult to sell their shares.

Equity Compensation Plans

The Company currently has no compensation plans under which the Company's equity securities are authorized for issuance.

Item 10. Recent Sales of Unregistered Securities.

On June 9, 2021, the Company issued 1,000 shares of Series A Preferred Stock to Gerard Dab in consideration of his forgiveness of \$300,000 owed to him by the Company. These securities were not registered under the Securities Act but were issued in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and by Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

On June 25, 2021, the Company issued 200 shares of Series C Preferred Stock to Gerard Dab in consideration of his forgiveness of \$200,000 owed to him by the Company. These securities were not registered under the Securities Act but were issued in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and by Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

On June 25, 2021, the Company issued 14,000 shares of Series B Preferred Stock in connection with the acquisition of the Group from Rennova, and on September 30, 2021, the Company issued an additional 950 shares of Series B Preferred Stock to Rennova as a post-closing adjustment. These securities were not registered under the Securities Act but were issued in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and by Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering.

Item 11. Description of Registrant's Securities to be Registered.

The following is a summary of the material terms of InnovaQor's capital stock. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of InnovaQor's articles of incorporation or bylaws, which you must read for complete information about InnovaQor's capital stock. The articles of incorporation and bylaws are included as exhibits to InnovaQor's registration statement on Form 10. The summaries and descriptions below do not purport to be complete statements of the Nevada Revised Statutes.

Authorized and Outstanding Capital Stock

Common Stock

InnovaQor has authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,286 were issued and outstanding as of December 31, 2021 and June 30, 2021. These shares have 1 vote per share.

Preferred Stock

Preferred Stock Series A

InnovaQor has authorized 1,000 shares of \$0.0001 par value (stated value \$10) Series A Supermajority Voting Preferred Stock of which 1,000 were issued and outstanding as of December 31, 2021 and June 30, 2021. So long as one share of Series A Preferred Stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate, equal to 51% of all votes entitled to be voted at any stockholder meeting. These shares have no rights to receive dividends and liquidation rights are equal to the stated value per share.

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Preferred Stock Series B

InnovaQor has authorized 25,000 shares of \$0.0001 par value (stated value \$1,000) Series B Convertible Redeemable Preferred Stock of which 14,950 and 14,000 were issued and outstanding as of December 31, 2021 and June 30, 2021, respectively. These shares have no voting rights, dividends on these shares shall accrue at the rate of 5% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into InnovaQor's Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. The Series B Preferred Stock may not be converted prior to the first anniversary of its issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of InnovaQor at their stated value plus declared and unpaid dividends.

Preferred Stock Series C

InnovaQor has authorized 2,000 shares of \$0.0001 par value (stated value \$1,000) Series C Convertible Redeemable Preferred Stock of which 200 were issued and outstanding as of December 31, 2021 and June 30, 2021. These shares have no voting rights, dividends on these shares shall accrue at the rate of 10% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into InnovaQor's Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. The Series C Preferred Stock may not be converted prior to the first anniversary of its issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series C Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of InnovaQor at their stated value plus declared and unpaid dividends.

The following table represents the Company's issued shares at December 31, 2021:

| | |
|----------------------------|-------------|
| Common Shares | 234,953,286 |
| Series A Preference Shares | 1,000 |
| Series B Preference Shares | 14,950 |
| Series C Preference Shares | 200 |

Anti-takeover Provisions in InnovaQor's Articles of Incorporation and Bylaws

Authorized but Unissued Preferred Stock

At the time of filing there is no existing obligation that involves the issuance of preferred stock or common stock (except upon conversion of outstanding shares of preferred stock).

Amending the Bylaws

Our articles of incorporation authorize the Board to make, alter, amend or repeal our bylaws, subject to the power of the holders of stock having voting power to make, alter, amend or repeal the bylaws made by the Board.

Special Meetings of Shareholders

Our bylaws provide that special meetings of our shareholders may be called at any time only by (i) the holders of 10% of the voting shares of the Company, (ii) by the President or (iii) by the Board of Directors or a majority thereof. No business may be transacted at any special meeting except as specified in the notice thereof.

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Filling Vacancies

Our bylaws provide that any vacancy on the Board of Directors, including vacancies created from an increase in the number of directors, may be filled by the Board of Directors, though less than a quorum, for the unexpected term. The Board of Directors has the full power to increase or decrease the number of directors from time to time without requiring a vote of the shareholders.

Board Action Without Meeting

Our bylaws provide that the Board may take action without a meeting if all the members of the Board consent to the action in writing. Board action through consent allows the Board to make swift decisions, including in the event that a hostile takeover threatens current management.

Voting

Our shares of Series A Preferred Stock have majority voting rights which means they represent 51% of the voting rights of all classes of shares combined. Epizon Limited will be able to exercise control over all matters submitted for stockholder approval.

Authorized but Unissued Shares

InnovaQor's authorized but unissued shares of common stock and preferred stock will be available for future issuance. We may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of InnovaQor by means of a proxy contest, tender offer, merger or otherwise.

Listing

InnovaQor's common stock is quoted on the OTC Pink under the symbol VMCS. The Company has applied to FINRA for a new trading symbol.

Item 12. Indemnification of Directors and Officers.

The Nevada Revised Statutes provide that we may indemnify our officers and directors against losses or liabilities which arise in their corporate capacity. The effect of these provisions could be to dissuade lawsuits against our officers and directors.

Nevada Revised Statutes Section 78.7502 provides that:

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- (1) A corporation may indemnify under this subsection any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person is liable pursuant to NRS 78.138 or did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, or that, with respect to any criminal action or proceeding, he or she had reasonable cause to believe that the conduct was unlawful.
- (2) A corporation may indemnify under this subsection any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit if the person: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.
- (3) Any discretionary indemnification pursuant to this section, unless ordered by a court or advanced pursuant to subsection 2 of Section 78.751, may be made by the corporation only as authorized in each specific case upon a determination that the indemnification of a director, officer, employee or agent of a corporation is proper in the circumstances. The determination must be made by: (a) the stockholders; (b) the Board of Directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding; or (c) by independent legal counsel in a written opinion, if (1) a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding so orders; or (2) a quorum consisting of directors who were not parties to the action, suit or proceeding cannot be obtained.

Nevada Revised Statutes Section 78.751 provides that:

- (1) A corporation shall indemnify any person who is a director, officer, employee or agent to the extent that the person is successful on the merits or otherwise in defense of:
 - (a) any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, an action by or in right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; or
 - (b) any claim, issue or matter therein, against expenses, actually and reasonably incurred by the person in connection with defending the action, including, without limitation, attorney's fees.
- (2) Unless otherwise restricted by the articles of incorporation, the bylaws or an agreement made by the corporation, the corporation may pay the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that the director or officer is not entitled to be indemnified by the corporation. The articles of incorporation, the bylaws or an agreement made by the corporation may require the corporation to pay such expenses upon receipt of such an undertaking. The provisions of this subsection do not affect any rights to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law.

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- (3) The indemnification pursuant to this section and NRS 78.7502 and advancement of expenses authorized in or ordered by a court pursuant to this section: (a) does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, for either an action in the person's official capacity or an action in another capacity while holding office, except that indemnification, unless ordered by a court pursuant to NRS 78.7502 or for the advancement of expenses made pursuant to subsection 2, may not be made to or on behalf of any director or officer finally adjudged by a court of competent jurisdiction, after exhaustion of any appeals taken therefrom, to be liable for intentional misconduct, fraud or a knowing violation of law, and such misconduct, fraud or knowing violation was material to the cause of action and (b) continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such person.
- (4) Unless the articles of incorporation, the bylaws or an agreement made by a corporation provide otherwise, if a person is entitled to indemnification or the advancement of expenses from the corporation and any other person, the corporation is the primary obligor with respect to such indemnification or advancement.
- (5) A right to indemnification or to advancement of expenses arising under a provision of the articles of incorporation or any bylaw is not eliminated or impaired by an amendment to such provision after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

Our articles of incorporation and bylaws include provisions that indemnify, to the fullest extent allowable under the Nevada Revised Statutes, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of InnovaQor, or for serving at the request of InnovaQor as a director or officer or another position at another corporation or enterprise, as the case may be. Our articles of incorporation and bylaws also provide that InnovaQor must indemnify and advance reasonable expenses to its directors and officers, subject to its receipt of an undertaking from the indemnified party as may be required under the Nevada Revised Statutes. InnovaQor's bylaws expressly authorize InnovaQor to carry insurance to protect InnovaQor's directors and officers against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not InnovaQor would have the power to indemnify such person.

The limitation of liability and indemnification provisions in InnovaQor's articles of incorporation and bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against InnovaQor's directors and officers, even though such an action, if successful, might otherwise benefit InnovaQor and its shareholders. However, these provisions do not limit or eliminate InnovaQor's rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions do not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, InnovaQor pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any InnovaQor directors, officers or employees for which indemnification is sought.

In addition, we intend to enter into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our articles of incorporation and bylaws. These agreements, among other things, may require us to indemnify our directors and executive officers for certain expenses, including attorneys' fees, judgments, penalties fines and settlement amounts actually and reasonably incurred by a director or executive officer in any action or proceeding arising out of their services as one of our directors or executive officers, or any other entity to which the person provides services at our request. We believe that these charter provisions and indemnification agreements are necessary to attract and retain qualified persons such as directors and officers.

Item 13. Financial Statements and Supplementary Data.

See historical financials on page F-1.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The information required by this item is contained under the section of the registration statement entitled "Index to Financial Statements" (and the financial statements and related noted referenced therein). That section is incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

- 2.1 [Acquisition Agreement, dated as of May 12, 2021, between Rennova Health, Inc. and VisualMED Clinical Solutions Corporation, as supplemented on June 23, 2021](#)
- 3.1(i) [Articles of Incorporation, as amended, of InnovaQor, Inc.](#)
- 3.1(ii) [Bylaws of InnovaQor, Inc.](#)

Where You Can Find More Information

For further information with respect to InnovaQor and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this registration statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330, as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this registration statement is not incorporated by reference in this registration statement.

InnovaQor intends that it will be subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

InnovaQor intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. GAAP and audited and reported on, with an opinion expressed by an independent registered public accounting firm.

You should rely only on the information contained in this registration statement or to which this registration statement has referred you. InnovaQor has not authorized any person to provide you with different information or to make any representation not contained in this registration statement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

InnovaQor, Inc.

By: /s/ Sharon L. Hollis
 Name: Sharon L. Hollis
 Title: President, CEO and Director

Date: March 3, 2022

INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS

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ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of VisualMED Clinical Solutions Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of VisualMED Clinical Solutions Corp. (the Company) as of June 30, 2021 and 2020, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2021, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, The Company has accumulated significant losses and has negative cash flows from operations and, at June 30, 2021, had a \$2.2 million working capital deficit and \$32.7 million accumulated deficit. In addition, the Company's cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Haynie & Company

Haynie & Company
Salt Lake City, Utah
November 12, 2021
We have served as the Company's auditor since 2021.

**INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONSOLIDATED BALANCE SHEETS**

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 46 | \$ 11,350 |
| Accounts receivable, net | 34,591 | — |
| Prepaid expenses and other current assets | 858 | — |
| Total current assets | 35,495 | 11,350 |
| Property and equipment, net | 711 | — |
| Intangible assets | 2,904,000 | — |
| Goodwill | 7,956,824 | — |
| Total assets | \$ 10,897,030 | \$ 11,350 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 766,343 | \$ 3,617 |
| Accrued expenses | 1,379,922 | — |
| Current portion of notes payable | 134,153 | — |
| Total current liabilities | 2,280,418 | 3,617 |

| | | |
|--|----------------------|------------------|
| Notes Payable – Long term | 164,301 | — |
| Series B Preferred Shares due | 577,396 | — |
| Total Liabilities | 3,022,115 | 3,617 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Preferred Series A Stock, Par Value \$0.0001, 1,000 shares authorized, 1,000 shares issued and outstanding 2021 | — | — |
| Preferred Series B Stock, Par Value \$0.0001, 25,000 shares authorized, 14,000 issued and outstanding 2021 | 1 | — |
| Preferred Series C Stock, Par Value \$0.0001, 2,000 shares authorized, 200 shares issued and outstanding 2021 | — | — |
| Common Stock, Par Value \$0.0001, 325,000,000 shares authorized, 234,953,286 and 249,418,545 shares issued and outstanding 2021 and 2020, respectively | 23,495 | 24,942 |
| Additional Paid-In Capital | 40,539,617 | 32,163,221 |
| Accumulated Deficit | (32,688,198) | (32,180,430) |
| Total Stockholders' Equity | 7,874,915 | 7,733 |
| Total Liabilities and Stockholders' Equity | \$ 10,897,030 | \$ 11,350 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONSOLIDATED STATEMENTS OF OPERATIONS

| | <u>Year Ended June 30,</u> | |
|---|----------------------------|--------------------|
| | <u>2021</u> | <u>2020</u> |
| Net revenues | \$ — | \$ — |
| Operating expenses: | — | — |
| Direct costs of revenue | — | — |
| General and administrative expenses | 507,768 | 17,913 |
| Depreciation | — | — |
| Total operating expenses | 507,768 | 17,913 |
| Loss from operations | (507,768) | (17,913) |
| Other (expense) income: | — | — |
| Other (expense) income, net | — | — |
| Interest expense and payroll tax penalties | — | — |
| Total other (expense) income | — | — |
| Loss before income taxes | (507,768) | (17,913) |
| Provision for income taxes | — | — |
| Net loss | \$ (507,768) | \$ (17,913) |
| Basic and Diluted (Loss) per share | \$ (0.00) | \$ (0.00) |
| Basic and Diluted Weighted Average Common Shares Outstanding | 249,220,391 | 249,418,545 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| | Preferred Stock - Shares | Preferred Stock – Par Value | Common Stock - Shares | Common Stock – Par Value | Additional Paid-In Capital | Accumulated Deficit | Total |
|--|--------------------------------|-----------------------------------|-----------------------------|-----------------------------------|----------------------------------|------------------------|----------------|
| Balance at June 30, 2019 as previously reported | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (27,632,517) | \$ 4,555,646 |
| Write off of intangibles due to impairment | — | \$ — | — | \$ — | \$ — | \$ (4,530,000) | \$ (4,530,000) |
| Balance at June 30, 2019 as restated | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (32,162,517) | \$ 25,646 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (17,913) | \$ (17,913) |
| Balance at June 30, 2020 | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (32,180,430) | \$ 7,733 |
| Issuance and cancellation of shares in connection with acquisition | 15,200 | \$ 1 | (14,465,259) | \$ (1,447) | \$ 8,376,396 | \$ — | \$ 8,374,950 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (507,768) | \$ (507,768) |
| Balance at June 30, 2021 | 15,200 | \$ 1 | 234,953,286 | \$ 23,495 | \$ 40,539,617 | \$ (32,688,198) | \$ 7,874,915 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended June 30, | |
|---|---------------------|------------------|
| | 2021 | 2020 |
| Cash flows (used in) operating activities: | | |
| Net loss | \$ (507,768) | \$ (17,913) |
| Adjustments to reconcile net loss to net cash (used in) operations: | | |
| Changes in operating assets and liabilities: | | |
| Accounts payable and accrued expenses | 496,418 | (2,475) |
| Net cash (used in) operating activities | (11,350) | (20,388) |
| Cash flows provided by investing activities: | | |
| Cash acquired in acquisition | 46 | — |
| Net cash provided by investing activities | 46 | — |
| Cash flows provided by financing activities: | | |
| Net cash provided by financing activities | — | — |
| Net (decrease) in cash | (11,304) | (20,388) |
| Cash at beginning of period | 11,350 | 31,738 |
| Cash at end of period | \$ 46 | \$ 11,350 |

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Business

InnovaQor, Inc. (which changed its name from VisualMED Clinical Solutions Corporation in September 2021) (“InnovaQor” or the “Company”) was incorporated in the State of Nevada on September 7, 1999. Its business plan involves the distribution of medical software. It was primarily involved in activities related to the distribution of medical software through associated companies to which it has granted operating and distribution licenses.

The Company was previously a reporting company and had reporting obligations from the time of filing a form 8-A12G on September 27, 2001 to January 20, 2011 when it filed a form 15 to suspend its reporting obligation. The Company suspended its obligation to report under the Exchange Act on January 20, 2011 because it was not financially viable at that time to meet the accounting and legal requirements and costs to remain reporting.

On June 25, 2021, Rennova Health, Inc. (“Rennova”), a public reporting company, sold all the shares of stock of its subsidiaries, HTS and AMGS, to InnovaQor.

In consideration for the shares of HTS and AMGS and the elimination of inter-company debt between Rennova and HTS and AMGS, InnovaQor issued to Rennova 14,000 shares of its Series B Convertible Redeemable Preferred Stock (the “Series B Preferred Stock”). The number of shares of Series B Preferred Stock issuable was subject to a post-closing adjustment which resulted in an additional 950 shares of Series B Preferred Stock due Rennova, which were issued in September 2021. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of InnovaQor’s common stock equal to the product of the stated value divided by 90% of the average closing price of InnovaQor’s common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent the holder’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by InnovaQor upon payment of the stated value of the shares plus any accrued declared and unpaid dividends.

On June 9, 2021, InnovaQor issued 1,000 shares of Series A Supermajority Voting Preferred Stock (the “Series A Preferred Stock”) to the then CEO of the Company, Mr. Gerard Dab in exchange for \$300,000 owed to Mr. Dab. The Series A Preferred Stock has the right to the number of votes equal to 51% of the votes entitled to be cast at a meeting or to vote by written consent, meaning the owner of the Series A Preferred Stock has voting control of the Company. Mr. Dab was a party to an agreement whereby he committed to transfer the Series A Preferred Stock to Epizon Limited, a Nassau, Bahamas, based management consulting company. No financial consideration was received by Mr. Dab for the transfer of his shares and these shares had a fair market value of \$100, as of the date of acquisition. Seamus Lagan, the Chief Executive Officer of Rennova Health, Inc., the company we ultimately completed a transaction with, is also the managing director of Epizon Limited. The conditions of the Epizon agreement to which Mr. Dab was a party have been met and the transfer of shares of Series A Preferred Stock to Epizon has been completed. The terms of the agreement between Mr. Dab and Epizon had certain conditions including a condition that within 120 days after a transaction was completed by VisualMED, subject to there not being any dispute or efforts to unwind the transaction, then Mr. Dab would deliver the Preference A shares owed by him, to Epizon. Epizon Limited will be able to exercise control over all matters submitted for stockholder approval.

InnovaQor issued 200 shares of Series C Convertible Redeemable Preferred Stock (the “Series C Preferred Stock”) to InnovaQor’s former CEO, Mr. Gerard Dab in exchange for \$200,000 owed to him. Additionally, Mr. Dab returned 14,465,259 shares of Common Stock in InnovaQor for cancellation.

The goal of the Company is to develop and deliver a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services.

InnovaQor has six wholly-owned subsidiaries that provide medical support services primarily to clinical laboratories, corporate operations, rural hospitals, physician practices and behavioral health/substance abuse centers.

Health Technology Solutions, Inc. (“HTS”): HTS provides information technology and software solutions to our subsidiaries and outside medical service providers. HTS provides vCIO, IT managed services and data analytics dashboards to our subsidiaries and outside medical service providers. HTS operates from the corporate offices in West Palm Beach, Florida. HTS is actively conducting business operations servicing Rennova, the former parent company.

Medical Mime, Inc. (“Mime”): Mime was formed on May 9, 2014. It specializes in electronic health records (EHR) software and subscription services for the behavioral health and rehabilitation market segments. It currently serves nine behavioral health/substance abuse facilities. Mime is actively conducting business and seeking new business.

ClinLab, Inc. (“ClinLab”): ClinLab develops and markets laboratory information management systems to mid-size clinical laboratories. It currently services 13 clinical laboratories across the country. ClinLab is actively conducting business and seeking new business.

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AMSG owns CollabRx, Inc. (“CollabRx”) and Genomas, Inc. (“ Genomas”), each of which is an inactive operation.

Genomas operated a diagnostics lab until December 31, 2019, and was focused solely on the pharmacogenomics technology and platform, MedTuning, to interpret diagnostics outcomes and translate these outcomes into easily usable information to indicate the effectiveness of medications for a patient. This solution would require minimum effort to be back in operation. CollabRx owns a technology platform and database for interpreting diagnostics outcomes from cancer patients and can match the result to known treatments and or clinical trials. This solution has been dormant for a number of years and to be viable in the marketplace will require updates to the technology and the database.

Each of the subsidiaries is wholly owned by the Company and complements each other, allowing for cross selling of products and services. Health Technology Solutions, Medical Mime and ClinLab are conducting business operations and are revenue generating companies. AMSG, CollabRx and Genomas are currently inactive companies. The Company believes the current solutions will become an added value option to a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services the Company plans to develop.

Existing products offered by the Company’s subsidiaries are as follows:

“Medical Mime” is a custom built, cloud based, electronic health record which meets the needs of substance abuse treatment and behavioral health providers. Medical Mime’s specialized clinical workflow provides intuitive prompts for symptoms and enables you to quickly select problems and create master treatment plans with goals, objectives, and interventions. Medical Mime provides best-in-class patient lifecycle management for Behavioral Health/Substance Abuse (BH/SA) treatment centers. From pre-admission to billing and aftercare, Medical Mime is an electronic health record and patient management software that seamlessly integrates into the natural workflow of day-to-day operations.

“M2Pro” is a custom built, cloud based, electronic health record for ambulatory physician practices that meets meaningful use stage 2 and no further. Its unique dictation services further automate the workflow process for physicians allowing them to focus on their continuum of patient care.

“ClinLab” is a turnkey client/server lab information system for mid-range laboratories. ClinLab supports interfaces to all major reference labs and the ClinLab team can provide an interface to any system with that capability. ClinLab also features an optional EHR package which enables interfacing with the most popular EHR systems allowing lab test results to integrate seamlessly into a provider’s EHR for an improved patient record and to fulfill the federal government requirements.

“Qira” is our healthcare business analytics tool powered by PowerBI. It is a culmination of healthcare financial and revenue cycle management plus clinical operations oversight needs. It aggregates data from multiple healthcare systems to produce a single source business intelligence tool with executive level daily briefing to deep dive operational management of claims and operational efficiencies. There are many other analytical services available that customize solutions but none that have a proven template for success. Our competitive advantage comes from having created these tools to identify the deficiencies in the real world for the former parent Rennova from its former national laboratory operations to its more recent rural hospitals.

“vCIO Services”. Based on the skills and experience inherent within InnovaQor and resulting from work undertaken on behalf of the former parent, Rennova, InnovaQor offers a range of CIO services centered on our ability to link IT systems to business objectives combined with our knowledge of technology trends likely to impact our sector. The CIO services would include (but not be limited to):

- Program and Project Management
- Business Continuity and Disaster Recovery
- Security Services
- Business Intelligence and Analytics
- Network Infrastructure Management
- Helpdesk Provision

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“MedTuning” utilizes proprietary biomarkers, treatment algorithms, and a web-based interactive physician portal delivery system to provide clinical decision support for physicians and personalized drug treatment for patients. Products are DNA-guided to improve the therapeutic benefit of widely used prescription drugs while also reducing the risk of significant side effects for patients.

Medical Informatics: Our technology platform, proprietary algorithms and physician interface portal can be extended to a wide range of drug categories.

Research and Development: Technology platform applicable to numerous disease states; current pipeline in mental health, pain management, cardiovascular and diabetes.

“Advantage” is a proprietary HIPAA compliant software developed to eliminate the need for paper requisitions by providing an easy to use and efficient web-based system that lets customers securely place lab orders, track samples and view test reports in real time from any web-enabled laptop, notepad or smart phone.

In the coming year we plan to develop, acquire or license and offer a telehealth solution through corporate partnerships in the emerging health technology sector.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of InnovaQor and its wholly-owned subsidiaries, Advanced Molecular and Health Technology Solutions Group (such subsidiaries, collectively, the “Group”) since the date of acquisition on June 25, 2021 and are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

All intercompany transactions between subsidiaries of the Company have been eliminated in the consolidation.

Comprehensive Loss

During the periods ended June 30, 2021 and 2020, comprehensive loss was equal to the net loss amounts presented in the accompanying consolidated statements of operations.

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Going Concern

Under Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) (“ASC 205-40”), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The consolidated financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has accumulated significant losses and has negative cash flows from operations and, at June 30, 2021, had a working capital deficit and accumulated deficit of \$2.2 million and \$32.7 million, respectively. In addition, the Company’s cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the Company’s ability to continue as a going concern are as follows:

The Company will incur substantial costs in connection with the acquisition of the Group from Rennova, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to the Company, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in the Company’s historical financial statements, which would cause its future losses to increase. Accordingly, the Company will continue to focus on reducing its operating costs and increasing revenues.

There can be no assurance that the Company will be able to achieve its business plan of increasing revenue and turning the Company profitable, raise any additional capital or secure the additional financing necessary to implement its current business plan. The ability of the Company to continue as a going concern is dependent upon its ability to increase its revenues and eventually achieve profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include estimating the fair value of intangible assets acquired, the impairment of assets, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. Actual results could differ from those estimates which would impact future results of operations and cash flows.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

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Revenue Recognition

We will recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.

- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as you satisfy a performance obligation.

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board’s (“FASB”) ASC 360, “Property, Plant and

Equipment.” Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. As of June 30, 2021 and 2020, the majority of the Company’s fixed assets were fully depreciated and, therefore, the carrying value of fixed assets represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

Fair Value of Financial Instruments

In accordance with ASC 820, “Fair Value Measurements and Disclosures,” the Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- 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 or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company’s own assumptions.

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The estimated fair value of financial instruments is determined by the Company using available market information and valuation methodologies considered to be appropriate. At June 30, 2021 and 2020, the carrying value of the Company’s accounts receivable, accounts payable, accrued expenses and notes payable, approximate their fair values due to their short-term nature. For the years ended June 30, 2021 and 2020, there were no realized or unrealized gains on instruments valued using fair value evaluation methods.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of net assets acquired in connection with business acquisitions. Goodwill is tested at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. The Company assesses goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The annual impairment review is completed in the fourth quarter of the Company’s fiscal year.

If the carrying amount of a reporting unit exceeds its fair value, the Company measures the possible goodwill impairment based upon an allocation of the estimate of fair value to the underlying assets and liabilities of the reporting unit, including any previously unrecognized intangible assets, based upon known facts and circumstances as if the acquisition occurred currently. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds the implied fair value of the goodwill.

Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Operations. There were no impairment losses for any period presented.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Company will recognize a valuation allowance.

In accordance with U.S. GAAP, the Company has determined whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. The Company has determined that it has not incurred any liability for tax benefits as of June 30, 2021 and 2020. State income taxes will also be due on any income generated in the future.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, “Earnings per Share” which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method.

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Diluted loss per share excludes all dilutive potential shares if their effect is antidilutive. As of June 30, 2021 and 2020, there were approximately 1,660,936,000 and 0 common stock equivalents, respectively, which were antidilutive due to the Company’s losses.

Note 3 – Acquisition

The Company acquired all of the common stock of the Group from Rennova on June 25, 2021, for a fair value purchase price of \$,173,319. Regardless that the Company had zero revenues prior to the acquisition, the Company was actively conducting business and for that reason the acquisition was accounted for as a business combination.

