CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the three months ended March 31, 2022

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

Contents

INTRODUCTION

This Management's Discussion and Analysis for the three months ended March 31, 2022 (**"MD&A"**) for CloudMD Software & Services Inc. (**"CloudMD"** or the **"Company")** is dated and based on information available to management as of May 30, 2022. This MD&A is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2022 and 2021, and the audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2021 and 2020. These documents, along with additional information about the Company, are available under the Company's profile on SEDAR at www.sedar.com.

The financial data contained in this MD&A and the unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the three months ended March 31, 2022 and 2021 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 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 MD&A dated May 2, 2022, and in the Company's filed Annual Information Form dated April 28, 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 unaudited condensed interim financial statements and the accompanying notes for the three months ended March 31, 2022, and 2021, and 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 sold through their account executives to plan sponsors. 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 internet-based cognitive behavioural therapy ("**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.
- MindBeacon's iCBT platform will be integrated with EFAP and Mental Health Coach to ensure the ability to support mental health treatment across modalities that align with personalized care.
- 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.

The Company's DHS division 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, iCBT)

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 an estimated 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 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

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 direct to customers. VisionPros offers customers all the leading brands of contact lenses. This business has historically had 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

Below are highlights of CloudMD's operations in the first quarter of 2022:

- First quarter revenues were $41.4 million, an increase of 372% over the same period in 2021 and 6.8% higher than the fourth quarter of 2021. Gross profit margin was 32.5%, an increase of 250 basis points over the fourth quarter of 2021.

- CloudMD launched Kii, our new brand for our integrated health platform. Kii is changing the user's healthcare experience, by providing a whole-person approach with an emphasis on continuity of care across mental, physical and workplace safety from a single centralized and connected interface. Kii is the new way to empower employees and their dependents with access to a full spectrum of top-quality professionals allowing enterprise clients to access our full suite of products through an intuitive customer interface.

- 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 provincial, 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 as CEO 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.

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(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 March 31, 2022 (unaudited)	2021 (unaudited)
Revenue	$ 41,378	$ 8,775
Cost of sales	27,912	5,184
Gross profit [1]	$ 13,466	$ 3,591
Gross profit %	*32.5%*	*40.9%*
Indirect Expenses		
Sales and marketing	3,059	1,155
Research and development	1,303	740
General and administrative	10,922	3,392
Share-based compensation	490	1,595
Depreciation and amortization	3,012	689
Financing-related costs [1]	-	749
Acquisition related and integration costs [1]	2,524	812
Loss before undernoted	$ (7,844)	$ (5,541)
Other income	160	64
Change in fair value of contingent consideration	2,735	315
Change in fair value of liability to non-controlling interests	(129)	-
Share in profits of joint venture	12	-
Finance costs	(497)	(88)
Income taxes expense	(85)	(40)
Net Loss	$ (5,648)	$ (5,290)
Add:		
Depreciation and amortization	3,012	689
Finance costs	497	88
Income taxes expense	85	40
EBITDA [1]	$ (2,054)	$ (4,473)
Share-based compensation	490	1,595
Financing-related costs	-	749
Acquisition related and integration costs [1]	2,524	812
Litigation costs and loss provision [1]	2	81
Change in fair value of liability to non-controlling interests	129	-
Change in fair value of contingent consideration	(2,735)	(315)
Adjusted EBITDA [1]	$ (1,644)	$ (1,551)
Loss per share, basic and diluted	$ (0.02)	$ (0.03)

(1) Non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

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

Revenue

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

Revenue	**Three months ended March 31, 2022** (unaudited)	**2021** (unaudited)	**Variance ($)**	**(%)**
Enterprise health solutions	26,019	1,750	24,269	1387%
Digital health solutions	5,611	1,980	3,631	183%
Clinics & pharmacies	9,748	5,045	4,703	93%
Total revenue	**$ 41,378**	**$ 8,775**	**$ 32,603**	**372%**

Revenue for the three months ended March 31, 2022, increased by $32,603 or 372% over the prior year comparable period. The increase in revenue was primarily attributable to the Company's five acquisitions completed in the last twelve months and organic growth.

