CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the three months and year ended December 31, 2021

Contents

INTRODUCTION

This Management's Discussion and Analysis (**"MD&A"**) for CloudMD Software & Services Inc. (**"CloudMD"** or the **"Company")** is dated and based on information available to management as of May 2, 2022. This MD&A is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and 2020. These documents, along with additional information about the Company, including the Annual Information Form (**"AIF")** and short form prospectuses, are available under the Company's profile on SEDAR at www.sedar.com.

The financial data contained in this report and audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") (**"IFRS"**) and are stated in Canadian dollars, unless otherwise indicated. In this MD&A, where the context so requires, references to the "Company", "CloudMD", "we", "us", "our" or similar expressions refer to CloudMD Software & Services Inc.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, **"forward-looking statements"**). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements in this MD&A include but are not limited to the following:

- the Company's goals, objectives and growth strategies;
- requirements for additional capital;
- Government regulation;
- environmental risks;
- disputes or claims;
- currency fluctuations;
- improving the patient experience, operational efficiency and overall care performance;
- the intention to be an active acquirer within the healthcare services and digital health marketplaces; and
- statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to: the actual results of current activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, failure of plant, equipment or processes to operate as anticipated, accidents, delays in obtaining Government approvals or financing, risks relating to the integration of acquisitions and to international operations, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, and those risks mentioned in the "*Risk Factors*" section of this MD&A. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

RISK FACTORS

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our actual results could differ materially from the results contemplated in this MD&A due to a number of important factors. The foregoing risks and uncertainties are not exhaustive and does not necessarily include all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

The information in this MD&A should be read carefully in conjunction with the risks and uncertainties detailed in the "*Forward-Looking Statements*" section of this MD&A, in the Company's most recently filed AIF dated April 28, 2021 and short form prospectuses dated May 28, 2020, September 15, 2020, November 2, 2020 and March 2, 2021, which are available under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks actually occur, alone or in combination, our business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Company's operating performance and financial position. These non-GAAP financial measures and ratios are provided to enhance the user's understanding of the Company's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of the Company's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters and years. Details of such non-GAAP financial measures and ratios, and how they are derived, are provided below as well as in conjunction with the discussion of the financial information reported.

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2021 and 2020.

EBITDA

EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. EBITDA referenced herein relates to earnings before interest, taxes, impairment, and depreciation and amortization. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted EBITDA referenced herein relates to earnings before interest; taxes; impairment; depreciation; amortization; share-based compensation; financing-related costs; acquisition-related and integration costs, net; litigation costs and loss provision; loss on sale of subsidiary; and change in fair value of contingent consideration. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Company. Please refer to section on Adjusted EBITDA for the reconciliation.

Gross Profit

Gross Profit is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross Profit referenced herein relates to revenues less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Gross Margin

Gross Margin is a non-GAAP financial ratio that has Gross Profit, which is a non-GAAP financial measure as a component. Gross Margin referenced herein is defined as gross profit as a percent of total revenue. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Adjusted Cash Expenses

Adjusted Cash Expenses is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted Cash Expenses referenced herein is defined as expenses before depreciation of property and equipment, amortization of intangible assets, share-based compensation, financing-related costs, acquisition-related and integration costs, and litigation costs. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Financing-Related Costs

Financing-related costs is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Financing-related costs referenced herein is defined as expenses incurred in relation to the Company's equity offerings, including its brokered private placements and short form prospectus offerings, and debt financing. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Acquisition-Related and Integration Costs

Acquisition-related and integration costs is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Acquisition-related and integration costs referenced herein is defined as expenses incurred in relation to the Company's corporate development, business acquisition and integration activities. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Litigation Costs and Loss Provision

Litigation costs and Loss Provision is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Litigation costs referenced herein is defined as expenses incurred to attend to the ongoing litigation matters as further described in Litigation and Other Contingencies section. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Working Capital and Adjusted Working Capital

Working Capital and Adjusted Working Capital are non-GAAP financial measures that do not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Working Capital, as referenced herein, is defined as current assets, less current liabilities. Adjusted Working Capital, as referenced herein, is defined as Working Capital excluding the contingent consideration that the company has the option of settling in shares. These measures do not have a comparable IFRS measure and are used to ensure that we have sufficient liquidity to meet our liabilities as they become due.

BUSINESS OVERVIEW

CloudMD is an innovator in the delivery of healthcare services for individuals using a comprehensive personalized approach to support their mental, physical, and social issues. The Company's innovation comes from our ability to engage healthcare providers with productivity tools and personalized care plans that focus on health outcomes, supported through a connected care system that can engage and empower the individual in their care plan. The Company offers care pathways using technology as an accelerator for access to care through modalities of in-person, telephonic, e-mail and virtual. The Company is building one, centralized and connected healthcare platform that addresses all points of a patient's care, with a whole-person, patient-focused approach to delivery. This, coupled with a coordinated team-based approach, will result in better access to care and improved healthcare outcomes. Our operations are aligned between three revenue-generating divisions: Enterprise Health Solutions ("EHS"), Digital Health Services ("DHS"), and Clinic Services & Pharmacies. The capabilities in these divisions have been aligned operationally to serve the needs of our customers. This enables innovation in the delivery of service, adoption of technology, and the ability to scale the organization with continued revenue growth.

The Company's EHS division provides organizations with physical and mental health navigation and treatment through employee support services. Our innovation in care delivery is focused on one centralized platform that has care pathways built for delivery of treatment to address the health and wellness of their workforce. An example of this is our proprietary industry-first mental health coaching platform that was piloted with Sun Life in 2021 and is now being rolled out and offered across plans throughout 2022. This solution is the first of its kind to provide assessment, care plans and coaching to support people on their mental health journey. This platform created high engagement and outcomes that earned us the ability to promote the service to Sun Life clients due to our predictive analytics and personalized mental health tools and resources. The EHS division's purpose is to help organizations and individuals thrive. The organization delivers healthcare services to those who are at work, unable to work and returning to work. The full spectrum of care focuses on triage and assessment, with treatment plans designed to provide the right treatment, at the right cost, with the right group benefit plan. Currently, corporations, insurers and advisors have siloed health programs that are costly and ineffective in providing a holistic care plan focused on ease of access, individual needs, and recovery. The Company offers a unique care model that uses technology to connect the individual to a comprehensive healthcare plan that covers mental, physical, and social issues. The Company believes this centralized technology-enabled platform dramatically changes the landscape where employers can now offer one solution that addresses the comprehensive healthcare needs of their workforce and eliminates the need for multiple vendors. Through several strategic, proven acquisitions, the Company believes it is now positioned as a leading provider of holistic comprehensive healthcare for enterprise clients. The combination of these solutions provides one centralized ecosystem focusing on longitudinal care while intending to increase user satisfaction, reduce healthcare costs, decrease wait times, and provide better return to work outcomes.

On January 14, 2022 the Company completed the acquisition of MindBeacon Holdings Inc. ("**MindBeacon**"). MindBeacon is a leading digital mental healthcare platform that provides a continuum of care, focusing on iCBT, which is a highly effective therapy provided through a computer or a mobile device. iCBT has become a fast-growing intervention channel compared to conventional in-person psychotherapy. MindBeacon's platform provides a cost-effective, stigma-reducing avenue to deliver mental health therapy that complements CloudMD's holistic, integrated offering. MindBeacon has established relationships across a broad spectrum of B2C and B2B distribution channels, including healthcare providers, employers and governments. MindBeacon delivers positive outcomes, with 82% of iCBT clients reporting improvements in their mental health, and 67% reporting clinically significant improvements.

The addition of MindBeacon to CloudMD is expected to be immediately synergistic for a number of key reasons:

- MindBeacon's mental health services will be integrated into CloudMD's comprehensive integrated health services offering, which will increase the reach and expand the breadth of interactive technologies and tool sets within behavioural health to support clients with longitudinal multi-dimensional care.

- Our digital health platform is expected to be one of North America's leading fully-integrated health offerings, with a clinically-validated, broad continuum of care to address mild, moderate, acute and chronic mental and physical care.

- Significant cross-selling opportunities exist in our EHS division through a combined network of 5,500 corporate clients.