Below is a summary of the assets acquired and liabilities assumed stated at fair market value on the date of acquisition:

| | <u>June 25, 2021</u> |
|---|----------------------|
| Assets Acquired: | |
| Cash | \$ 46 |
| Accounts Receivable | 34,591 |
| Prepaid Expenses and other current assets | 858 |
| Property and Equipment, net | 711 |
| Intellectual Property | 2,365,000 |
| Customer Relationships | 66,000 |
| Tradenname | 473,000 |
| Goodwill | 7,956,824 |
| Total Assets Acquired | <u>10,897,030</u> |
| Liabilities Assumed | |
| Accounts payable | 766,343 |
| Accrued Expenses | 1,379,922 |
| Notes Payable | 298,419 |
| Total Liabilities Assumed | <u>2,444,684</u> |
| Net Assets Acquired | <u>\$ 8,452,346</u> |

The following is an unaudited summary Statement of Operations as if the acquisition of the Group had taken place on July 1, 2020:

| | <u>Year Ended June 30, 2021</u> |
|---|-------------------------------------|
| Net Revenues (including \$271,524 from former Parent) | <u>\$ 493,621</u> |
| Operating Expenses | |
| Direct costs of revenues | 7,166 |
| General and Administrative expenses | 1,343,436 |
| Depreciation and amortization | 195,055 |
| Total Operating Expenses | <u>1,545,657</u> |
| Loss from operations | <u>\$ (1,052,036)</u> |
| Other (Expense) | <u>(42,103)</u> |
| Net Loss | <u>\$ (1,094,139)</u> |
| Basic and Diluted (loss) per share | <u>\$ (0.00)</u> |
| Basic and Diluted weighted average common shares outstanding | <u>234,953,286</u> |

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Note 4 – Correction of Error

The Company determined that its intangible assets in the amount of \$4,530,000 which consisted of new product development and customer relationships were impaired prior to June 30, 2019 and should have been written off then. Retained earnings as of June 30, 2019 have been restated to reflect that correction.

Note 5– Accounts Receivable

Accounts receivable at June 30, 2021 and 2020 consisted of the following:

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|-------------------------------------|--------------------------|--------------------------|
| Accounts receivable – third parties | \$ 35,466 | \$ — |
| Less: | | |
| Allowance for discounts | (875) | — |
| Accounts receivable, net | <u>\$ 34,591</u> | <u>\$ —</u> |

For the years ended June 30, 2021 and 2020, bad debt expense (recovery), was \$0 and \$0, respectively.

Note 6 – Property and Equipment

Property and equipment at June 30, 2021 and 2020 consisted of the following:

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|------------------|--------------------------|--------------------------|
| Software | \$ 1,435,875 | \$ — |
| Furniture | 8,227 | — |
| Office equipment | 24,883 | — |

| | | |
|------------------------------------|---------------|-------------|
| Computer equipment | 330,179 | — |
| | 1,799,164 | — |
| Less accumulated depreciation | (1,798,453) | — |
| Property and equipment, net | \$ 711 | \$ — |

Depreciation expense on property and equipment was zero for both the years ended June 30, 2021 and 2020, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment. Management did not recognize any impairment of these assets during the years ended June 30, 2021 and 2020.

Note 7 – Intangible Assets

Intangible assets at June 30, 2021 and 2020 consisted of the following:

| | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> |
|--------------------------|--------------------------------|--------------------------------|
| Intellectual Property | \$ 2,365,000 | \$ — |
| Customer Relationships | 66,000 | — |
| Tradename | 473,000 | — |
| Intangible Assets | \$ 2,904,000 | \$ — |

The Company acquired the above intangible assets in connection with its acquisition of the Group from Rennova on June 25, 2021 in exchange for certain Preferred Stock and other consideration as explained in Note 1 above.

Management of the Company has determined the above intangible assets have a fifteen-year life and will start amortizing them in fiscal 2022.

Amortization of these intangible assets shall amount to \$193,600 per year for the next fifteen years.

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Note 8 – Accrued Expenses

Accrued expenses at June 30, 2021 and 2020 consisted of the following:

| | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> |
|---|--------------------------------|--------------------------------|
| Accrued payroll and related liabilities | \$ 1,221,131 | \$ — |
| Accrued legal | 37,997 | — |
| Accrued interest | 1,224 | — |
| Deferred revenue and customer deposits | 43,914 | — |
| Other accrued expenses | 75,656 | — |
| Accrued expenses | \$ 1,379,922 | \$ — |

Note 9 – Notes Payable

The carrying amount of notes payable as of June 30, 2021 and 2020 was as follows

| | <u>June 30,</u> <u>2021</u> | <u>June 30,</u> <u>2020</u> |
|---|--------------------------------|--------------------------------|
| Note payable with the Department of Economic and Community Development in the original amount of \$47,372 due in monthly payments of principal and interest totaling \$2,132 beginning January 1, 2017 with a final payment due on October 1, 2022. Non-interest bearing. Payments were not made in 2021 or 2020. | \$134,153 | \$ — |
| Paycheck Protection Program Loans (PPP Loans). The PPP Loans and accrued interest are forgivable as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Company terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP Loans. The unforgiven portion of the PPP Loans are payable over two years at an interest rate of 1.0% per annum, with a deferral of payments for the first sixteen months. Beginning sixteen months from the dates of issuance, the Company is required (if not forgiven) to make monthly payments of principal and interest to the lenders. The Company intends to use all of the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loans, it cannot assure you that it will not take actions that could cause the Company to be ineligible for forgiveness of the loans, in whole or in part. | 164,301 | — |
| | 298,454 | — |
| Less current portion | — | 134,153 |
| Notes payable, long term, net of current portion | \$164,301 | \$ — |

Note 10 – Stockholders' Equity

Common Stock

The Company has authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,286 and 249,418,545 shares are issued and outstanding as of June 30, 2021 and 2020, respectively. These shares have 1 vote per share.

Preferred Stock Series A

The Company has authorized 1,000 shares of \$0.0001 par value (stated value \$10) Series A Supermajority Voting Preferred Stock of which 1,000 are issued and outstanding as

of June 30, 2021. So long as one share of Series A Preferred Stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate, equal to 51% of all votes entitled to be voted at any stockholder meeting. Epizon Limited will be able to exercise control over all matters submitted for stockholder approval. These shares have no rights to receive dividends and liquidation rights are equal to the stated value per share.

Preferred Stock Series B

The Company has authorized 25,000 shares of \$0.0001 par value (stated value \$1,000) Series B Convertible Redeemable Preferred Stock of which 14,000 are issued and outstanding as of June 30, 2021. These shares have no voting rights, dividends on these shares shall accrue at the rate of 5% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into the Company's Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. The Series B Preferred Stock may not be converted prior to the first anniversary of its issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends.

Preferred Stock Series C

The Company has authorized 2,000 shares of \$0.0001 par value (stated value \$1,000) Series C Convertible Redeemable Preferred Stock of which 200 are issued and outstanding as of June 30, 2021. These shares have no voting rights, dividends on these shares shall accrue at the rate of 10% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into the Company's Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event not less than the par value of the Common Stock. The Series C Preferred Stock may not be converted prior to the first anniversary of its original issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series C Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends.

Note 11 – Income Taxes

The provision for income taxes is zero in each of the periods presented due to the Company's net operating loss carryforwards.

The components of the net deferred tax asset (liability) are as follows:

| | June 30, 2021 | June 30, 2020 |
|---------------------------------------|---------------|---------------|
| Net operating loss carryforward | \$ 8,498,931 | \$ 8,366,912 |
| Subtotal | \$ 8,498,931 | \$ 8,366,912 |
| Less valuation allowance | (8,498,931) | (8,366,912) |
| Net deferred tax assets (liabilities) | <u>\$ 0</u> | <u>\$ 0</u> |

The Company is unaware of any uncertain income tax positions. Tax returns for the last ten years have not yet been filed. All tax returns are subject to IRS examination.

The Company estimates that it has net operating loss carryforwards totaling approximately \$3,688,000 as of June 30, 2021, the usage of which is subject to certain limitations.

Following is a reconciliation of the applicable federal income tax as computed at the federal statutory tax rate to the actual income taxes reflected in the Statements of Operations for the years ended June 30, 2021 and 2020:

| | June 30, 2021 | June 30, 2020 |
|---|---------------|---------------|
| Tax provision at U.S. federal income tax rate | -21% | 21% |
| State income tax provision net of federal | -5% | 5% |
| Valuation allowance | 26% | -26% |
| Provision for income taxes | <u>0%</u> | <u>0%</u> |

Note 12 – Related Party Transactions

The former CEO of InnovaQor paid all the disbursements on behalf of the Company for all periods presented. The cash disbursements amounted to \$1,385 and \$20,388 for the years ended June 30, 2021 and 2020, respectively, and are shown in the accompanying Statements of Operations, operating expenses.

In addition, for the year ended June 30, 2021, the Company incurred \$500,000 for services of its former CEO in connection with the acquisition of the Group, which is shown in the accompanying Statement of Operations as a General and Administrative expense.

The above amounts are not necessarily indicative of what third parties would have agreed to.

Note 13 – Commitments and Contingencies

Consulting Agreement – the Company entered into a consulting agreement effective June 1, 2021, with a company owned by the Company's former CEO for a period of one year to provide assistance in developing the Company's business including communications with existing shareholders and the general public. This company shall be paid \$60,000 upon receipt of funding from an outside source or within 90 days of signing the agreement. This has not yet been paid. Additionally, this company shall be paid \$3,500 per month until the agreement expires.

Concentration of Credit Risk - Credit risk with respect to accounts receivable is generally low due to the nature of the customers comprising the customer base and the significant related party component. The Company does not require collateral or other security to support customer receivables. However, the Company continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the consolidated financial statements.

The Company maintains its cash balances in high-credit-quality financial institutions. The Company's cash balances may, at times, exceed the deposit insurance limits provided

by the Federal Deposit Insurance Corp.

Guarantees

Certain entities of the Company have cross guaranteed debt obligations of their former Parent. As part of the acquisition transaction with the Company, the former Parent received a release of guarantees from certain institutional lenders and has been working to settle other debt obligations where certain entities of the Company remain a cross guarantor. In September 2021, a settlement agreement was entered into, as more fully disclosed in the Legal Matters below, that is expected to remove any risk related to previous cross guarantees that were provided in that matter. The Company believes that any risk associated with previous cross guarantees is now minimal and immaterial.

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Legal Matters

From time to time, the Company may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. The Company operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Company's consolidated financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of June 30, 2021 and 2020, \$10,464 was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

Two former employees of CollabRx, Inc., one of the acquired subsidiaries, filed suits in a California state court against the former Parent, Rennova, and CollabRx, Inc., in connection with amounts claimed to be owed under their respective employment agreements with CollabRx, Inc. One former employee received a judgment for approximately \$253,000. The other former employee received a judgment for approximately \$173,000.

ClinLab, Medical Mime and HTS, as well as the former Parent, Rennova and many of its subsidiaries, were defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleged a breach by Medytox Solutions, Inc. of its obligations under a debenture and claimed damages in excess of \$2,000,000 plus interest, costs and fees. The other entities were sued as alleged guarantors of the debenture. In May 2020, the SEC appointed a Receiver to close down the TCA Global Master Fund, L.P. In September 2021, the parties entered into a settlement agreement with the Receiver to pay \$500,000 as full and final settlement of all claims in this matter. Subject to Rennova abiding by the terms of the settlement agreement, InnovaQor does not believe it has any risk or liability in this matter. The Company has not recorded any liability for this obligation as it expects Rennova to complete payments per its settlement agreement. Regardless of the going concern disclosure in Rennova's filings, Rennova has succeeded in securing additional capital when required and has paid \$300,000 of the \$500,000 settlement.

CTI Consulting LLC filed suit against Health Technology Solutions, Inc. in September 2021, claiming approximately \$45,000 as owed for services provided. The Company has agreed to pay \$5,000 per month until the obligation is satisfied.

Note 14 – Supplemental Disclosure of Cash Flow Information

| | Year Ended June 30, | |
|----------------------------|---------------------|------|
| | 2021 | 2020 |
| Cash paid for interest | \$ — | \$ — |
| Cash paid for income taxes | \$ — | \$ — |

Non-cash investing and financing activities in connection with the acquisition consist of the following for the year ended June 30, 2021:

| | Year ended June 30, 2021 |
|--|-----------------------------|
| Purchase of working capital deficit for preferred stock and debt forgiveness | \$ 2,110,770 |
| Purchase of fixed assets for preferred stock and debt forgiveness | (711) |
| Purchase of intangibles for preferred stock and debt forgiveness | (2,904,000) |
| Purchase of goodwill for preferred stock and debt forgiveness | (7,956,824) |
| Assumption of long-term notes payable | 298,454 |
| Consideration given | 8,452,357 |
| Cash received | \$ 46 |

There were no non-cash investing and financing activities during the year ended June 30, 2020.

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Note 15 – Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU will be effective for the Company for annual and interim periods beginning after December 31, 2020. Early adoption of this standard is permitted. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU will be effective for the Company for annual and interim periods beginning after December 31, 2020. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard will be effective for the Company for annual periods beginning after January 1, 2021, including interim periods within those fiscal years. Adoption of this standard is permitted, including adoption of all amendments in any interim period for

which financial statements have not yet been issued. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company's consolidated financial statements.

Note 16 – Subsequent Events

In July 2021, Evolve Bank and Trust Company and the Small Business Administration forgave \$103,900 Paycheck Protection Program Loans (PPP Loans) and related interest.

For the period July 1, 2021 through December 31, 2021, the former Parent, Rennova, has advanced funds and paid expenses of the Company in the amount of \$74,473. This is included as a liability.

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>December 31,</u> <u>2021</u> <u>(Unaudited)</u> | <u>June 30,</u> <u>2021</u> |
|---|--|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 46 | \$ 46 |
| Accounts receivable, net (including related party receivable of \$21,852 and \$0 at December 31, 2021 and June 30, 2021, respectively) | 32,800 | 34,591 |
| Prepaid expenses and other current assets | - | 858 |
| Total current assets | 32,846 | 35,495 |
| Property and equipment, net | — | 711 |
| Intangible assets | 2,807,200 | 2,904,000 |
| Goodwill | 7,956,824 | 7,956,824 |
| Total assets | \$ 10,796,870 | \$ 10,897,030 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 868,435 | \$ 766,343 |
| Accrued expenses (including \$374,473 and \$0 due to related party at December 31, 2021 and June 30, 2021, respectively) | 1,870,593 | 1,379,922 |
| Current portion of notes payable | 134,153 | 134,153 |
| Total current liabilities | 2,873,181 | 2,280,418 |
| Notes Payable – Long term | 60,401 | 164,301 |
| Series B Preferred Shares due | — | 577,396 |
| Total Liabilities | 2,933,582 | 3,022,115 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Preferred Series A Stock, Par Value \$0.0001, 1,000 shares authorized, 1,000 shares issued and outstanding. | — | — |
| Preferred Series B Stock, Par Value \$0.0001, 25,000 shares authorized, 14,950 and 14,000 shares issued and outstanding December 31, 2021 and June 30, 2021, respectively | 1 | 1 |
| Preferred Series C Stock, Par Value \$0.0001, 2,000 shares authorized, 200 shares issued and outstanding. | — | — |
| Common Stock, Par Value \$0.0001, 325,000,000 shares authorized, 234,953,286 shares issued and outstanding. | 23,495 | 23,495 |
| Additional Paid-In Capital | 41,117,013 | 40,539,617 |
| Accumulated Deficit | (33,277,221) | (32,688,198) |
| Total Stockholders' Equity | 7,863,288 | 7,874,915 |
| Total Liabilities and Stockholders' Equity | \$ 10,796,870 | \$ 10,897,030 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Six Months Ended | |
|--|---------------------|--------------------|
| | December 31, 2021 | December 31, 2020 |
| Net Revenues (including net revenue from related party of \$112,898 for the six months ended December 31, 2021) | \$ 245,991 | \$ — |
| Operating expenses: | | |
| Direct costs of revenue | 137,647 | — |
| General and administrative expenses | 699,830 | 5,505 |
| Depreciation | 711 | — |
| Amortization | 96,800 | — |
| Other | — | 2,165 |
| Total operating expenses | 934,988 | 7,670 |
| Loss from operations | \$ (688,997) | \$ (7,670) |
| Other (expense) income: | | |
| Other (expense) income, net | 104,918 | — |
| Interest expense and payroll tax penalties | (4,944) | — |
| Total other (expense) income | 99,974 | — |
| Loss before income taxes | (589,023) | (7,670) |
| Provision for income taxes | — | — |
| Net loss | \$ (589,023) | \$ (7,670) |
| Basic and Diluted (loss) per share | \$ (0.00) | \$ (0.00) |
| Basic and Diluted weighted average shares of common stock outstanding | 234,953,286 | 249,418,545 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

| | Preferred Stock - Shares | Preferred Stock - Par Value | Common Stock - Shares | Common Stock - Par Value | Additional Paid-In Capital | Accumulated Deficit | Total |
|---------------------------------------|--------------------------------|-----------------------------------|-----------------------------|--------------------------------|----------------------------------|------------------------|---------------------|
| Balance at June 30, 2020 | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (32,180,430) | \$ 7,733 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (4,410) | \$ (4,410) |
| Balance at September 30, 2020 | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (32,184,840) | \$ 3,323 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (3,260) | \$ (3,260) |
| Balance at December 31, 2020 | — | \$ — | 249,418,545 | \$ 24,942 | \$ 32,163,221 | \$ (32,188,100) | \$ (63) |
| Balance at June 30, 2021 | 15,200 | \$ 1 | 234,953,286 | \$ 23,495 | \$ 40,539,617 | \$ (32,688,198) | \$ 7,874,915 |
| Issuance of Series B Preferred shares | 950 | — | — | \$ — | \$ 577,396 | \$ — | \$ 577,396 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (296,360) | \$ (296,360) |
| Balance at September 30, 2021 | 16,150 | \$ 1 | 234,953,286 | \$ 23,495 | \$ 41,177,013 | \$ (32,984,558) | \$ 8,155,951 |
| Net loss | — | \$ — | — | \$ — | \$ — | \$ (292,663) | \$ (292,663) |
| Balance at December 31, 2021 | 16,150 | \$ 1 | 234,953,286 | \$ 23,495 | \$ 41,177,013 | \$ (33,277,221) | \$ 7,863,288 |

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

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INNOVAQOR, INC.
(FORMERLY VISUALMED CLINICAL SOLUTIONS CORPORATION)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Six Months Ended | |
|---|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 |
| Cash flows (used in) operating activities: | | |
| Net loss | \$ (589,023) | \$ (7,670) |
| Adjustments to reconcile net loss to net cash (used in) provided by operations: | | |
| Forgiveness of PPP Loans | (103,900) | — |

| | | |
|---|------------------|-----------------|
| Depreciation and amortization | 97,511 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,791 | — |
| Prepaid expenses | 858 | — |
| Accounts payable and accrued expenses | 218,290 | (3,617) |
| Net cash (used in) operating activities | (374,473) | (11,287) |
| Cash flows provided by investing activities: | | |
| Net cash provided by investing activities | — | — |
| Cash flows provided by financing activities: | | |
| Cash advanced by related party | 374,473 | 7,670 |
| Net cash provided by financing activities | 374,473 | 7,670 |
| Net (decrease) in cash | — | (3,617) |
| Cash at beginning of period | 46 | 11,350 |
| Cash at end of period | \$ 46 | \$ 7,733 |

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Business

InnovaQor, Inc. (which changed its name from VisualMED Clinical Solutions Corporation in September 2021) (“InnovaQor” or the “Company”) was incorporated in the State of Nevada on September 7, 1999. Its business plan involves the distribution of medical software. It was primarily involved in activities related to the distribution of medical software through associated companies to which it has granted operating and distribution licenses.

On June 25, 2021, Rennova Health, Inc. (“Rennova”), a public reporting company, sold all the shares of stock of its subsidiaries, HTS and AMSG, to InnovaQor.

In consideration for the shares of HTS and AMSG (HTS Group) and the elimination of inter-company debt between Rennova and HTS and AMSG, InnovaQor issued to Rennova 14,000 shares of its Series B Convertible Redeemable Preferred Stock (the “Series B Preferred Stock”). The number of shares of Series B Preferred Stock was subject to a post-closing adjustment which resulted in an additional 950 shares of Series B Preferred Stock due Rennova, which were issued in September 2021. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of InnovaQor’s common stock equal to the product of the stated value divided by 90% of the average closing price of InnovaQor’s common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent the holder’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by InnovaQor upon payment of the stated value of the shares plus any declared and unpaid dividends

On June 9, 2021, InnovaQor issued 1,000 shares of Series A Supermajority Voting Preferred Stock (the “Series A Preferred Stock”) to the then CEO of the Company, Mr. Gerard Dab in exchange for \$300,000 owed to Mr. Dab. The Series A Preferred Stock has the right to the number of votes equal to 51% of the votes entitled to be cast at a meeting or to vote by written consent, meaning the owner of the Series A Preferred Stock has voting control of the Company. Mr. Dab was a party to an agreement whereby he committed to transfer the Series A Preferred Stock to Epizon Limited, a Nassau, Bahamas, based management consulting company. No financial consideration was received by Mr. Dab for the transfer of his shares and these shares had a fair market value of \$100, as of the date of acquisition. Seamus Lagan, the Chief Executive Officer of Rennova Health, Inc., the company we ultimately completed a transaction with, is also the managing director of Epizon Limited. The conditions of the Epizon agreement to which Mr. Dab was a party have been met and the transfer of shares of Series A Preferred Stock to Epizon has been completed. The terms of the agreement between Mr. Dab and Epizon had certain conditions including a condition that within 120 days after a transaction was completed by VisualMED, subject to there not being any dispute or efforts to unwind the transaction, then Mr. Dab would deliver the Preference A shares owed by him, to Epizon. Epizon Limited will be able to exercise control over all matters submitted for stockholder approval.

InnovaQor issued 200 shares of Series C Convertible Redeemable Preferred Stock (the “Series C Preferred Stock”) to InnovaQor’s former CEO, Mr. Gerard Dab in exchange for \$200,000 owed to him. Additionally, Mr. Dab returned 14,465,259 shares of Common Stock in InnovaQor for cancellation.

The goal of the Company is to develop and deliver a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services.

InnovaQor has six wholly-owned subsidiaries that provide medical support services primarily to clinical laboratories, corporate operations, rural hospitals, physician practices and behavioral health/substance abuse centers.

Health Technology Solutions, Inc. (“HTS”): HTS provides information technology and software solutions to our subsidiaries and outside medical service providers. HTS provides vCIO, IT managed services and data analytics dashboards to our subsidiaries and outside medical service providers. HTS operates from the corporate offices in West Palm Beach, Florida. HTS is actively conducting business operations servicing Rennova, the former parent company.

Medical Mime, Inc. (“Mime”): Mime was formed on May 9, 2014. It specializes in electronic health records (EHR) software and subscription services for the behavioral health and rehabilitation market segments. It currently serves nine behavioral health/substance abuse facilities Mime is actively conducting business and seeking new business.

ClinLab, Inc. (“ClinLab”): ClinLab develops and markets laboratory information management systems to mid-size clinical laboratories. It currently services 13 clinical laboratories across the country. ClinLab is actively conducting business and seeking new business.

AMSG owns CollabRx, Inc. (“CollabRx”) and Genomas, Inc. (“Genomas”), each of which is an inactive operation.

Genomas operated a diagnostics lab until December 31, 2019 and was focused solely on the pharmacogenomics technology and platform, MedTuning, to interpret diagnostics outcomes and translate these outcomes into easily usable information to indicate the effectiveness of medications for a patient. This solution would require minimum effort to be back in operation. CollabRx owns a technology platform and database for interpreting diagnostics outcomes from cancer patients and can match the result to known treatments and or clinical trials. This solution has been dormant for a number of years and to be viable in the marketplace will require updates to the technology and the database.

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Each of the subsidiaries is wholly owned by the Company and complements each other, allowing for cross selling of products and services. The Company believes the current solutions will become an added value option to a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services, the Company plans to develop.

Existing products offered by the Company's subsidiaries are as follows:

"Medical Mime" is a custom built, cloud based, electronic health record which meets the needs of substance abuse treatment and behavioral health providers. Medical Mime's specialized clinical workflow provides intuitive prompts for symptoms and enables you to quickly select problems and create master treatment plans with goals, objectives, and interventions. Medical Mime provides best-in-class patient lifecycle management for Behavioral Health/Substance Abuse (BH/SA) treatment centers. From pre-admission to billing and aftercare, Medical Mime is an electronic health record and patient management software that seamlessly integrates into the natural workflow of day-to-day operations.

"M2Pro" is a custom built, cloud based, electronic health record for ambulatory physician practices that meets meaningful use stage 2 and no further. Its unique dictation services further automate the workflow process for physicians allowing them to focus on their continuum of patient care.

"ClinLab" is a turnkey client/server lab information system for mid-range laboratories. ClinLab supports interfaces to all major reference labs and the ClinLab team can provide an interface to any system with that capability. ClinLab also features an optional EHR package which enables interfacing with the most popular EHR systems allowing lab test results to integrate seamlessly into a provider's EHR for an improved patient record and to fulfill the federal government requirements.

"Qira" is our healthcare business analytics tool powered by PowerBI. It is a culmination of healthcare financial and revenue cycle management plus clinical operations oversight needs. It aggregates data from multiple healthcare systems to produce a single source business intelligence tool with executive level daily briefing to deep dive operational management of claims and operational efficiencies. There are many other analytical services available that customize solutions but none that have a proven template for success. Our competitive advantage comes from having created these tools to identify the deficiencies in the real world for the former parent Rennova from its former national laboratory operations to its more recent rural hospitals.

"vCIO Services". Based on the skills and experience inherent within InnovaQor and resulting from work undertaken on behalf of the former parent, Rennova, InnovaQor offers a range of CIO services centered on our ability to link IT systems to business objectives combined with our knowledge of technology trends likely to impact our sector. The CIO services would include (but not be limited to):

- Program and Project Management
- Business Continuity and Disaster Recovery
- Security Services
- Business Intelligence and Analytics
- Network Infrastructure Management
- Helpdesk Provision

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"MedTuning" utilizes proprietary biomarkers, treatment algorithms, and a web-based interactive physician portal delivery system to provide clinical decision support for physicians and personalized drug treatment for patients. Products are DNA-guided to improve the therapeutic benefit of widely used prescription drugs while also reducing the risk of significant side effects for patients.

Medical Informatics: Our technology platform, proprietary algorithms and physician interface portal can be extended to a wide range of drug categories.

Research and Development: Technology platform applicable to numerous disease states; current pipeline in mental health, pain management, cardiovascular and diabetes.

"Advantage" is a proprietary HIPAA compliant software developed to eliminate the need for paper requisitions by providing an easy to use and efficient web-based system that lets customers securely place lab orders, track samples and view test reports in real time from any web-enabled laptop, notepad or smart phone.

In the coming year we plan to develop, acquire or license and offer a telehealth solution through corporate partnerships in the emerging health technology sector.

Note 2- Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements include the accounts of the InnovaQor and its wholly-owned subsidiaries, Advanced Molecular and Health Technology Solutions Group (such subsidiaries, collectively, the "Group") since the date of acquisition on June 25, 2021, and are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

The accompanying condensed consolidated financial statements as of December 31, 2021 and 2020 have been derived from unaudited financial statements. Intercompany accounts and transactions have been eliminated. The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual audited financial statements and in accordance with U.S. GAAP, for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. In the opinion of management, such unaudited information includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of this interim information.

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Comprehensive Loss

During the six months ended December 31, 2021 and 2020, comprehensive loss was equal to the net loss amounts presented in the accompanying condensed consolidated statements of operations.

Going Concern

Under Accounting Standards Update ("ASU") 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Accounting Standards Codification ("ASC 205-40"), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the

potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company's ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The condensed consolidated financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has accumulated significant losses and has negative cash flows from operations and, at December 31, 2021, had a working capital deficit and accumulated deficit of \$2.8 million and \$33.3 million, respectively. In addition, the Company's cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the Company's ability to continue as a going concern are as follows:

The Company will incur substantial costs in connection with the acquisition of the Group from Rennova, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to the Company, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in the Company's historical financial statements, which would cause its future losses to increase. Accordingly, the Company will continue to focus on reducing its operating costs and increasing revenues.

There can be no assurance that the Company will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary to implement its current operating plan. The ability of the Company to continue as a going concern is dependent upon its ability to increase its revenues and eventually achieve profitable operations. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include estimating the fair value of intangible assets acquired, the impairment of assets, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. Actual results could differ from those estimates and would impact future results of operations and cash flows.

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Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

We will recognize revenue in accordance with Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as you satisfy a performance obligation.

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's ("FASB") ASC 360, "Property, Plant and Equipment." Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. As of December 31, 2021 and June 30, 2021, the majority of the Company's fixed assets were fully depreciated and, therefore, the carrying value of fixed assets represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

Fair Value of Financial Instruments

In accordance with ASC 820, "Fair Value Measurements and Disclosures," the Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- 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 or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company's own assumptions.

