

**Premier Health Group Inc.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period Ended June 30, 2019

(Stated in Canadian Dollars)

## **INTRODUCTION**

### **Basis of Discussion & Analysis**

This management's discussion and analysis ("MD&A") for Premier Health Group Inc. ("Premier Health" or the "Company") is dated as of August 29, 2019 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six-month period ended June 30, 2019, and the related notes thereto. The condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board ("IASB"). All dollar amounts are in Canadian dollars, unless otherwise indicated.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Additional information relating to the Company can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **General**

The Company was incorporated on September 19, 2013 under the Business Corporations Act (British Columbia) as Proelium MMA Acquisition Corp., a wholly owned subsidiary of Web Watcher Systems Ltd. ("Web Watcher"). The Company became a reporting issuer as a result of the plan of arrangement carried out by Web Watcher dated October 23, 2013.

On July 9, 2015, the Company changed its name to Premier Health Services Inc. and on September 18, 2015 changed to its current name Premier Health Group Inc.

On June 17, 2016, the Company completed acquisition (99.9%) of a multidisciplinary rehabilitation business located in Santiago, Dominican Republic ("Clinicas"). The acquisition price was \$1,931,700 CND (US\$ 1,500,000). The purchase price is supported by the audited financial statements of Clinicas as of December 31, 2014 and 2015. The acquisition was financed by convertible promissory note in the amount of US\$ 1,500,000 (the "Note"). Note is a 5-year, 8.5% interest bearing, due on June 17, 2021. The holder of the Promissory Note has the right to convert (at any time) any outstanding balance of the principal and interest of the Promissory Note into common shares of the Company at \$0.25 per share. The Company has the right to prepay any amount of the outstanding principal and the interest of the Note without a penalty before the due date of the Note. The Note is secured by a general security agreement.

On April 17, 2018, the Company entered into a share purchase agreement with the Company's former CEO, who is also the former sole shareholder of Clinicas (the "Purchaser"). The Purchase Agreement was entered into as a prerequisite to entering into an acquisition agreement that would result in a change of control of the Company. The terms of the Purchase Agreement are detailed in Note 11 of the financial statements for the year ended December 31, 2018. This Purchase Agreement constituted a discontinued operation involving the loss of control of Clinicas by the Company as at December 31, 2017. During the year ended December 31, 2018, the Purchase Agreement was not executed. A subsequent settlement agreement was entered into April 1, 2019 (the "Settlement Agreement"). As a result of the Settlement Agreement, the loss of control of Clinicas constitutes a discontinued operation of the Company and all of the assets and liabilities of Clinicas have been classified as held-for-sale as at March 31, 2019 and December 31, 2018. This resulted in a net liability of \$158,289 (December 31, 2018 - \$139,372) from discontinued operation as at March 31, 2019.

On July 25, 2018, the Company completed a non-brokered private placement raising aggregate gross proceeds of \$3,555,000 on issuance issued of an aggregate of 14,220,000 Common Shares at a subscription price of \$0.25 per Common Share.

On August 1, 2018, the Company completed the acquisition of all the issued and outstanding shares of HealthVue Ventures Ltd. ("HealthVue") thereof in consideration of \$1,000,000 in cash and an aggregate of 12,000,000 common shares of the Company at a deemed price of \$0.25 per share, of which 10,800,000 of such shares are restricted from trading with 1/6 released from the restriction every 6 months commencing January 30, 2019.

On August 14, 2018 the Company had issued 4,000,000 stock options to Directors, Officers, Consultants and employees exercisable at \$0.50 per share for a five-year term from date of grant.

On January 28, 2019, the Company completed the acquisition of all the issued and outstanding shares of Cloud Practice Inc. ("Cloud Practice") thereof in consideration of \$2,000,000 in cash and an aggregate of 3,947,368 common shares of the Company at a deemed price of \$0.76 per share, of which 3,947,368 of such shares are restricted from trading with 1/2 released from the restriction every 6 months commencing July 28, 2019.

On February 4, 2019 the Company had issued 2,350,000 stock options to Consultants and employees exercisable at \$0.76 per share for a five-year term from date of grant.

On April 1, 2019, the Company entered into a settlement agreement with the Company's former CEO, who is also the former sole shareholder of Clinicas, to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas (the "Settlement Agreement").