- The Company will have increased scale and presence in the US through Harmony Healthcare ("Harmony") which provides a full spectrum of mental health and addiction treatment in the State of Nevada. Harmony's services include Employee Assistance Programs, individual and group therapy, medication management, substance abuse programs, crisis management and inpatient, utilization review and utilization management services. Harmony has built a strong reputation for concierge level service with its commercial, labour and trust clientele.

MindBeacon was in the investment stage of its growth cycle and was incurring substantial expenditures to support planned growth and to build out its product service offerings. Due to our previous investment in mental health services, we have a number of overlapping cost structures with MindBeacon. We have been focused on integration to ensure that we have the most efficient cost structure possible. Since the time of acquisition, we have been focused on streamlining and consolidating key operational functions across our organization including clinical operations, Finance, IT, Human Resources, Marketing and Sales and leveraging industry leading talent to drive innovation, retention and capitalize on human capital. The company has eliminated $7.5 million of annualized run-rate costs from its business since the time of acquisition closing in January 2022.

In the Company's DHS division, it offers healthcare providers with productivity technology solutions to medical clinics (including CloudMD-owned clinics) across North America and has developed proprietary technology that delivers quality healthcare through the combination of connected primary care clinics, telemedicine and an artificial intelligence-enabled patient portal. The Company currently services a combined ecosystem of over 5,700 clinicians, 1,800+ mental health practitioners, 1,600+ allied health professionals, 1,400+ doctors and nurses and covers 12 million individual lives across North America. The Company's patient-centric approach has been well received and the Company will continue to look for ways to improve healthcare access by leveraging its technology to ensure we deliver on the Company's value proposition of innovation in the delivery of healthcare.

PRODUCTS AND SERVICES

The Company categorizes its revenues under three divisions: (1) Enterprise Health Solutions; (2) Digital Health Services and (3) Clinic Services & Pharmacies.

Enterprise Health Solutions

Enterprise Health Solutions' revenue is generated through two pricing models:

- Subscription-based pricing using a price per member per month with an average contractual term of 3 years; and,
- Per-case billing model at an agreed upon rate for services that are used in disability management, occupational health, and other employer services.

The foundation of the Enterprise Health Solutions division is delivering programs that address mental, physical, and social issues experienced by employees and their family members. These programs can be available on a stand-alone basis or through a comprehensive, digitally connected platform for corporations, insurers, and advisors to better manage the health and wellness of their employees and customers.

Through several strategic acquisitions, CloudMD is now positioned as a leading provider to the employer healthcare market with our unique comprehensive ability to offer services that address the rising benefit costs of organizations. CloudMD's proprietary Integrated Health Services Platform addresses all points of a patient's care including triage, assessment and navigation which reduce healthcare costs, decrease wait times, and provide better return to work outcomes. CloudMD's team-based, whole-person approach to healthcare aims to engage patients and clients, and empower doctors and mental health practitioners, while leveraging technology to connect the entire health ecosystem and provide longitudinal care. CloudMD's capabilities include:

Mental Health Support Solutions (EFAP /Mental Health Coaching)

CloudMD's leading Mental Health Support Solutions ("**MHSS**") uses our proprietary digital platform to provide triage, assessment and case management of mental wellbeing and mental health disorders. Our nurse navigation-led solution includes personalized care plans, access to online educational resources, healthcare system navigation, and comprehensive case management to support an individual's emotional, physical, and mental wellbeing toward improved outcomes and effective return to function. Our MHSS focus is on a multi-modality support model to drive individual choice on the appropriate care pathways for their situation that includes in-person, telephonic or virtual support solutions. It is effective across the healthcare continuum and includes services that address crisis, episodic, short-term, long term, chronic and specialized services such as trauma, substance use and addictions. We are integrating the recently acquired MindBeacon iCBT capabilities into our MHSS offerings to further differentiate CloudMD as a leader in Mental Health.

Healthcare Navigation Complex Cases

The cornerstone of our Enterprise Health Solutions division is our healthcare navigators who become advocators and advisors as individuals access treatment for return to function. The nurse navigators provide knowledge and clinical expertise and utilize relationships with over 55,000 physician specialists and therapists to manage complex disability and healthcare situations. The solutions are utilized by a wide range of customers including employers, individuals, disability case managers, life and health insurers, and property and casualty insurers. Proven results include a 20% reduction in benefit and disability costs, 6-month reduction in disability duration (on average), access to treatment 220 days sooner (on average), improved employee satisfaction (reported by 75% of clients) and 420% return on investment or greater in payroll savings due to reduced illness-related absences.

Rehabilitation and Assessments

Employers, insurance companies and lawyers rely on our national integrated network of medical practitioners across Canada who perform independent medical assessments, return to work support, functional capacity evaluations, rehabilitation support, job demand analysis, etc. These services are delivered virtually, on-demand and on-site. Our network of 2,000 specialists support individuals in understanding mental and physical health issues with a focus on return to function. Through our Oncidium acquisition, we acquired a new software platform, iAssess, that enables workflow management, practitioner engagement and margin expansion in the delivery of services. This proprietary platform will be used in EHS health network management over time.

Absence Management and Occupational Health

Through the acquisition of Oncidium, CloudMD is one of Canada's leading health management companies with clients from several of Canada's Fortune 500 companies. Our services focus on reducing occupational absences by delivering solutions that improve the health and wellness of employees. Services include solutions that support absentee management, short-term and long-term disability, workers' compensation claims management, mental health assessment and evaluation services that focus on prevention, accommodation, and recovery. Our services are delivered virtually, on-demand and on-site through our network of over 1,000 healthcare professionals, assessors, and medical centers nationally.

Digital Health Services

Digital Health Services are primarily offered on a subscription or license-to-use basis. The solutions are sold to companies, insurers, clinics and pharmacies (including those owned by CloudMD) who use our technology to create connectivity, and improve the healthcare practitioner, client and user experience while creating efficiencies in administration. The products are scalable and adaptable and used within CloudMD for service delivery and offered directly to customers.

The following describes the solutions available to healthcare practitioners:

ClinicAid, Juno EMR and Benchmark Systems

CloudMD's billing and electronic medical records (**"EMR"**) solutions are offered across North America to over 500 clinics and almost 4,000 licensed practitioners. ClinicAid and Benchmark Systems offer billing solutions that increase productivity and efficiency. Our integrated EMR software solutions increase efficiencies for primary care providers, specialists and allied health professionals.

MyHealthAccess

CloudMD's patient portal enables online appointment booking and virtual care visits. The platform works with our EMR to provide healthcare providers and primary care clinics with a user-friendly application. The user experience allows patients to book appointments real time, 24/7, and message clinical staff.

The following solutions are marketed to Governments, hospitals, and organizations interested in using technology as a binary way of creating engagement and connected care through a unified platform. The solutions can be used to follow care pathways, monitor individuals, create engagement through education, and connect to specific healthcare services through a unified platform. Our EHS division uses this technology to connect individuals to healthcare solutions and in our Clinic Services and Pharmacies division we use this technology to improve the care experience.

Health and Wellness Platform

CloudMD's patented Real Time Intervention and Prevention Platform ("RTIP") allows us to solve for interoperability with speed, consistency, and security. RTIP is designed to enable an automated real time inquiry of disparate data sources across multiple domains, identify indicators and compute risk scores so that the appropriate personnel can be alerted when the risk level for at-risk individuals is above a pre-determined level signalling intervention may be required. CloudMD also licenses this software to companies who are looking to create connected platform experiences and/or are experiencing challenges uniting disparate data sources. RTIP use cases have permeated sectors beyond healthcare including Government organizations in the US that have purchased the platform on a subscription basis to provide an affordable and scalable mechanism for opioid detection and substance use services.

Education

CloudMD has an award-winning iMD platform providing peer-reviewed educational resources, that are trusted and used by healthcare professionals to provide factual, medical information that promotes positive patient behaviour in health sectors. This platform is used by our clinics and pharmacies and is integrated into CloudMD commercial offerings sold to third party payors in the EHS division. The intuitive platform provides a robust digital library and consultative visual component which is available on any digital device. The platform can be accessed by over 7.5 million patients and is currently being used by over 15,000 healthcare professionals and other users including: 4,600 doctors, 2,000 pharmacies, 280 hospitals, and 250 specialty clinics. In addition, it has partnerships with over 48 global pharmaceuticals companies, 30 digital healthcare integration providers, Health Canada and over 100 healthcare associations in North America. The robust medical library already has over 110,000 patient-friendly images, brochures and videos covering 6,000 health conditions, including the Mayo Clinic medical library.