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The estimated fair value of financial instruments is determined by the Company using available market information and valuation methodologies considered to be appropriate. At December 31, 2021 and June 30, 2021, the carrying value of the Company's accounts receivable, accounts payable, accrued expenses and notes payable, approximate their fair values due to their short-term nature. For the six months ended December 31, 2021 and 2020, there were no realized and unrealized gains on instruments valued using fair value evaluation methods.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of net assets acquired in connection with business acquisitions. Goodwill is tested at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. The Company assesses goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The annual impairment review is completed in the fourth quarter of the Company's fiscal year.

If the carrying amount of a reporting unit exceeds its fair value, the Company measures the possible goodwill impairment based upon an allocation of the estimate of fair value to the underlying assets and liabilities of the reporting unit, including any previously unrecognized intangible assets, based upon known facts and circumstances as if the acquisition occurred currently. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds the implied fair value of the goodwill.

Impairment losses, if any, will be reflected in operating income or loss in the Condensed Consolidated Statements of Operations.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Company will recognize a valuation allowance.

In accordance with U.S. GAAP, the Company has determined whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. The Company has determined that it has not incurred any liability for tax benefits as of December 31, 2021 and 2020. State income taxes will also be due on any income generated in the future.

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Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC Topic 260, "Earnings per Share" which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. As of December 31, 2021 and 2020 there were approximately 1,773,099,415 and 0, respectively, common stock equivalents which were antidilutive due to the Company's losses.

Note 3 – Acquisition

The Company acquired all of the common stock of the Group from Rennova on June 25, 2021, for a purchase price of \$,173,319.

The following is an unaudited summary Statement of Operations as if the acquisition of the Group had taken place on July 1, 2020:

| | Six Months ended December 31, 2020 | |
|---|---|--------------------|
| Net Revenues (including \$185,892 from former parent) | \$ | 266,446 |
| Operating Expenses | | |
| Direct costs of revenues | | — |
| General and Administrative expenses | | 794,262 |
| Depreciation and amortization | | 96,800 |
| Total Operating Expenses | | 891,062 |
| Loss from Operations | \$ | (624,616) |
| Other (Expense) | | (62,703) |
| Net Loss | \$ | (687,319) |
| Basic and Diluted (loss) per share | \$ | (0.00) |
| Basic and Diluted weighted average common shares outstanding | | 234,953,286 |

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Note 4 – Accounts Receivable

Accounts receivable at December 31, 2021 and June 30, 2021 consisted of the following:

| | December 31, 2021 | June 30, 2021 |
|-------------------------------------|------------------------------|--------------------------|
| Accounts receivable – third parties | \$ 32,800 | \$ 35,466 |
| Less: | | |
| Allowance for discounts | — | (875) |
| Accounts receivable, net | \$ 32,800 | \$ 34,591 |

For the six months ended December 31, 2021 and 2020, bad debt expense (recovery), was \$,275 and \$0, respectively.

Note 5 – Property and Equipment

Property and equipment at December 31, 2021 and June 30, 2021 consisted of the following:

| | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|------------------------------------|------------------------------|--------------------------|
| Software | \$ 1,435,875 | \$ 1,435,875 |
| Furniture | 8,227 | 8,227 |
| Office equipment | 30,931 | 24,883 |
| Computer equipment | 324,131 | 330,179 |
| | <u>1,799,164</u> | <u>1,799,164</u> |
| Less accumulated depreciation | (1,799,164) | (1,798,453) |
| Property and equipment, net | <u>\$ —</u> | <u>\$ 711</u> |

Depreciation expense on property and equipment was \$711 and \$0 for the six months ended December 30, 2021 and 2020, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment.

Note 6 – Intangible Assets

Intangible assets at December 31, 2021 and June 30, 2021 consisted of the following:

| | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--------------------------|------------------------------|----------------------------|
| Intellectual Property | \$ 2,365,000 | \$ 2,365,000 |
| Customer Relationships | 66,000 | 66,000 |
| Tradename | 473,000 | 473,000 |
| Accumulated Amortization | (96,800) | — |
| Intangible Assets | <u>\$ 2,807,200</u> | <u>\$ 2,904,000</u> |

The Company acquired the above intangible assets in connection with its acquisition of the Group from Rennova on June 25, 2021, in exchange for certain Preferred Stock and other consideration as explained in Note 1 above.

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Management of the Company has determined the above intangible assets have a fifteen-year life and started amortizing them in fiscal 2022. Amortization expense amounted to \$96,800 for the six months ended December 31, 2021.

Amortization for these intangible assets shall amount to \$193,600 per year for the next fifteen years.

Note 7 – Accrued Expenses

Accrued expenses at December 31, 2021 and June 30, 2021 consisted of the following:

| | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---|------------------------------|----------------------------|
| Accrued payroll and related liabilities | \$ 1,331,918 | \$ 1,221,131 |
| Accrued legal | 37,997 | 37,997 |
| Accrued interest | 384 | 1,224 |
| Deferred revenue and customer deposits | 24,471 | 43,914 |
| Other accrued expenses (includes related party of \$374,473 on December 31, 2021) | 475,823 | 75,656 |
| Accrued expenses | <u>\$ 1,870,593</u> | <u>\$ 1,379,922</u> |

Note 8 – Notes Payable

The carrying amount of notes payable as of December 31, 2021 and June 30, 2021 was as follows:

| | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--|------------------------------|--------------------------|
| Note payable with the Department of Economic and Community Development in the original amount of \$147,372 due in monthly payments of principal and interest totaling \$2,132 beginning January 1, 2017 with a final payment due on October 1, 2022. Non-interest bearing. Payments were not made in 2021 or 2020. | \$ 134,153 | \$ 134,153 |

Paycheck Protection Program Loans (PPP Loans). The PPP Loans and accrued interest are forgivable as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Company terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP Loans. The unforgiven portion of the PPP Loans are payable over two years at an interest rate of 1.0% per annum, with a deferral of payments for the first sixteen months. Beginning sixteen months from the dates of issuance, the Company is required (if not forgiven) to make monthly payments of principal and interest to the lenders. The Company intends to use all of the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loans, it cannot assure you that it will not take actions that could cause the Company to be ineligible for forgiveness of the loans, in whole or in part.

| | | |
|---|------------------|-------------------|
| | 60,401 | 164,301 |
| | 194,554 | 298,454 |
| Less current portion | 134,153 | 134,153 |
| Notes payable, long term, net of current portion | \$ 60,401 | \$ 164,301 |

In July 2021, Evolve Bank and Trust Company and the Small Business Administration, forgave \$103,900 of Paycheck Protection Program Loans (PPP Loans) and related interest.

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Note 9 – Stockholders’ Equity

Common Stock

The Company has authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,286 are issued and outstanding as of December 31, 2021 and June 30, 2021. These shares have 1 vote per share.

Preferred Stock Series A

The Company has authorized 1,000 shares of \$0.0001 par value (stated value \$10) Series A Supermajority Voting Preferred Stock of which 1,000 are issued and outstanding as of December 31, 2021 and June 30, 2021. So long as one share of Series A Preferred Stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate, equal to 51% of all votes entitled to be voted at any stockholder meeting. These shares have no rights to receive dividends and liquidation rights are equal to the stated value per share.

Preferred Stock Series B

The Company has authorized 25,000 shares of \$0.0001 par value (stated value \$1,000) Series B Convertible Redeemable Preferred Stock of which 14,950 and 14,000 are issued and outstanding as of December 31, 2021 and June 30, 2021, respectively. These shares have no voting rights, dividends on these shares shall accrue at the rate of 5% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into the Company’s Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. The Series B Preferred Stock may not be converted prior to the first anniversary of its issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends.

Preferred Stock Series C

The Company has authorized 2,000 shares of \$0.0001 par value (stated value \$1,000) Series C Convertible Redeemable Preferred Stock of which 200 are issued and outstanding as of December 31, 2021 and June 30, 2021. These shares have no voting rights, dividends on these shares shall accrue at the rate of 10% of the stated value per share and liquidation rights are equal to the stated value per share. These shares are convertible into the Company’s Common Stock based on the stated value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. The Series C Preferred Stock may not be converted prior to the first anniversary of its original issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder’s beneficial interest (as defined pursuant to the terms of the Series C Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends.

Note 10 – Related Party Transactions

Mr. Dab, the former CEO of InnovaQor, paid some of the disbursements on behalf of the Company for the six months ended December 31, 2021 and 2020. The disbursements amounted to \$24,993 and \$7,670, respectively, and are shown in the accompanying Condensed Consolidated Statements of Operations.

In the six months ended December 31, 2021, the former Parent advanced funds and paid expenses of InnovaQor in the amount of \$74,473 which is shown as an accrued expense in the accompanying Condensed Consolidated Balance Sheet.

The above amounts are not indicative of what third parties would have agreed to.

Note 11 – Commitments and Contingencies

Consulting Agreement – the Company entered into a consulting agreement effective June 1, 2021, with a company owned by Mr. Dab, the Company’s former CEO, for a period of one year to provide assistance in developing the Company’s business including communications with existing shareholders and the general public. This company shall be paid \$60,000 upon receipt of funding from an outside source or within 90 days of signing the agreement. This has not yet been paid. Additionally, this company shall be paid \$3,500 per month until the agreement expires.

Concentration of Credit Risk – Credit risk with respect to accounts receivable is generally low due to the nature of the customers comprising the customer base and the significant related party component. The Company does not require collateral or other security to support customer receivables. However, the Company continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the condensed consolidated financial statements.

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The Company maintains its cash balances in high-credit-quality financial institutions. The Company's cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

Guarantees

Certain subsidiaries of the Company have guaranteed debt obligations of their former Parent. As part of the transaction with the Company, the former Parent received a release of guarantees from certain institutional lenders and has been working to settle other debt obligations where certain subsidiaries of the Company remain a guarantor. In September 2021, the former Parent entered into a settlement agreement, as more fully disclosed in the Legal Matters below, that is expected to reduce any risk related to previous guarantees that were provided in that matter. The Company believes that any risk associated with previous guarantees is now minimal and immaterial.

Legal Matters

From time to time, the Company may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. The Company operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Company's condensed consolidated financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of December 31, 2021 and June 30, 2021, \$10,464 was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

Two former employees of CollabRx, Inc., one of the acquired subsidiaries, filed suits in a California state court against the former Parent, Rennova, and CollabRx, Inc., in connection with amounts claimed to be owed under their respective employment agreements with CollabRx, Inc. One former employee received a judgment for approximately \$253,000. The other former employee received a judgment for approximately \$173,000.

ClinLab, Medical Mime and HTS, as well as the former Parent, Rennova and many of its subsidiaries, were defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleged a breach by Medytox Solutions, Inc. of its obligations under a debenture and claimed damages in excess of \$2,000,000 plus interest, costs and fees. The other entities were sued as alleged guarantors of the debenture. In May 2020, the SEC appointed a Receiver to close down the TCA Global Master Fund, L.P. In September 2021, the parties entered into a settlement agreement with the Receiver to pay \$500,000 as full and final settlement of all claims in this matter. Subject to Rennova abiding by the terms of the settlement agreement, InnovaQor does not believe it has any risk or liability in this matter. The Company has not recorded any liability for this obligation as it expects Rennova to complete payments per its settlement agreement. Regardless of the going concern disclosure in Rennova's filings, Rennova has succeeded in securing additional capital when required and has paid \$300,000 of the \$500,000 settlement at this time.

CTI Consulting LLC filed suit against Health Technology Solutions, Inc. in September 2021 claiming approximately \$45,000 as owed for services provided. The Company has agreed to pay \$5,000 per month until the obligation is satisfied.

Note 12 – Supplemental Disclosure of Cash Flow Information

| | Six Months Ended December 31, | |
|----------------------------|-------------------------------|------|
| | 2021 | 2020 |
| Cash paid for interest | \$ — | \$ — |
| Cash paid for income taxes | \$ — | \$ — |

In September 2021 the Company issued 950 shares of Series B Preferred Stock in payment of its post-closing liability in connection with the acquisition of the Group on June 25, 2021.

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Note 13 – Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU is effective for the Company for annual and interim periods beginning after December 31, 2020. Early adoption of this standard is permitted. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU is effective for the Company for annual and interim periods beginning after December 31, 2020. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard is effective for the Company for annual periods beginning after January 1, 2021, including interim periods within those fiscal years. Early adoption of this standard is permitted, including adoption of all amendments in any interim period for which financial statements have not yet been issued. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company's consolidated financial statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Members of Advanced Molecular and Health Technology Solutions Group

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Advanced Molecular and Health Technology Solutions Group (the "Group") as of December 31, 2020 and 2019, and the related statements of operations, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Consideration of the Group's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Group has recognized recurring losses, negative cash flows from operations, had a working capital deficit, an accumulated deficit, and critical payments are not being made in the ordinary course of business. All of this raises substantial doubt about the Group's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 1 to the combined financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These combined financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Haynie & Company
Salt Lake City, Utah
November 4, 2021
We have served as the Company's auditor since 2018



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ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED BALANCE SHEETS

| | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 31,294 | \$ 16,667 |
| Accounts receivable, net (includes \$135,687 and \$440,425, respectively, of related party accounts receivable) | 151,363 | 482,472 |
| Prepaid expenses and other current assets | 1,717 | 5,150 |
| Total current assets | 184,374 | 504,289 |
| Property and equipment, net | 685 | 3,354 |
| Deposits | — | 6,029 |
| Total assets | \$ 185,059 | \$ 513,672 |
| LIABILITIES AND PARENT'S NET INVESTMENT DEFICIT IN ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP | | |
| Current liabilities: | | |
| Accounts payable (includes \$0 and \$106,976, respectively, of related party accounts payable) | \$ 726,220 | \$ 805,652 |
| Accrued expenses | 1,308,283 | 1,350,106 |
| Current portion of notes payable | 134,118 | 256,274 |
| Total current liabilities | 2,168,621 | 2,412,032 |
| Notes Payable – Long term | 103,900 | — |

| | | |
|---|-------------------|-------------------|
| Total Liabilities | 2,272,521 | 2,412,032 |
| Commitments and contingencies | | |
| Parent's net investment deficit in Advanced Molecular and Health Technology Solutions Group | (2,087,462) | (1,898,360) |
| Total liabilities and Parent's net investment deficit | \$ 185,059 | \$ 513,672 |

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

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**ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED STATEMENTS OF OPERATIONS**

| | Year Ended December 31, | |
|--|--------------------------------|---------------------|
| | 2020 | 2019 |
| Net Revenues | \$ 528,624 | \$ 1,109,135 |
| Operating expenses: | | |
| Direct costs of revenue | 5,536 | 150,205 |
| General and administrative expenses | 1,043,242 | 1,586,633 |
| Engineering | — | 26,407 |
| Depreciation | 2,168 | 2,437 |
| Total operating expenses | 1,050,946 | 1,765,682 |
| Loss from operations | (522,322) | (656,547) |
| Other (expense) income: | | |
| Other (expense) income, net | 24,668 | (38,680) |
| Interest expense and payroll tax penalties | (108,797) | (24,091) |
| Total other (expense) income | (84,129) | (62,771) |
| Loss before income taxes | (606,451) | (719,318) |
| Provision for income taxes | — | — |
| Net loss | \$ (606,451) | \$ (719,318) |

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

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**ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED STATEMENTS OF CASH FLOWS**

| | Year Ended December 31, | |
|---|--------------------------------|------------------|
| | 2020 | 2019 |
| Cash flows (used in) provided by operating activities: | | |
| Net loss | \$ (606,451) | \$ (719,318) |
| Adjustments to reconcile net loss to net cash (used in) operations: | | |
| Depreciation | 2,168 | 2,437 |
| Non-cash interest | — | 5,262 |
| Write off of Fixed Assets | 501 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 331,109 | (383,512) |
| Prepaid expenses and other current assets | 3,433 | 30,627 |
| Deposits | 6,029 | — |
| Accounts payable | (79,432) | 24,529 |
| Accrued expenses | (41,823) | 436,942 |
| Net cash (used in) operating activities | (384,466) | (603,030) |
| Cash flows provided by investing activities: | | |
| Net cash provided by investing activities | — | — |
| Cash flows provided by financing activities: | | |
| Loans from parent | 417,349 | 640,716 |
| Payments on notes payable | (122,156) | (27,827) |
| Proceeds from Paycheck Protection Program Loans | 103,900 | — |
| Net cash provided by financing activities | 399,093 | 612,889 |
| Net increase in cash | 14,627 | 9,859 |
| Cash at beginning of period | 16,667 | 6,808 |
| Cash at end of period | \$ 31,294 | \$ 16,667 |

**NOTES TO COMBINED FINANCIAL STATEMENTS OF
ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP**

Note 1 – The Proposed Separation and Basis of Presentation

During 2017, Rennova Health, Inc. (“Rennova” or the “Parent”), the Parent of the Advanced Molecular Services Group, Inc. (“AMSG”) and Health Technology Solutions, Inc. (“HTS”) (collectively, the “Advanced Molecular and Health Technology Solutions Group,” or the “Group”), announced its intent to separate the Group into one or more separate public entities with AMSG holding and operating Rennova’s pharmacogenomics business and HTS holding and operating Rennova’s supportive software solutions business. Pharmacogenomics is the genetic process to understand how an individual’s genetic attributes affect the likely response to therapeutic drugs. HTS’s supportive software solutions business includes electronic health records, medical billing services and laboratory information management systems. AMSG is a wholly-owned subsidiary of Rennova that was formed on May 4, 2017 and HTS is a wholly-owned subsidiary of Rennova that was formed on June 22, 2011.

AMSG’s financial results include the assets and operations of CollabRx, Inc. and Genomas, Inc. Genomas, Inc. operated a diagnostics lab until December 31, 2019 and is now focused solely on the technology and platform to interpret diagnostics outcomes and translate these outcomes into easily usable information. HTS’s financial results include the assets and operations of two other strategic businesses owned by Rennova: ClinLab, Inc.; and Medical Mime, Inc. HTS’s results do not include Platinum Financial Solutions, LLC, which has been left with Rennova. AMSG and HTS each operate as separate segments of the Group. After the separation, Rennova will retain full ownership of its remaining businesses.

On June 25, 2021 Rennova sold the shares of stock of its subsidiaries, HTS and AMSG to VisualMED Clinical Solutions Corp. (“VisualMED”).

In consideration for the shares of HTS and AMSG and the elimination of inter-company debt between the Rennova and HTS and AMSG, VisualMED issued to Rennova 14,000 shares of its Series B Non-Voting Convertible Preferred Stock (the “Series B Preferred Stock”). The number of shares of Series B Preferred Stock will be subject to a post-closing adjustment. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of VisualMED common stock equal to the product of the stated value divided by 90% of the average closing price of the VisualMED common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent the Company’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of VisualMED would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by VisualMED upon payment of the stated value of the shares plus any accrued declared and unpaid dividends.

Basis of Presentation

The combined financial statements of the Advanced Molecular and Health Technology Solutions Group are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

Principles of Combination

All intercompany transactions between members of the Group have been eliminated in the combination.

The combined financial statements include assets and liabilities that are specifically identifiable or otherwise attributable to the Group. All significant intercompany transactions between the Group and Rennova and its other subsidiaries have been included within the caption “Parent’s net investment deficit in Advanced Molecular and Health Technology Solutions Group” in the Combined Balance Sheets and all external debt not directly attributable to the Group has been excluded from the Combined Balance Sheets of the Group.

Cost Allocations

Historically, Rennova has charged its operating segments for various corporate costs incurred in the operation of the business. Accordingly, no significant additional cost allocations were necessary for the preparation of these combined financial statements. The combined financial statements of the Group may not reflect the actual expenses that would have been incurred and may not reflect the Group’s combined results of operations, financial position and cash flows had the Group been a standalone company during the periods presented. Actual costs that would have been incurred if the Group had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between the Group and Rennova have been included as related party transactions in these combined financial statements. The total net effect of these transactions is reflected in the Statements of Combined Cash Flows as a financing activity and in the Combined Balance Sheets as “Parent’s net investment deficit in the Advanced Molecular and Health Technology Solutions Group.” See Notes 7 and 8.

Comprehensive Loss

During the years ended December 31, 2020 and 2019, comprehensive loss was equal to the net loss amounts presented in the accompanying combined statements of operations.

Going Concern

Under Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Accounting Standards Codification (“ASC 205-40”), the Advanced Molecular and Health Technology Solutions Group has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Group’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The accompanying combined financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The combined financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Group has accumulated significant losses and has negative cash flows from operations and, at December 31, 2020, had a working capital deficit and accumulated deficit of \$2.0 million and \$17.2 million, respectively. In addition, the Group’s cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about the Group’s ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the Group’s ability to continue as a going concern are as follows:

As discussed above, during 2017, Rennova announced its intent to separate the Group into one or more separate public entities. The separation of the Group from Rennova and

the distribution of the newly-formed public company stock are intended, among other things, to: (1) result in improved business and operational decision-making and greater strategic and management focus for each respective business; (2) improve the ability of each company to attract, retain and incentivize employees; (3) improve access to capital for each business while eliminating competition for capital; and (4) create a separate equity structure for each company, resulting in an improved understanding of each business in the capital and investor markets, and a stronger, more focused investor base for each company. Management believes that the separation will allow each business to more fully realize their value and allow it to use its stock as consideration for acquisitions and enhance the value of its equity-based compensation programs.

Notwithstanding the benefits that are expected to result from the separation, the Group will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to the Group, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in the Group's historical financial statements, which would cause its future profitability to decrease. Accordingly, the Group will continue to focus on reducing its operating costs and increasing revenues.

There can be no assurance that the Group will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary to implement its current operating plan. The ability of the Group to continue as a going concern is dependent upon its ability to significantly reduce its operating costs, increase its revenues and eventually regain profitable operations. The accompanying combined financial statements do not include any adjustments that might be necessary if the Group is unable to continue as a going concern.

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Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include the impairment of assets and rates for depreciation and amortization, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Cash and Cash Equivalents

The Group considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- The parties have approved the contract either in writing; orally by acknowledgement; or implicitly, based on customary business practices.
- Each party's rights and the contract's payment terms are identified
- The contract has commercial substance.
- Collection is probable.

The Group reported net revenues of \$.5 million and \$1.1 million for the years ended December 31, 2020 and 2019, respectively, which was net of bad debt expense and (recoveries)/(reductions) to revenues of \$16,165 and (\$16,209) for the years ended December 31, 2020 and 2019, respectively.

Allowance for Doubtful Accounts Policy

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which are estimated and recorded in the period that the Group deems the receivable to be uncollectable. The Group has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection is an integral part of the estimation process related to the allowance for doubtful accounts. In addition, the Group regularly assesses the state of its billing operations in order to identify issues that may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

Impairment or Disposal of Long-Lived Assets

The Group accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's (“FASB”) ASC 360, “*Property, Plant and Equipment*.” Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. As of December 31, 2020 and 2019, the majority of the Group's fixed assets were fully depreciated and, therefore, the carrying value of fixed assets represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

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Fair Value of Financial Instruments

In accordance with ASC 820, “*Fair Value Measurements and Disclosures*,” the Group applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.

- 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 or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Group's own assumptions.

The estimated fair value of financial instruments is determined by the Group using available market information and valuation methodologies considered to be appropriate. At December 31, 2020 and 2019, the carrying value of the Group's accounts receivable, accounts payable, accrued expenses and notes payable approximate their fair values due to their short-term nature. The Group had no level 1, 2 or 3 assets or liabilities at December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, there were no realized and unrealized gains on instruments valued using fair value evaluation methods.

Income Taxes

The entities within the Group were included in the consolidated income tax returns of Parent for the years ended December 31, 2020 and 2019 and a determination has been made by Parent's management not to allocate any of the deferred tax assets or liabilities to the Group as of December 31, 2020 and 2019. Accordingly, the Group has not provided for income taxes in the combined financial statements. Subsequent to the separation, which is more fully discussed in Note 1, the Group will begin to recognize income taxes as appropriate based upon its new ownership structure. The Group will use the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Group will recognize a valuation allowance.

In accordance with U.S. GAAP, the Group will be required to determine whether a tax position of the Group is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Group recording a tax liability that would reduce net assets. The Group determined that it has not incurred any liability for tax benefits as of December 31, 2020 and 2019. State income taxes will also be due on any income generated in the future.

Segment Information

In accordance with the provisions of ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information," the Group is required to report financial and descriptive information about its reportable operating segments. The Group has two operating segments as of December 31, 2020: Advanced Molecular Solutions, and Health Technology Solutions. Segment information is presented in Note 10.

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Note 3 – Accounts Receivable

Accounts receivable at December 31, 2020 and 2019 consisted of the following:

| | <u>Year Ended December 31,</u> | |
|---------------------------------------|--------------------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Accounts receivable – third parties | \$ 17,072 | \$ 44,627 |
| Accounts receivable – related parties | 135,687 | 440,425 |
| Less: | | |
| Allowance for discounts | (1,396) | (2,580) |
| Accounts receivable, net | \$ 151,363 | \$ 482,472 |

For the years ended December 31, 2020 and 2019, bad debt expense (recovery), which has been deducted from revenues, was \$16,165 and (\$16,209), respectively.

Note 4 – Property and Equipment

Property and equipment at December 31, 2020 and 2019 consisted of the following:

| | <u>December 31,</u> | <u>December 31,</u> |
|------------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Software | \$ 1,435,875 | \$ 1,507,055 |
| Furniture | 8,227 | 8,633 |
| Office equipment | 24,883 | 24,883 |
| Computer equipment | 330,179 | 330,274 |
| | 1,799,164 | 1,870,845 |
| Less accumulated depreciation | (1,798,479) | (1,867,491) |
| Property and equipment, net | \$ 685 | \$ 3,354 |

Depreciation expense on property and equipment was \$2,168 and \$2,437 for the years ended December 31, 2020 and 2019, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment. Management did not recognize any impairment of these assets during the years ended December 31, 2020 and 2019.

Note 5 – Accrued Expenses

Accrued expenses at December 31, 2020 and 2019 consisted of the following:

| | <u>December 31,</u> | <u>December 31,</u> |
|---|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Accrued payroll and related liabilities | \$ 1,173,889 | \$ 1,082,278 |

| | | |
|--|---------------------|---------------------|
| Accrued legal | 37,997 | 37,997 |
| Accrued interest | 681 | 66,435 |
| Deferred revenue and customer deposits | 19,530 | 37,757 |
| Other accrued expenses | 76,186 | 125,639 |
| Accrued expenses | \$ 1,308,283 | \$ 1,350,106 |

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Note 6 – Notes Payable

The carrying amount of notes payable as of December 31, 2020 and 2019 was as follows:

| | December 31, | |
|--|-------------------|-------------|
| | 2020 | 2019 |
| Note payable with Phenomas LLC of due in monthly payments of varying amounts. Amounts due included penalty interest on late payments accrued at the rate of 10% per annum and late payment fees of 5%. | \$ — | \$ 63,654 |
| Note payable with Wells Fargo Bank N.A. under a previously issued \$100,000 credit line bearing interest at 8.75% per annum and due in monthly installments of principal and interest. The line is closed for further borrowings. | — | 58,502 |
| Note payable with the Department of Economic and Community Development in the original amount of \$147,372 due in monthly payments of principal and interest totaling \$2,132 beginning January 1, 2017 with a final payment due on October 1, 2022. Non-interest bearing. Payments were not made in 2020 nor 2019. | 134,118 | 134,118 |
| Paycheck Protection Program Loans (PPP Loans), A portion of the PPP Loans and accrued interest are forgivable as long as the Group uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Group terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP Loans. The unforgiven portion of the PPP Loans are payable over two years at an interest rate of 1.0% per annum, with a deferral of payments for the first sixteen months. Beginning sixteen months from the dates of issuance, the Group is required (if not forgiven) to make monthly payments of principal and interest to the lenders. The Group intends to use all of the proceeds for purposes consistent with the PPP. While the Group currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loans, it cannot assure you that it will not take actions that could cause the Group to be ineligible for forgiveness of the loans, in whole or in part. | 103,900 | — |
| Less current portion | 134,118 | (256,274) |
| Notes payable, long term, net of current portion | \$ 103,900 | \$ — |

Note 7 – Loans from Parent and Other Related Party Transactions

To fund its operations, the Group has relied on non-interest bearing loans from Rennova. Loans from Parent totaled \$14.9 million and \$14.5 million as of December 31, 2020 and 2019, respectively. Loans from Parent are reflected in the Combined Balance Sheets in the caption, “Parent’s net investment deficit in Advanced Molecular and Health Technology Solutions Group.” See Note 8. In connection with the separation, the loans from Parent will be settled with preferred shares of the public company. The separation is more fully discussed in Note 1. The specific number of preferred shares has not yet been determined.