As part of the Settlement Agreement, the Company completed the following:

- On April 1, 2019, as part of the settlement, the convertible debenture was forgiven. The amount of debenture outstanding as of March 31, 2019 was \$2,347,569 with \$880,845 recorded in equity, and the balance of \$1,466,724 in liabilities. As at June 30, 2019, the convertible

debenture is no longer outstanding (*Note 10*),

- on April 1, 2019, the Company assigned to the Purchaser's company, Benras Holdings Inc., the following promissory notes as security for, and in full and final satisfaction of any amount owed by the Company to the Purchaser: (i) a promissory note dated February 20, 2018 plus interest owed to the Company by the former CFO and a company owned by the former CFO with an amount outstanding as at December 31, 2018 of \$43,001, and (ii) a promissory note dated February 20, 2018 in the amount of \$220,000 plus interest owed to the Company by Explorinvest Capital Corp., a company partially owned by the former CFO of the Company (*Note 1*),
- on May 16, 2019, the Company issued 400,000 common shares at a deemed price of \$0.48, and
- on July 26, 2019, the Company issued 75,000 common shares at a deemed price of \$0.48.

On April 26, 2019, the Company closed the first tranche of a non-brokered private placement of 3,050,134 common shares for gross proceeds of \$1,982,610 (\$0.65 per common share). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$1.00 until April 26, 2021.

On May 16, 2019, the Company closed the second tranche of a non-brokered private placement of 684,553 common shares for gross proceeds of \$444,960 (\$0.65 per common share). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$1.00 until May 16, 2021.

Our head office registered, and records office is located at 810-789 W Pender Street, Vancouver, British Columbia, V6C 1H2, Canada.

## **THE COMPANY AND BUSINESS**

### **Company Overview**

The Company was incorporated under the Business Corporations Act (British Columbia) on September 19, 2013. On August 1, 2018, the Company acquired HealthVue. On January 28, 2019, the company acquired Cloud Practice. The Company's main revenue is generated from the operation and management of both primary care clinics and from the sale of healthcare software using a software as a service ("SAAS") model.

HealthVue provides telemedicine visits remotely and full-service family practice from its multiple clinic locations throughout the Lower Mainland in British Columbia. The clinics are fully digitized and interconnected using the latest in healthcare technology. HealthVue has been one of the pioneers of incorporating bricks and mortar locations with telemedicine as a form of healthcare delivery to their patients.

Cloud Practice is a technology company that offers cloud-based electronic medical records software, medical billing software and an online patient portal for medical clinics using a SAAS model. Cloud Practice services over 280 clinics across Canada, 3000 doctors and has approximately 3 million patient charts in their database.

Premier Health, in conjunction with Cloud Practice, is focused on developing proprietary technology to deliver quality healthcare through the combination of connected primary care clinics, telemedicine, and an artificial intelligence (AI) enabled patient portal. The Company is planning to aggressively grow its patient base through acquisition and organic growth over the next 12 months. In addition to primary care clinics, Premier Health is planning on acquiring, and/or partnering with, other businesses and technologies that complement its business plan. This patient centric approach has been very well received and the company will continue to find ways to improve access to convenient and efficient healthcare.

## SELECTED QUARTERLY INFORMATION

The following financial data has been prepared in accordance with IFRS:

	Q2 2019	Q1 2019 (1)	Q4 2018 (1)	Q3 2018 (1)	Q2 2018 (1)	Q1 2018 (1)	Q4 2017 (1)	Q3 2017
Revenue	(1,061,569)	(1,100,330)	(763,468)	(438,080)	(56,573)	(49,737)	(57,020)	(78,975)
Fees paid to Doctors	534,506	648,752	564,357	323,041	-	-	-	-
Expenses	1,439,180	1,840,003	1,740,777	857,032	185,280	178,014	490,962	189,029
Other (income) expense	152,975	(37,819)	94,064	(28,377)	38,609	38,423	(28,685)	(80,446)
Net income (loss) for the period	(1,065,092)	(1,350,606)	(1,635,730)	(713,616)	(167,316)	(166,700)	(187,626)	(29,608)
Income (Loss) per common share	(0.02)	(0.02)	(0.06)	(0.25)	(0.01)	(0.00)	(0.01)	(0.00)
Total assets	10,412,258	10,383,908	6,423,328	6,655,638	302,995	343,082	410,810	805,916
Total liabilities	426,133	3,908,694	2,218,491	1,765,236	1,593,041	1,464,540	1,369,953	1,559,532
Dividends declared	-	-	-	-	-	-	-	-