Vision Care

VisionPros is an online vision care platform, providing contact lenses to customers across North America. VisionPros offers customers all the leading brands of contact lenses. This business has a large consumer client base and has an efficient customer acquisition strategy. Enterprise Health Solutions uses this technology to support insurers and organizations in the delivery of contact lenses for employees.

Clinic Services & Pharmacies

CloudMD operates a series of hybrid medical and rehabilitation clinics located in British Columbia and Ontario, which include telemedicine services. The Company is focused on providing healthcare services, within the context of publicly accessible healthcare services that are reimbursed by the applicable health authorities. To the extent there are services rendered by the Company that are not eligible for reimbursement, such services are charged directly to patients and/or third parties.

Medical Clinics

CloudMD operates a network of inter-connected, high-tech medical clinics in British Columbia and Ontario. The medical clinics provide full-service family practice and patient care on-site, and also provide telemedicine service. CloudMD's clinic network includes over 100 medical practitioners and services over 500,000 patients directly.

Pharmacies / CloudMD on Demand

CloudMD operates two pharmacies based in the Greater Vancouver Region in British Columbia. The pharmacies' primary source of revenue is the retailing of prescription drugs, over-the-counter drugs, and other front-of-store items. In addition to product retailing, the pharmacies provide clinical services such as medication reviews and compounding.

We have partnered with pharmacy chains in specific geographical regions in Canada to provide on-demand virtual care kiosks in pharmacy consultation rooms which allows customers to see a licensed doctor for prescription refills and to diagnose non-emergency conditions, such as colds and flu, skin conditions, urinary tract infection, dizziness, fever and headache. The Company also offers on-demand telemedicine links through CloudMD on Demand which can be white-labeled into any website or e-commerce platform providing direct access to a doctor.

Patient Support Programs

CloudMD offers patient support programs that provide navigation and support for holistic disease management and clinical treatment outcomes for complex health issues. Our pharmaceutical logistic services include drug distribution, patient navigation assistance, a preferred pharmacy network of over 500 pharmacies and real-time universal disease management software. In the second quarter of 2021, the Company acquired the Rxi Group of Companies, obtaining the capability to offer patient support programs for those with specialty high-cost drugs. Using technology, we can create engagement, monitor a patient, and distribute drugs through a seamless experience.

COMPANY HIGHLIGHTS

The Company has the following highlights since the start of the fourth quarter of 2021:

- On November 9, 20221, the Company announced the election of Duncan Hannay and Karen Adams to the Board of Directors of CloudMD.

- On November 29, 2021, the Company announced a partnership with Sun Life to expand Mental Health Coach to all Group Benefit Clients. Select Sun Life Group Benefits Clients will be able to access the Mental Health Coach service as part of their integrated benefits offering. The service will be rolled out and offered across plans throughout 2022.

- On December 6, 2021, the Company graduated to the OTCQX, an over-the-counter market, and began trading under the symbol DOCRF.

- On January 14, 2022, the Company announced the closing of the MindBeacon acquisition creating one of North America's most comprehensive integrated health offerings.

- On March 3, 2022, the Company announced its new Public Sector division. Operating within EHS, this division will focus on the investments being made in navigation of healthcare, an important part of our organic growth strategy across North America. In addition, this division will manage recently acquired customer contracts awarded from various state, local, and public sector organizations across North America.

- On March 31, 2022, the Company announced its cost optimization and operational integration activities. In a desire to simplify operations and improve execution, the Company eliminated $7.5 million of annualized run-rate costs from its business. This is aligned with the Company's focus on driving sustainable profitability.

- In Q1 2022, CloudMD announced Daniel Lee resigned as CFO and Sean Carr was appointed as Interim CFO. Subsequently, the Company announced Dr. Essam Hamza was resigning effective May 2, 2022, and Karen Adams would be appointed interim CEO. The Board has initiated a process to identify the permanent CEO and CFO.

- On May 2, 2022, the Company announced that Gaston Tano had been appointed to the Board of Directors.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Selected Financial Information	Three months ended December 31, 2021 (unaudited)	Three months ended December 31, 2020 (unaudited)	Year ended December 31, 2021 (audited)	Year ended December 31, 2020 (audited)
Revenue	$ 38,735	$ 5,811	$ 102,331	$ 15,016
Cost of sales	27,130	3,464	68,282	9,256
Gross profit [1]	$ 11,605	$ 2,347	$ 34,049	$ 5,760
Gross profit %	*30.0%*	*40.4%*	*33.3%*	*38.4%*
Indirect Expenses				
Sales and marketing	2,072	1,119	7,525	3,404
Research and development	34	690	2,955	1,844
General and administrative	9,023	2,337	24,930	5,797
Share-based compensation	647	2,134	5,223	3,642
Depreciation and amortization	4,710	533	7,311	1,206
Financing-related costs [1]	(12)	573	859	1,078
Acquisition related and integration costs [1]	3,438	783	8,912	1,227
Loss before undernoted	$ (8,307)	$ (5,822)	$ (23,666)	$ (12,438)
Other income	84	129	444	345
Change in fair value of contingent consideration	505	140	1,471	(108)
Contingent liability expense	-	(950)	-	(1,350)
Finance costs	(115)	(66)	(1,089)	(256)
Impairment	(6,878)	-	(6,878)	-
Loss on sale of subsidiary	(451)	-	(451)	-
Deferred tax expense	1,086	1,628	784	371
Income taxes expense	(1,055)	(104)	(1,353)	(123)
Net Loss	$ (15,131)	$ (5,045)	$ (30,738)	$ (13,559)
Exchange differences on translation of foreign operations	37	(2)	(35)	(192)
Non-controlling interest	27	(10)	12	(10)
Net comprehensive loss attributable to equity holders of the Company	$ (15,067)	$ (5,057)	$ (30,761)	$ (13,761)
Add:				
Depreciation and amortization	4,710	533	7,311	1,206
Finance costs	115	66	1,089	256
Impairment	6,878	-	6,878	-
Deferred tax expense	(1,086)	(1,628)	(784)	(371)
Income taxes expense	1,055	104	1,353	123
EBITDA [1]	$ (3,395)	$ (5,982)	$ (14,914)	$ (12,547)
Share-based compensation	647	2,134	5,223	3,642
Financing-related costs	(12)	573	859	1,078
Acquisition related and integration costs [1]	3,438	783	8,912	1,227
Litigation costs and loss provision [1]	-	1,115	83	1,582
Change in fair value of contingent consideration	(505)	(140)	(1,471)	108
Loss from sale of subsidiary	451	-	451	-
Adjusted EBITDA [1]	$ 624	$ (1,517)	$ (857)	$ (4,910)
Loss per share, basic and diluted	(0.06)	(0.04)	(0.15)	(0.12)

[1] *Non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.*

Revenue

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The following table provides a summary of our revenues by category:

Revenue	Three months ended December 31, 2021 (unaudited)	Three months ended December 31, 2020 (unaudited)	Variance ($)	Variance (%)	Year ended December 31, 2021 (audited)	Year ended December 31, 2020 (audited)	Variance ($)	Variance (%)
Clinics & pharmacies	$ 9,992	$ 3,452	$ 6,540	189%	$ 29,920	$ 11,224	$ 18,696	167%
Digital health solutions	10,171	1,770	8,401	475%	26,642	3,203	23,439	732%
Enterprise health solutions	18,572	589	17,983	3053%	45,769	589	45,180	7671%
Total revenue	**$ 38,735**	**$ 5,811**	**$ 32,924**	**567%**	**$ 102,331**	**$ 15,016**	**$ 87,315**	**581%**

Revenue for the three months and year ended December 31, 2021, increased by $32,924 or 567% and $87,315 or 581%, over the prior year comparable periods, respectively. The increase in revenue was primarily attributable to the Company's eight acquisitions completed in the last twelve months.