Intercompany Revenue

Included in net revenues for the years ended December 31, 2020 and 2019 was \$185,892 and \$419,445, respectively, of intercompany revenue with Rennova.

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The Group has incurred certain costs that have been allocated from Rennova. Included in the Combined Statements of Operations are the following allocated costs:

| | Year Ended December 31, 2020 | Year Ended December 31, 2019 |
|------------------------------|------------------------------------|------------------------------------|
| Health insurance | \$ 2,825 | \$ 15,117 |
| Rent and utilities | 27,343 | 28,885 |
| Total allocated costs | \$ 30,168 | \$ 44,002 |

Note 8 – Parent Net Investment Deficit in Advanced Molecular and Health Technology Solutions Group

The following analyzes Parent’s net investment deficit in the businesses comprising the Advanced Molecular and Health Technology Solutions Group for the years ended December 31, 2020 and 2019:

| | Paid-in Capital | Loans from Parent | Accumulated Deficit | Total Parent Net Investment Deficit |
|------------------------------|-----------------|-------------------|---------------------|-------------------------------------|
| Balance at December 31, 2018 | \$ 153,187 | \$ 13,865,593 | \$ (15,838,538) | \$ (1,819,758) |
| Borrowings from Parent | — | 640,716 | — | 640,716 |

| | | | | |
|-------------------------------------|-------------------|----------------------|------------------------|-----------------------|
| Net loss | – | – | (719,318) | (719,318) |
| Balance at December 31, 2019 | \$ 153,187 | \$ 14,506,309 | \$ (16,557,856) | \$ (1,898,360) |
| Borrowings from Parent | – | 417,349 | – | 417,349 |
| Net loss | – | – | (606,451) | (606,451) |
| Balance at December 31, 2020 | \$ 153,187 | \$ 14,923,658 | \$ (17,164,307) | \$ (2,087,462) |

Note 9 – Commitments and Contingencies

Concentration of Credit Risk - Credit risk with respect to accounts receivable is generally low due to the nature of the customers comprising the customer base and the significant related party component. The Group does not require collateral or other security to support customer receivables. However, the Group continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

The Group maintains its cash balances in high-credit-quality financial institutions. The Group's cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

Guarantees

Certain entities of the Group have cross guaranteed debt obligations of Parent. As part of the transaction with the Group Rennova will seek to remove all entities where ownership has transferred to the public company. Until complete Rennova will be responsible to warranty to the public company that no liability from these entities under these cross guarantees will be material or be a responsibility of the public company at any time in the future

Legal Matters

From time to time, the Group may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. The Group operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Group's financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of December 31, 2020 and 2019, \$10,464 and \$11,049, respectively, was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

Two former employees of CollabRx, Inc. filed suits in a California state court against the Parent and CollabRx in connection with amounts claimed to be owed under their respective employment agreements with CollabRx. One former employee received a judgment against the Parent and CollabRx in October 2018 for approximately \$253,000. The other former employee received a judgment against the Parent and CollabRx in December 2018 for approximately \$173,000. While the Parent has accrued these amounts claimed, it is considering its options to refute these matters and believes the claims against the Parent to be frivolous and outside of entitlement and contractual agreements.

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Clinlab, Medical Mime and HTS, as well as the Parent and many of its subsidiaries, are defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleges a breach by Medytox Solutions, Inc. of its obligations under a debenture and claims damages of approximately \$2,030,000 plus interest, costs and fees. The Parent and the other subsidiaries are sued as alleged guarantors of the debenture. The complaint was filed on August 1, 2018. The Parent has recorded the principal balance and interest owed under the debenture agreement for the period ended June 30, 2020. The Parent and all defendants have filed a motion to dismiss the complaint, but have not recorded any potential liability related to any further damages. In May 2020, the SEC appointed a Receiver to close down the TCA Global Credit Master Fund, L.P. over allegations of accounting fraud. The amount recorded by the Parent as being owed to TCA was based on TCA's application of prior payments made by the Parent. The Parent believes that prior payments of principal and interest may have been applied to unenforceable investment banking and other fees and charges. It is the Parent's and all other defendants' position that the amount owed to TCA is less than what has been recorded by the Parent.

In June 2018, a court in Middlesex County, Massachusetts granted Techlogix Inc. a judgment against HTS and the Parent for \$71,723 in connection with a contract for software development and related services. The Parent made the final payment to satisfy this judgment in September 2020.

Note 10 – Segment Reporting

Operating segments are defined under U.S. GAAP as components of an enterprise for which discrete financial information is available and are evaluated regularly by the enterprise's chief operating decision maker in determining how to allocate resources and assess performance. The Group operates in two reportable business segments:

- **Advanced Molecular Solutions**, which specializes in the interpretation of diagnostic results for cancer and pharmacogenomics into easily usable information and
- **Health Technology Solutions**, which focuses on supportive software solutions, including electronic health records, medical billing services and laboratory information management systems.

Selected financial information for the Group's operating segments is as follows:

| | Year Ended December 31, | |
|------------------------------|-------------------------|---------------------|
| | 2020 | 2019 |
| Net revenues | | |
| Advanced Molecular Solutions | \$ — | \$ 63,436 |
| Health Technology Solutions | 528,624 | 1,046,699 |
| | <u>\$ 528,624</u> | <u>\$ 1,109,135</u> |
| Loss from operations | | |
| Advanced Molecular Solutions | \$ (195,194) | \$ (261,873) |
| Health Technology Solutions | (327,128) | (394,674) |
| | <u>\$ (522,322)</u> | <u>\$ (656,547)</u> |
| Depreciation | | |
| Advanced Molecular Solutions | \$ — | \$ — |
| Health Technology Solutions | 2,168 | 2,437 |
| | <u>\$ 2,168</u> | <u>\$ 2,437</u> |
| Capital expenditures | | |
| Advanced Molecular Solutions | \$ — | \$ — |
| Health Technology Solutions | — | — |
| | <u>\$ —</u> | <u>\$ —</u> |

\$ — \$ —

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| | December 31, 2020 | December 31, 2019 |
|------------------------------|----------------------|----------------------|
| Total assets | | |
| Advanced Molecular Solutions | \$ 91 | \$ 452 |
| Health Technology Solutions | 184,968 | 513,220 |
| | \$ 185,059 | \$ 513,672 |

Note 11 – Supplemental Disclosure of Cash Flow Information

| | Year Ended December 31, | |
|----------------------------|-------------------------|----------|
| | 2020 | 2019 |
| Cash paid for interest | \$ 174,551 | \$ 3,708 |
| Cash paid for income taxes | \$ — | \$ — |

There were no non-cash investing and financing activities during the years ended December 31, 2020 and 2019.

Note 12 – Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU will be effective for the Group for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted. The Group does not expect the adoption of this ASU to have a material impact on its results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU will be effective for the Group for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The Group does not expect the adoption of this ASU to have a material impact on its results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard will be effective for the Group for annual periods beginning on January 1, 2021, including interim periods within those fiscal years. Early adoption of this standard is permitted, including adoption of all amendments in any interim period for which financial statements have not yet been issued. The Group is evaluating the impact of adopting this new accounting guidance on its combined financial statements.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Group's combined financial statements.

Note 13 – Subsequent Events

Impact of the Pandemic

A novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization on March 11, 2020. We have been closely monitoring the COVID-19 pandemic and its impact on our operations and we have taken steps intended to minimize the risk to our employees and customers. If the COVID-19 pandemic continues for a further extended period, we may incur significant losses and financial assistance may be required. Going forward, the Group is unable to determine the extent to which the COVID-19 pandemic will affect its business. The nature and effect of the COVID-19 pandemic on our balance sheet and results of operations will depend on the severity and length of the pandemic in our service areas; government activities to mitigate the pandemic's effect; regulatory changes in response to the pandemic; and potential government assistance that may be provided.

On June 25, 2021 Rennova sold the shares of stock of its subsidiaries, HTS and AMSG to VisualMED Clinical Solutions Corporation ("VisualMED").

In July 22, 2021, Evolve Bank and Trust Company and the Small Business Administration, forgave \$103,900 Paycheck Protection Program Loans (PPP Loans) and related interest.

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**ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED BALANCE SHEETS**

| | June 30, 2021 (Unaudited) | December 31, 2020 |
|---|---------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 46 | \$ 31,294 |
| Accounts receivable, net (includes \$0 and \$135,687, respectively, of related party accounts receivable) | 34,591 | 151,363 |
| Prepaid expenses and other current assets | 858 | 1,717 |
| Total current assets | 35,495 | 184,374 |
| Property and equipment, net | 711 | 685 |
| Total assets | \$ 36,206 | \$ 185,059 |

**LIABILITIES AND PARENT'S NET INVESTMENT DEFICIT IN ADVANCED MOLECULAR
AND HEALTH TECHNOLOGY SOLUTIONS GROUP**

| | | |
|---|------------------|-------------------|
| Current liabilities: | | |
| Accounts payable | \$ 766,343 | \$ 726,220 |
| Accrued expenses | 1,379,922 | 1,308,283 |
| Current portion of notes payable | 134,118 | 134,118 |
| Total current liabilities | 2,280,383 | 2,168,621 |
| Notes Payable – Long term | 164,301 | 103,900 |
| Total Liabilities | 2,444,684 | 2,272,521 |
| Commitments and contingencies | | |
| Parent's net investment deficit in Advanced Molecular and Health Technology Solutions Group | (2,408,478) | (2,087,462) |
| Total liabilities and Parent's net investment deficit | \$ 36,206 | \$ 185,059 |

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

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**ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED STATEMENTS OF OPERATIONS
(UNAUDITED)**

| | Six Months Ended June 30, | |
|--|----------------------------------|--------------------|
| | 2021 | 2020 |
| Net Revenues | \$ 216,941 | \$ 251,944 |
| Operating expenses: | | |
| Direct costs of revenue | 2,386 | 756 |
| General and administrative expenses | 551,203 | 251,009 |
| Depreciation | — | 713 |
| Total operating expenses | 553,589 | 252,478 |
| Loss from operations | (336,648) | (534) |
| Other (expense) income: | | |
| Other (expense) income, net | — | 24,668 |
| Interest expense and payroll tax penalties | (9,577) | (76,271) |
| Total other (expense) income | (9,577) | (51,603) |
| Loss before income taxes | (346,225) | (52,137) |
| Provision for income taxes | — | — |
| Net loss | \$ (346,225) | \$ (52,137) |

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

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**ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP
COMBINED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

| | Six Months Ended June 30, | |
|---|----------------------------------|------------------|
| | 2021 | 2020 |
| Cash flows (used in) operating activities: | | |
| Net loss | \$ (346,225) | \$ (52,137) |
| Adjustments to reconcile net loss to net cash (used in) operations: | | |
| Depreciation | — | 713 |
| Gain on Settlement of Debt | — | (23,654) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 116,772 | 305,328 |
| Prepaid expenses and other current assets | 859 | 1,717 |
| Deposits | — | 6,029 |
| Deferred Revenue | 24,384 | — |
| Accounts payable | 40,098 | (315,280) |
| Accrued expenses | 47,254 | (54,084) |
| Net cash (used in) operating activities | (116,858) | (131,368) |
| Cash flows provided by investing activities: | | |
| Net cash provided by investing activities | — | — |
| Cash flows provided by financing activities: | | |

| | | |
|--|-----------------|------------------|
| Loans from parent | 25,209 | 135,951 |
| Loans Transferred to parent | — | (98,502) |
| Proceeds from Paycheck Protection Program Loans | 60,401 | 103,900 |
| Net cash provided by financing activities | 85,610 | 141,349 |
| Net increase in cash | (31,248) | 9,981 |
| Cash at beginning of period | 31,294 | 16,667 |
| Cash at end of period | \$ 46 | \$ 26,648 |

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

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NOTES TO COMBINED FINANCIAL STATEMENTS OF ADVANCED MOLECULAR AND HEALTH TECHNOLOGY SOLUTIONS GROUP

Note 1 – The Proposed Separation and Basis of Presentation

During 2017, Rennova Health, Inc. (“Rennova” or the “Parent”), the Parent of Advanced Molecular Services Group, Inc. (“AMSG”) and Health Technology Solutions, Inc. (“HTS”) (collectively, the “Advanced Molecular and Health Technology Solutions Group,” or the “Group”), announced its intent to separate the Group into one or more separate public entities with AMSG holding and operating Rennova’s pharmacogenomics business and HTS holding and operating Rennova’s supportive software solutions business. Pharmacogenomics is the genetic process to understand how an individual’s genetic attributes affect the likely response to therapeutic drugs. HTS’s supportive software solutions business includes electronic health records, medical billing services and laboratory information management systems. AMSG is a wholly-owned subsidiary of Rennova that was formed on May 4, 2017 and HTS is a wholly-owned subsidiary of Rennova that was formed on June 22, 2011.

AMSG’s financial results include the assets and operations of CollabRx, Inc. and Genomas, Inc. Genomas, Inc. operated a diagnostics lab until December 31, 2019 and is now focused solely on the technology and platform to interpret diagnostics outcomes and translate these outcomes into easily usable information. HTS’s financial results include the assets and operations of two other strategic businesses owned by Rennova: ClinLab, Inc.; and Medical Mime, Inc. HTS’s results do not include Platinum Financial Solutions, LLC, which has been left with Rennova. AMSG and HTS each operate as separate segments of the Group. After the separation, Rennova will retain full ownership of its remaining businesses.

On June 25, 2021 Rennova sold the shares of stock of its subsidiaries, HTS and AMSG to VisualMED Clinical Solutions Corporation (“VisualMED”).

In consideration for the shares of HTS and AMSG and the elimination of inter-company debt between Rennova and HTS and AMSG, VisualMED issued Rennova 14,000 shares of its Series B Non-Voting Convertible Preferred Stock (the “Series B Preferred Stock”). The number of shares of Series B Preferred Stock will be subject to a post-closing adjustment. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of VisualMED common stock equal to the product of the stated value divided by 90% of the average closing price of the VisualMED common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent the Company’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of VisualMED would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by VisualMED upon payment of the stated value of the shares plus any accrued declared and unpaid dividends.

Basis of Presentation

The combined financial statements of the Advanced Molecular and Health Technology Solutions Group are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

The accompanying unaudited interim combined financial statements have been prepared on the same basis as the annual audited financial statements and in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements. In the opinion of management, such unaudited information includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of this interim information.

Principles of Combination

All intercompany transactions between members of the Group have been eliminated in the combination.

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The combined financial statements include assets and liabilities that are specifically identifiable or otherwise attributable to the Group. All significant intercompany transactions between the Group and Rennova and its other subsidiaries have been included within the caption “Parent’s net investment deficit in Advanced Molecular and Health Technology Solutions Group” in the Combined Balance Sheets and all external debt not directly attributable to the Group has been excluded from the Combined Balance Sheets of the Group.

Cost Allocations

Historically, Rennova has charged its operating segments for various corporate costs incurred in the operation of the business. Accordingly, no significant additional cost allocations were necessary for the preparation of these combined financial statements. The combined financial statements of the Group may not reflect the actual expenses that would have been incurred and may not reflect the Group’s combined results of operations, financial position and cash flows had the Group been a standalone company during the periods presented. Actual costs that would have been incurred if the Group had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between the Group and Rennova have been included as related party transactions in these combined financial statements. The total net effect of these transactions is reflected in the Statements of Combined Cash Flows as a financing activity and in the Combined Balance Sheets as “Parent’s net investment deficit in the Advanced Molecular and Health Technology Solutions Group.” See Notes 7 and 8.

Comprehensive Loss

During the periods ended June 30, 2021 and 2020, comprehensive loss was equal to the net loss amounts presented in the accompanying combined statements of operations.

Going Concern

Under Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Accounting Standards Codification (“ASC”) 205-40”, the Advanced Molecular and Health Technology Solutions Group has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Group’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The accompanying combined financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The combined financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Group has accumulated significant losses and has negative cash flows from operations and, at June 30, 2021, had a working capital deficit and accumulated deficit of \$2.2 million and \$17.5 million, respectively. In addition, the Group’s cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about the Group’s ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the Group’s ability to continue as a going concern are as follows:

As discussed above, during 2017, Rennova announced its intent to separate the Group into one or more separate public entities. The separation of the Group from Rennova and the distribution of the newly-formed public company stock are intended, among other things, to: (1) result in improved business and operational decision-making and greater strategic and management focus for each respective business; (2) improve the ability of each company to attract, retain and incentivize employees; (3) improve access to capital for each business while eliminating competition for capital; and (4) create a separate equity structure for each company, resulting in an improved understanding of each business in the capital and investor markets, and a stronger, more focused investor base for each company. Management believes that the separation will allow each business to more fully realize their value and allow it to use its stock as consideration for acquisitions and enhance the value of its equity-based compensation programs.

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Notwithstanding the benefits that are expected to result from the separation, the Group will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to the Group, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in the Group’s historical financial statements, which would cause its future profitability to decrease. Accordingly, the Group will continue to focus on reducing its operating costs and increasing revenues.

There can be no assurance that the Group will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary to implement its current operating plan. The ability of the Group to continue as a going concern is dependent upon its ability to significantly reduce its operating costs, increase its revenues and eventually regain profitable operations. The accompanying combined financial statements do not include any adjustments that might be necessary if the Group is unable to continue as a going concern.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include the impairment of assets and rates for depreciation and amortization, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Cash and Cash Equivalents

The Group considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- The parties have approved the contract either in writing; orally by acknowledgement; or implicitly, based on customary business practices.
- Each party’s rights and the contract’s payment terms are identified
- The contract has commercial substance.
- Collection is probable.

The Group reported net revenues of \$0.2 million and \$0.3 million for the six months ended June 30, 2021 and 2020, respectively, which was net of bad debt expense and (recoveries)/(reductions) to revenues of \$4,279 and (\$1,181) for the six months ended June 30, 2021 and 2020, respectively.

Allowance for Doubtful Accounts Policy

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which are estimated and recorded in the period that the Group deems the receivable to be uncollectable. The Group has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection is an integral part of the estimation process related to the allowance for doubtful accounts. In addition, the Group regularly assesses the state of its billing operations in order to identify issues that may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

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Impairment or Disposal of Long-Lived Assets

The Group accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board’s (“FASB”) ASC 360, “Property, Plant and Equipment.” Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. As of June 30, 2021 and December 31, 2020, the majority of the Group’s fixed assets were fully depreciated and, therefore, the carrying value of fixed assets

represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

Fair Value of Financial Instruments

In accordance with ASC 820, “Fair Value Measurements and Disclosures,” the Group applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- 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 or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Group’s own assumptions.

The estimated fair value of financial instruments is determined by the Group using available market information and valuation methodologies considered to be appropriate. At June 30, 2021 and December 31, 2020, the carrying value of the Group’s accounts receivable, accounts payable, accrued expenses and notes payable approximate their fair values due to their short-term nature. The Group had no level 1, 2 or 3 assets or liabilities at June 30, 2021 and December 31, 2020. For the six months ended June 30, 2021 and 2020, there were no realized and unrealized gains on instruments valued using fair value evaluation methods.

Income Taxes

The entities within the Group were included in the consolidated income tax returns of Parent for the six months ended June 30, 2021 and the year ended December 31, 2020 and a determination has been made by Parent’s management not to allocate any of the deferred tax assets or liabilities to the Group as of June 30, 2021 and December 31, 2020. Accordingly, the Group has not provided for income taxes in the combined financial statements. Subsequent to the separation, which is more fully discussed in Note 1, the Group will begin to recognize income taxes as appropriate based upon its new ownership structure. The Group will use the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Group will recognize a valuation allowance.

In accordance with U.S. GAAP, the Group will be required to determine whether a tax position of the Group is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Group recording a tax liability that would reduce net assets. The Group determined that it has not incurred any liability for tax benefits as of June 30, 2021 and December 31, 2020. State income taxes will also be due on any income generated in the future.

Segment Information

In accordance with the provisions of ASC 280-10, “Disclosures about Segments of an Enterprise and Related Information,” the Group is required to report financial and descriptive information about its reportable operating segments. The Group has two operating segments as of June 30, 2021: Advanced Molecular Solutions, and Health Technology Solutions. Segment information is presented in Note 10.

Note 3 – Accounts Receivable

Accounts receivable at June 30, 2021 and December 31, 2020 consisted of the following:

| | June 30, 2021 | December 31, 2020 |
|---------------------------------------|------------------|----------------------|
| Accounts receivable –third parties | \$ 35,466 | \$ 17,072 |
| Accounts receivable – related parties | — | 135,687 |
| Less: | | |
| Allowance for discounts | (875) | (1,396) |
| Accounts receivable, net | \$ 34,591 | \$ 151,363 |

For the six months ended June 30, 2021 and 2020, bad debt expense (recovery), which has been deducted from revenues, was \$4,279 and (\$1,181), respectively.

Note 4 – Property and Equipment

Property and equipment at June 30, 2021 and December 31, 2020 consisted of the following:

| | June 30, 2021 | December 31, 2020 |
|-------------------------------|------------------|----------------------|
| Software | \$ 1,435,875 | \$ 1,435,875 |
| Furniture | 8,227 | 8,227 |
| Office equipment | 24,883 | 24,883 |
| Computer equipment | 330,179 | 330,179 |
| | 1,799,164 | 1,799,164 |
| Less accumulated depreciation | (1,798,453) | (1,798,479) |

| | | |
|------------------------------------|---------------|---------------|
| Property and equipment, net | \$ 711 | \$ 685 |
|------------------------------------|---------------|---------------|

Depreciation expense on property and equipment was zero and \$713 for the six months ended June 30, 2021 and 2020, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment. Management did not recognize any impairment of these assets during the six months ended June 30, 2021 and 2020.

Note 5 – Accrued Expenses

Accrued expenses at June 30, 2021 and December 31, 2020 consisted of the following:

| | <u>June 30, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|------------------------------|
| Accrued payroll and related liabilities | \$ 1,221,131 | \$ 1,173,889 |
| Accrued legal | 37,997 | 37,997 |
| Accrued interest | 1,224 | 681 |
| Deferred revenue and customer deposits | 43,914 | 19,530 |
| Other accrued expenses | 75,656 | 76,186 |
| Accrued expenses | \$ 1,379,922 | \$ 1,308,283 |

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Note 6 – Notes Payable

The carrying amount of notes payable as of June 30, 2021 and December 31, 2020 was as follows:

| | <u>June 30, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|------------------------------|
| Note payable with the Department of Economic and Community Development in the original amount of \$147,372 due in monthly payments of principal and interest totaling \$2,132 beginning January 1, 2017 with a final payment due on October 1, 2022. Non-interest bearing. Payments were not made in 2021 or 2020. | \$ 134,118 | \$ 134,118 |

Paycheck Protection Program Loans (PPP Loans). A portion of the PPP Loans and accrued interest are forgivable as long as the Group uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Group terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP Loans. The unforgiven portion of the PPP Loans are payable over two years at an interest rate of 1.0% per annum, with a deferral of payments for the first sixteen months. Beginning sixteen months from the dates of issuance, the Group is required (if not forgiven) to make monthly payments of principal and interest to the lenders. The Group intends to use all of the proceeds for purposes consistent with the PPP. While the Group currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loans, it cannot assure you that it will not take actions that could cause the Group to be ineligible for forgiveness of the loans, in whole or in part.

| | | |
|---|-------------------|-------------------|
| | 164,301 | \$ 103,900 |
| | 298,419 | 238,018 |
| Less current portion | 134,118 | 134,118 |
| Notes payable, long term, net of current portion | \$ 164,301 | \$ 103,900 |

Note 7 – Loans from Parent and Other Related Party Transactions

To fund its operations, the Group has relied on non-interest bearing loans from Rennova. Loans from Parent totaled \$15.0 million and \$14.9 million as of June 30, 2021 and December 31, 2020, respectively. Loans from Parent are reflected in the Combined Balance Sheets in the caption, "Parent's net investment deficit in Advanced Molecular and Health Technology Solutions Group." See Note 8. In connection with the separation, the loans from Parent will be settled with preferred shares of the public company. The separation is more fully discussed in Note 1. The specific number of preferred shares has not yet been determined.

Intercompany Revenue

Included in net revenues for the six months ended June 30, 2021 and 2020 was \$124,632 and \$39,000, respectively, of intercompany revenue with Rennova.

The Group has incurred certain costs that have been allocated from Rennova. Included in the Combined Statements of Operations are the following allocated costs:

| | <u>Six Months Ended June 30, 2021</u> | <u>Six Months Ended June 30, 2020</u> |
|------------------------------|---|---|
| Health insurance | \$ 11,130 | \$ (347) |
| Rent and utilities | 40,136 | 19,567 |
| Total allocated costs | \$ 51,266 | \$ 19,220 |

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Note 8 – Parent Net Investment Deficit in Advanced Molecular and Health Technology Solutions Group

The following analyzes Parent's net investment deficit in the businesses comprising the Advanced Molecular and Health Technology Solutions Group for the six months ended June 30, 2021 and 2020:

| | Paid-in Capital | Loans from Parent | Accumulated Deficit | Total Parent Net Investment Deficit |
|-------------------------------------|-------------------|----------------------|------------------------|-------------------------------------|
| Balance at December 31, 2019 | \$ 153,187 | \$ 14,506,309 | \$ (16,557,856) | \$ (1,898,360) |
| Borrowings from Parent | — | 135,951 | — | 135,951 |
| Net loss | — | — | (52,137) | (52,137) |
| Balance at June 30, 2020 | \$ 153,187 | \$ 14,642,260 | \$ (16,609,993) | \$ (1,814,546) |
| Balance at December 31, 2020 | \$ 153,187 | \$ 14,923,658 | \$ (17,164,307) | \$ (2,087,462) |
| Borrowings from Parent | — | 25,209 | — | 25,209 |
| Net loss | — | — | (346,225) | (346,225) |
| Balance at June 30, 2021 | \$ 153,187 | \$ 14,948,867 | \$ (17,510,532) | \$ (2,408,478) |

Note 9 – Commitments and Contingencies

Concentration of Credit Risk - Credit risk with respect to accounts receivable is generally low due to the nature of the customers comprising the customer base and the significant related party component. The Group does not require collateral or other security to support customer receivables. However, the Group continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

The Group maintains its cash balances in high-credit-quality financial institutions. The Group's cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

Guarantees

Certain entities of the Group have cross guaranteed debt obligations of Parent. As part of the transaction with the Group Rennova will seek to remove all entities where ownership has transferred to the public company. Until complete Rennova will be responsible to warranty to the public company that no liability from these entities under these cross guarantees will be material or be a responsibility of the public company at any time in the future

Legal Matters

From time to time, the Group may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. The Group operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Group's financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of June 30, 2021 and December 31, 2020, \$10,464 was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

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Two former employees of CollabRx, Inc. filed suits in a California state court against the Parent and CollabRx in connection with amounts claimed to be owed under their respective employment agreements with CollabRx. One former employee received a judgment against the Parent and CollabRx in October 2018 for approximately \$253,000. The other former employee received a judgment against the Parent and CollabRx in December 2018 for approximately \$173,000. While the Parent has accrued these amounts claimed, it is considering its options to refute these matters and believes the claims against the Parent to be frivolous and outside of entitlement and contractual agreements.

Clinlab, Medical Mime and HTS, as well as the Parent and many of its subsidiaries, are defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleges a breach by Medytox Solutions, Inc. of its obligations under a debenture and claims damages of approximately \$2,030,000 plus interest, costs and fees. The Parent and the other subsidiaries are sued as alleged guarantors of the debenture. The complaint was filed on August 1, 2018. The Parent has recorded the principal balance and interest owed under the debenture agreement for the period ended June 30, 2020. The Parent and all defendants have filed a motion to dismiss the complaint, but have not recorded any potential liability related to any further damages. In May 2020, the SEC appointed a Receiver to close down the TCA Global Credit Master Fund, L.P. over allegations of accounting fraud. The amount recorded by the Parent as being owed to TCA was based on TCA's application of prior payments made by the Parent. The Parent believes that prior payments of principal and interest may have been applied to unenforceable investment banking and other fees and charges. It is the Parent's and all other defendants' position that the amount owed to TCA is less than what has been recorded by the Parent.