- (1) These amounts are shown including the revenues and expenses from the discontinued operations. For the three-month period ended June 30, 2019 the Company incurred a loss of \$1,065,092 as compared to net loss of \$167,316 for the same period in 2018. The Company reported revenues for the three months ended June 30, 2019 of \$1,061,569 (2018: \$56,573). The net loss for the period ended June 30, 2019 was mainly due to \$448,975 (2018: \$Nil) of stock based compensation; \$534,506 (2018: \$Nil) of fees paid to doctors; 557,966 (2018: \$Nil) of wages & salaries; 141,673 (2018: \$7,788) of professional fees, and \$85,933 (2018: \$Nil) of marketing and advertising.

## SELECTED ANNUAL INFORMATION

	2018	2017	2016
Revenue	(1,201,548)	-	-
Expenses	3,655,944	726,204	305,866
Other (income) expense	(142,719)	(612,399)	1,838,036
Loss from discontinued operations	86,247	73,715	161,299
Net income (loss) for the period	(2,683,362)	(187,520)	(2,305,201)
Income (Loss) per common share	(0.06)	(0.02)	(0.17)
Total assets	6,423,328	410,810	758,806
Total liabilities	2,218,491	1,369,953	1,433,349
Dividends declared	-	-	-

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

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent Company and its subsidiaries. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value

through profit or loss, and available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

## FINANCIAL POSITION

At June 30, 2019, the Company had current assets of \$1,399,205 and current liabilities of \$426,133. At June 30, 2019, the Company had working capital of \$973,072 compared to working capital of \$158,720 at December 31, 2018. The Company has to rely upon the sale of equity securities primarily through private placements for the cash required for acquisition and operating expenses.

### Additional Disclosure for Venture issuers without Significant Revenue

In the six-month period ending June 30, 2019, the Company has generated \$2,161,899 in revenue from the Healthvue clinics and the new Cloud Practice subsidiary compared to \$Nil for the period ended June 30, 2018. The net loss in the period included is mainly due to the non-cash expense of stock based compensation of \$765,907 and current accretion and interest of the debenture in the amount of \$86,330, physician fees in the amount of \$1,183,258, wages & salaries in the amount of \$1,017,910 and marketing fees in the amount of \$768,407. The other variables pertain to foreign exchange gain of \$37,819 and loss from the sale of Clinicas of \$175,942.

## LIQUIDITY AND CAPITAL RESOURCES

### Changes in Cash Position

	For the Six Month Period Ended	
	June 30, 2019	June 30, 2018
	\$	\$
<b>Cash (used in) /provided by:</b>		
<b>Net cash (used in) operating activities</b>	<b>(1,520,972)</b>	<b>97</b>
<b>Net cash (used in) provided by investing activities</b>	<b>(1,053,582)</b>	<b>-</b>
<b>Net cash provided by financing activities</b>	<b>2,582,607</b>	<b>-</b>
<b>Increase (decrease) in cash</b>	<b>8,053</b>	<b>97</b>
<b>Cash, beginning of period</b>	<b>1,055,543</b>	<b>451</b>
<b>Cash, ending of period</b>	<b>1,063,596</b>	<b>548</b>

The Company had cash of \$1,063,596 at June 30, 2019 compared to \$548 at June 30, 2018. During the period ended June 30, 2019, the Company had cash outflows from operations of (\$1,520,972) compared to cash inflows of \$97 in 2018.

Cash used in investing activities during the period ended June 30, 2019 was (\$1,053,582) compared to cash used by investing activities of (\$Nil) for the period ended June 30, 2018, which was mainly due to

payments towards the acquisition of Cloud Practice in 2019. During the period ended June 30, 2019, the Company paid (\$1,500,000) in cash as part of the consideration paid for the acquisition of Cloud Practice. Additionally, the Company received an amount of \$200,000 for a refundable deposit paid on a potential acquisition that was not executed and recorded a loss on the sale of Clinicas in the amount of \$152,975.