EHS revenues increased to $18,572 and $45,769 for the three months and year ended December 31, 2021, respectively, in part due to acquisitions completed in 2021. We continue to deliver excellent end-user experiences for our stakeholders which is driving successful customer acquisitions. We are winning new customers on the strength of our integrated and comprehensive product offering that includes a full continuum of service offerings to treat the mental and physical health of an employer population. New contract wins have been across diverse sectors including major public and private sector companies. We are active in our cross-sell efforts to provide integrated offerings to new and existing customers and are expecting to see increased launches as we progress through 2022. We have a strong roster of long-tenured blue-chip clients that are using one of our capabilities and there is a great opportunity to move towards a full care model where we are addressing physical and mental health from mild to acute to chronic. Finally, there is a growing recognition of the need for government support to address the mental health crisis in North America. Through our established Public Sector Division, CloudMD is well positioned to service these contracts. Our public sector division is focused on this unique client base and has recently won contracts for our Mental Health Solutions from major colleges and universities in both Ontario and the Atlantic Region. Along with mental health support this team is driving new contract wins for our employee and family assistance programs from various townships and municipalities across Canada.

DHS revenues increased to $10,171 and $26,642 for the three months and year ended December 31, 2021, respectively, in part due to acquisitions. In addition to growth from business acquisitions, DHS revenues for the three months ended December 31, 2021, grew over the same prior year period due to new product features and enhancements made available on the Company's digital platforms and the timing of contract revenue in the IDYA4 business which tends to be higher in the fourth quarter of the year. In 2021 we received a patent for our proprietary RTIP platform, which is the backbone of our comprehensive health ecosystem. We continue to see success with this service and have recently won several new contracts with US governments. Finally, we saw a slight downturn in our VisionPros revenues during the fourth quarter.

Clinic Services & Pharmacies revenues increased to $9,992 and $29,920 for the three months and year ended December 31, 2021, respectively, primarily due to acquisitions. Acquisition growth came from the acquisition of a patient support program business which was completed in the second quarter of 2021. The increased virtual visits through the CloudMD app in British Columbia and Ontario, were offset by a decrease in revenues from the Company's regional pharmacies.

The following table provides a summary of our revenues by territory:

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Revenue	Three months ended December 31, 2021 (unaudited)	Three months ended December 31, 2020 (unaudited)	Variance ($)	Variance (%)	Year ended December 31, 2021 (audited)	Year ended December 31, 2020 (audited)	Variance ($)	Variance (%)
Canada	$ 26,269	$ 4,639	$ 21,630	466%	$ 82,440	$ 13,844	$ 68,596	495%
United States	12,466	1,172	11,294	964%	19,891	1,172	18,719	1597%
Total revenue	**$ 38,735**	**$ 5,811**	**$ 32,924**	**567%**	**$ 102,331**	**$ 15,016**	**$ 87,315**	**581%**

Revenues earned in Canada for the three months and year ended December 31, 2021, increased by $21,630 or 466% and $68,596 or 495% over the prior comparable periods, respectively. Revenues earned in United States for the three months and year ended December 31, 2021, represented 32% and 19% of total revenues, respectively. The increase is attributable to the acquisition of US businesses, including the Company's online eyewear platform, where the majority of revenues are earned in the United States. The Company expects the proportion of revenues earned in the United States to increase due to its US expansion efforts, the acquisition of MindBeacon, which includes a US-based behavioural health business, and the resumption of US sales in VisionPros.

Gross Profit

Gross profit for the three months and year ended December 31, 2021, increased by $9,259 or 395% and $28,289 or 491% over the prior year comparable periods, respectively, as a result of the increase in total revenue, primarily attributable to business acquisitions and organic growth.

The gross profit margin was 30.0% and 33.3% for the three months and year ended December 31, 2021, as compared to 40.4% and 38.4% for the same year-ago periods, respectively. The decrease in overall gross profit percentage for the three months ended December 31, 2021, was primarily due to revenue mix in the periods. The Company's online vision care platform and patient support programs are lower-margin businesses and were not in the comparative period. The fourth quarter had slightly lower gross margins in part due to a seasonal slow-down experienced during the last two weeks of the year and some temporary revenue shifts to lower margin contracts in the fourth quarter. The Company expects its gross profit margin to increase over the course of 2022 with the ongoing efforts to integrate its acquisitions and increase its operational efficiency.

Expenses

Expenses	Three months ended December 31, 2021 (unaudited)	Three months ended December 31, 2020 (unaudited)	Variance ($)	Variance (%)	Year ended December 31, 2021 (audited)	Year ended December 31, 2020 (audited)	Variance ($)	Variance (%)
Expenses, as reported	$ 19,912	$ 8,168	$ 11,744	144%	$ 57,715	$ 18,198	$ 39,517	217%
Non-cash expenses:								
Share-based compensation	(647)	(2,134)	1,487	(70%)	(5,223)	(3,642)	(1,581)	43%
Depreciation and amortization	(4,710)	(707)	(4,003)	566%	(7,311)	(1,204)	(6,107)	507%
Cash expenses	14,555	5,327	9,228	173%	45,181	13,352	31,829	238%
Non-operating expenses:								
Financing-related costs (1)	12	(573)	585	(102%)	(859)	(1,078)	219	(20%)
Acquisition-related and integration costs (1)	(3,438)	(783)	(2,655)	339%	(8,912)	(1,227)	(7,685)	626%
Litigation costs (1)	-	(1,115)	1,115	(100%)	(83)	(1,582)	1,499	(95%)
Adjusted cash expenses (1)	**$ 11,129**	**$ 2,856**	**$ 8,273**	**290%**	**$ 35,327**	**$ 9,465**	**$ 25,862**	**273%**

(1) Financing-Related Costs, Acquisition-Related and Integration Costs, Litigation Costs and Adjusted Cash Expenses are non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

Total expenses for the three months and year ended December 31, 2021, increased by $11,744 or 144% and $39,517 or 217% over the prior comparable periods, respectively.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The Company defines Adjusted Cash Expenses as expenses excluding non-cash expenses and non-operating expenses. Adjusted cash expenses for the three months and year ended December 31, 2021, increased by $8,273 or 290% and $25,862 or 273% over the prior comparable periods, respectively. The increase for the quarter was primarily due to the Company's acquisitions in the past twelve months, in-line with higher revenues, and higher staffing costs due to an expanded workforce to support the Company's growth strategy. As a percentage of revenue, Adjusted Cash Expenses were 29%in Q4, 2021 compared to 49% in Q4, 2020, due to strong cost control by the Company and improved operating leverage.

	Three months ended				Year ended			
Operational Expenses	December 31,		Variance		December 31,		Variance	
	2021	2020	($)	(%)	2021	2020	($)	(%)
	(unaudited)	(unaudited)			(audited)	(audited)		
Sales and marketing	$ 2,072	1,119	$ 953	85%	$ 7,525	$ 3,404	$ 4,121	121%
Research and development	34	690	(656)	(95%)	2,955	1,844	1,111	60%
General and administrative	9,023	2,337	6,686	286%	24,930	5,797	19,133	330%
Operational expenses	**$ 11,129**	**$ 4,146**	**$ 6,983**	**168%**	**$ 35,410**	**$ 11,045**	**$ 24,365**	**221%**

Sales and Marketing

Sales and marketing expenses for the three months and year ended December 31, 2021, increased by $953 or 85% and $4,121 or 121% over the prior comparable periods, respectively. The increase is attributable to additional expenses assumed from businesses acquired in the last twelve months. In the period, we focused our sales and marketing activities on sales resources, marketing collateral, website design and multiproduct sales to penetrate the market and sell additional solutions to existing customers. With our acquisitions, we continue to reduce our customer acquisition costs as a percentage of revenue as we realize greater economies of scale in our sales and marketing shared services infrastructure.

Research and Development

Research and development expenses for the three months and year ended December 31, 2021, decreased by $656 or 95% and increased by $1,111 or 60% over the prior comparable periods, respectively. The decrease is primarily attributable to a catch-up of capital credits in the fourth quarter. In the period, we focused our research and development on new product development activities, including our Integrated Health Services Platform that we expect to launch in 2022.

General and Administrative

General and administrative expenses for the three months and year ended December 31, 2021, increased by $6,686 or 286% and $19,133 or 330% over the prior comparable periods, respectively. This increase is primarily attributable to additional expenses from businesses acquired in the last twelve months; additional staffing costs to support the Company's rapid expansion; higher professional fees; and investments in data privacy and security.