In June 2018, a court in Middlesex County, Massachusetts granted Techlogix Inc. a judgment against HTS and the Parent for \$71,723 in connection with a contract for software development and related services. The Parent made the final payment to satisfy this judgment in September 2020.

Note 10 – Segment Reporting

Operating segments are defined under U.S. GAAP as components of an enterprise for which discrete financial information is available and are evaluated regularly by the enterprise's chief operating decision maker in determining how to allocate resources and assess performance. The Group operates in two reportable business segments:

- **Advanced Molecular Solutions**, which specializes in the interpretation of diagnostic results for cancer and pharmacogenomics into easily usable information and
- **Health Technology Solutions**, which focuses on supportive software solutions, including electronic health records, medical billing services and laboratory information management systems.

Selected financial information for the Group's operating segments is as follows:

| | Six Months Ended June 30, | |
|-------------------------------|---------------------------|-------------------|
| | 2021 | 2020 |
| Net revenues | | |
| Advanced Molecular Solutions | \$ — | \$ — |
| Health Technology Solutions | 216,941 | 251,944 |
| | <u>\$ 216,941</u> | <u>\$ 251,944</u> |
| Income (Loss) from operations | | |
| Advanced Molecular Solutions | \$ (10,775) | \$ (15,654) |
| Health Technology Solutions | (325,873) | 15,120 |
| | <u>\$ (336,648)</u> | <u>\$ (534)</u> |
| Depreciation | | |

| | | | | |
|------------------------------|----|-----------------|----|---------------------|
| Advanced Molecular Solutions | \$ | — | \$ | — |
| Health Technology Solutions | | — | | 713 |
| | \$ | — | \$ | 713 |
| Capital expenditures | | | | |
| Advanced Molecular Solutions | \$ | — | \$ | — |
| Health Technology Solutions | | — | | — |
| | \$ | — | \$ | — |
| | | June 30, | | December 31, |
| | | 2021 | | 2020 |
| Total assets | | | | |
| Advanced Molecular Solutions | \$ | 46 | \$ | 91 |
| Health Technology Solutions | | 36,160 | | 184,968 |
| | \$ | 36,206 | \$ | 185,059 |

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Note 11 – Supplemental Disclosure of Cash Flow Information

| | Six Months Ended June 30, | |
|----------------------------|---------------------------|-----------|
| | 2021 | 2020 |
| Cash paid for interest | \$ 9,034 | \$ 76,108 |
| Cash paid for income taxes | \$ — | \$ — |

There were no non-cash investing and financing activities during the six months ended June 30, 2021 and 2020.

Note 12 – Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU will be effective for the Group for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted. The adoption of this ASU did not have a material impact on its results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU will be effective for the Group for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The adoption of this ASU did not have a material impact on its results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard will be effective for the Group for annual periods beginning on January 1, 2021, including interim periods within those fiscal years. Early adoption of this standard is permitted, including adoption of all amendments in any interim period for which financial statements have not yet been issued. The adoption of this ASU did not have a material impact on its results of operations, financial position and cash flows.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Group's combined financial statements.

Note 13 – Subsequent Events

Impact of the Pandemic

A novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization on March 11, 2020. We have been closely monitoring the COVID-19 pandemic and its impact on our operations and we have taken steps intended to minimize the risk to our employees and customers. If the COVID-19 pandemic continues for a further extended period, we may incur significant losses and financial assistance may be required. Going forward, the Group is unable to determine the extent to which the COVID-19 pandemic will affect its business. The nature and effect of the COVID-19 pandemic on our balance sheet and results of operations will depend on the severity and length of the pandemic in our service areas; government activities to mitigate the pandemic's effect; regulatory changes in response to the pandemic; and potential government assistance that may be provided.

On July 22, 2021, Evolve Bank and Trust Company and the Small Business Administration, forgave \$40,900 Paycheck Protection Program Loans (PPP Loans) and related interest.

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ACQUISITION AGREEMENT

This Acquisition Agreement ("**Agreement**", transaction herein known as the "**Acquisition**") is made and entered into as of May 12, 2021 (the "**Effective Date**"), by and between Rennova Health, Inc., a Delaware corporation, with its principal office at, 400 S. Australian Ave. 8th Floor, West Palm Beach, FL 33401 ("**Rennova**" or "**RNI**") and Visualmed Clinical Solutions, Corp. 50 West Liberty Street, Suite 880, Reno, Nevada 89501 ("**VMCS**"). Each of RNI and VMCS is referred to herein individually as a "**Party**," or collectively as the "**Parties**."

WHEREAS, each of Advanced Molecular Services Group, Inc., a Florida corporation ("**AMSG**"), and Health Technology Solutions, Inc., a Florida corporation ("**HTS**"), is a wholly-owned direct subsidiary of Rennova;

WHEREAS, each of CollabRx, Inc. and Genomas, Inc. is a wholly-owned subsidiary of AMSG (collectively with AMSG, the "**AMSG Subsidiaries**");

WHEREAS, each of Clinlab, Inc. and Medical Mime, Inc. is a wholly-owned subsidiary of HTS (collectively with HTS, the "**HTS Subsidiaries**," and, with the AMSG Subsidiaries, the "**RNI Subsidiaries**"); and

WHEREAS, pursuant to the terms and conditions of this Agreement, Rennova desires to sell to VMCS all of its shares of AMSG and HTS and VMCS desires to purchase all of such shares (collectively, the "**Shares**");


NOW, THEREFORE, for good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Subject to the terms and conditions of this Agreement, on the Closing Date (as hereinafter defined), Rennova shall sell, transfer and assign to VMCS and VMCS shall purchase from Rennova, all of Rennova's right, title and interest to the Shares. The aggregate purchase price for the Shares shall be:
 - a) Approximately \$14,000,000 (fourteen million dollars equals 14,000 Preference B shares) in shares of Series B Non-Voting Convertible Preferred Stock of VMCS (issuable pursuant to the Certificate of Designation in the form attached hereto as Exhibit B (the "**Series B Preferred Stock**"). The quantity and value will be confirmed at closing and there will be a post-closing adjustment where VMCS will issue additional Preference B shares equal to the number required to cancel all debt owed to Rennova Health, Inc. from the subsidiaries being separated. For the avoidance of doubt, post-closing, there will be no liabilities to Rennova Health, Inc. from the AMSG Subsidiaries or the HTS Subsidiaries.
 - b) The transfer of by Gerard Dab of 1,000 shares of Class A Supermajority Voting Preferred Stock of VMCS owned or to be owned by him, per the terms of the agreement entered into between Gerard Dab and Epizon Limited dated May 2nd 2021.

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2. **Closing.** Subject to the terms and conditions of this Agreement, the purchase and sale of the Shares contemplated hereby shall take place at a closing (the "**Closing**") to be held at a mutually agreeable date and time (the "**Closing Date**") no later than May 31, 2021. This closing date can be mutually extended for another 30 days if items required for closing are in process but not complete. On the Closing Date, Rennova shall deliver to VMCS stock certificates evidencing the Shares of the subsidiaries being acquired, duly endorsed in blank or accompanied by stock powers or other instruments of transfer, and VMCS shall deliver stock certificates representing the shares of Series B Preferred Stock to Rennova.

3. **Closing Conditions.**

- a) The obligations of Rennova to sell, transfer and assign the Shares to VMCS hereunder are subject to the satisfaction or waiver of the following conditions as of the Closing:
- i) the representations and warranties of VMCS in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though made at and as of such date, and VMCS shall have delivered an Officer's Certificate to that effect;
 - ii) VMCS shall have performed and complied in all material respects with the agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;
 - iii) VMCS shall have obtained any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the transactions contemplated hereby;
 - iv) from the date of this Agreement through to the Closing Date, there shall not have occurred any change, circumstance, or event concerning VMCS that has had or could be reasonably likely to have an Adverse Effect, or without approval from RNI.
- i) the existing designation for Series A Preferred Stock of VMCS that was previously created shall have been withdrawn or amended to the Designation provided.
 - ii) the Certificates of Designation authorizing the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock shall have been filed with the Secretary of State of the State of Nevada and shall be in full force and effect on the closing date or before the delivery of the Preference shares per this agreement;
 - iii) the current officers of VMCS shall have submitted their resignations, except that Gerard Dab will agree to remain a director for one year or until the next shareholders meeting under the terms of a consulting agreement to be entered into between VCMS and Dial M Productions

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of Buffalo, WY, and new officers and directors as designated by Rennova shall have been elected

- iv) the Stockholders of VMCS shall have approved this Agreement, (by the written consent of a majority of the shareholders), for the transactions contemplated hereby in accordance with applicable law and VMCS's Certificate of Incorporation and Bylaws. For the avoidance of doubt the shareholders will have approved any amendment required to the Articles or Bylaws to permit the voting control defined in the Preference A shares
- v) Outstanding filings that are required by OTC Markets will be filed. Rennova will pay \$15,000 on signing this agreement to the accounting firm or lawyer to facilitate completion of these filings.
- vi) Current officers and directors will cause approximately 14M (fourteen million) common shares of VMCS to be returned to treasury or cancelled and recorded as such by the Company's transfer agent
- vii) Old Monmouth Transfer Agent will verify the shareholder list and shares issued before closing
- viii) A twelve month consulting agreement for communication services will be completed with Dial M Productions, LLC., of Buffalo, WY for a one off payment of \$60,000 to be paid upon receipt of funding by VMCS or within 90 days and for \$3,750 per month. The contract can be cancelled without cause after 120 days with provision of 30 days written notice
- ix) Gerard Dab was owed approximately \$500,000 (five hundred thousand dollars) by VMCS. Mr. Dab forgave or has agreed to forgive approximately \$300,000 (three hundred thousand dollars) in return for the Preference A shares received by him. The remaining to \$200,000 (two hundred thousand dollars) of debt will be exchanged into 200 Preference C shares at closing. No other debts will exist in VMCS at closing.
- i) To disclose any and all bank accounts held by the Company and to agree with new management the assignment or closing of such accounts
- ii) VMCS will authorize and complete a name change to InnovaQor, Inc. with the State and take whatever steps are required to inform the SEC and/or FINRA of the name change and request for a new trading symbol.

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- b) The obligations of VMCS to acquire the Shares of the subsidiaries of Rennova hereunder are subject to the satisfaction or waiver of the following conditions as of the Closing:
- i) the representations and warranties of Rennova in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though made at and as of such date and Rennova shall have delivered an Officer's Certificate to that effect;
 - ii) Rennova shall have performed and complied in all material respects with the agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;
 - iii) Rennova shall have obtained any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the transactions contemplated hereby;
 - iv) from the date of this Agreement through to the Closing Date, there shall not have occurred any change, circumstance or event concerning the RNI Subsidiaries that has had or could be reasonably likely to have an Adverse Effect;
 - v) the shareholders of the RNI Subsidiaries shall have approved this Agreement, the Acquisition and the transactions contemplated hereby in accordance with applicable law and their Articles of Incorporation and Bylaws.
 - vi) the 2018 and 2019 audits and unaudited numbers for 2020 for the AMGS Subsidiaries and the HTS Subsidiaries shall have been delivered prior to closing.
- c) Further Actions. If at any time after the Effective Time, VMCS or RNI reasonably determines that any deeds, assignments, or instruments, or confirmations of transfer are necessary or desirable to carry out the purposes of this Agreement, the officers and directors of VMCS and RNI are fully authorized in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary or desirable actions.
4. **RNI's Representations and Warranties**. RNI represents and warrants to VMCS that the statements contained in this Section are true and correct as of the Effective Date and will be true and correct as of the Closing Date, as set forth herein and in the disclosure schedule delivered by RNI to VMCS (the "**RNI Schedule**"), arranged in sections corresponding to the paragraphs in this Section; the disclosure in any section or paragraph will qualify other paragraphs in this Section to the extent that it is reasonably apparent from a reading of the disclosure that it also qualifies or applies to such other paragraphs.
- a) Organization. The RNI Subsidiaries are corporations validly existing and in good standing under the laws of their respective jurisdictions of organization and have

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all requisite power and authority and possess all necessary governmental approvals necessary to own, lease and operate their respective properties, to carry on their respective business as now being conducted, to execute and deliver this Agreement and the agreements contemplated herein, and to consummate the transactions contemplated hereby and thereby. The RNI Subsidiaries are duly qualified to do business and are in good standing in all jurisdictions in which their ownership of property or the character of their business requires such qualification, except where the failure to be so qualified would not reasonably be expected to have an Adverse Effect (as hereinafter defined). Certified copies of the Certificates of Incorporation of the RNI Subsidiaries, as amended to date, each as currently in effect, have been made available to VMCS, are complete and correct, and no amendments have been made thereto or have been authorized since the date thereof. Each RNI Subsidiary is not in violation of any of the provisions of its respective Certificate of Incorporation or Bylaws.

- i) The authorized capital of each of the RNI Subsidiaries is shown on the RNI Schedule.
- ii) There are no agreements, arrangements or understandings to which the RNI Subsidiaries are a party (written or oral) to issue any other shares or other measures of capital ownership of the RNI Subsidiaries. All of the outstanding shares were duly and validly issued and fully paid, are non-assessable and free of preemptive rights, and were issued in compliance with all applicable state and federal securities laws.
- iii) There are no outstanding (A) options, warrants, or other rights to purchase from the RNI Subsidiaries any shares or other measures of capital ownership of the RNI Subsidiaries; (B) debt securities or instruments convertible into or exchangeable for RNI Subsidiaries' shares or other measures of capital ownership of the RNI Subsidiaries; or (C) commitments of any kind for the issuance of additional RNI Subsidiaries' shares or options, warrants or other securities of the RNI Subsidiaries.
- iv) There are no options or other rights to acquire such shares or other measures of capital ownership and there are no preemptive rights or agreements, arrangements or understandings to issue preemptive rights with respect to the issuance or sale of any RNI Subsidiaries' shares or other measures of capital ownership of the RNI Subsidiaries created by statute, their Certificates of Incorporation or Bylaws, or any agreement or other arrangement to which the RNI Subsidiaries are a party or to which they are bound and there are no agreements, arrangements or understandings to which the RNI Subsidiaries are a party (written or oral) pursuant to which the RNI Subsidiaries have the right to elect to satisfy any liability by issuing any of the RNI Subsidiaries' shares or other measures of capital ownership of the RNI Subsidiaries.

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- v) Other than their Bylaws, the RNI Subsidiaries are not a party or subject to any agreement or understanding, and, to the RNI Subsidiaries' Knowledge, there is no agreement, arrangement or understanding between or among any persons which affects, restricts or relates to voting, giving of written consents, distributions, allocation of profits and losses, or transferability of shares or other measures of capital ownership of the RNI Subsidiaries, including any voting trust agreement or proxy.
- b) Authorization. RNI has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by RNI and the consummation by RNI of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and/or stockholder action by RNI and no other corporate proceedings on the part of the RNI and no other stockholder vote or consent is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by RNI. This Agreement and all other agreements and obligations entered into and undertaken in connection with the transactions contemplated hereby to which RNI is a party constitute the valid and legally binding obligations of RNI, enforceable against RNI in accordance with their respective terms, except as may be limited by principles of equity or applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws relating to or affecting the rights and remedies of creditors generally. The execution, delivery and performance by RNI of this Agreement and the agreements provided for herein, and the consummation by RNI of the transactions contemplated hereby and thereby, will not, with or without the giving of notice or the passage of time or both, violate the provisions of the Certificate of Incorporation or Bylaws of RNI, or (i) violate any judgment, decree, order or award of any court, governmental body or arbitrator; (ii) conflict with or result in the breach or termination of any term or provision of, or constitute a default under, or cause any acceleration under, or cause the creation of any lien, charge or encumbrance upon the properties or assets of RNI pursuant to, any indenture, mortgage, deed of trust or other instrument or agreement to which RNI is a party or by which RNI or any of its properties is or may be bound; or (iii) to RNI's Knowledge, violate the provisions of any law, rule or regulation applicable to RNI, except where such violation would not reasonably be expected to have an Adverse Effect.
- c) No Conflict. The execution and delivery of this Agreement by RNI do not require any consent or approval under, result in any breach of, result in any loss of any benefit under, or constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under; give to others any right of termination, vesting, amendment, acceleration or cancellation of; or result in the creation of any lien or encumbrance on any property or asset of the RNI Subsidiaries pursuant to any material agreement of the RNI Subsidiaries or other instrument or obligation of the RNI Subsidiaries.

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- d) Litigation. Except as provided in the RNI Schedule, there is no action, suit, legal or administrative proceeding or investigation pending or, to RNI's Knowledge, threatened against or involving the RNI Subsidiaries (either as a plaintiff or defendant) before any court or governmental agency, authority, body or arbitrator. There is not in existence on the date hereof any order, judgment or decree of any court, tribunal or agency to RNI's Knowledge enjoining or requiring the RNI Subsidiaries to take any action of any kind with respect to their business, assets or properties.
- e) Insurance. The RNI Schedule contains a listing of all current insurance policies of the RNI Subsidiaries. To RNI's Knowledge, all such current insurance policies are in full force and effect, are in amounts of a nature that are adequate and customary for the RNI Subsidiaries business, and to RNI's Knowledge are sufficient for compliance with all legal requirements and agreements to which it is a party or by which it is bound. All premiums due on current policies or renewals have been paid, and there is no material default under any of the policies.
- f) Personal Property. The RNI Subsidiaries have good and marketable title to all of their tangible personal property free and clear of all liens, leases, encumbrances, claims under bailment and storage agreements, equities, conditional sales contracts, security interests, charges, and restrictions, except for liens, if any, for personal property taxes not due. Such property is used by the RNI Subsidiaries in the ordinary course of their business and is sufficient for continued conduct of the RNI Subsidiaries' business after the Closing Date in substantially the same manner as conducted prior to the Closing Date. Such property is in good operating condition and repair, normal wear and tear excepted, and normal maintenance has been performed. A list of such assets is attached as Exhibit E.
- g) Intangible Property. The RNI Subsidiaries own, or possess, or shall own at Closing adequate licenses or other valid rights to use all existing United States and foreign patents, trade names, service marks, copyrights, trade secrets, and applications therefor listed in the RNI Schedule, which are material to their business as currently conducted (the "**RNI Intellectual Property Rights**"), except where the failure to have such RNI Intellectual Property Rights would not reasonably be expected to have an Adverse Effect. The RNI Subsidiaries have the right and authority to use, and to continue to use such of their assets as are necessary to carry on their business.
- h) IP Rights. As to the RNI Intellectual Property Rights, after the Closing Date, the RNI Subsidiaries shall maintain such property in connection with the conduct of their business in the manner presently conducted, and to RNI's Knowledge such use or continuing use does not and will not materially infringe upon or violate any rights of any other person.
- i) Real Property. Except as specified on the RNI Schedule, the RNI Subsidiaries are not a party to any material lease agreements and do not have any interests in any parcel of real property, improved or otherwise.

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- j) Tax Matters. Within the times and in the manner prescribed by law, the RNI Subsidiaries have filed, or will have filed, all federal, state and local tax returns and all tax returns for other governing bodies having jurisdiction to levy taxes upon them that are required to be filed. Unless otherwise disclosed the RNI Subsidiaries have paid all taxes, interest, penalties, assessments and deficiencies that have become due, including without limitation income, franchise, real estate, and sales and withholding taxes. No examinations of the federal, state or local tax returns of the RNI Subsidiaries are currently in progress or to RNI's Knowledge threatened and no deficiencies have been asserted or to RNI's Knowledge assessed against the RNI Subsidiaries as a result of any audit by the Internal Revenue Service or any state or local taxing authority and no such deficiency has been proposed or threatened.
- k) Books and Records. The general ledger and books of account of the RNI Subsidiaries, all minute books of the RNI Subsidiaries, all federal, state and local income, franchise, property and other tax returns filed by the RNI Subsidiaries, all of which have been made available to VMCS, are in all material respects complete and correct and have been maintained in accordance with good business practice and in accordance with all applicable procedures required by laws and regulations, except as would not reasonably be expected to have an Adverse Effect.
- l) Contracts and Commitments. The RNI Schedule lists all material contracts and agreements to which RNI Subsidiaries are a party, whether written or oral. Each such contract is a valid and binding agreement of the RNI Subsidiaries, enforceable against the RNI Subsidiaries in accordance with its terms, is in full force and effect and represents the material terms of the agreement between the respective parties. The RNI Subsidiaries have materially complied with all obligations required pursuant to such contracts to have been performed by the RNI Subsidiaries on their part and neither the RNI Subsidiaries nor, to RNI's Knowledge, any other party to such contract is in breach of or default in any material respect under any such contract.
- m) Compliance with Laws. The RNI Subsidiaries have all requisite licenses, permits and certificates, including environmental, health and safety permits, from federal, state and local authorities necessary to conduct their business as currently conducted and own and operate their assets, except where the failure to have such licenses, permits or certificates would not reasonably be expected to have an Adverse Effect. To RNI's Knowledge, the RNI Subsidiaries are not in any material respect in violation of any federal, state or local law, regulation or ordinance (including, without limitation, laws, regulations or ordinances relating to building, zoning, environmental, disposal of hazardous waste, land use or similar matters) relating to their business or their properties.
- n) Employee Benefit Plans. Except as specified in the RNI Schedule, the RNI Subsidiaries have no (A) employee benefit plans as defined in ERISA Section 3(3), (B) bonus, stock option, stock purchase, incentive, deferred compensation,

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supplemental retirement, severance or other similar employee benefit plans, or (C) material unexpired severance agreements with any current or former employee.

- o) Indebtedness to and from Affiliates. The RNI Subsidiaries are not indebted, directly or to RNI's Knowledge indirectly, to any officer, director or 10% stockholder of RNI in any amount other than for salaries for services rendered or reimbursable business expenses, and no such person is indebted to the RNI Subsidiaries except for advances made to employees of the RNI Subsidiaries in the ordinary course of business to meet reimbursable business expenses. All Employment Agreements of the RNI Subsidiaries, which will continue in effect after the Closing Date are listed in the RNI Schedule.
 - p) Regulatory Approvals. All consents, approvals, authorizations or other requirements prescribed by any law, rule or regulation that must be obtained or satisfied by the RNI Subsidiaries or RNI and that are necessary for the execution and delivery by RNI of this Agreement or any documents to be executed and delivered by the RNI Subsidiaries or RNI in connection therewith have been, or prior to the Closing Date will be, obtained and satisfied.
 - q) No Brokers. No broker or finder has acted for the RNI Subsidiaries or RNI in connection with this Agreement or the transactions contemplated hereby, and no broker or finder is entitled to any brokerage or finder's fee or other commissions in respect of such transactions based upon agreements, arrangements, or understandings made by or on behalf of the RNI Subsidiaries or RNI.
 - r) Disclosure. The information concerning the RNI Subsidiaries set forth in this Agreement, the exhibits and schedules hereto, and any document, statement or certificate furnished or to be furnished in connection herewith does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or therein or necessary to make the statements and facts contained herein or therein, in light of the circumstances in which they are made, not false or misleading.
 - s) Absence of Liabilities. Except as set forth on the RNI Subsidiaries balance sheets the RNI Subsidiaries do not have any liability or obligation, secured or unsecured, whether accrued, absolute, contingent, unasserted or otherwise, that exceeds an aggregate of \$1,000. The Parties recognize that the Series B Preferred Stock to be issued hereunder to Rennova is in consideration for the settlement of approximately \$14,000,000 in debt to Rennova.
5. **VMCS's Representations and Warranties.** VMCS represents and warrants to Rennova and the RNI Subsidiaries, that the statements contained in this Section are true and correct as of the Effective Date and will be true and correct as of the Closing Date, as set forth herein and in the disclosure schedule delivered by VMCS to RNI (the "**VMCS Schedule**"), arranged in sections corresponding to the paragraphs in this Section; the disclosure in any section or paragraph will qualify other paragraphs in this Section to the extent that it is

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reasonably apparent from a reading of the disclosure that it also qualifies or applies to such other paragraphs.

a) Organization.

- i) VMCS is a corporation validly existing and in good standing under the laws of the State of Nevada and has all requisite power and authority and possesses all necessary governmental approvals necessary to own, lease and operate its properties, to carry on its business as now being conducted and as proposed to be conducted after the Closing, to execute and deliver this Agreement and the agreements contemplated herein, and to consummate the transactions contemplated hereby and thereby. VMCS is duly qualified to do business and is in good standing in all jurisdictions in which its ownership of property or the character of its business requires such qualification, except where the failure to be so qualified would not reasonably be expected to have an Adverse Effect. Certified copies of its Articles of Incorporation and Bylaws, as amended to date, as currently in effect, have been made available to the RNI Subsidiaries and RNI, are complete and correct, and no amendments have been made thereto or have been authorized since the date thereof. VMCS is not in violation of any of the provisions of its Articles of Incorporation or Bylaws. There are no cumulative voting rights for directors of VMCS and no stockholder of VMCS has or will have any appraisal or dissenters' rights in connection with this Agreement, the Acquisition or the transactions contemplated hereby.

b) Capitalization of VMCS.

- i) The authorized capital stock of VMCS consists of 325,000,000 shares of common stock with a Par value of \$0.0001, and 25,000,000 shares of preferred stock with a Par value of \$0.0001. As of the date of this Agreement, no more than 250,000,000 shares of common stock are issued and outstanding, and 1,000 shares of preferred A stock are issued and outstanding. Before closing 14,000,000 common shares will be returned to treasury/cancelled and any previously created designation of preferred stock will be cancelled or amended per the designations provided as part of this agreement. No shares of capital stock are currently held by VMCS in treasury. All of the outstanding shares of capital stock of VMCS are, and all shares of Preferred Stock of VMCS which may be issued pursuant to this Agreement will be when issued, duly authorized and validly issued, fully paid and non-assessable, and not subject to any preemptive rights, and were or will be issued in compliance with all applicable state and federal securities laws.
- ii) There are no outstanding (A) options, warrants, or other rights to purchase any capital stock of VMCS; (B) debt securities or instruments convertible into or exchangeable for shares of such stock; or (C)

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commitments of any kind for the issuance of additional shares of capital stock or options, warrants or other securities of VMCS.

- c) No Subsidiaries. There are no subsidiaries as of the date of Agreement of VMCS.
- d) Authorization. VMCS has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by VMCS and the consummation by VMCS of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and stockholder action by VMCS and no other corporate proceedings on the part of VMCS and no stockholder vote or consent is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by VMCS. This Agreement and all other agreements and obligations entered into and undertaken in connection with the transactions contemplated hereby to which VMCS is a party constitute the valid and legally binding obligations of VMCS enforceable against VMCS in accordance with their respective terms, except as may be limited by principles of equity or applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws relating to or affecting the rights and remedies of creditors generally. The execution, delivery and performance by VMCS of this Agreement and the agreements provided for herein, and the consummation by VMCS of the transactions contemplated hereby and thereby, will not, with or without the giving of notice or the passage of time or both, violate the provisions of the Articles of Incorporation or Bylaws of VMCS, or (i) violate any judgment, decree, order or award of any court, governmental body or arbitrator; (ii) conflict with or result in the breach or termination of any term or provision of, or constitute a default under, or cause any acceleration under, or cause the creation of any lien, charge or encumbrance upon the properties or assets of VMCS pursuant to, any indenture, mortgage, deed of trust or other instrument or agreement to which VMCS is a party or by which VMCS or any of its respective properties is or may be bound; or (iii) to VMCS's Knowledge, violate the provisions of any law, rule or regulation applicable to VMCS, except where such violation would not reasonably be expected to have an Adverse Effect. No "fair price," moratorium," "control share acquisition," "related party transaction" or other similar anti-takeover statute or regulation is or at the Closing Date will be applicable to this Agreement, the Acquisition or any transaction contemplated hereby.
- e) No Conflict. The execution and delivery of this Agreement by VMCS do not require any consent or approval under, result in any breach of, result in any loss of any benefit under or constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of any lien or encumbrance on any property or asset of VMCS pursuant to any material agreement of VMCS or other instrument or obligation of VMCS.