Cash provided by financing activities during the period ended June 30, 2019 was \$2,582,607 compared to cash provided in financing activities of (\$Nil) for the period ended June 30, 2018, mainly due to proceeds from the issuance of shares in the amount of \$2,427,570 net of share issuance cost paid in cash in the amount of (\$104,988) and the exercise of options in the amount of \$300,000.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

#### **PROPOSED TRANSACTIONS**

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



## SHARE CAPITAL

- a) **Authorized:** unlimited common shares without par value
- b) **Share Capital:** As at June 30, 2019, the issued share capital comprises 70,346,086 (December 31, 2018 – 61,664,031) common shares.

### *During the 6-month period ended June 30, 2019:*

- On January 28, 2019, the Company issued 3,947,368 common shares at a price of \$0.76 for the business acquisition of Cloud Practice. (Note 3)
- On April 26, 2019, the Company closed the first tranche of a non-brokered private placement of 3,050,134 common shares for gross proceeds of \$1,982,610 (\$0.65 per common share). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$1.00 until April 26, 2021.

In connection with this private placement, agents were paid cash commissions of \$104,988 and issued 161,520 agent's warrants. Each agent's warrant is exercisable into one additional common share at an exercise price of \$1.00 until April 26, 2021. The Company incurred \$104,988 in share issuance costs (excluding the fair value of agent warrants granted) related to this private placement. The agent's warrants have a fair value equal to \$46,684 (see note 13(c) for further information on the fair value calculation). The value of the agent's warrants was recorded as a share issuance cost and as a credit to Reserves.

- On May 16, 2019, the Company closed the second tranche of a non-brokered private placement of 684,553 common shares for gross proceeds of \$444,960 (\$0.65 per common share). Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$1.00 until May 16, 2021.
- On May 16, 2019, the Company issued 400,000 common shares at a deemed price of \$0.48 as part of the settlement agreement to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas (see Note 12 for further information on the Settlement Agreement).

### *During the year ended December 31, 2018:*

- On July 25, 2018, the Company closed a non-brokered private placement of 14,220,000 common shares for gross proceeds of \$3,555,000 (\$0.25 per common share).
- On August 1, 2018, the Company issued 12,000,000 common shares at a price of \$0.25 for the business acquisition of HealthVue Ventures Ltd. (Note 3)
- On October 9, 2018, the Company issued 500,000 common shares for marketing and advertising expense valued at \$435,000 (\$0.87 per common share).

***During the year ended December 31, 2017:***

- On September 20, 2017, the Company issued 200,000 common shares at a price of \$1 per share for debt settlement of \$200,000 (US\$145,520). The debt settled was a portion of the interest accrued on the convertible note (Notes 9,10).
- On September 20, 2017, the Company issued 7,000 common shares at a price of \$1 per share to the CFO of the Company, for cash.

**c) Agent's Warrants**

On April 26, 2019, 161,520 agent's warrants were issued in connection with a private placement. Each agent's warrant is exercisable into one additional common share at an exercise price of \$1.00 until April 26, 2021. The agent's warrants have a 2-year expiry date from the date of issue. The fair value of the agent's warrants at the issue date was \$46,684, of which \$46,684 was recorded as a share issuance cost and as a credit to Reserves in the period ended June 30, 2019.

The agent's warrant pricing model used an average risk-free rate of 1.57%, estimated life of 2 years, volatility of 100% and dividend yield of 0%.

*The following is a summary of agent's warrants activities during the year ended December 31, 2018 and period ending June 30, 2019:*

	June 30, 2019		December 31, 2018	
	Number of Agent's Warrants	Weighted Average Exercise Price \$	Number of Agent's Warrants	Weighted Average Exercise Price \$
Balance outstanding beginning of year	-	-	-	-
Agent's warrants Issued	161,520	1.00	-	-
Agent's warrants Exercised	-	-	-	-
Balance outstanding end of period	<b>161,520</b>	<b>\$ 1.00</b>	-	-

During the 6-month period ending June 30, 2019, 161,520 agent's warrant were issued, and none were exercised.

*As at June 30, 2019, the Company had the following agent's warrants outstanding, all of which are exercisable at June 30, 2019:*

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
161,520	\$1.00	1.82	April 26, 2021
<b>161,520</b>		<b>1.82</b>	

**d) Shareholders' Warrants**

On April 26, 2019, 1,525,067 shareholders' warrants were issued in connection with a private placement. Each shareholders' warrant is exercisable into one additional common share at an exercise price of \$1.00 until April 26, 2021.