Share-based Compensation

Shared-based compensation expenses for the three months and year ended December 31, 2021, decreased by $1,487 or 70% and increased by $1,581 or 43% over the prior comparable periods, respectively. The decrease is primarily attributable to additional grants in 2020, under the Company's long term incentive plan in-line with the growth of the Company.

Depreciation and Amortization

Depreciation and amortization expenses for the three months and year ended December 31, 2021, increased by $4,178 or 785% and $6,107 or 507% over the prior comparable periods, respectively. The increase is primarily attributable to increased depreciation and amortization, in-line with the growth in our fixed and intangible assets from acquisitions.

Financing-Related Costs

Financing-related costs for the three months ended December 31, 2021 were a credit of $12 and financing-related costs for the year ended December 31, 2021 were $859, which include expenses incurred in relation to the debt financing for the Oncidium transaction that closed in in June 2021 and a short form prospectus offering, on a bought-deal basis, completed in March 2021.

Eligible costs that were directly attributable to the debt financing have been recorded as a reduction in long-term debt on the statement of financial position.

Acquisition-Related and Integration Costs

Acquisition-related and integration costs for the three months ended December 31, 2021 were $3,438 and for the year ended December 31, 2021 were $8,912. Acquisition-related and integration costs include expenses incurred in relation to the Company's corporate development, including fees for legal, accounting and financial advisory and costs of integration which includes severance. The Company has completed eight acquisitions in the last twelve months and completed seven in 2020.

Other Income

Other income for the three months and year ended December 31, 2021, decreased by $45 or 35% and increased by $99 or 29% over the prior comparable periods, respectively. The decrease is primarily attributable to lower interest on cash and cash equivalents.

Change in fair value of contingent consideration

Change in fair value of contingent consideration for the three months and year ended December 31, 2021, increased by $365 or 261% and $1,579 or 1462% over the prior comparable periods, respectively. Contingent consideration is comprised of earn-out payments due to sellers of acquired entities for meeting certain EBITDA or revenue conditions over a period of up to 3 years following the date of the acquisition. The change during the period is related to changes in the underlying assumptions impacting the valuation of the liability, including future cash flows of the acquired businesses, volatility rates and with respect to the selection of the discount rates.

Finance costs

Finance costs for the three months and year ended December 31, 2021, increased by $49 or 74% and $833 or 325% over the prior comparable periods, respectively. The increase is primarily attributable to the increase in long-term debt during the periods used to fund acquisitions completed during the year.

Impairment

Impairment charges for the three months and year ended December 31, 2021, increased by $6,878 over the prior year comparable periods, respectively. During 2021, the Company completed a significant number of acquisitions and has recorded goodwill and other intangible assets on its balance sheet. As part of the Company's annual impairment review, there was a goodwill write-down required for Healthvue of $3,952 as the forecasts did not support the carrying value of the assets, Livecare Health of $2,736 as it was decided that operations would be wound down in fiscal 2022, and Coast Medical of $191k due to closure of the clinic at year end.

Loss on sale of subsidiary

Loss on sale of subsidiary for the three months and year ended December 31, 2021, increased by $451 over the prior comparable periods, respectively. The increase is attributable to the disposition of Premier Podiatry.

Income taxes expense

Income taxes expense for the three months and year ended December 31, 2021, increased by $951 or 914% and $1,230 or 1,000% over the prior comparable periods, respectively. The increase is primarily attributable to additional businesses acquired in the last twelve months.

Net Comprehensive Loss Attributable to Equity Holders of the Company

Total net comprehensive loss attributable to equity holders of the Company for the three months and year ended December 31, 2021 was $15,067 and $30,8761 compared to $5,056 and $13,761 for the same year-ago periods, respectively. The increase in net comprehensive loss attributable to equity holders of the Company was primarily due to additional expenses incurred to support the Company's growth strategy.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

EBITDA and Adjusted EBITDA

EBITDA for the three months and year ended December 31, 2021, was a loss of $3,395 and $14,914 compared to a loss of $5,982 and $12,549 for the same periods in the prior year, respectively.

Adjusted EBITDA for the three months and year ended December 31, 2021, was a gain of $624 and a loss of $857, compared to a loss of $1,517 and $4,910 for the same year-ago periods, respectively.

The following table provides a reconciliation of net loss for the periods to EBITDA and Adjusted EBITDA for the three months and year ended December 31, 2021 and 2020:

	Three months ended				Year ended			
	December 31,		Variance		December 31,		Variance	
	2021 (unaudited)	2020 (unaudited)	($)	(%)	2021 (audited)	2020 (audited)	($)	(%)
Net comprehensive loss, attributable to equity holders of the Company	**$ (15,067)**	**$ (5,057)**	**$ (10,010)**	**198%**	**$ (30,761)**	**$ (13,761)**	**$ (17,000)**	**124%**
Add:								
Interest and accretion expense	115	66	49	74%	1,089	256	833	325%
Income taxes	1,055	104	951	914%	1,353	123	1,230	1000%
Deferrred tax expense	(1,086)	(1,628)	542	(33%)	(784)	(371)	(413)	111%
Impairment	6,878	-	6,878	100%	6,878	-	6,878	100%
Depreciation and amortization	4,710	533	4,177	784%	7,311	1,206	6,105	506%
EBITDA(1) for the period	**(3,395)**	**(5,982)**	**2,587**	**(43%)**	**(14,914)**	**(12,547)**	**(2,367)**	**19%**
Share-based compensation	647	2,134	(1,487)	(70%)	5,223	3,642	1,581	43%
Financing-related costs	(12)	573	(585)	(102%)	859	1,078	(219)	(20%)
Acquisition-related and integration costs, net	3,438	783	2,655	339%	8,912	1,227	7,685	626%
Litigation costs and loss provision	-	1,115	(1,115)	(100%)	83	1,582	(1,499)	(95%)
Change in fair value of contingent consideration	(505)	(140)	(365)	261%	(1,471)	108	(1,579)	(1462%)
Loss on sale of subsidiary	451	-	451	0%	451	-	451	0%
Adjusted EBITDA(1) for the period	**$ 624**	**$ (1,517)**	**$ 2,141**	**(141%)**	**$ (857)**	**$ (4,910)**	**$ 4,053**	**(83%)**

(1) EBITDA, Adjusted EBITDA, Financing-related costs, Acquisition related and integration costs, litigation costs and loss provision are non-GAAP measures as described in the Non-GAAP Financial Measures section of this MD&A.

SUMMARY OF QUARTERLY RESULTS

The following tables provides a summary of the Company's financial results for the eight most recently completed quarters:

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

	Q4 2021 (unaudited)	Q3 2021 (unaudited)	Q2 2021 (unaudited)	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q3 2020 [(1)] (unaudited)	Q2 2020 [(1)] (unaudited)	Q1 2020 [(1)] (unaudited)
Revenue	$ 38,735	$ 39,162	$ 15,659	$ 8,775	$ 5,810	$ 3,359	$ 2,790	$ 3,057
Gross profit	$ 11,605	$ 13,296	$ 5,557	$ 3,591	$ 2,346	$ 1,259	$ 1,031	$ 1,124
Gross profit %	30.0%	34.0%	35.5%	40.9%	40.4%	37.5%	37.0%	36.8%
Net comprehensive loss, attributable to equity holders of the Company	$ (15,067)	$ (4,237)	$ (6,150)	$ (5,307)	$ (5,224)	$ (2,724)	$ (2,768)	$ (1,623)
Adjusted EBITDA	$ 624	$ 807	$ (720)	$ (1,568)	$ (1,516)	$ (1,271)	$ (1,293)	$ (830)
EPS, basic and diluted	$ (0.06)	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.04)	$ (0.02)	$ (0.03)	$ (0.02)
Cash and cash equivalents	$ 45,082	$ 53,685	$ 60,880	$ 99,220	$ 59,714	$ 33,950	$ 13,787	$ 2,760

(1) Gross profit for the periods Q4 2020 and Q3 2020 have been retrospectively updated for the reclassification of certain expenses within its Statement of Net Loss and Comprehensive Loss.

The growth in the Company's quarterly revenue is attributable to business acquisitions and organic growth. In the past eight quarters, the Company completed 15 acquisitions.

The demand for services within our clinics and pharmacies, and certain services within the EHS division that employ a per-case billing model is subject to seasonal fluctuations. This is attributable to lower patient and consumer visits and engagement in the summer months and around the holiday season at the end of the year.