EHS revenues increased to $26,019 for the three months ended March 31, 2022, 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 consolidated MindBeacon into our Mental Health Services during the first quarter adding their clinically proven iCBT into our full continuum of mental health support. Not only have we been able to recognize revenue from MindBeacon iCBT as a standalone product, but we are also starting to recognize cross-sell revenue from the combined service offering. 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. The client management team is focused on introducing existing clients to the full spectrum of capabilities that enable a full care model where we are addressing physical and mental health from mild to acute to chronic. There is a growing recognition of the need for government support to address the mental health crisis in North America. Through our newly 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. During the quarter we recorded revenues for Covid-19 related services that are expected to wind down in the second quarter of 2022. However, we expect volumes to increase in absence management and independent medical examinations in the back half of the year as more employees return to the workplace. Finally, we had approximately two and a half months of MindBeacon revenue in the first quarter of 2022 and we will have the first full quarter of MindBeacon revenues in the second quarter of 2022.

DHS revenues increased to $5,611 for the three months ended March 31, 2022, in part due to the acquisition revenue, however this revenue decreased from fourth quarter 2021 revenue of $10,171. The decrease was in-part due to the timing of IDYA4 contract revenues which historically are highest in the fourth quarter of the year. As described in the *Litigations and Other Contingencies* section below, the Company's VisionPros business was unable, under existing contracts, to sell into the US market in the first quarter of 2022. This resulted in lower revenues in VisionPros of $2,689 in the first quarter of 2022 compared to the fourth quarter of 2021. The Company has now secured contracts with major suppliers and expects to begin selling into the United States in late Q2 2022. Finally, 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 U.S. governments.

Clinic Services & Pharmacies revenues increased to $9,748, for the three months ended March 31, 2022, primarily due to an acquisition in the second quarter of 2021 of a patient support and pharmaceutical logistics company.
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 March 31, 2022 (unaudited)	Three months ended March 31, 2021 (unaudited)	Variance ($)	Variance (%)
Canada	$ 36,129	$ 7,308	$ 28,821	394%
United States	5,249	1,467	3,782	258%
Total revenue	**$ 41,378**	**$ 8,775**	**$ 32,603**	**372%**

Revenues earned in Canada for the three months ended March 31, 2022, increased by $28,821 or 394% over the prior comparable periods. Revenues earned in United States for the three months ended March 31, 2022, represented 13% of total revenues. Revenues earned in the United States were lower than the fourth quarter of 2021 due to a decrease from VisionPros, the Company's online eyewear platform, where the majority of revenues are earned in the United States. As discussed above, the Company has secured contracts with major suppliers and expects to begin selling into the US late in the second quarter of 2022. In the first quarter the US-based revenues also include revenues of Nevada-based Harmony Healthcare which was acquired through the acquisition of MindBeacon that was completed in mid-January 2022.

Gross Profit

Gross profit for the three months ended March 31, 2022, increased by $9,875 or 275% over the prior year comparable periods, as a result of the increase in total revenue, primarily attributable to business acquisitions and organic growth.

The gross profit margin was 32.5% for the three months ended March 31, 2022, as compared to 40.9% for the same year-ago periods. The decrease in overall gross profit percentage for the three months ended March 31, 2022, 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 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. Compared to the fourth quarter of 2021, gross profit margins were 250 basis points higher.

Expenses

Expenses	Three months ended March 31, 2022 (unaudited)	Three months ended March 31, 2021 (unaudited)	Variance ($)	Variance (%)
Expenses, as reported	$ 21,310	$ 9,132	$ 12,178	133%
Non-cash expenses:				
Share-based compensation	(490)	(1,595)	1,105	(69%)
Depreciation and amortization	(3,012)	(707)	(2,305)	326%
Cash expenses	17,808	6,830	10,978	161%
Non-operating expenses:				
Financing-related costs (1)	-	(749)	749	(100%)
Acquisition-related and integration costs (1)	(2,524)	(812)	(1,712)	211%
Litigation costs (1)	(2)	(81)	79	(98%)
Adjusted cash expenses (1)	**$ 15,282**	**$ 5,188**	**$ 10,094**	**195%**

(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.