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- f) Litigation. There is no action, suit, legal or administrative proceeding or investigation pending or, to VMCS's Knowledge, threatened against or involving VMCS (either as a plaintiff or defendant) before any court or governmental agency, authority, body or arbitrator. There is not in existence on the date hereof any order, judgment or decree of any court, tribunal or agency to VMCS's Knowledge, enjoining or requiring VMCS to take any action of any kind with respect to its properties, assets or business.
- g) Intellectual Property. VMCS owns or possesses, or will own at Closing adequate licenses, or other valid rights to use all United States and foreign patents, trade names, service marks, copyrights, trade secrets and applications which are material to its business as currently conducted or as proposed to be conducted after the Closing. At Closing, the License Agreement will be in full force and effect and is a valid and binding agreement of the parties thereto enforceable against the parties in accordance with its terms. At Closing, no party is in default of the License Agreement, and no party will have claimed any default or right to terminate the License Agreement, nor will there any basis therefor.
- h) Absence of Liabilities. VMCS does not have any liability or obligation, secured or unsecured, whether accrued, absolute, contingent, unasserted or otherwise, that exceeds an aggregate \$1,000, prior to the date hereof, not including legal fees related to this agreement (See Registration Rights discussed hereafter.) No broker or finder has acted for VMCS in connection with this Agreement or the transactions contemplated hereby and no broker or finder is entitled to any brokerage or finder's fee or commission in respect of such transactions based upon agreements, arrangements or understandings made by or on behalf of VMCS
- i) Issued Shares. VMCS has approximately 249,000,000 common shares issued and outstanding in the public hands and 1,000 Preferred A shares issued and owned by Mr. Gerard Dab.

6. Other Covenants and Agreements of the Parties.

- a) Divisions. There shall be two wholly-owned subsidiaries of VMCS:
 - i) One for the software divisions of Rennova known as Health Technology Solutions, Inc.; and
 - ii) One for the genetic testing interpretation of Rennova known as Advanced Molecular Services Group, Inc.
- b) Capital Raising Plan for Divisions. Upon signing this Agreement, Rennova will immediately work to facilitate a capital raise for VMCS to meet the cash needs of the business opportunity as proposed.
- c) Financial Statements for Divisions. Rennova shall furnish at its sole expense, audited subsidiary financial statements per SEC requirements to meet reporting

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requirements associated with the proposed company for the prior two fiscal years plus subsidiary financial statements for any interim periods. (Pre-Acquisition)

- d) Upon closing auditors and lawyers will be appointed to complete a consolidated audit and the necessary filings to get VMCS fully reporting and compliant with the SEC and to file an S-1 registration statement
- e) Valuations. Note: It is accepted that anticipated that any accounting valuations sought for assets being acquired or value included on the balance sheet will be substantially less than \$14,000,000 total. (Pre-Acquisition).
- f) Investment Banking. Any agreements that exist between the parties and any third parties for the provision of investment banking or other services that may create a liability in equity or cash for VMCS in relation to this proposed transaction will be fully disclosed and agreed by the parties.
- g) Reverse Stock Split. The parties agree that post closing VMCS shall consider all options available, including the amendment of the articles of association to increase of authorized shares if necessary to complete a funding, but will if required by a source of funding, complete a reverse split of the outstanding common shares. The parties do not anticipate any such action being necessary for at least six months from closing.
- h) Conduct of Business. From the Effective Date until the Closing Date, each of VMCS and the RNI Subsidiaries shall conduct its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted. Except as provided in this Agreement, each of VMCS and the RNI Subsidiaries shall not, prior to the Closing Date:
 - i. declare, set aside or pay any dividends or make any other distribution in respect of its capital stock or issue or authorize the issuance of any capital stock or any rights thereto;
 - ii. acquire or agree to acquire any assets or securities of any other party;
 - iii. sell, lease or otherwise transfer any of its assets;
 - iv. make any loans or advances or make any borrowings, or agree to do so;
 - v. enter into, amend or terminate any contract or agreement, including any employment contract, or agree to do so;
 - vii. increase the compensation payable to any employee or agree to do so; or
 - viii. enter into or agree to enter into any benefit plans.

7. Indemnification of Directors and Officers. All rights to indemnification by RNI, the RNI Subsidiaries and/or VMCS existing in favor of each individual who is an officer or director

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of RNI, any RNI Subsidiary or VMCS as of the date of this Agreement (each such individual, an "Indemnified Person") for his acts and omissions as a director or officer of RNI, any RNI Subsidiary or VMCS occurring prior to the Closing Date, as provided in the applicable Certificate of Incorporation, Bylaws or Articles of Incorporation (as in effect as of the date of this Agreement) shall survive the Acquisition and shall continue in full force and effect (to the fullest extent such rights to indemnification are available under and are consistent with applicable law) for a period of six years from the Closing Date.

8. **Confidentiality.** Each Party shall ensure that any nonpublic information provided to it by any other Party in confidence shall be treated as strictly confidential and that all such confidential information that each Party or any of its respective officers, directors, employees, attorneys, agents, investment bankers, or accountants may now possess or may hereinafter create or obtain relating to the financial condition, results of operations, businesses, properties, assets, liabilities, or future prospects of the other such parties, any affiliate thereof, or any customer or supplier thereof shall not be published, disclosed, or made accessible by any of them to any other person at any time or used by any of them, in each case without the prior written consent of the other Party; provided, however, that the restrictions of this Section shall not apply (a) as may otherwise be required by law, (b) as may be necessary or appropriate in connection with the enforcement of this Agreement, or (c) to the extent such information was in the public domain when received or thereafter enters the public domain other than because of disclosures by the receiving Party. Each such Party shall cause all of such other persons who received confidential information, from time to time to deliver to the disclosing party all tangible evidence of such confidential information to which the restrictions of this Section apply upon written request.

9. **Termination.**

- a) This Agreement may be terminated and abandoned at any time prior to the Closing Date of the Acquisition:
- i) by mutual written consent of VMCS and Rennova;
 - ii) by either VMCS or Rennova if any governmental entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Acquisition and such order, decree, ruling or other action shall have become final and non-appealable;
 - iii) by either VMCS or Rennova, so long as such Party is not in breach hereunder, if the Acquisition shall not have been consummated on or before July 31, 2021
 - iv) by VMCS, if there has been a material breach of this Agreement on the part of Rennova of its obligations hereunder or if any of its representations or warranties contained herein shall be materially inaccurate and such breach or inaccuracy is not curable or, if curable, is

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not cured within ten (10) days after written notice of such breach is given by VMCS to Rennova; or

- v) by Rennova, if there has been a material breach of this Agreement on the part of VMCS of its obligations hereunder or if any of its representations or warranties contained herein shall be materially inaccurate and such breach or inaccuracy is not curable or, if curable, is not cured within ten (10) days after written notice of such breach is given by Rennova to VMCS.
- b) In the event of termination of this Agreement by either Rennova or VMCS provided in this Section 9, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of VMCS or Rennova, other than the provisions of Section 8 and this Section 9. Nothing contained in this Section 9 shall relieve any Party for any breach of the representations, warranties, covenants or agreements set forth in this Agreement.

10. Miscellaneous.

- a) Survival. The representations and warranties of the Parties will survive for 12 months after the Closing Date and only those covenants that by their terms survive the Closing Date shall survive the Closing Date. This Section 10 shall survive the Closing Date.
- b) Press Releases and Public Announcements. No Party will issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties; *provided, however*, that any Party may make any public disclosure it believes in good faith is required by applicable law or any listing requirement or trading agreement.
- c) No Third-Party Beneficiaries. This Agreement will not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.
- d) Notices. All notices required or permitted under this Agreement will be in writing and will be given by certified or regular mail or by any other reasonable means (including personal delivery, facsimile, or reputable express courier) to the Party to receive notice at the following addresses or at such other address as any Party may, by notice, direct:

To VMCS: 50 West Liberty Street, Suite 880,
Reno,
Nevada 89501
Attention Gerard Dab

With a copy to: []
(which will not
constitute notice)

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To RNI: 400 Australian Avenue, Suite 800
West Palm Beach, FL 33409
Attn: Seamus Lagan

With a copy to (which will not constitute notice): J. Thomas Cookson
Partner
Shutts & Bowen LLP
200 South Biscayne Boulevard
Suite 4100
Miami, FL 33131

All notices given by certified mail will be deemed as given on the delivery date shown on the return mail receipt, and all notices given in any other manner will be deemed as given when received.

- c) Waiver. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising from this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the waiving Party, (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.
- f) Further Assurances. The Parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Parties may reasonably request for the purpose of carrying out the intent of this Agreement and of the documents referred to in this Agreement.
- g) Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties, which may be granted or withheld at the sole discretion of such other Parties. Any unauthorized assignment is void.
- h) Severability. Any provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the

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extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Agreement invalid, illegal or unenforceable in any other jurisdiction.

- i) Expenses. Each Party will pay all fees and expenses (including, without limitation, legal and accounting fees and expenses) incurred by such Party in connection with the transactions contemplated by this Agreement.
- j) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Florida, without giving effect to principles of conflicts of laws.
- k) Counterparts; Signatures. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will be one and the same document. Facsimiles and electronic copies in portable document format (“**PDF**”) containing original signatures shall be deemed for all purposes to be originally signed copies of the documents that are the subject of such facsimiles or PDF versions.
- l) Entire Agreement. This Agreement, the schedules and exhibits hereto, and the agreements and instruments to be delivered by the Parties on Closing represent the entire understanding and agreement between the Parties and supersede all prior oral and written and all contemporaneous oral negotiations, commitments and understandings.
- m) Amendment. This Agreement may be amended only in writing signed by the Parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Closing Date.
- n) Definitions. For purposes of this Agreement, the following terms shall mean:
 - i) "Adverse Effect" means any event, change, development, or effect that, individually or in the aggregate, will or could reasonably be expected to have a material adverse effect on (i) the business, operations, assets, liabilities, prospects, results, or financial condition of VMCS or the RNI Subsidiaries (taken as a whole), as applicable, or (ii) the ability of VMCS or the RNI Subsidiaries (taken as a whole), as applicable, to consummate this Agreement and the transactions contemplated hereby; and
 - ii) "Knowledge" means the actual knowledge of any officer of RNI or VMCS, as applicable, upon reasonable inquiry.


[Signature page to follow]

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IN WITNESS WHEREOF, the parties hereto have executed this Acquisition Agreement as of the date first above written.

Rennova Health, Inc.

By: 
Name: Seamus Lagan
Its: President

VisualMED Clinical Solutions, Corp.


By: 
Name:
Its: President

Exhibit A – Series A Designation

Exhibit B – Series B Designation

Exhibit C – Series C Designation

Exhibit B – Consulting agreement with Dial M Productions of Buffalo, WY

Exhibit D – Current cap table and proposed cap table at closing

Exhibit E – Description of assets

JUNE 23RD 2021

SUPPLEMENT TO ACQUISITION AGREEMENT COMPLETED ON MAY 12TH 2021

Rennova Health, Inc., a Delaware corporation, with its principal office at, 400 S. Australian Ave. 8th Floor. West Palm Beach, FL 33401 (“**Rennova**” or “**RNI**”) and Visualmed Clinical Solutions, Corp. 50 West Liberty Street, Suite 880, Reno, Nevada 89501 (“**VMCS**”) executed an acquisition agreement dated May 12th 2021. Each of RNI and VMCS is referred to herein individually as a “**Party**,” or collectively as the “**Parties**.”

WHEREAS, the agreement outlined certain closing conditions

WHEREAS, one of the closing conditions was that VMCS would file a number of outstanding filings with OTC Markets to become compliant with OTC reporting requirements

VMCS has applied to OTC Markets to complete the filings

OTC Markets has not yet completed the review of the application or provided VMCS access to its portal to upload the filings

VMCS has completed the various financial statements required and can file them with OTC Markets on having access to the OTC Portal

WHEREAS, the Parties have assessed the closing condition and publicly available information indicating that OTC Markets are overwhelmed and are taking many weeks to review, accept and validate applications.

The Parties have determined that it is in the best interest of the Parties and their shareholders to waive the closing condition and close the agreement immediately, before the end of the second quarter.

It is the intention of the Parties to appoint auditors on closing and file the forms and financial information required by the SEC to become fully reporting as soon as practical.

NOW, THEREFORE, the Parties agree to waive this closing condition and take the necessary steps to close the acquisition agreement:

[Signature page to follow]



IN WITNESS WHEREOF, the parties hereto have executed this Acquisition Agreement as of the date first above written.

Rennova Health, Inc.

By: 

Name:

Its: President

VisualMED Clinical Solutions, Corp.

By: 

Name: Gerard Dab

Its: President

FILED # 1-0197899

\$100
SD

SEP 07 1999



ARTICLES OF INCORPORATION

OF

ANCONA MINING CORPORATION

FIRST

The name of the corporation is ANCONA MINING CORPORATION.

SECOND

Its principal office in the state of Nevada is located at 5844 South Pecos Road, Suite D, Las Vegas, Nevada 89120. The name and address of its resident agent is Pacific Corporate Services, 5844 South Pecos Road, Suite D, Las Vegas, Nevada 89120.

THIRD

The purpose or purposes for which the corporation is organized:

To engage in and carry on any lawful business activity or trade, and any activities necessary, convenient, or desirable to accomplish such purposes, not forbidden by law or by these articles of incorporation.

FOURTH

The amount of the total authorized capital stock of the corporation is One Thousand Dollars (\$1,000.00) consisting of One Hundred Million (100,000,000) shares of common stock of the par value of \$0.00001 each.

FIFTH

The governing board of this corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this corporation.

There are two initial members of the Board of Directors and their names and addresses are:

NAME

Hugh Grenfal

POST-OFFICE ADDRESS

3337 West 30th Avenue
Vancouver, British Columbia V6S 1W3

Sergei Stetsenko

#704-155 Beach Avenue
Vancouver, British Columbia V6E 1V2

The number of members of the Board of Directors shall not be less than one nor more than thirteen.

SIXTH

The capital stock, after the amount of the subscription price, or par value, has been paid in shall not be subject to assessment to pay the debts of the corporation.

SEVENTH

The name and addresses of each of the incorporators signing the Articles of Incorporation are as follows:

NAME

Conrad C. Lysiak

POST-OFFICE ADDRESS

601 West First Avenue
Suite 503
Spokane, Washington 99201

EIGHTH

The corporation is to have perpetual existence.

NINTH

In furtherance, and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

Subject to the bylaws, if any, adopted by the stockholders, to make, alter or amend the bylaws of the corporation.

To fix the amount to be reserved as working capital over and above its capital stock paid in, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

By resolution passed by a majority of the whole board, to designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the corporation, which, to the extent provided in the resolution or in the bylaws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the bylaws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of stockholders holding stock entitling them to exercise at least a majority of the voting power given at a stockholders' meeting called for that purpose, or when authorized by the written consent of the holders of at least a majority of the voting stock issued and outstanding, the board of directors shall have power and authority at any meeting to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions as its board of directors deem expedient and for the best interests of the corporation.

TENTH

Meeting of stockholders may be held outside the State of Nevada, if the bylaws so provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Nevada at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

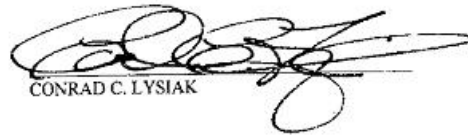
ELEVENTH

This corporation reserves the right to amend alter, change or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, or by the Articles of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

TWELFTH

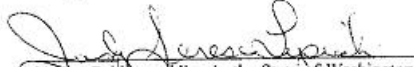
The corporation shall indemnify its officers, directors, employees and agents to the full extent permitted by the laws of the State of Nevada.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Nevada, do make and file these Articles of Incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set my hand this 3rd day of September, 1999.


CONRAD C. LYSIAK

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

On this 3rd day of September, 1999, before me, a Notary Public, personally appeared CONRAD C. LYSIAK, who severally acknowledged that he executed the above instrument.


Notary Public, residing in the State of Washington,
residing in Spokane.

My Commission Expires:

October 9, 2002

FILED
SEP 07 1999
SPOKANE, WASH.

FILED # 00197099

SEP 07 1999



CERTIFICATE OF ACCEPTANCE OF APPOINTMENT
BY RESIDENT AGENT

In the matter of ANCONA MINING CORPORATION
Name of Corporation

I, PACIFIC CORPORATE SERVICES, INC

with address at Suite....., Street

5844 S. PECOS RD. STE. D.....Town of LAS VEGAS

County of CLARK..... Zip Code 89120....., State of Nevada,

hereby accept the appointment as Resident Agent of the above-
entitled corporation in accordance with NRS 78.090.

Furthermore, that the mailing address for the above registered
office is:.....

PO BOX 93385 LAS VEGAS, NV..... Zip Code 89193.....

State of Nevada.

In witness whereof, I have hereunto set my hand this 07 day of
SEPTEMBER..... 1999

[Signature]
Resident Agent

=====

NRS 78.090 Except during any period of vacancy described in NRS 78.097, every corporation must have a resident agent, who may be either a natural person or a corporation, resident or located in this state. Every resident agent must have a street address, where he maintains an office for the service of process, and may have a separate mailing address such as a post office box, which may be different from the street address. The address of the resident agent is the registered office of the corporation in this state. The resident agent may be any bank or banking corporation, or other corporation, located and doing business in this state... The certificate of acceptance must be filed at the time of the initial filing of the corporate papers.

Nov-30-2004 9:48PM
NOV 30 2004

No. 7214 p. 4



DIAN HELLER
Secretary of State
284 North Carson Street, Suite 1
Carson City, Nevada 89701-4388
(775) 684-8708
Web site: secretaryofstate.biz

(#175)

FILED # C 21972-99

Certificate of Amendment
(PURSUANT TO NRS 78.385 and 78.390)

NOV 30 2004

IN THE OFFICE OF
DIAN HELLER
SECRETARY OF STATE

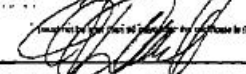
Important: Read attached instructions before completing form. ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations**

(Pursuant to NRS 78.385 and 78.390 - After issuance of stock)

- 1. Name of corporation:
ANCONA MINDING CORPORATION
- 2. The articles have been amended as follows (provide article numbers, if available):
FIRST
The name of the corporation is VISUALMED CLINICAL SOLUTIONS CORPORATION.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: 31,244,000

4. Effective date of filing (optional):
5. Officer Signatures (required): 

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees. See attached fee schedule. Nevada Secretary of State AM 7/2003 January 2003 Revised 06/15/2003

0211201-0408



DEAN HELLER
 Secretary of State
 204 North Carson Street, Suite 1
 Carson City, Nevada 89701-4299
 (775) 684 5708
 Website: secretaryofstate.biz

**Certificate to Accompany
 Restated Articles
 (PURSUANT TO NRS)**

| | |
|--|---------------------------------|
| Filed in the Office of <i>Dean Heller</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20060030461-42 |
| | Filed On 01/20/2006 |
| | Number of Pages 7 |

ABOVE SPACE IS FOR OFFICE USE ONLY

This Form is to Accompany Restated Articles of Incorporation

(Pursuant to NRS 78.403, 82.371, 86.221, 88.355 or 88A.250)

(This form is also to be used to accompany Restated Articles for Limited-Liability Companies, Certificates of Limited Partnership, Limited-Liability Limited Partnerships and Business Trusts)

1. Name of Nevada entity as last recorded in this office:

VISUALMED CLINICAL SOLUTIONS CORPORATION

2. The articles are being Restated or Amended and Restated (check only one). Please entitle your attached articles "Restated" or "Amended and Restated," accordingly.

3. Indicate what changes have been made by checking the appropriate box.*

- No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on _____ The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.
- The entity name has been amended.
- The resident agent has been changed. (attach Certificate of Acceptance from new resident agent)
- The purpose of the entity has been amended.
- The authorized shares have been amended.
- The directors, managers or general partners have been amended.
- IRS tax language has been added.
- Articles have been added.
- Articles have been deleted.
- Other. The articles or certificate have been amended as follows: (provide article numbers, if available)

SEE ATTACHED LIST

* This form is to accompany Restated Articles which contain newly altered or amended articles. The Restated Articles must contain all of the requirements as set forth in the statutes for amending or altering the articles or certificates

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

DECLARATION OF THE SECRETARY OF STATE

ARTICLE 1 - Changed to add the address of the corporation.

ARTICLE 2 - Changed from address of corporation to purpose.

ARTICLE 3 - Changed from purpose of corporation to capitalization structure. The capitalization was changed to increase the authorized number of shares of corporation and to add a provision for Series A Cumulative Preferred Stock and undesignated Preferred Stock.

ARTICLE 4 - Changed from capitalization to length of the existence of corporation.

ARTICLE 5 - Continues to contain certain information regarding Directors.

ARTICLE 6 - Changed from information about capital stock to information regarding shareholders agreement.

ARTICLE 7 - Change from names and addresses of incorporators to limitation of liability of shareholders.

ARTICLE 8 - Changed from length of the existence of corporation to indemnification provisions.

ARTICLE 9 - Continues to contain information regarding powers of Board of Directors.

ARTICLE 10 - Continues to contain information regarding meetings of shareholders and Board of Directors of corporation.

ARTICLE 11 - Changed from altering Articles of Incorporation to ability of directors to engage in transactions with corporation.

ARTICLE 12 - Changed from indemnification provisions to altering Articles of Incorporation.

STATE OF NEVADA
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
VISUALMED CLINICAL SOLUTIONS CORPORATION

Pursuant to the provisions of NRS 78.403 of the Nevada General Corporation Law (the "Act"), the undersigned corporation hereby amends and restates its Articles of Incorporation. The Amended and Restated Articles of Incorporation were adopted by the shareholders of the Corporation on January 12, 2005 representing 63.8% of the outstanding common stock of the Corporation pursuant to NRS 78.320 of the Act.

ARTICLE I

The name of this corporation shall be:

VISUALMED CLINICAL SOLUTIONS CORPORATION

The principal office of the corporation is located at:

1035 Laurier Street West, Suite 200
Montreal, Quebec, Canada H2V 2L1

ARTICLE II

This corporation may engage in any activity or business permitted under the laws of the State of Nevada, and shall enjoy all the rights and privileges of a corporation granted by the laws of the State of Nevada.

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue is 125,000,000 shares, with a par value of \$.00001 per share, divided into 100,000,000 shares of Common Stock (the "Common Stock"), 15,000,000 shares of Series A 10% Cumulative Preferred Stock (the "Series A Cumulative Preferred Stock") and 10,000,000 shares of undesignated Preferred Stock (the "Undesignated Preferred Stock"). A statement of the preferences, privileges, and restrictions granted to or imposed upon the respective classes of shares or the holders thereof is as follows:

(a) Common Stock. The terms of the 100,000,000 shares of Common Stock of the corporation shall be as follows:

(1) Dividends. Whenever cash dividends upon the Preferred Stock of all series thereof at the time outstanding, to the extent of the preference to which such shares are entitled, shall have been paid in full for all past dividend periods, or declared and set apart for payment, such dividends, payable in cash, stock, or otherwise, as may be determined by the Board of Directors, may be declared by the Board of Directors and paid from time to time to the holders of the Common Stock out of the remaining net profits or surplus of the corporation.

(2) Liquidation. In the event of any liquidation, dissolution, or winding up of the affairs of the corporation, whether voluntary or involuntary, all assets and funds of the corporation remaining after the payment to the holders of the Preferred Shares of all series thereof of the full amounts to which they shall be entitled as hereinafter provided, shall be divided and distributed among the holders of the Common Shares according to their respective shares.

(3) Voting rights. The Common Stock shall have voting rights.

(b) Series A Cumulative Preferred Stock. The terms of the 15,000,000 shares of Series A Cumulative Preferred Stock of the corporation shall be as follows:

(1) Designation, Amount, Par Value, and Rank. A series of Preferred Stock shall be designated as Series A 10% Cumulative Preferred Stock (the "Series A Preferred Stock"), and the number of Shares so designated shall be 15,000,000. Each share of Series A Preferred Stock shall have a par value of \$0.00001 and a stated value of €1.00. The Series A Preferred Stock shall rank prior to all Common Stock.

(2) Dividends. Subject to the limitations described below, holders of the Series A Preferred Stock will be entitled to receive, when, as, and if declared by the Board of Directors out of funds of the Company legally available for payment, an annual dividend equal to 10% per annum of the stated value of €1.00 per share payable, at the option of the Board of Directors, either in cash or in shares of Series A Preferred Stock. In the event that the holders receive Stock, each Holder will receive cash representing the value of fractional shares to which the Holder is entitled.

The Series A Preferred Stock will have the priority as to dividends over the Common Stock and all other series or class of the Company's stock hereafter issued which ranks junior as to dividends to the Series A Preferred Stock ("Junior Dividend Stock"). No dividend (other than dividends payable solely in Junior Dividend Stock) may be paid on, and (with certain limited exceptions) no purchases, redemption or other acquisition may be made by the Company of any Junior Dividend Stock unless all accrued and unpaid dividends on Series A Preferred Stock for all periods and the current period have been paid or declared and set aside for payment. The Company also may not pay dividends on any class or series of the Company's stock having parity with the Series A Preferred Stock as to dividends ("Parity Dividend Stock"), unless it has been paid or declared and set aside for payment or contemporaneously pays or declares and sets aside for payment all accrued and unpaid dividends for all prior periods on the Series A Preferred Stock and may not pay dividends on the Series A Preferred Stock unless it has paid or declared and set aside for payment or contemporaneously pays or declares and sets aside for payment all accrued unpaid dividends for all periods on any Parity Dividend Stock. All dividends declared on the Series A Preferred Stock and such Parity Dividend Stock will be declared or made pro-rata so that the amount of dividends declared per share of the Series A Preferred Stock and such Parity Dividend Stock will bear the same ratio that accrued and unpaid dividends per share on the Series A Preferred Stock and such Parity Dividend Stock bear to each other.

(3) Liquidation Rights. In case of voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Series A Preferred Stock will be entitled to receive the liquidation price per share equal to €1.00 per share, plus an amount equal to any accrued and unpaid dividends to the payment date. This must be accomplished before any payment or distribution is made to the holders of Common Stock or any other series or class of the Company's stock hereafter issued which ranks junior as to liquidation rights to the Series A Preferred Stock, but the holders of the shares of the Series A Preferred Stock will not be entitled to receive the liquidation price of such shares until the liquidation price of any other series or class of the Company's stock hereafter issued which ranks senior as to liquidation rights of the Series A Preferred Stock ("Senior Liquidation Stock") has been paid in full. Holders of Series A Preferred Stock and holders of any series or class of stock which rank on a parity basis as to liquidation rights with the Series A Preferred Stock are entitled to share ratably, in accordance with the respective preferential amounts payable on such stock, in any distribution (after payment of the liquidation price of any Senior Liquidation Stock) which is not sufficient to pay in full the aggregate of the amount payable of such shares will not be entitled to any further participation in any distribution of assets by the Company. Neither a consolidation nor merger of the Company with another corporation nor a sales or transfer of all or part of the Company's assets for cash, securities or other property will be considered a liquidation, dissolution or winding up of the Company.

(4) Voting Rights. The holders of Series A Preferred Stock will have no voting rights.

(5) Conversion Rights. The holders of Series A Preferred Stock will have no conversion rights into Common Stock of the Company.

(6) **Redemption.** The Series A Preferred Stock shall not be redeemable in whole or in part by the Company.

(7) **Other Provisions.** The shares of Series A Preferred Stock, when issued, will be duly and validly issued, fully paid and non-assessable. The holders of the shares of Series A Preferred Stock will have no preemptive rights with respect to any shares of capital stock of the Company or any other securities of the Company convertible into carrying rights or options to purchase any such shares.

(c) **Undesignated Preferred Stock.** Prior to the issuance of any of the Undesignated Preferred Stock, the Board of Directors shall determine the number of Preferred Stock to then be issued from the 10,000,000 shares authorized, and such shares shall constitute a series of the Undesignated Preferred Stock. Such series shall have such preferences, limitations, and relative rights as the Board of Directors shall determine and such series shall be given a distinguishing designation. Each share of a series shall have preferences, limitations, and relative rights identical with those of all other shares of the same series. Except to the extent otherwise provided in the Board of Directors' determination of a series, the Stock of such series shall have preferences, limitations, and relative rights identical with all other series of the Undesignated Preferred Stock. Undesignated Preferred Stock may have dividend or liquidation rights which are prior (superior or senior) to the dividend and liquidation rights and preferences of the Series A Cumulative Preferred Stock and the Common Stock. Also, any series of the Undesignated Preferred Stock may have voting rights.