In each quarter from Q1 2020 to Q1 2021, the Company raised gross proceeds from the issuance of common shares.

OUTLOOK

The Company is focused on creating innovation in the delivery of healthcare services, by leveraging technology to improve access to care, leading to better health outcomes. Through its team-based, patient-centric approach, CloudMD provides a connected platform for patients, healthcare practitioners, and enterprise clients to address whole-person, coordinated care. The Company has a multi-pronged growth strategy which focuses on organic growth, accretive mergers and acquisitions and leveraging our assets across all our divisions.

The Company plans to drive shareholder value through the following priorities including (1) Integrating acquisitions to generate financial and operational synergies; (2) Driving continuous improvement across the organization to improve productivity, product quality and consistency, and lower customer acquisition costs; (3) Generating organic growth in EHS and DHS divisions; and (4) Evolving and growing the Board with an emphasis on governance and financial acumen to support the Company's growth.

In the EHS division, the Company is focused on generating organic growth through new employer contracts for its Mental Health Solutions Services, EAP, Occupational Health, medical management and assessment services, disability management and through the rollout of the connected platform that integrates all employer health solutions into one integrated product. The Company is focused on generating new contracts through cross-selling various services across existing clients and wining new employer contracts through a mix of RFPs and traditional enterprise sales cycles.

In the DHS division, the Company is focused on expanding the use cases and the customer base for the Company's patented Real-Time Intervention Platform. RTIP is utilized by high-quality clients such as U.S. Department of Justice and U.S. Department of Health and Human Services to support automated real time inquiry of disparate data sources across multiple domains to identify indicators and compute risk to enable real time alerts and support intervention if required. Given CloudMD's experience working with Canadian governments and NGOs there is an opportunity to grow RTIP's client base in Canada. In addition to expanding RTIP, the Company is focused on expanding VisionPros revenues. We are pleased to confirm that we have secured contracts with the major suppliers of VisionPros (please refer to the discussion under the *Subsequent Events* section below). We will be once again selling VisionPros into the United States in the second quarter of 2022, however we do expect an impact on our first and second quarter 2022 DHS revenues.

The Company is focused on expanding its unique, proprietary, product offering into the United States and globally through its EHS and DHS divisions. The Company already has close to 30% of its revenue generated from the United States and it expects this percentage to grow by capitalizing on the cross-selling opportunities from its existing client base and the new clients from the acquisition of MindBeacon, which includes Harmony Healthcare. Harmony provides a full spectrum of mental health and addiction treatment, including Employee Assistance Programs (EAP), in the state of Nevada.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The Company has a strong balance sheet enabling the continued deployment of capital towards a robust pipeline of accretive, synergistic acquisitions. The Company's acquisition strategy is centered on acquiring products, capabilities, clinical specialties, and technologies that are highly scalable and rapidly growing. The Company is actively seeking potential tuck-in acquisition targets that are complementary to its business and digital healthcare strategy. To determine such targets, the Company performs comprehensive due diligence procedures with a focus on financial performance, personnel, and compliance.

The Company believes it can generate significant synergies in 2022 as it integrates various acquisitions from the past year. Along with synergies and cost control the Company sees room for operating leverage as it generates organic growth over the year.

FINANCIAL POSITION

	As at December 31, 2021	As at December 31, 2020	Variance
Cash and cash equivalents	$ 45,082	$ 59,714	$ (14,632)
Trade and other receivables	24,718	2,180	22,538
Inventory	3,424	728	2,696
Prepaid expenses, deposits and other	2,427	758	1,669
Net investment in sublease	20	154	(134)
Current assets	**75,671**	**63,534**	**12,137**
Accounts payable and accrued liabilities	31,687	4,433	27,254
Deferred revenue	1,311	831	480
Contingent consideration	11,807	136	11,671
Contingent liability	1,350	1,350	-
Current portion of lease liabilities	1,973	1,170	803
Current portion of long-term debt	2,438	609	1,829
Current liabilities	**50,566**	**8,529**	**42,037**
Working capital [(1)]	**$ 25,105**	**$ 55,005**	**$ (29,900)**
Contingent consideration settled in shares	7,627	-	7,627
Adjusted working capital	**$ 32,732**	**$ 55,005**	**$ (22,273)**

(1) Working Capital and Adjusted Working Capital are a non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

(2) Adjustment for settlement of the Oncidium contingent consideration, assuming it is settled in shares. Cloud MD has the option to settle the contingent consideration, in shares at $2.30 per share, or cash.

For the year ended December 31, 2021, working capital decreased to $25,105 compared to $55,005 at the beginning of the period. The decrease is primarily due to completing eight acquisitions in 2021, which reduced the Company's cash position and increased its contingent consideration. In March 2021, the Company completed a short form prospectus offering, on a bought deal basis, resulting in gross proceeds of $58,212 to fund acquisitions.

Other than cash, net investment in sublease, and contingent liability, all other current assets and current liabilities increased primarily due to assets obtained and liabilities assumed related to the acquisitions completed in the year ended December 31, 2021.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

For the year ended December 31, 2021, adjusted working capital decreased to $32,732 compared to $55,005 at the beginning of the period. A significant majority of the contingent consideration owing relates to the Oncidium acquisition completed in the second quarter of 2021. The contingent consideration can be settled, at the Company's discretion, using cash or common shares issuable at $2.30. If the Company elects to settle the liability in shares at $2.30, this would have an increase of $7,627 in the Company's working capital.

Contingent liability relates to the ongoing litigation matters as further described in the Litigation and Other Contingencies section.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended			Year ended		
	December 31, 2021 (unaudited)	December 31, 2020 (unaudited)	Variance	December 31, 2021 (audited)	December 31, 2020 (audited)	Variance
Cash provided by / (used in):						
Net cash used in operating activities	$ (11,164)	$ (3,226)	$ (7,938)	$ (21,862)	$ (8,355)	$ (13,507)
Net cash used in investing activities	3,728	(9,995)	13,723	(69,908)	(9,699)	(60,209)
Net cash (used in)/provided by financing activities	(1,307)	38,985	(40,292)	77,068	76,072	996
(Decrease) increase in cash and cash equivalents	(8,743)	25,764	(34,507)	(14,702)	58,018	(72,720)
Cash and cash equivalents, beginning of period	53,685	33,950	19,735	59,714	1,696	58,018
Effect of foreign exchange on cash and cash equivalents	140	-	140	70	-	70
Cash and cash equivalents, end of period	**$ 45,082**	**$ 59,714**	**$ (14,632)**	**$ 45,082**	**$ 59,714**	**$ (14,632)**

The Company had cash and cash equivalents of $45,082 at December 31, 2021 compared to $59,714 at December 31, 2020. During the three months ended December 31, 2021, the Company had cash outflows from operations of $11,164 compared to cash outflows of $3,226 in the same year-ago period. The increase in cash used in operating activities was primarily due to expenditures incurred in connection with acquisitions, and ongoing litigation costs.

Cash earned in investing activities during the three months ended December 31, 2021, was $3,728 compared to cash used of $9,995 in cash used for the same period in the prior year. The variance in cash provided was due to adjustments related to acquisitions in 2021.

Cash used in financing activities during the three months ended December 31, 2021, was $1,307 compared to cash provided by financing activities of $38,985 for the same year-ago period. The change in cash related to financing activities was primarily due to proceeds from the issuance of common shares in the same period last year which was not repeated in the current period.

Debt financing

Effective June 25, 2021, the Company, through its subsidiary Oncidium, established credit facilities of up to $62,000 (the "Facilities") comprised of the following:

(1) Revolver Facility of $3,000;
(2) Term Facility of $49,000; and,
(3) Additional term facility of $10,000 subject to lender approval.

The Facilities mature 3 years from the date the funds are drawn. Interest accrues daily on advances at the applicable Canadian Dealer Offered Rate (**"CDOR"**) plus a margin of between 2.0% and 3.5%, dependent upon certain financial ratios. The fair value of the debt approximates its carrying value.

As at December 31, 2021, the Company was in compliance with all financial covenants.