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

Total expenses for the three months ended March 31, 2022, increased by $12,178 or 133% over the prior year comparable period.

The Company defines Adjusted Cash Expenses as expenses excluding non-cash expenses and non-operating expenses. Adjusted cash expenses for the three months ended March 31, 2022, increased by $10,094 or 195% over the prior comparable period. 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 37% in Q1, 2022 compared to 59% in Q1, 2021, due to strong cost control by the Company and improved operating leverage. Adjusted cash expenses were slightly higher in the first quarter of 2022 versus the fourth quarter of 2021 as a result of the acquisition of MindBeacon which had lower overall profitability than CloudMD. The Company has executed on some cost optimization and operational integration activities and as a result expects to see this ratio improve over the course of 2022.

Operational expenses	Three months ended March 31,		Variance	
	2022 (unaudited)	**2021** (unaudited)	**($)**	**(%)**
Sales and marketing	$ 3,059	1,155	$ 1,904	165%
Research and development	1,303	740	563	76%
General and administrative	10,922	3,392	7,530	222%
Operational expenses	**$ 15,284**	**$ 5,287**	**$ 9,997**	**189%**

Sales and Marketing

Sales and marketing expenses for the three months March 31, 2022, increased by $1,904 or 165% over the prior year comparable period. 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 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 ended March 31, 2022, increased by $563 or 76% over the prior year comparable period. The increase is primarily attributable to additional expenses assumed from businesses acquired in the last 12 months, including MindBeacon which was acquired in the first quarter of 2022. In the period, we focused our research and development on new product development activities.

General and Administrative

General and administrative expenses for the three months ended March 31, 2022, increased by $7,530 or 222% over the prior comparable periods. This increase is primarily attributable to additional expenses from businesses acquired in the last twelve months; additional staffing costs to support the Company's geographic expansion; higher professional fees; and investments in data privacy and security.

Share-based Compensation

Shared-based compensation expenses for the three months ended March 31, 2022, decreased by $1,105 or 69% over the prior comparable period. The decrease is primarily attributable to one-time additional grants in 2021.

Depreciation and Amortization

Depreciation and amortization expenses for the three months ended March 31, 2022, increased by $2,323 or 337% over the prior comparable period. 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 March 31, 2022, decreased by $749 over the comparable period. The decrease is attributable to 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 March 31, 2022, were $2,524 and for the three months ended March 31, 2021, were $812. 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 five acquisitions in the last twelve months and has been focused on cost optimalization and integration activities.

Other Income

Other income for the three months ended March 31, 2022, increased by $96 or 150% over the prior comparable period. The increase is primarily attributable to higher interest on cash and cash equivalents.

Change in fair value of contingent consideration

Change in fair value of contingent consideration for the three months ended March 31, 2022, increased by $2,420 or 768% over the prior year comparable period. 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 ended March 31, 2022, increased by $409 or 465% over the prior comparable period. The increase is primarily attributable to the increase in long-term debt during the periods used to fund acquisitions completed in 2021.

Income taxes expense

Income taxes expense for the three months ended March 31, 2022, increased by $45 or 113% over the prior comparable periods. The increase is primarily attributable to additional businesses acquired in the last twelve months.

Net Loss

Net loss for the three months ended March 31, 2022, was $5,648 compared to $5,290 for the same year-ago period. The increase in net loss was primarily due to additional expenses incurred to support the Company's growth strategy. The Company is highly focused on profitable growth and generating positive net profits is a key objective for the Company.

EBITDA and Adjusted EBITDA

EBITDA for the three months ended March 31, 2022, was a loss of $2,054 compared to a loss of $4,473 for the same period in the prior year.