On May 16, 2019, 342,277 shareholders' warrants were issued in connection with a private placement. Each shareholders' warrant is exercisable into one additional common share at an exercise price of \$1.00 until May 16, 2021.

*The following is a summary of shareholders' warrants activities during the year ended December 31, 2018 and period ending June 30, 2019:*

	June 30, 2019		December 31, 2018	
	Number of Shareholders' Warrants	Weighted Average Exercise Price \$	Number of Shareholders' Warrants	Weighted Average Exercise Price \$
Balance outstanding beginning of year	-	-	-	-
Shareholders' warrants Issued	1,867,344	1.00	-	-
Shareholders' warrants Exercised	-	-	-	-
Balance outstanding end of period	<b>1,867,344</b>	<b>1.00</b>	-	-

During the 6-month period ending June 30, 2019, 1,867,344 shareholders' warrants were issued, and none were exercised.

*As at June 30, 2019, the Company had the following agent's warrants outstanding, all of which are exercisable at June 30, 2019:*

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
1,525,067	\$1.00	1.82	April 26, 2021
342,277	\$1.00	1.88	May 16, 2021
<b>1,867,344</b>	<b>\$1.00</b>	<b>1.83</b>	

**e) Escrow shares**

As at June 30, 2019, the Company has 12,947,368 common shares held in escrow.

*Escrow shares will be released as follows:*

- 1,800,000 shares on August 1, 2019, and the same amount released each six months thereafter until the last 1,800,000 are released on August 1, 2021.
- 1,973,684 shares on July 28, 2019 and the same amount released on January 28, 2020.

**f) Stock Options**

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

*The following grants were made during the 6-month period ended June 30, 2019:*

On February 4, 2019, 300,000 options were granted to consultants of the Company, exercisable at \$0.76 per share. The options vest 4 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$181,116, of which \$83,011 was recorded in the period ended March 31, 2019 based on vesting conditions.

On February 4, 2019, 2,050,000 options were granted to employees of the Company, exercisable at \$0.76 per share. The options shall vest 25% every 6 months, commencing on August 4, 2019. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$1,237,623, of which \$195,872 was recorded in the period ended March 31, 2019 based on vesting conditions.

The option pricing model used an average risk-free rate of 1.80%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

*The following grants were made during the year ended December 31, 2018:*

On August 13, 2018, 3,200,000 options were granted to consultants and officers of the Company, exercisable at \$0.50 per share. The options vest 4 months after the grant and have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$787,041, of which all was recorded in the period ended December 31, 2018 based on vesting conditions.

On August 13, 2018, 800,000 options were granted to employees of the Company, exercisable at \$0.50 per share. The options shall vest 25% every 6 months, commencing on February 13, 2019. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$196,760, of which \$38,049 (\$77,973 in the period ended December 31, 2018) was recorded in the period ended March 31, 2019 based on vesting conditions.

The option pricing model used an average risk-free rate of 2.19%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

*The following is a summary of option activities during the year ended December 31, 2018 and period ending June 30, 2019:*

	June 30, 2019		December 31, 2018	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance outstanding beginning of year	4,000,000	0.50	-	-
Options Granted	2,350,000	0.76	4,000,000	0.50
Options Exercised	(600,000)	0.50	-	-
Balance outstanding end of period	<b>5,750,000</b>	<b>\$ 0.61</b>	4,000,000	\$ 0.50

During the 6-month period ending June 30, 2019, 2,350,000 options were granted, and 600,000 options were exercised. Subsequent to June 30, 2019, 200,000 options were granted to employees of the Company at an exercise price of 0.32.

*As at June 30, 2019, the Company had the following stock options outstanding and exercisable:*

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
3,400,000	2,800,000	\$0.50	4.12	August 12, 2023
2,350,000	300,000	\$0.76	4.60	February 3, 2024
<b>5,750,000</b>	<b>3,100,000</b>		<b>4.32</b>	

## CAPITAL DISCLOSURES

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow 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.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instrument consist of cash, accounts receivable, accounts payable, amounts due from and to related parties, notes receivable, loans payable, net liabilities from discontinued operations and the convertible debenture.