The debt is secured by a first-ranking security interest on all present and after-acquired assets of the Company's subsidiary Oncidium.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Future capital requirements

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flows from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

USE OF PROCEEDS

The Company anticipated that it would use the net proceeds from bought deal financings, private placements and debt financing for future acquisitions, working capital and general corporate purposes. The following table sets out the original proposed use of net proceeds and actual uses of net proceeds up to December 31, 2021. To date, the Company continues to proceed towards its original business objectives for such funds.

		Proposed use	**Proposed use of net proceeds**	**Actual use of net proceeds**
Private placement	March 20, 2020	Working capital	$ 2,644	$ 2,644
Bought deal financing	June 2, 2020	Working capital	3,367	3,367
		Acquisition purposes	10,266	10,266 (1)
Bought deal financing	September 1, 2020	Working capital	1,577	1,577
		Acquisition purposes	17,521	17,521 (2)
Bought deal financing	November 9, 2020	Acquisition purposes	34,548	34,548 (3)
Bought deal financing	March 9, 2021	Acquisition purposes	53,990	26,942 (4)
Debt financing	June 25, 2021	Acquisition of Oncidium	23,633	23,633

(1) Acquisition of South Surrey Medical Clinic Inc., Snapclarity, Benchmark, Premier Podiatry LLC, iMD and Re:Function (partial)
(2) Acquisition of Re:Function (remainder), HumanaCare, Medical Confidence, Canadian Medical Directory, West Mississauga Medical Ltd., IDYA4 and Aspiria (partial)
(3) Acquisition of Aspiria (remainder), Rxi, VisionPros and Oncidium (partial)
(4) Acquisition of Oncidium (remainder), and remaining amount for future use).

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize shareholder value. The Company's capital is comprised of equity and long-term debt, net of cash and cash equivalents. The Company manages the capital structure and adjusts in response to changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes to the Company's approach in its management of capital during the period.

The Company is subject to certain financial covenants in its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

FINANCIAL INSTRUMENTS

The Company's principal financial assets include cash and cash equivalents, and trade and other receivables. The Company's principal financial liabilities comprise of accounts payable and accrued liabilities, contingent consideration, contingent liability and long-term debt. The main purpose of these financial liabilities is to finance the Company's operations.

The carrying values of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of long-term debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. There were no transfers between levels of the fair value hierarchy.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, and trade and other receivables. To manage credit risk, cash and cash equivalents are held only with reputable and regulated financial institutions.

The Company provides credit to its customers in the normal course of operations. The Company minimizes its credit risk associated with its trade and other receivables by performing credit evaluations on customers, maintaining regular and ongoing contact with customers, routinely reviewing the status of individual trade and other receivables balances and following up on overdue amounts. Further, trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of collections.

As at December 31, 2021, the Company had $24,718 (December 31, 2020 – $2,180) of trade and other receivables, net of an allowance for doubtful accounts of $300 (December 31, 2020 - $157).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The current assets reflected on the statement of financial position are highly liquid.

The maturity profile of the Company's financial liabilities, based on contractual undiscounted payment at each reporting date is:

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 31,687	$ -	$ -	$ 31,687
Contingent consideration	11,807	6,507	-	18,314
Long-term debt	3,063	22,706	-	25,769
	$ 46,557	**$ 29,213**	**$ -**	**$ 75,770**

As at December 31, 2020

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 4,433	$ -	$ -	$ 4,433
Contingent consideration	136	2,729	-	2,865
Long-term debt	619	1,969	58	2,646
	$ 5,188	**$ 4,698**	**$ 58**	**$ 9,944**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Company is exposed to interest rate risk and foreign currency risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At December 31, 2021, the Company had variable rate borrowing loans amounting to $22,735 (December 31, 2020 – $608). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $114 (2020 – $3) for the year ended December 31, 2021. There would be an equal and opposite impact on net loss with a 1% decrease in the interest rate.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

At December 31, 2021, the Company held net monetary assets in United States dollar (**"USD"**) equal to $3,247 (December 31, 2020 – $545). The Company estimates the impact of a 5% change in the Canadian dollar exchange rate on its net monetary assets to be $205 (December 31, 2020 – $35).

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than short-term lease agreements.

RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors, members of the senior executive team, close family members and enterprises which are controlled by these individuals. The below transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of remuneration of key management and Board of Directors:

	Year ended December 31, 2021	Year ended December 31, 2020
Cash-based compensation [(1)]	**$ 2,610**	$ 826
Share-based compensation	**3,022**	1,592
Total	**$ 5,632**	$ 2,418

(1) At December 31, 2021 the Company recorded $18 (2020 - $nil) as accounts payable for directors fees payable to a director, and $nil (2020 - $37) as a prepaid fee to a director for services provided in the following year.

During the year ended December 31, 2021, the Company paid $2,420 (2020 - $nil) for services acquired and the cost of facility sharing, and the Company received $1,113 (2020 – nil) for services acquired for projects subcontracted to a company controlled by key management of one the Company's subsidiaries for IT development service. At December 31, 2021 there was an amount payable of $675 (2020 - $nil) and amount receivable of $383 (2020 - $nil). These services were paid for the development of one of the Companies key operational platforms.

During the year ended December 31, 2021, the Company paid $258 (2020 - $nil) and there was a write down of $1,069 (2020 - $nil) to a company controlled by key management of one the Company's subsidiaries. These amounts were paid to a non-profit organization which aided in the delivery of pharmaceutical services to patients.

During the year ended December 31, 2021, the Company paid $161 (2020 - $nil) to a company which owns 12.5% of one of the Company's subsidiaries. The payments made related to continued enhancement of one of our CMR related technologies.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Use of critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about critical estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

Share-based compensation – Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using the Black Scholes model to determine the fair value of the liability incurred. For cash-settled share-based compensation transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

Deferred tax assets and liabilities – The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Useful life of property and equipment, and intangible assets – Property and equipment, and intangible assets are depreciated and amortized over their estimated useful lives, respectively. Estimated useful lives are determined based on current facts and past experience and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

Leases – The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

Impairment of non-financial assets – Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.

Provisions – The Company records provisions related to pending or outstanding legal matters. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated.

Recognition of contingent consideration – In certain acquisitions, the Company may include contingent consideration which is subject to the acquired business achieving certain performance targets. At the date of acquisition and at each subsequent reporting period, if required, the Company estimates the future performance of acquired businesses, which are subject to contingent consideration, in order to estimate the fair value of the acquired business will achieve its performance targets and thus earn its contingent consideration. Any changes in the fair value of the contingent consideration classified as a liability between reporting periods are included in the determination of net income/loss. Changes in fair value arise as a result of various factors, including the estimated probability of the acquired business achieving its earnings targets.
Business combinations – On the completion of business acquisitions, management's judgment is required to estimate the fair value of purchase consideration and to identify and estimate the fair values of tangible and intangible assets, liabilities and non-controlling interests. Depending on the intangible asset being valued, the fair values have been determined using the excess earnings method, relief from royalty method, replacement cost method and the With-or-Without Method. Critical estimates in valuing certain of the intangible assets and goodwill acquired include future expected cash flows from customer contracts, customer attrition and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy of validity of such assumptions, estimates or actual results.

New standards, interpretations and amendments adopted by the Company

Changes in IFRS accounting policies and future accounting pronouncements

(i) New IFRS Accounting Pronouncements

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16–Interest Rate Benchmark Reform–Phase 2

In August 2020, the IASB issued amendments to IFRS 9, Financial Instruments; IAS 39, Financial Instruments: Recognition and Measurement; IFRS 7, Financial Instruments: Disclosures; IFRS 4, Insurance Contracts; and IFRS 16, Leases as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The disclosures are to provide additional information on the effect of the reform on the Company's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after January 1, 2021. As at December 31, 2021, these amendments had no impact on the consolidated financial statements.

(ii) Future IFRS Accounting Pronouncements

On 14 May 2020, the IASB issued 'Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The extent of the impact of adoption of this amendment has not yet been determined.
On 12 February 2021, the International Accounting Standards Board (the IASB or the Board) issued amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors, in which it introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments become effective for annual reporting periods

beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The extent of the impact of adoption of this amendment has not yet been determined.

In February 2021, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The Board also issued amendments to IFRS Practice Statement 2 Making Materiality Judgements (the PS) to support the amendments in IAS 1 by explaining and demonstrating the application of the 'four-step materiality process' to accounting policy disclosures. The amendments are intended to help entities identify and disclose all accounting policies that provide material information to primary users of financial statements; and identify immaterial accounting policies and eliminate them from their financial statements. The amendments become effective for annual reporting periods beginning on or after 1 January 2023. The extent of the impact of adoption of this amendment has not yet been determined.