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

Adjusted EBITDA for the three months ended March 31, 2022, was a loss of $1,644, compared to a loss of $1,551 for the same year-ago periods.

The following table provides a reconciliation of net loss for the periods to EBITDA and adjusted EBITDA for the three months ended March 31, 2022 and 2021.

	Three months ended March 31, 2022 (unaudited)	Three months ended March 31, 2021 (unaudited)	Variance ($)	Variance (%)
Net loss	**$ (5,648)**	**$ (5,290)**	**$ (358)**	**7%**
Add:				
Interest and accretion expense	497	88	409	465%
Income taxes	85	40	45	113%
Depreciation and amortization	3,012	689	2,323	337%
EBITDA(1) for the period	**(2,054)**	**(4,473)**	**2,419**	**(54%)**
Share-based compensation	490	1,595	(1,105)	(69%)
Financing-related costs	-	749	(749)	(100%)
Acquisition-related and integration costs, net	2,524	812	1,712	211%
Litigation costs and loss provision	2	81	(79)	(98%)
Change in fair value of liability to non-controlling inter	129	-	129	100%
Change in fair value of contingent consideration	(2,735)	(315)	(2,420)	768%
Adjusted EBITDA(1) for the period	**$ (1,644)**	**$ (1,551)**	**$ (93)**	**(6%)**

(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:

	Q1 2022 (unaudited)	Q4 2021 (unaudited)	Q3 2021 (unaudited)	Q2 2021 (unaudited)	Q1 2021 (unaudited)	Q4 2020 (1) (unaudited)	Q3 2020 (1) (unaudited)	Q2 2020 (unaudited)
Revenue	$ 41,378	$ 38,735	$ 39,162	$ 15,659	$ 8,775	$ 5,810	$ 3,359	$ 2,790
Gross profit	$ 13,466	$ 11,605	$ 13,296	$ 5,557	$ 3,591	$ 2,346	$ 1,259	$ 1,031
Gross profit %	32.5%	30.0%	34.0%	35.5%	40.9%	40.4%	37.5%	37.0%
Net loss	$ (5,648)	$ (15,131)	$ (4,319)	$ (5,998)	$ (5,290)	$ (5,045)	$ (2,724)	$ (2,768)
Adjusted EBITDA (2)	$ (1,644)	$ 560	$ 725	$ (568)	$ (1,551)	$ (1,505)	$ (1,271)	$ (1,293)
EPS, basic and diluted	$ (0.02)	$ (0.06)	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.04)	$ (0.02)	$ (0.03)
Cash and cash equivalents	$ 46,899	$ 45,082	$ 53,685	$ 60,880	$ 99,220	$ 59,714	$ 33,950	$ 13,787

(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.
(2) Adjusted EBITDA for the prior periods has been retrospectively updated to match our current definition of the non-IFRS measure.

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 service leveraging technology to improve access to care, leading to better health outcomes. Through its team-based, personalized care approach, CloudMD provides comprehensive solutions to patients, healthcare practitioners, individuals, and enterprise clients through our call center, digitally or in person. The Company has a multi-pronged growth strategy which focuses on organic growth, cost optimization, and leveraging of our core assets.

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, advancement of the integrated platform and lower customer acquisition costs; (3) Generating organic growth in EHS and DHS divisions; and (4) Evolving and growing the Company's Board of Directors with an emphasis on governance and financial acumen to support the Company's growth.

The Company has a near-term focus on streamlining operations, with a plan to profit from the core and leverage its strength as a leader in the employer health markets. We are focused on driving profitable growth in the markets where we have scale, strong differentiators in proven service delivery and that have the most attractive growth and profit potential. As such, the Company will undertake a strategic review of some smaller, non-core assets to determine how best to maximize shareholder value.

We will continue to deploy our capital prudently and will make investments that support growth in core areas of our business. 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, and technologies that are highly scalable, provide geographic expansion and rapidly growing. As with previous acquisitions, we look for companies with strategic differentiators and a long-term sustainable client base. The Company is seeking potential tuck-in acquisition targets that service the employer health markets, and 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 find additional cost efficiencies during 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. The Company is highly focused on profitable growth and becoming cash flow positive is a key objective for the Company.