ARTICLE IV

The corporation is to have perpetual existence.

ARTICLE V

The business and property of the corporation shall be managed by a Board of Directors of not fewer than one (1) member, who shall be natural persons of full age, and who shall be elected annually by the shareholders having voting rights, for the term of one year, and shall serve until the election and acceptance of their duly qualified successors. In the event of any delay in holding, or adjournment of, or failure to hold an annual meeting, the terms of the sitting directors shall be automatically continued indefinitely until their successors are elected and qualified. Directors need not be residents of the State of Nevada nor shareholders. Any vacancies, including vacancies resulting from an increase in the number of directors, may be filled by the Board of Directors, though less than a quorum, for the unexpired term. The Board of Directors shall have full power, and it is hereby expressly authorized, to increase or decrease the number of directors from time to time without requiring a vote of the shareholders. Any director or directors may be removed with or without cause by a majority vote of the shareholders.

ARTICLE VI

This corporation, and any or all of the shareholders of this corporation, may from time to time enter into such agreements as they deem expedient relating to the shares of stock held by them and limiting the transferability thereof; and thereafter any transfer of such shares shall be made in accordance with the provisions of such agreement, provided that before the actual transfer of such shares on the books of the corporation, written notice of such agreement shall be given to this corporation by filing a copy thereof with the secretary of the corporation and a reference to such agreement shall be stamped, written or printed upon the certificate representing such shares, and the By-Laws of this corporation may likewise include provisions for the making of such agreement, as aforesaid.

ARTICLE VII

The private property of the shareholders of the corporation shall not be subject to the payment of the corporation's debts to any extent whatever.

ARTICLE VIII

The following indemnification provisions shall be deemed to be contractual in nature and not subject to retroactive removal or reduction by amendment.

(a) This corporation shall indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil or criminal, judicial, administrative or investigative, by reason of the fact that he/she is or was serving at the request of this corporation as a director or officer or member of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him/her in connection with such action, suit or proceeding, including any appeal thereof, if he/she acted in good faith or in a manner he/she reasonably believed to be in, or not opposed to, the best interests of this corporation, and with respect to any criminal action or proceeding, if he/she had no reasonable cause to believe his/her conduct was unlawful. However, with respect to any action by or in the right of this corporation to procure a judgment in its favor, no indemnification shall be made in respect of any claim, issue, or matter as to which such person is adjudged liable for negligence or misconduct in the performance of his/her duty to the corporation unless, and only to the extent that, the court in which such action or suit was brought determines, on application, that despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity in view of all the circumstances of the case. Termination of any action, suit or proceeding by judgment, order, settlement, conviction, or in a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the party did not meet the applicable standard of conduct. Indemnification hereunder may be paid by the corporation in advance of the final disposition of any action, suit or proceeding, on a preliminary determination that the director, officer, employee or agent met the applicable standard of conduct.

(b) The corporation shall also indemnify any director or officer who has been successful on the merits or otherwise, in defense of any action, suit, or proceeding, or in defense of any claim, issue, or matter therein, against all expenses, including attorneys' fees, actually and reasonably incurred by him/her in connection therewith, without the necessity of an independent determination that such director or officer met any appropriate standard of conduct.

(c) Unless a director was terminated by the shareholders for cause, the indemnification provided for herein shall continue as to any person who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors, and administrators of such persons.

(d) In addition to the indemnification provided for herein, the corporation shall have power to make any other or further indemnification, except an indemnification against gross negligence or willful misconduct, under any resolution or agreement duly adopted by the Board of Directors, or duly authorized by a majority of the shareholders.

ARTICLE IX

In furtherance, and not in limitation, of the powers conferred by the laws of the State of Nevada, the Board of Directors is expressly authorized:

(a) To make, alter, amend, and repeal the By-Laws of the corporation, subject to the power of the holders of stock having voting power to alter, amend, or repeal the By-Laws made by the Board of Directors.

(b) To determine and fix the value of any property to be acquired by the corporation and to issue and pay in exchange therefore, stock of the corporation; and the judgment of the directors in determining such value shall be conclusive.

(c) To set apart out of any funds of the corporation available for dividends, a reserve or reserves for working capital or for any other lawful purposes, and also to abolish any such reserve in the same manner in which it was created.

(d) To determine from time to time whether and to what extent, and at what time and places, and under what conditions and regulations the accounts and books of the corporation, or any of the books, shall be open for inspection by the shareholders and no shareholder shall have any right to inspect any account or book or document of the corporation except as conferred by the laws of the State of Nevada, unless and until authorized to do so by resolution of the Board of Directors or of the shareholders.

(e) The Board of Directors or the majority of the shareholders may, by resolution, provide for the issuance of stock certificates to replace lost or destroyed certificates.

ARTICLE X

If the By-Laws so provide, the shareholders and the Board of Directors of the corporation shall have the power to hold their meetings, to have an office or offices, and to keep the books of the corporation, subject to the provisions of the laws of the State of Nevada, outside of said state at such place or places as may be designated from time to time by the Board of Directors. The corporation may, in its By-Laws, confer powers upon the Board of Directors in addition to those granted by these Articles of Incorporation, and in addition to the powers and authority expressly conferred upon them by the laws of the State of Nevada. Election of directors need not be by ballot unless the By-Laws so provide. Directors shall be entitled to reasonable fees for their attendance at meetings of the Board of Directors.

ARTICLE XI

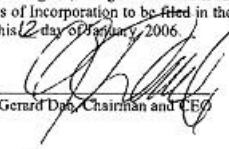
In case the corporation enters into contracts or transacts business with one or more of its directors, or with any firm of which one or more of its directors are members, or with any other corporation or association of which one or more of its directors are shareholders, directors, or officers, such contracts or transactions shall not be invalidated or in any way affected by the fact that such director or directors have or may have an interest therein which is or might be adverse to the interest of this corporation, provided that such contracts or transactions are in the usual course of business.

In the absence of fraud, no contract or other transaction between this corporation and any other corporation or any individual or firm, shall in any way be affected or invalidated by the fact that any of the directors of this corporation is interested in such contract or transaction, provided that such interest shall be fully disclosed or otherwise known to the Board of Directors in the meeting of such Board at which time such contract or transaction was authorized or confirmed, and provided, however, that any such directors of this corporation who are so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors of this corporation which shall authorize or confirm such contract or transaction, and any such director may vote thereon to authorize any such contract or transaction with the like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE XII

The corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred herein upon shareholders, directors and officers are subject to this reserved power.

IN WITNESS WHEREOF, I, the undersigned, being the Chairman and CEO of the corporation, executed the foregoing Amended and Restated Articles of Incorporation to be filed in the Office of the Secretary of the State of Nevada for the purposes therein set forth this 12 day of January, 2006.


Gerard Dug, Chairman and CEO



ROSS MILLER
 Secretary of State
 204 North Carson Street, Suite 1
 Carson City, Nevada 89701-4520
 (775) 684-5708
 Website: www.nvsos.gov



090201

Certificate of Amendment
 (PURSUANT TO NRS 78.385 AND 78.390)

| | |
|---------------------------------------|---------------------------------|
| Filed in the Office of | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20100919363-84 |
| | Filed On 12/10/2010 |
| | Number of Pages 1 |

USE BLACK INK ONLY - DO NOT HIGH LIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Incorporation
 For Nevada Profit Corporations
 (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)**

1. Name of corporation:

Visualmed Clinical Solutions Corporation

2. The articles have been amended as follows: (provide article numbers, if available)

Article number 3.

Increase in authorized shares from 125,000,000 at .00001 par value to 350,000,000 at .0001 par value.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 62.4%

4. Effective date of filing: (optional)

12/9/10

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.
 This form must be accompanied by appropriate fees.

Nevada Secretary of State Annual Profit After Revised: 1-5-09



BARBARA K. CEGAUSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-8708
 Website: www.nvsos.gov

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| Filed in the Office of <i>Barbara K. Cegauske</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20211498853 |
| | Filed On 5/28/2021 3:28:00 PM |
| | Number of Pages 5 |

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

× Certificate of Designation

Certificate of Amendment to Designation - Before Issuance of Class or Series

Certificate of Amendment to Designation - After Issuance of Class or Series

Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

| | | | |
|---|---|-----------------------|--------------------------|
| 1. Entity information: | Name of entity: VISUALMED CLINICAL SOLUTIONS CORPORATION | | |
| | Entity or Nevada Business Identification Number (NVID): C21972-1999 | | |
| 2. Effective date and time: | For Certificate of Designation or Amendment to Designation Only (Optional): | Date: | Time: |
| 3. Class or series of stock: (Certificate of Designation only) | The class or series of stock being designated within this filing: Preferred; Series A Preferred; Series B Preferred; Series C Preferred | | |
| 4. Information for amendment of class or series of stock: | The original class or series of stock being amended within this filing: | | |
| 5. Amendment of class or series of stock: | Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. | | |
| | Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation. | | |
| 6. Resolution: | By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* The Company shall be authorized to issue the following series of stock (cont, see attached)... | | |
| 7. Withdrawal: | Designation being Withdrawn: | Date of Designation: | |
| | No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * | | |
| 8. Signature: (Required) | <input checked="" type="checkbox"/> | Signature of Officer: | Date: MAY 28 2021 |

* Attach additional page(s) if necessary
 This form must be accompanied by appropriate fees.

Certificate of Designation

VISUALMED CLINICAL SOLUTIONS CORPORATION

Entity Number: C21972-1999

Continued, From Page 1:

325,000,000 (325 Million) shares Common Stock at \$0.0001 Par Value

1,000 (One Thousand) shares Series A Supermajority Voting Preferred at \$0.0001 Par Value

25,000 (25 Thousand) shares Series B Convertible Redeemable Preferred at \$0.0001 Par Value

2,000 (Two Thousand) shares Series C Convertible Redeemable Preferred at \$0.0001 Par Value

24,972,000 (24 Million, 972 Thousand) Shares Preferred Stock at \$0.0001 Par Value

The Company's Total Authorized Shares shall be 350,000,000 (350 Million)

Please find Resolution of the Directors attached.

**RESOLUTION OF THE DIRECTORS
OF VISUALMED CLINICAL SOLUTIONS CORP.**

The undersigned, being the Director of VISUALMED CLINICAL SOLUTIONS CORP. (the "Company"), a Nevada corporation, pursuant to applicable Nevada Statutes, hereby consent to the following actions to be taken.

The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the company has a set designation for 15 million preferred shares which were never issued, such designation was as follow: Series A Preferred Stock holders will be entitled to receive an annual dividend equal to 10% per annum of the stated value of \$1.00 per share payable, at the option of the Board of Directors, and have a voting privilege of 10 votes each;

WHEREAS, the company wishes to cancel this designation for its A preferred shares and replace it by a new set of designations for its twenty-five million preferred shares as per its certificate of incorporation of the Corporation that provides for a class of its authorized stock known as preferred stock, consisting of twenty-five million (25,000,000) shares, \$0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

NOW, THEREFORE, BE IT RESOLVED, that the company will adopt the following designations for its preferred shares: that the Board of Directors does hereby provide for the issuance of three series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

Series A. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series A Supermajority Voting Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to one thousand (1,000). Each share of Preferred A Stock shall have a par value of \$0.0001 per share and a stated value equal to \$10.00 (the "Stated Value"). The series A has a voting privilege of 51% which remains in force as long there is still one share of the series issued as per the new designation certificate;

Series B Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series B Convertible Redeemable Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to twenty- five thousand. Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to one thousand dollars

(\$1000.00) (the "Stated Value"). Dividends at the rate per annum of five percent (5%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) (the "Preferred Accruing Dividends"). Preferred B Holders shall NOT be entitled to vote on matters submitted to a vote of the holders of the Common Stock. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Stated Value of such share of Preferred Stock, plus any accrued declared and unpaid dividends thereon by the Conversion Price. The conversion price for the Preferred Stock shall equal 90% of the average closing price of the Common Stock over 10 days prior to conversion.

Series C Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C Convertible Redeemable Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to two thousand (2,000). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to one thousand dollars (\$1000.00) (the "Stated Value"). Dividends at the rate per annum of ten percent (10%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred). Series C Preferred Stock shall not be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation and shall have no voting rights.

The undersigned, being the Directors of VISUALMED CLINICAL SOLUTIONS CORP. hereby consent to the new designations for the Company 25 million preferred shares and approve the three designations attached resolution for such designation.

"/s/(Gerard Dab)"

Gerard Dab, Chair and CEO

"/s/(Louis J. Lombardo)"

Louis J. Lombardo, Director

Series A. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series A Supermajority Voting Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to one thousand (1,000). Each share of Preferred A Stock shall have a par value of \$0.0001 per share and a stated value equal to \$10.00 (the "Stated Value"). The series A has a voting privilege of 51% which remains in force as long there is still one share of the series issued as per the new designation certificate.

Series B Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series B Convertible Redeemable Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to twenty-five thousand. Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to one thousand dollars (\$1000.00) (the "Stated Value"). Dividends at the rate per annum of five percent (5%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock (the "Preferred Accruing Dividends"). Preferred B Holders shall NOT be entitled to vote on matters submitted to a vote of the holders of the Common Stock. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Stated Value of such share of Preferred Stock, plus any accrued declared and unpaid dividends thereon by the Conversion Price. The conversion price for the Preferred Stock shall equal 90% of the average closing price of the Common Stock over 10 days prior to conversion.

Series C Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C Convertible Redeemable Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to two thousand (2,000). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to one thousand dollars (\$1000.00) (the "Stated Value"). Dividends at the rate per annum of ten percent (10%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock. Series C Preferred Stock shall have no voting rights. The conversion price for the Preferred Stock shall equal 90% of the average closing price of the Common Stock over 10 days prior to conversion.

BARBARA K. CEGAUSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov
www.nvsilverflume.gov

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| Filed in the Office of <i>Barbara K. Cegauske</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20211738078 |
| | Filed On 09/08/2021 12:45:09 PM |
| | Number of Pages 2 |

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

| | |
|--|--|
| 1. Entity Information | Name of entity as on file with the Nevada Secretary of State : InnovaQor, Inc. Entity or Nevada Business Identification Number (NVID) : NV19991360381 |
| 2. Restated or Amended and Restated Articles (Select one): (If amending and restating only, complete section 1, 2 and 6.) | <input type="checkbox"/> Certificate to Accompany Restated Articles or Amended and Restated Articles <input type="checkbox"/> Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate. <input type="checkbox"/> Amended and Restated Articles * Restated or Amended and Restated Articles must be included with this filing type. |
| 3. Type of amendment filing being completed: (Select only one box): (If amending, complete section 1, 3, 5 and 6.) | <input type="checkbox"/> Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock) The undersigned declare that they constitute at least two-thirds of the following: (Check only one box) <input type="checkbox"/> incorporators <input type="checkbox"/> board of directors The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued <input checked="" type="checkbox"/> Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock) The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: <input type="checkbox"/> Officer's Statement (foreign qualified entities only) - Name in home state, if using a modified name in Nevada: Jurisdiction of formation: Changes to takes the following effect: <input type="checkbox"/> The entity name has been amended. <input type="checkbox"/> Dissolution <input type="checkbox"/> The purpose of the entity has been amended. <input type="checkbox"/> Merger <input type="checkbox"/> The authorized shares have been amended. <input type="checkbox"/> Conversion <input type="checkbox"/> Other: (specify changes) |

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.



BARBARA K. CEGAUSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov
 www.nvsilverflume.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and
Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

| | |
|---|-------------------------------|
| 4. Effective date and Time: (Optional) | Date: 09/08/2021 Time: |
|---|-------------------------------|

(must not be later than 90 days after the certificate is filed)

| | |
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| 5. Information Being Changed: (Domestic corporations only) | Changes to takes the following effect: <input checked="" type="checkbox"/> The entity name has been amended. <input type="checkbox"/> The registered agent has been changed. (attach Certificate of Acceptance from new registered agent) <input type="checkbox"/> The purpose of the entity has been amended. <input type="checkbox"/> The authorized shares have been amended. <input type="checkbox"/> The directors, managers or general partners have been amended. <input type="checkbox"/> IRS tax language has been added. <input type="checkbox"/> Articles have been added. <input type="checkbox"/> Articles have been deleted <input type="checkbox"/> Other. The articles have been amended as follows: (provide article numbers, if available) <p align="center">(attach additional page(s) if necessary)</p> |
|---|--|

| | | | | | | | |
|---------------------------------|--|----------------|---------------------------|----------------|--|---|-------|
| 6. Signature: (Required) | <table border="0"> <tr> <td style="border: none;">X</td> <td style="border: none;"><u>S.L. Hollis</u></td> <td style="border: none;">Officer</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none; text-align: center;">Signature of Officer, Incorporator or Authorized Signer</td> <td style="border: none; text-align: center;">Title</td> </tr> </table> <p><small>*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.</small></p> | X | <u>S.L. Hollis</u> | Officer | | Signature of Officer, Incorporator or Authorized Signer | Title |
| X | <u>S.L. Hollis</u> | Officer | | | | | |
| | Signature of Officer, Incorporator or Authorized Signer | Title | | | | | |

Please include any required or optional information in space below:
 (attach additional page(s) if necessary)



BARBARA K. CEGAVSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov

| | |
|--|-----------------------------------|
| Filed in the Office of <i>Barbara K. Cegavske</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20211881440 |
| | Filed On 11/8/2021 12:34:00 PM |
| | Number of Pages 8 |

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

- Certificate of Designation
- Certificate of Amendment to Designation - Before Issuance of Class or Series
- Certificate of Amendment to Designation - After Issuance of Class or Series
- Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

| | | |
|--|--|--|
| 1. Entity information: | Name of entity: InnovaQor, Inc. | |
| | Entity or Nevada Business Identification Number (NVID): C21972-1999 | |
| 2. Effective date and time: | For Certificate of Designation or Amendment to Designation Only (Optional): | Date: _____ Time: _____ (must not be later than 90 days after the certificate is filed) |
| 3. Class or series of stock: (Certificate of Designation only) | The class or series of stock being designated within this filing: Series A-1 Supermajority Voting Preferred Stock. | |
| 4. Information for amendment of class or series of stock: | The original class or series of stock being amended within this filing: | |
| 5. Amendment of class or series of stock: | <input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. | |
| | <input checked="" type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation. | |
| 6. Resolution: Certificate of Designation and Amendment to Designation only) | By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* Series A-1 Supermajority Voting Preferred Stock. (See attached pages.) | |
| 7. Withdrawal: | Designation being Withdrawn: _____ Date of Designation: _____ No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * | |
| 8. Signature: (Required) | X <i>S. L. Hollis</i> Signature of Officer | Date: 11/ 8 /2021 |

* Attach additional page(s) if necessary
 This form must be accompanied by appropriate fees.

INNOVAQOR, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES A-1 SUPERMAJORITY VOTING PREFERRED STOCK

PURSUANT TO SECTION 78.1955 OF THE
NEVADA REVISED STATUTES

The undersigned, Sharon L. Hollis, does hereby certify that:

1. She is the Chief Executive Officer of InnovaQor, Inc., a Nevada corporation (the "Corporation").
2. The Corporation is authorized to issue 25,000,000 shares of preferred stock.
3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the articles of incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 25,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of up to 1,000 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Florida are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Fundamental Transaction" shall have the meaning set forth in Section 7(a).

"Holder" shall have the meaning set forth in Section 2.

"Junior Securities" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities (i) which are explicitly senior or pari passu to the Preferred Stock, or (ii) to which the Preferred Stock is explicitly junior in dividend rights or liquidation preference.

"Liquidation" shall have the meaning set forth in Section 5.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Stated Value" shall have the meaning set forth in Section 2.

"Subsidiary" means any direct or indirect subsidiary of the Corporation presently existing or formed or acquired after the date hereof.

"Successor Entity" shall have the meaning set forth in Section 7(a).

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series A-1 Supermajority Voting Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to 1,000 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a "Holder" and collectively, the "Holders"). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$10.00 (the "Stated Value").

Section 3. Dividends. The Preferred Stock shall not be entitled to receive any dividends.

Section 4. Voting Rights. Each Holder shall be entitled to vote on all matters submitted to a vote of the holders of the Common Stock. Regardless of the number of shares of Preferred

Stock outstanding and so long as at least one share of Preferred Stock is outstanding, the outstanding shares of Preferred Stock shall have the number of votes, in the aggregate, equal to fifty-one percent (51%) of all votes entitled to be voted at any annual or special meeting of stockholders of the Corporation or action by written consent of stockholders. Each outstanding share of the Preferred Stock shall represent its proportionate share of the 51% which is allocated to the outstanding shares of the Preferred Stock in the aggregate. With regard to any vote or written consent, the Preferred Stock shall be entitled to vote or, if applicable, provide consent, together with the holders of Common Stock and any other voting securities of the Corporation as if they were a single class of securities. However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its articles of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation an amount equal to the Stated Value for each share of Preferred Stock before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion. The Preferred Stock is not convertible into Common Stock or any other security of the Corporation.

Section 7. Fundamental Transactions.

(a) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby

such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then the Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(a) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation with the same effect as if such Successor Entity had been named as the Corporation herein.

(b) Notice to the Holders. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

Section 8. Ranking. With respect to a Liquidation, the Preferred Stock shall rank (i) on parity with any class or series of preferred stock created hereafter and ranking by its terms on parity with the Preferred Stock, (ii) senior to the Common Stock, any Junior Securities and any class or series of preferred stock created hereafter and ranking by its terms junior to the Preferred Stock, and (iii) junior to any class or series of preferred stock of the Corporation created hereafter and ranking by its terms senior to the Preferred Stock.

Section 9. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address of its principal executive offices, Attention: Chief Executive Officer, email address shollis@InnovaQor.com, or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 9. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Corporation. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section prior to 5:30 p.m. (Eastern time) on any date, (ii) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section on a day that is not a Business Day or later than 5:30 p.m. (Eastern time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

(c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the Preferred Stock and this Certificate of Designation (whether brought against the Corporation, a Holder, or their respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the County of Palm Beach, Florida. The Corporation and each Holder hereby irrevocably submit to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waive, and agree not to assert in

any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, or such courts are improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waive personal service of process and consent to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agree that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If the Corporation or any Holder shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances.

(f) Next Business Day. Whenever any obligation hereunder shall be due on a day other than a Business Day, such obligation shall be performed on the next succeeding Business Day.

(g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(h) Status of Reacquired Preferred Stock. If any shares of Preferred Stock shall be reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series A-1 Supermajority Voting Preferred Stock.

RESOLVED, FURTHER, that the Chief Executive Officer, the president, any vice-president, the secretary or any assistant secretary of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 8th day of November, 2021.

/s/ Sharon L. Hollis

Name: Sharon L. Hollis

Title: Chief Executive Officer



BARBARA K. CEGAUSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 884-6708
 Website: www.nvsos.gov

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|--|-----------------------------------|
| Filed in the Office of <i>Barbara K. Cegauske</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20211888774 |
| | Filed On 11/10/2021 8:47:00 AM |
| | Number of Pages 16 |

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

- Certificate of Designation
- Certificate of Amendment to Designation - Before Issuance of Class or Series
- Certificate of Amendment to Designation - After Issuance of Class or Series
- Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

| | |
|--|---|
| 1. Entity information: | Name of entity: <u>InnovaQor, Inc.</u> |
| | Entity or Nevada Business Identification Number (NVID): <u>C21972-1999</u> |
| 2. Effective date and time: | For Certificate of Designation or Amendment to Designation Only (Optional): Date: _____ Time: _____ <small>(must not be later than 90 days after the certificate is filed)</small> |
| 3. Class or series of stock: (Certificate of Designation only) | The class or series of stock being designated within this filing: <u>Series B-1 Convertible Redeemable Preferred Stock</u> |
| 4. Information for amendment of class or series of stock: | The original class or series of stock being amended within this filing: _____ |
| 5. Amendment of class or series of stock: | <input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. <input type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation. |
| 6. Resolution: Certificate of Designation and Amendment to Designation only) | By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* <u>Series B-1 Convertible Redeemable Preferred Stock. (See attached pages.)</u> |
| 7. Withdrawal: | Designation being Withdrawn: _____ Date of Designation: _____ No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * _____ |
| 8. Signature: (Required) | <input checked="" type="checkbox"/> <u>S. L. Hollis</u> _____ Date: <u>11/10/2021</u> Signature of Officer |

* Attach additional page(s) if necessary
 This form must be accompanied by appropriate fees.

INNOVAQOR, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES B-1 CONVERTIBLE REDEEMABLE PREFERRED STOCK

PURSUANT TO SECTION 78.1955 OF THE
NEVADA REVISED STATUTES

The undersigned, Sharon L. Hollis, does hereby certify that:

1. She is the Chief Executive Officer of InnovaQor, Inc., a Nevada corporation (the "Corporation").
2. The Corporation is authorized to issue 25,000,000 shares of preferred stock.
3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the articles of incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 25,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of up to 25,000 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

"Alternate Consideration" shall have the meaning set forth in Section 7(c).

"Attribution Parties" shall have the meaning set forth in Section 6(d).

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 6(d).

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Florida are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Amount" means the sum of the Stated Value at issue, plus any accrued declared and unpaid dividends thereon.

"Conversion Date" shall have the meaning set forth in Section 6(a).

"Conversion Price" shall have the meaning set forth in Section 6(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Distribution" shall have the meaning set forth in Section 7(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fundamental Transaction" shall have the meaning set forth in Section 7(c).

"Holder" shall have the meaning set forth in Section 2.

"Junior Securities" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities (i) which are explicitly senior or pari passu to the Preferred Stock, or (ii) to which the Preferred Stock is explicitly junior in dividend rights or liquidation preference.

“Liquidation” shall have the meaning set forth in Section 5.

“Notice of Conversion” shall have the meaning set forth in Section 6(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Accruing Dividends” shall have the meaning set forth in Section 3.

“Preferred Stock” shall have the meaning set forth in Section 2.

“Purchase Rights” shall have the meaning set forth in Section 7(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Share Delivery Date” shall have the meaning set forth in Section 6(c).

“Stated Value” shall have the meaning set forth in Section 2.

“Subsidiary” means any direct or indirect subsidiary of the Corporation presently existing or formed or acquired after the date hereof.

“Successor Entity” shall have the meaning set forth in Section 7(c).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB, OTCQX or OTC Pink (or any successors to any of the foregoing).

“Transfer Agent” means Olde Monmouth Stock Transfer Co., the current transfer agent of the Corporation with a mailing address of 200 Memorial Parkway, Atlantic Highlands, New Jersey 07716, and any successor transfer agent of the Corporation.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series B-1 Convertible Redeemable Preferred Stock (the “Preferred Stock”) and the number of shares so designated shall be up to 25,000 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000.00 (the “Stated Value”).

Section 3. Dividends. Dividends at the rate per annum of five percent (5%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) (the "Preferred Accruing Dividends"). The Preferred Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative and non-compounding; provided, however, that such Preferred Accruing Dividends shall be payable only when, as, and if declared by the Board of Directors and the Corporation shall be under no obligation to pay such Preferred Accruing Dividends. The Corporation may elect to pay dividends in cash or Common Stock. No cash dividends shall be paid on the Common Stock unless the Preferred Accruing Dividends are paid. Except for stock dividends or distributions for which adjustments are to be made pursuant to Section 7, Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock shall have no voting rights. However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its articles of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation an amount equal to the Stated Value, plus any accrued declared and unpaid dividends thereon and any other fees or liquidated damages then due and owing thereon under this Certificate of Designation, for each share of Preferred Stock before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

(a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the first anniversary of the Original Issue Date (or prior to such date with the consent of the holders of a majority of the then outstanding shares, if any, of the Corporation's Series A-1 Supermajority Voting Preferred Stock), at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Stated Value of such share of Preferred Stock, plus any accrued declared and unpaid dividends thereon by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of

Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Upon delivery of the Notice of Conversion, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Conversion Shares with respect to which the applicable Preferred Stock is being converted, irrespective of the actual date of delivery of the Conversion Shares. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

(b) Conversion Price. The conversion price for the Preferred Stock shall equal 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date and in any event no less than the par value of the Common Stock (the "Conversion Price").