In February 2021, the International Accounting Standards Board (Board) issued *Definition of Accounting Estimates*, which amended IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments become effective for annual reporting periods beginning on or after 1 January 2023. The extent of the impact of adoption of this amendment has not yet been determined.

In May, 2021, the IASB issued amendments to IAS 12, Income Taxes. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments help to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company is evaluating these amendments but do not expect them to have a material effect on our consolidated financial statements.

ACQUISITIONS COMPLETED

The Company acquired interests in the following companies during the year ended December 31, 2021 and December 31, 2020:

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Company Name	Acquisition date	Share/Aseet Purchase	Ownership	Line of business
Livecare Health Canada Inc ("Livecare")	10-Jan-20	Share	100%	Telehealth
South Surrey Medical Clinic Inc ("South Surrey")	31-Jul-20	Share	100%	Medical Clinic
Snapclarity Inc. ("Snapclarity")	13-Oct-20	Share	100%	IT Platform
Benchmark Systems Inc ("Benchmark")	23-Oct-20	Share	87.50%	IT Platform
Premier Podiatry LLC ("Premier Podiatry")	23-Oct-20	Share	100%	Telehealth
iMD Health Global Corp ("iMD")	17-Nov-20	Share	100%	IT Platform
Re:Function Health Group Inc ("Re:Function")	18-Nov-20	Share	100%	Employer Healthcare
Humanacare Organizational Resources Inc ("Humanacare")	11-Jan-21	Share	100%	Employer Healthcare
Medical Confidence Inc ('Medical Confidence")	15-Jan-21	Share	100%	Navigation Software
Canadian Medical Directory ("CMD)	21-Jan-21	Asset	100%	Directory
Tetra Ventures LLC ("IDYA4")	22-Mar-21	Share	100%	Employer Healthcare
Aspiria Corp ("Aspiria")	01-Apr-21	Share	100%	Employer Healthcare
RX Infinity Inc., Rxi Pharmacy Inc. & Rxi Health Solutions ("RXI")	11-May-21	Share	100%	Pharmacy
0869316 BC Ltd, 1143556 BC Ltd & 11533046 BC Ltd ("Vision Pros")	23-Jun-21	Share	100%	Vision wear
Oncidium Inc. ("Oncidium")	25-Jun-21	Share	100%	Employer Healthcare

Description of acquiree businesses:

- Livecare is a Canadian telehealth company founded and operated by physicians dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located.
- South Surrey Medical Clinic Inc. South Surrey Medical is a premier provider of integrated medical solutions which operates with healthcare professionals, including physicians across various specialties including mental health, women's health, sports medicine, gynecology, and psychiatry.
- Snapclarity is a pioneer, on-demand, digital platform that provides an assessment for mental health disorders which includes a personalized care plan, access to online resources, a clinical health care team and the ability to match to the right therapists.
- Benchmark is a leading cloud-based provider of fully integrated solutions that automate healthcare workflow processes including revenue management, practice management and electronic records management. Benchmark has a national U.S. network of 200 clients, 800 physicians, with 5.5 million patient charts across 35 states.
- Premier Podiatry LLC. Premier Podiatry a US-based medical clinic serving chronic care patients as a part of its broader strategy for entering the US market with its comprehensive suite of telehealth products.
- iMD is a novel, award winning platform designed for healthcare professionals at every level of care to better engage, inform and educate patients about their conditions and treatment plans.
- Re:Function, a leading rehabilitation clinic network, provides assessments for enterprise clients, insurers, and corporations for long-term disability claims and return to work outcomes.
- HumanaCare is an integrated Employee Assistance Program ("EAP") solution which provides compassionate, holistic, physical and mental health support for employees and their families.
- Medical Confidence offers a revolutionary healthcare navigation platform with proven results in wait time reduction and patient satisfaction.
- Canadian Medical Directory is a listing of registered practitioners in Canada.
- IDYA4 is a leading health technology company focused on data interoperability and cybersecurity based in the United States.
- Aspiria provides an Integrated Employee and Student Assistance Program ("SAP"), that focuses on a comprehensive suite of mental health and wellness solutions for all employer and educational sectors.
- Rxi provides pharmaceutical logistic services including drug distribution, patient navigation assistances, a preferred pharmacy network of over 500 pharmacies and real time universal disease management software.

- VisionPros is a vertically integrated digital eyewear platform servicing customers across North America.
- Oncidium is a Canadian healthcare provider to employers.

LITIGATION AND OTHER CONTINGENCIES

(a) During the three months ended June 30, 2020, Gravitas Securities Inc. (**"Gravitas"**) commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020, and was completed on June 2, 2020 (**"June 2020 Financing"**). During the three months ended December 31, 2020, Gravitas amended its claims for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on September 22, 2020 (**"September 2020 Financing"**). During the three months ended June 30, 2021, Gravitas amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on March 12, 2021 (**"March 2021 Financing"**). The total claims are in excess of $6,850 plus unspecified damages associated with the value of share purchase warrants that were issued in connection with the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing, plus interest and cost. The Company disputes the claims with respect to the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing entirely. The claims are currently subject to arbitration proceedings which the Company is defending, and the arbitration is scheduled to proceed to a final hearing in the second quarter of 2022. The Company is of the view that its defense to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Gravitas claims succeed is $1,200 and therefore an accrual for that amount as a contingent liability has been recorded.

(b) On September 29, 2020, Snapclarity was named as a defendant to an action commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity and companies she purports to control (**"Plaintiff"**) (the **"Action"**). The nature of the Action involves various intellectual property, wrongful dismissal, unpaid invoices, defamation, and other related issues raised by the Plaintiff. The Plaintiff seeks payment of at least $928 plus costs and interest as well as non-monetary relief. Snapclarity disputes the claim in its entirety.

On December 21, 2020, Snapclarity was named as a respondent to an application commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity (**"Applicant"**) (the **"Application"**). In the Application, the Applicant exercises her dissent rights under s. 190(5) of the CBCA. She seeks an order fixing the fair value of her shares in Snapclarity and requiring Snapclarity to pay the value of the shares together with costs and interest. The applicant has claimed that the fair value of her shares totals at least $1,850. Snapclarity disputes this claim. On February 23, 2021, Snapclarity filed a Notice of Motion for an order converting the Application into an Action and consolidating the Actions. The applicant has not responded to the Notice of Motion as of this date.

In the Action, Snapclarity sought an injunction enjoining the former shareholder from, among other things, competing against Snapclarity. The case was subsequently settled and the Company agreed to pay $1,587 to the former shareholder as a result and therefore an accrual for that amount has been recorded as at December 31, 2020 and December 31, 2021.

SUBSEQUENT EVENTS

On November 14, 2021, the Company entered into a definitive arrangement agreement to acquire all of the issued and outstanding Common Shares of MindBeacon Holdings Inc. ("MindBeacon"), one of North America's leading providers of digital mental health care. The acquisition received all required approvals and the transaction closed on January 14, 2022. Under the terms of the agreement, shareholders of MindBeacon received 2.285 common shares of CloudMD for each common share of MindBeacon and $1.22 of cash per share. Total consideration paid was $29,271 in cash and 54,820,958 common shares of CloudMD.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The Company was advised of claims from certain suppliers to VisionPros for the repayment of rebates and reassessments for approximately $3.73 million (the "**Claims**"). The Claims arose from violations of existing distribution agreements VisionPros has with these suppliers and are in relation to the business conducted by VisionPros prior to its acquisition by CloudMD. The Audit Committee was authorized to conduct a comprehensive review of the Claims and the business of VisionPros. Once the conclusions of and recommendations in connection with the review are presented to the Company, it will consider its available options to recover the amounts it believes it is owed and will continue to update the market accordingly. The Claims have now been resolved and new distribution agreements with the same suppliers have been entered into.

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	As at	
Issued and outstanding	**May 1, 2022**	**December 31, 2021**
Common shares	298,759,367	231,613,879
Stock options	9,536,750	10,161,750
Restricted share units	337,500	581,250
Warrants	12,696,197	11,571,041
Total	**321,329,814**	**253,927,920**