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

FINANCIAL POSITION

	As at March 31, 2022	As at December 31, 2021	Variance
Cash and cash equivalents	$ 46,899	$ 45,082	$ 1,817
Trade and other receivables	30,068	24,718	5,350
Inventory	2,717	3,424	(707)
Prepaid expenses, deposits and other	4,641	2,427	2,214
Net investment in sublease	89	20	69
Current assets	**84,414**	**75,671**	**8,743**
Accounts payable and accrued liabilities	35,227	31,687	3,540
Deferred revenue	2,197	1,311	886
Contingent consideration	13,098	11,807	1,291
Contingent liability	1,350	1,350	-
Current portion of lease liabilities	2,765	1,973	792
Current portion of long-term debt	2,537	2,438	99
Current liabilities	**57,174**	**50,566**	**6,608**
Working capital (1)	**$ 27,240**	**$ 25,105**	**$ 2,135**
Contingent consideration settled in shares (2)	8,959	7,627	1,332
Adjusted working capital	**$ 36,199**	**$ 32,732**	**$ 3,467**

(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. CloudMD has the option to settle the contingent consideration, in shares at $2.30 per share, or cash.

For the three months ended March 31, 2022, working capital increased to $27,240 compared to $25,105 at the beginning of the period. The increase is primarily due to completing the MindBeacon acquisition, which increased the Company's cash position.

Other than inventory, all other current assets and current liabilities increased primarily due to assets obtained and liabilities assumed related to the MindBeacon acquisition.

For the three months ended March 31, 2022, adjusted working capital increased to $36,199 compared to $32,732 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 result in an increase of $8,959 in the Company's working capital.

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

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

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended		
	March 31, 2022 (unaudited)	March 31, 2021 (unaudited)	Variance
Cash provided by / (used in):			
Net cash used in operating activities	$ (8,995)	$ (2,578)	$ (6,417)
Net cash provided by/(used in) investing activities	11,919	(13,473)	25,392
Net cash (used in)/provided by financing activities	(1,107)	55,557	(56,664)
Increase in cash and cash equivalents	1,817	39,506	(37,689)
Cash and cash equivalents, beginning of period	45,082	59,714	(14,632)
Cash and cash equivalents, end of period	**$ 46,899**	**$ 99,220**	**$ (52,321)**

The Company had cash and cash equivalents of $46,899 as at March 31, 2022 compared to $99,220 at March 31, 2021. During the three months ended March 31, 2022, the Company had cash outflows from operations of $8,995 compared to cash outflows of $2,578 in the same year-ago period. The increase in cash used in operating activities was primarily due to acquisition related integration costs and negative changes in working capital in the period.

Cash provided by investing activities during the three months ended March 31, 2022, was $11,919 compared to cash used of $13,473 for the same period in the prior year. The variance in cash provided was due to the MindBeacon acquisition which resulted in a net cash increase for the Company.

Cash used in financing activities during the three months ended March 31, 2022, was $1,107 compared to cash provided by financing activities of $55,557 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 March 31, 2022, 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.

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 March 31, 2022. 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
Bought deal financing	March 9, 2021	Acquisition purposes	53,990	53,990 (1)
Debt financing	June 25, 2021	Acquisition of Oncidium	23,633	23,633

(1) Acquisition of Oncidium (remainder), and MindBeacon

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.

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

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 March 31, 2022, the Company had $30,068 (December 31, 2021 – $24,718) of trade and other receivables, net of an allowance for doubtful accounts of $294 (December 31, 2021 - $300).

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:

As at March 31, 2022

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 35,227	$ -	$ -	$ 35,227
Contingent consideration	13,098	1,298	-	14,396
Long-term debt	3,063	24,782	545	28,390
	$ 51,388	**$ 26,080**	**$ 545**	**$ 78,013**

As at December 31, 2021

	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**

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.