(c) Mechanics of Conversion.

(i) Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder the number of Conversion Shares being acquired upon the conversion of the Preferred Stock. In compliance with the foregoing sentence, the Corporation shall deliver the Conversion Shares required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion.

(ii) Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion. ...

(iii) Obligation Absolute. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof is absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law or agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(iv) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(v) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to receive upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(vi) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any

documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

(d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice

by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(d) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

(a) Subsequent Rights Offerings. If at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock immediately before the date of which a record is taken for such Distribution, or,

if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

(c) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder of this Preferred

Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation with the same effect as if such Successor Entity had been named as the Corporation herein.

(d) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(e) Notice to the Holders. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any

defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K or otherwise appropriately disclose such information. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Ranking. With respect to dividends or a Liquidation, the Preferred Stock shall rank (i) on parity with any class or series of preferred stock created hereafter and ranking by its terms on parity with the Preferred Stock, (ii) senior to the Common Stock, the Corporation's C-1 Convertible Redeemable Preferred Stock and any class or series of preferred stock created hereafter and ranking by its terms junior to the Preferred Stock; and (iii) junior to the Corporation's Series A-1 Supermajority Voting Preferred Stock and any other class or series of preferred stock of the Corporation created hereafter and ranking by its terms senior to the Preferred Stock.

Section 9. Redemption.

(a) Corporation Optional Redemption. At any time the Corporation shall have the right to redeem all, or any part, of the Preferred Stock then outstanding. The Preferred Stock subject to redemption pursuant to this Section 9(a) shall be redeemed by the Corporation in cash in an amount equal to the Stated Value of the shares of Preferred Stock being redeemed plus all accrued declared and unpaid dividends. The Corporation may exercise its right to require redemption under this Section 9(a) by delivering a written notice thereof to all the Holders. Each redemption notice shall be irrevocable. The notice shall (x) state the date on which the redemption shall occur, which shall not be less than five Trading Days nor more than 20 Trading Days following the delivery of the notice and (y) state the number of shares of Preferred Stock being redeemed from each Holder. To the extent convertible, a Holder may still convert any shares of Preferred Stock to be redeemed after the receipt of any redemption notice until the applicable redemption date.

(b) Mechanics of Redemption. The Corporation shall deliver the applicable redemption prices to each Holder in cash on the applicable redemption date. In the event of redemption of less than all of the Preferred Stock, the Corporation shall deliver to each Holder a new certificate representing the shares of Preferred Stock which have not been redeemed. If the Corporation does not pay the applicable redemption price to a Holder, such Holder, at its option, may deliver notice to the Corporation that the redemption of its shares for which it has not been paid shall be null and void.

Section 10. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address of its principal executive offices, Attention: Chief Executive Officer, email address shollis@InnovaQor.com, or

such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 11. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Corporation. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section prior to 5:30 p.m. (Eastern time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (Eastern time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) **Lost or Mutilated Preferred Stock Certificate.** If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

(c) **Governing Law.** All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against the Corporation, a Holder or their respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in Palm Beach County, Florida. The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, or such courts are an improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If the Corporation or any Holder shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party

in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment or other obligation shall be made or performed on the next succeeding Business Day.

(g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(h) Status of Converted or Redeemed Preferred Stock. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series B-1 Convertible Redeemable Preferred Stock.

RESOLVED, FURTHER, that the Chief Executive Officer, the president, any vice-president, the secretary or any assistant secretary of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Nevada law.

[Signature on Following Page]

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 9th day of November, 2021.

/s/ Sharon L. Hollis
Name: Sharon L. Hollis
Title: Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

(To be executed by the Registered Holder in order to convert shares of Preferred Stock)

The undersigned hereby elects to convert the number of shares of Series B-1 Convertible Redeemable Preferred Stock indicated below into shares of common stock, par value \$0.0001 per share (the "Common Stock"), of InnovaQor, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Amount of accrued declared and unpaid dividends: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____

or

DWAC Instructions:

Broker no: _____

Account no: _____

[HOLDER]

By:

Name: _____

Title: _____



BARBARA K. CEGAVSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov

| | |
|--|------------------------------------|
| Filed in the Office of <i>Barbara K. Cegavske</i> | Business Number C21972-1999 |
| Secretary of State State Of Nevada | Filing Number 20211897934 |
| | Filed On 11/16/2021 10:52:00 AM |
| | Number of Pages 16 |

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

Certificate of Designation

Certificate of Amendment to Designation - Before Issuance of Class or Series

Certificate of Amendment to Designation - After Issuance of Class or Series

Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

| | |
|---|---|
| 1. Entity information: | Name of entity: <u>InnovaQor, Inc.</u> Entity or Nevada Business Identification Number (NVID): <u>C21972-1999</u> |
| 2. Effective date and time: | For Certificate of Designation or Amendment to Designation Only Date: _____ Time: _____ (Optional) (must not be later than 90 days after the certificate is filed) |
| 3. Class or series of stock: (Certificate of Designation only) | The class or series of stock being designated within this filing: <u>Series C-1 Convertible Redeemable Preferred Stock</u> |
| 4. Information for amendment of class or series of stock: | The original class or series of stock being amended within this filing: _____ |
| 5. Amendment of class or series of stock: | <input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. <input type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation. |
| 6. Resolution: (Certificate of Designation and Amendment to Designation only) | By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* <u>Series C-1 Convertible Redeemable Preferred Stock (see attached pages)</u> |
| 7. Withdrawal: | Designation being Withdrawn: _____ Date of Designation: _____ No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * _____ |
| 8. Signature: (Required) | <input checked="" type="checkbox"/> <u>S. L. Hollis</u> _____ Date: <u>11/16/2021</u> Signature of Officer |

* Attach additional page(s) if necessary
 This form must be accompanied by appropriate fees.

INNOVAQOR, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C-1 CONVERTIBLE REDEEMABLE PREFERRED STOCK

PURSUANT TO SECTION 78.1955 OF THE
NEVADA REVISED STATUTES

The undersigned, Sharon L. Hollis, does hereby certify that:

1. She is the Chief Executive Officer of InnovaQor, Inc., a Nevada corporation (the "Corporation").
2. The Corporation is authorized to issue 25,000,000 shares of preferred stock.
3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors");

WHEREAS, the articles of incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 25,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of up to 2,000 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

"Alternate Consideration" shall have the meaning set forth in Section 7(c).

"Attribution Parties" shall have the meaning set forth in Section 6(d).

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 6(d).

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Florida are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Amount" means the sum of the Stated Value at issue, plus any accrued declared and unpaid dividends thereon.

"Conversion Date" shall have the meaning set forth in Section 6(a).

"Conversion Price" shall have the meaning set forth in Section 6(b).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Distribution" shall have the meaning set forth in Section 7(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fundamental Transaction" shall have the meaning set forth in Section 7(c).

"Holder" shall have the meaning set forth in Section 2.

"Junior Securities" means the Common Stock and all other Common Stock Equivalents of the Corporation other than those securities (i) which are explicitly senior or pari passu to the Preferred Stock, or (ii) to which the Preferred Stock is explicitly junior in dividend rights or liquidation preference.

"Liquidation" shall have the meaning set forth in Section 5.

"Notice of Conversion" shall have the meaning set forth in Section 6(a).

"Original Issue Date" means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preferred Accruing Dividends" shall have the meaning set forth in Section 3.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Purchase Rights" shall have the meaning set forth in Section 7(a).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 6(c).

"Stated Value" shall have the meaning set forth in Section 2.

"Subsidiary" means any direct or indirect subsidiary of the Corporation presently existing or formed or acquired after the date hereof.

"Successor Entity" shall have the meaning set forth in Section 7(c).

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB, OTCQX or OTC Pink (or any successors to any of the foregoing).

"Transfer Agent" means Olde Monmouth Stock Transfer Co., the current transfer agent of the Corporation with a mailing address of 200 Memorial Parkway, Atlantic Highlands, New Jersey 07716 and any successor transfer agent of the Corporation.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C-1 Convertible Redeemable Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be up to 2,000 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a "Holder" and collectively, the "Holders")). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000.00 (the "Stated Value").

Section 3. Dividends. Dividends at the rate per annum of ten percent (10%) of the Stated Value per share shall accrue on each outstanding share of Preferred Stock from and after the date of the original issuance of such share of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) (the "Preferred Accruing Dividends"). The Preferred Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative and non-compounding; provided, however, that such Preferred Accruing Dividends shall be payable only when, as, and if declared by the Board of Directors and the Corporation shall be under no obligation to pay such Preferred Accruing Dividends. The Corporation may elect to pay dividends in cash or Common Stock. No cash dividends shall be paid on the Common Stock unless the Preferred Accruing Dividends are paid. Except for stock dividends or distributions for which adjustments are to be made pursuant to Section 7, Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock shall have no voting rights. However, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its articles of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation an amount equal to the Stated Value, plus any accrued declared and unpaid dividends thereon and any other fees or liquidated damages then due and owing thereon under this Certificate of Designation, for each share of Preferred Stock before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

(a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Stated Value of such share of Preferred Stock, plus any accrued declared and unpaid dividends thereon by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"); provided that, no shares of Preferred Stock may be converted prior to the first anniversary of the Original Issue Date without the consent of the holders of a majority of the then outstanding shares,

if any, of the Corporation's Series A-1 Supermajority Voting Preferred Stock. Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Upon delivery of the Notice of Conversion, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Conversion Shares with respect to which the applicable Preferred Stock is being converted, irrespective of the actual date of delivery of the Conversion Shares. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

(b) Conversion Price. The conversion price for the Preferred Stock shall equal 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event not less than the par value of the Common Stock (the "Conversion Price").

(c) Mechanics of Conversion.

(i) Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder the number of Conversion Shares being acquired upon the conversion of the Preferred Stock. In compliance with the foregoing sentence, the Corporation shall deliver the Conversion Shares required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion.

(ii) Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

(iii) Obligation Absolute. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof is absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law or agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(iv) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock and payment of dividends on the Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(v) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to receive upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(vi) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

(d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties") would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the

Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(d) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

(a) Subsequent Rights Offerings. If at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder

had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

(c) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(c) pursuant to written agreements in form and

substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation with the same effect as if such Successor Entity had been named as the Corporation herein.

(d) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(e) Notice to the Holders. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common

Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K or otherwise appropriately disclose such information. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Ranking. With respect to dividends or a Liquidation, the Preferred Stock shall rank (i) on parity with any class or series of preferred stock created hereafter and ranking by its terms on parity with the Preferred Stock, (ii) senior to the Common Stock and any class or series of preferred stock created hereafter and ranking by its terms junior to the Preferred Stock; and (iii) junior to the Corporation's Series A-1 Supermajority Voting Preferred Stock, the Corporation's Series B-1 Convertible Redeemable Preferred Stock and any other class or series of preferred stock of the Corporation created hereafter and ranking by its terms senior to the Preferred Stock.

Section 9. Redemption.

(a) Corporation Optional Redemption. At any time the Corporation shall have the right to redeem all, or any part, of the Preferred Stock then outstanding. The Preferred Stock subject to redemption pursuant to this Section 9(a) shall be redeemed by the Corporation in cash in an amount equal to the Stated Value of the shares of Preferred Stock being redeemed plus all accrued declared and unpaid dividends. The Corporation may exercise its right to require redemption under this Section 9(a) by delivering a written notice thereof to all the Holders. Each redemption notice shall be irrevocable. The notice shall (x) state the date on which the redemption shall occur, which shall not be less than five Trading Days nor more than 20 Trading Days following the delivery of the notice and (y) state the number of shares of Preferred Stock being redeemed from each Holder. To the extent convertible, a Holder may still convert any shares of Preferred Stock to be redeemed after the receipt of any redemption notice until the applicable redemption date except as may otherwise be expressly set forth herein.

(b) Mechanics of Redemption. The Corporation shall deliver the applicable redemption prices to each Holder in cash on the applicable redemption date. In the event of redemption of less than all of the Preferred Stock, the Corporation shall deliver to each Holder a new certificate representing the shares of Preferred Stock which have not been redeemed. If the Corporation does not pay the applicable redemption price to a Holder, such Holder, at its option, may deliver notice to the Corporation that the redemption of its shares for which it has not been paid shall be null and void.

Section 10. [Intentionally Deleted].

Section 11. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address of its principal executive offices, Attention: Chief Executive Officer, email address: shollis@InnovaOor.com, or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 11. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Corporation. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section prior to 5:30 p.m. (Eastern time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (Eastern time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

(c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against the Corporation, a Holder or their respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in Palm Beach County, Florida. The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of such courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, or such courts are an improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or

proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If the Corporation or any Holder shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment or other obligation shall be made or performed on the next succeeding Business Day.

(g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(h) Status of Converted or Redeemed Preferred Stock. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series C-1 Convertible Redeemable Preferred Stock.

RESOLVED, FURTHER, that the Chief Executive Officer, the president, any vice-president, the secretary or any assistant secretary of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 15th day of November, 2021.

/s/ Sharon L. Hollis

Name: Sharon L. Hollis

Title: Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

(To be executed by the Registered Holder in order to convert shares of Preferred Stock)

The undersigned hereby elects to convert the number of shares of Series C-1 Convertible Redeemable Preferred Stock indicated below into shares of common stock, par value \$0.0001 per share (the "Common Stock"), of InnovaQor, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Amount of accrued declared and unpaid dividends: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____

or

DWAC Instructions:

Broker no: _____

Account no: _____

[HOLDER]

By:

Name: _____

Title: _____

BYLAWS
OF
INNOVAQOR, INC.

I. SHAREHOLDER'S MEETING.

.01 Annual Meetings.

The annual meeting of the shareholders of this Corporation, for the purpose of election of Directors and for such other business as may come before it shall be held at the registered office of the Corporation, or such other places, either within or without the State of Nevada, as may be designated by the notice of the meeting, on the second week in October of each and every year, at 1:00 p.m., commencing in 2000, but in case such day shall be a legal holiday, the meeting shall be held at the same hour and place on the next succeeding day not a holiday.

.02 Special Meeting.

Special meetings of the shareholders of this Corporation may be called at any time by the holders of ten percent (10%) of the voting shares of the Corporation, or by the president, or by the Board of Directors or a majority thereof. No business shall be transacted at any special meeting of shareholders except as is specified in the notice calling for said meeting. The Board of Directors may designate any place, either within or without the State of Nevada, as the place of any special meeting called by the president or the Board of Directors, and special meetings called at the request of shareholders shall be held at such place in the State of Nevada, as may be determined by the Board of Directors and placed in the notice of such meeting.

.03 Notice of Meeting.

Written notice of annual or special meetings of shareholders stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given by the secretary or persons authorized to call the meeting to each shareholder of record entitled to vote at the meeting. Such notice shall be given not less than ten (10) nor more than fifty (50) days prior to the date of the meeting, and such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his/her address as it appears on the stock transfer books of the Corporation.

.04 Waiver of Notice.

Notice of the time, place, and purpose of any meeting may be waived in writing and will be waived by any shareholder by his/her attendance thereat in person or by proxy. Any shareholder so waiving shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

.05 Quorum and Adjourned Meetings.

A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

.06 Proxies.

At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his/her duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

.07 Voting of Shares.

Except as otherwise provided in the Articles of Incorporation or in these Bylaws, every shareholder of record shall have the right at every shareholder's meeting to one (1) vote for every share standing in his/her name on the books of the Corporation, and the affirmative vote of a majority of the shares represented at a meeting and entitled to vote thereat shall be necessary for the adoption of a motion or for the determination of all questions and business which shall come before the meeting.

II. DIRECTORS.

.01 General Powers.

The business and affairs of the Corporation shall be managed by its Board of Directors.

.02 Number, Tenure and Qualifications.

The number of Directors of the Corporation shall be not less than one nor more than thirteen. Each Director shall hold office until the next annual meeting of shareholders and until his/her successor shall have been elected and qualified. Directors need not be residents of the State of Nevada or shareholders of the Corporation.

.03 Election.

The Directors shall be elected by the shareholders at their annual meeting each year; and if, for any cause the Directors shall not have been elected at an annual meeting, they may be elected at a special meeting of shareholders called for that purpose in the manner provided by these Bylaws.

.04 Vacancies.

In case of any vacancy in the Board of Directors, the remaining Director, whether constituting a quorum or not, may elect a successor to hold office for the unexpired portion of the terms of the Director whose place shall be vacant, and until his/her successor shall have been duly elected and qualified.

.05 Resignation.

Any Director may resign at any time by delivering written notice to the secretary of the Corporation.

.06 Meetings.

At any annual, special or regular meeting of the Board of Directors, any business may be transacted, and the Board may exercise all of its powers. Any such annual, special or regular meeting of the Board of Directors of the Corporation may be held outside of the State of Nevada, and any member or members of the Board of Directors of the Corporation may participate in any such meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time; the participation by such means shall constitute presence in person at such meeting.

A. Annual Meeting of Directors.

Annual meetings of the Board of Directors shall be held immediately after the annual shareholders' meeting or at such time and place as may be determined by the Directors. No notice of the annual meeting of the Board of Directors shall be necessary.

B. Special Meetings.

Special meetings of the Directors shall be called at any time and place upon the call of the president or any Director. Notice of the time and place of each special meeting shall be given by the secretary, or the persons calling the meeting, by mail, radio telegram, or by personal communication by telephone or otherwise at least one (1) day in advance of the time of meeting. The purpose of the meeting need not be given in the notice. Notice of any special meeting, may be waived in writing or by telegram (either before or after such a meeting) and will be waived by any Director in attendance at such meeting.

C. Regular Meetings of Directors.

Regular meetings of the Board of Directors shall be held at such place and on such day and hour as shall from time to time be fixed by resolution of the Board of Directors. No notice of regular meetings of the Board of Directors shall be necessary.

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.07 Quorum and Voting.

Of the Directors presently in office, half or 50% shall constitute a quorum for all purposes, but a lesser number may adjourn any meeting, and the meeting may be held as adjourned without further notice. At each meeting, of the Board at which a quorum is present, the act of a majority of the Directors present at the meeting shall be the act of the Board of Directors. The Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum. Board resolutions become effective when they have been executed and signed by a number of directors equal to the stated valid quorum or 50% of Directors presently in office.

.08 Compensation

By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

.09 Presumption of Assent

A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her dissent shall be entered into the minutes of the meeting or unless he/she shall file his/her written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

.10 Executive and Other Committees

The Board of Directors; by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the Board of Directors, but no such committee shall have the authority of the Board of Directors, in reference to amending the Articles of Incorporation, adoption a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange, or other disposition of all of substantially all the property and assets of the dissolution of the Corporation or a revocation thereof, designation of any such committee and the delegation thereto of authority shall not operate to relieve any member of the Board of Directors of any responsibility imposed by law.

.11 Chairman of Board of Directors.

The Board of Directors may, in its discretion, elect a chairman of the Board of Directors from its members; and, if a chairman has been elected he/she shall, when present, preside at all meetings of the Board of Directors and the shareholders and shall have such other powers as the Board may prescribe.

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.12 Removal.

Directors may be removed from office with or without cause by a vote of shareholders holding a majority of the shares entitled to vote at an election of Directors.

III. ACTIONS BY WRITTEN CONSENT.

Any corporate action required by the Articles of Incorporation, Bylaws, or the laws under which this Corporation is formed, to be voted upon or approved at a duly called meeting of the Directors or shareholders may be accomplished without a meeting if a written memorandum of the respective Directors or shareholders, setting forth the action so taken, shall be signed by all the Directors or shareholders, as the case may be.

IV. OFFICERS.

.01 Officers Designated.

The Officers of the Corporation shall be a president, one or more vice presidents (the number thereof to be determined by the Board of Directors), a secretary and a treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any office may be held by the same person, except that in the event that the Corporation shall have more than one director, the offices of president and secretary shall be held by different persons.

.02 Election, Qualification and Term of Office.

Each of the Officers shall be elected by the Board of Directors. None of said Officers except the president need be a Director, but a vice president who is not a Director cannot succeed to or fill the office of president. The Officers shall be elected by the Board of Directors. Except as hereinafter provide, each of said Officers shall hold office from the date of his/her election until the next annual meeting of the Board of Directors and until his/her successor shall have been duly elected and qualified.

.03 Powers and Duties.

The powers and duties of the respective corporate Officers shall be as follows:

A. President.

The president shall be the chief executive Officer of the Corporation and, subject to the direction and control of the Board of Directors, shall have general charge and supervision over its property, business, and affairs. He/she shall, unless a Chairman of the Board of Directors has been elected and is present, preside at meetings of the shareholders and the Board of Directors.

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B. Vice President.

In the absence of the president or his/her inability to act, the senior vice president shall act in his place and stead and shall have all the powers and authority of the president, except as limited by resolution of the Board of Directors.

C. Secretary.

The secretary shall:

1. Keep the minutes of the shareholder's and of the Board of Directors meetings in one or more books provided for that purpose;
2. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
3. Be custodian of the corporate records and of the seal of the Corporation and affix the seal of the Corporation to all documents as may be required;
4. Keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder;
5. Sign with the president, or a vice president, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors;
6. Have general charge of the stock transfer books of the Corporation; and,
7. In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him/her by the president or by the Board of Directors.

D. Treasurer.

Subject to the direction and control of the Board of Directors, the treasurer shall have the custody, control and disposition of the funds and securities of the Corporation and shall account for the same; and, at the expiration of his/her term of office, he/she shall turn over to his/her successor all property of the Corporation in his/her possession.

E. Assistant Secretaries and Assistant Treasurers.

The assistant secretaries, when authorized by the Board of Directors, may sign with the president or a vice president certificates for shares of the Corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The assistant treasurers shall, respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Directors.

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.04 Removal.

The Board of Directors shall have the right to remove any Officer whenever in its judgment the best interest of the Corporation will be served thereby.

.05 Vacancies.

The Board of Directors shall fill any office which becomes vacant with a successor who shall hold office for the unexpired term and until his/her successor shall have been duly elected and qualified.

.06 Salaries.

The salaries of all Officers of the Corporation shall be fixed by the Board of Directors.

V. SHARE CERTIFICATES

.01 Form and Execution of Certificates.

Certificates for shares of the Corporation shall be in such form as is consistent with the provisions of the Corporation laws of the State of Nevada. They shall be signed by the president and by the secretary, and the seal of the Corporation shall be affixed thereto. Certificates may be issued for fractional shares.

.02 Transfers.

Shares may be transferred by delivery of the certificates therefor, accompanied either by an assignment in writing on the back of the certificates or by a written power of attorney to assign and transfer the same signed by the record holder of the certificate. Except as otherwise specifically provided in these Bylaws, no shares shall be transferred on the books of the Corporation until the outstanding certificate therefor has been surrendered to the Corporation.

.03 Loss or Destruction of Certificates.

In case of loss or destruction of any certificate of shares, another may be issued in its place upon proof of such loss or destruction and upon the giving of a satisfactory bond of indemnity to the Corporation. A new certificate may be issued without requiring any bond, when in the judgment of the Board of Directors it is proper to do so.

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VI. BOOKS AND RECORDS.

.01 Books of Accounts, Minutes and Share Register.

The Corporation shall keep complete books and records of accounts and minutes of the proceedings of the Board of Directors and shareholders and shall keep at its registered office, principal place of business, or at the office of its transfer agent or registrar a share register giving the names of the shareholders in alphabetical order and showing their respective addresses and the number of shares held by each.

.02 Copies of Resolutions.

Any person dealing with the Corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or shareholders, when certified by the president or secretary.

VII. CORPORATE SEAL.

The following is an impression of the corporate seal of this Corporation:

VIII. LOANS.

Generally, no loans shall be made by the Corporation to its Officers or Directors, unless first approved by the holder of two-thirds of the voting shares, and no loans shall be made by the Corporation secured by its shares. Loans shall be permitted to be made to Officers, Directors and employees of the Corporation for moving expenses, including the cost of procuring housing. Such loans shall be limited to \$25,000.00 per individual, upon unanimous consent of the Board of Directors.

IX. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

.01 Indemnification.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a Director, Trustee, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Trustee, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action proceeding, had reasonable cause to believe that such person's conduct was unlawful.

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.02 Derivative Action

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in the Corporation's favor by reason of the fact that such person is or was a Director, Trustee, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Trustee, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) and amount paid in settlement actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to amounts paid in settlement, the settlement of the suit or action was in the best interests of the Corporation; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of such person's duty to the Corporation unless and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper. The termination of any action or suit by judgment or settlement shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation.

.03 Successful Defense.

To the extent that a Director, Trustee, Officer, employee or Agent of the Corporation has been successful on the merits or otherwise, in whole or in part in defense of any action, suit or proceeding referred to in Paragraphs .01 and .02 above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

.04 Authorization.

Any indemnification under Paragraphs .01 and .02 above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, Trustee, Officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Paragraphs .01 and .02 above. Such determination shall be made (a) by the Board of Directors of the Corporation by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, by a majority vote of the Directors who were not parties to such action, suit or proceeding, or (c) by independent legal counsel (selected by one or more of the Directors, whether or not a quorum and whether or

not disinterested in a written opinion, or (d) by the Shareholders. Anyone making such a determination under this Paragraph .04 may determine that a person has met the standards therein set forth as to some claims, issues or matters but not as to others, and may reasonably prorate amounts to be paid as indemnification.

.05 Advances.

Expenses incurred in defending civil or criminal action, suit or proceeding shall be paid by the Corporation, at any time or from time to time in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Paragraph .04 above upon receipt of an undertaking by or on behalf of the Director, Trustee, Officer, employee or agent to repay such amount unless it shall ultimately be by the Corporation is authorized in this Section.

.06 Nonexclusivity.

The indemnification provided in this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, bylaw, agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Trustee, Officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

.07 Insurance.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, Trustee, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Trustee, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability assessed against such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability.

.08 "Corporation" Defined.

For purposes of this Section, references to the "Corporation" shall include, in addition to the Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had the power and authority to indemnify its Directors, Trustees, Officers, employees or agents, so that any person who is or was a Director, Trustee, Officer, employee or agent of such constituent corporation or of any entity a majority of the voting stock of which is owned by such constituent corporation or is or was serving at the request of such constituent corporation as a Director, Trustee, Officer, employee or agent of the corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section with respect to the resulting or surviving Corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

X. AMENDMENT OF BYLAWS.

.01 By the Shareholders.

These Bylaws may be amended, altered, or repealed at any regular or special meeting of the shareholders if notice of the proposed alteration or amendment is contained in the notice of the meeting.

.02 By the Board of Directors.

These Bylaws may be amended, altered, or repealed by the affirmative vote of a majority of the entire Board of Directors at any regular or special meeting of the Board.

XI. FISCAL YEAR.

The fiscal year of the Corporation shall be set by resolution of the Board of Directors.

XII. RULES OF ORDER.

The rules contained in the most recent edition of Robert's Rules or Order, Newly Revised, shall govern all meetings of shareholders and Directors where those rules are not inconsistent with the Articles of Incorporation, Bylaws, or special rules or order of the Corporation.

XIII. REIMBURSEMENT OF DISALLOWED EXPENSES.

If any salary, payment, reimbursement, employee fringe benefit, expense allowance payment, or other expense incurred by the Corporation for the benefit of an employee is disallowed in whole or in part as a deductible expense of the Corporation for Federal Income Tax purposes, the employee shall reimburse the Corporation, upon notice and demand, to the full extent of the disallowance. This legally enforceable obligation is in accordance with the provisions of Revenue Ruling 69-115, 1969-1 C.B. 50, and is for the purpose of entitling such employee to a business expense deduction for the taxable year in which the repayment is made to the Corporation. In this manner, the Corporation shall be protected from having to bear the entire burden of disallowed expense items.

| NAME | JURISDICTION OF ORGANIZATION |
|---|------------------------------|
| Health Technology Solutions, Inc. | Florida |
| ClinLab, Inc. | Florida |
| Medical Mime, Inc. | Florida |
| Advanced Molecular Services Group, Inc. | Florida |
| Genomas, Inc. | Delaware |
| CollabRx, Inc. | Delaware |