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

(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 March 31, 2022, the Company had variable rate borrowing loans amounting to $22,212 (December 31, 2021 – $22,735). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $111 (2021 – $1) for the three months ended March 31, 2022. 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 March 31, 2022, the Company held net monetary assets in United States dollar (**"USD"**) equal to $2,599 (December 31, 2021 – $3,247). The Company estimates the impact of a 5% change in the Canadian dollar exchange rate on its net monetary assets to be $165 (March 31, 2021 – $105).

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:

	Three months ended March 31, 2022	**March 31, 2021**
Cash-based compensation	**$ 1,216**	$ 302
Share-based compensation	**247**	614
Total	**$ 1,463**	$ 916

During the three months ended March 31, 2022, the Company paid $881 (2021 - $nil) for services acquired and the cost of facility sharing, and the Company received $57 (2021 – $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 March 31, 2022 there was an amount payable of $1,175 (2021 - $nil) and amount receivable of $430 (2021 - $nil). These services were paid for the development of one of the Companies key operational platforms.

During the three months ended March 31, 2022, the Company paid $246 (2021 - $nil) to a company controlled by key management of one the Company's subsidiaries. This amount was paid to a non-profit organization which aided in the delivery of pharmaceutical services to patients. At March 31, 2022, there was an amount receivable of $15 (2021 - $nil) from this non-profit organization.

During the three months ended March 31, 2022, the Company paid $12 (2021 - $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 in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and 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. The Company's significant accounting policies are presented in note 2 to the annual consolidated financial statements and in our MD&A for the year ended December 31, 2021. The IASB continues to issue new and revised IFRS. There are no pending accounting standard changes that would have a significant effect on the Company's results and operations. The condensed consolidated unaudited interim financial statements for the three months ended March 31, 2022, have been prepared using the critical accounting estimates and assumptions consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

New standards, interpretations and amendments adopted by the Company

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments to existing standards are effective from January 1, 2022, but they are not expected to have an impact on the condensed interim consolidated financial statements of the Company.

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

ACQUISITIONS COMPLETED

The Company acquired interests in the following companies during the three months ended March 31, 2022, and the year ended December 31, 2021:

Company name	Acquisition date	Share/Asset purchase	Ownership	Line of business
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
MindBeacon Holdings Inc. ("MindBeacon")	13-Jan-22	Share	100%	Digital Healthcare

Description of acquiree businesses:

- 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.
- MindBeacon is a leading mental healthcare provider offering a continuum of care, focusing on iCBT, which is a highly effective therapy provided through a computer or a mobile device.

LITIGATION AND OTHER CONTINGENCIES

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 (the "J**une 2020 Financing**"). During the three months ended September 30, 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 (the "**September 2020 Financin**g"). 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 (the "**March 2021 Financing**"). In May 2022, Gravitas amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on November 9, 2020

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

("November 2020 Financing"). The total claims are in excess of $9,458 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, the November 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, the November 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 some time between the third quarter of 2022 and the second quarter of 2023. 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.

The Company has resolved claims from certain suppliers to VisionPros for the repayment of rebates and reassessments for approximately $3.73 million (the "**Claims**"). The Claims arise from violations of existing distribution agreements VisionPros has with these suppliers, related to the business conducted by VisionPros prior to its acquisition by CloudMD. The Audit Committee is conducting a comprehensive review of the business of VisionPros. On May 2, 2022, the Company announced that the Audit Committee completed the initial fact gathering and interview phase of its review. 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 Company recently announced that we have secured new contracts for sales in the U.S. with major suppliers and expect to begin selling into the United States in late Q2 2022.

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	As at	
Issued and outstanding	**May 30, 2022**	**March 31, 2022**
Common shares	298,759,367	289,121,178
Stock options	9,736,750	9,936,750
Restricted share units	337,500	337,500
Warrants	10,903,946	10,903,946
Total	**319,737,563**	**310,299,374**