The Company's cash and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The Company's accounts receivables, accounts payable, amounts due and from related parties, note receivable and loans payable have amortized costs that approximate their fair value due to their short terms to maturity. The net liabilities from discontinued operations are recorded at fair value due to their short-term to maturity. The Company's other financial instruments, being the convertible debenture, is measured at amortized cost.

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

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As of March 31, 2019, the Company is exposed to credit risk to the extent that its clients become unable to meet their payment obligations. Trade receivables include amounts receivables from the sale of services and GST receivables.

### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### **a) Interest rate risk**

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is insignificant.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risks are primarily cash, accounts receivable, accounts payable and loans that are held in foreign currency. The Company has not entered into any foreign exchange contracts to hedge this risk.

c) Price risk

The Company is exposed to price risk with respect to equity prices, since the Company possesses investments in publicly traded securities. The Company closely monitors those prices to determine the appropriate course of action to be taken. The maximum exposure to the Company is the fair value of its marketable securities, which have been recorded at \$1.

## RELATED PARTY TRANSACTIONS

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

The aggregate values of transactions relating to key management personnel were as follows:

	June 30, 2019	June 30, 2018
Management fees to the former CFO	\$ -	\$ 21,000
Administration fees paid to a company owned by the former CFO	-	3,000
Rent paid to a company owned by the former CFO	-	3,000
Salaries paid to the CEO	120,000	-
Salaries paid to the CFO	50,000	-
Salaries paid to the COO	50,000	-
Consulting fees to the former CEO, included in loss from discontinued operations ( <i>Note 12</i> )	-	7,821
Stock-based compensation to the CEO, CFO and COO	-	-
Accretion and interest expense on convertible debenture to the former CEO ( <i>Note 10</i> )	86,330	151,142

As at March 31, 2019, and December 31, 2019, the Company had \$43,001 (December 31, 2018 - \$43,001) due from the former CFO and a company owned by the former CFO. The former CFO is also a director of the Company. This amount is non-interest bearing. This amount owing to the Company by the former CFO was assigned to the former CEO, as part of the settlement agreement entered on April 1, 2019 (Refer to Note 12 for further details). As at June 30, 2019, no amounts were due from related parties.

As at March 31, 2019, and December 31, 2018, the Company had \$220,000 receivable from Explorinvest Capital Corp., a company partially owned by the former CFO of the Company. During the

year ended December 31, 2018, this note was converted into a convertible promissory note, with accrued interest of 6.5% per annum, payable on April 1, 2019. The Company had the right to convert this promissory note at any time at \$0.25 per share. This note owing to the Company was assigned to the former CEO, as part of the settlement agreement entered on April 1, 2019 (Refer to Note 12 for further details). As at June 30, 2019, no notes were receivable from related parties.

As at March 31, 2019, the Company has a convertible debenture valued at \$1,466,724 (December 31, 2018 - \$1,451,786) to the former CEO. During the 3-month period ended March 31, 2019, and 6-month period ended June 30, 2019, \$44,174 of accretion expense, and \$42,156 of interest expense, for a total of \$86,330 was recorded as accretion and interest expense (2018 - \$151,142). On April 1, 2019, a settlement agreement was entered to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture issued on the original purchase of 99.9% of Clinicas. (Note 10, 12).

## **RISKS AND UNCERTAINTIES**

These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company.

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware, or which they consider not to be material in relation to the business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

### *Dependence on Key Personnel*

The success of the Company is largely dependent on the performance of its key senior management employees. Failure to retain key employees and to attract and retain additional key employees with necessary skills could impact the Company's growth and profitability. The departure or death of certain members of the executive team could have an adverse effect on the Company.



### *Cybersecurity*

With the Company's focus on the use of online applications, mobile technologies and cloud computing, comes an increase in cybersecurity risk. The potential consequences can range from unauthorized access to sensitive or personal information to causing operational disruption. Such an event could compromise the Company's confidential information as well as that of the Company's patients and third parties with whom the Company interacts and may result in the inability to process patient transactions, remediation costs, loss of revenue, reputation damage, additional regulatory scrutiny and litigation.

### *Reliance on third party service providers*

The Company relies on third-party service providers to perform or support critical operations such as IT and EMR (electronic medical records) maintenance. In an event that these vendors and/or partners discontinue service, the Company would need to replace these providers. In doing so, the Company may incur additional costs or experience temporary interruptions in its business as it explores alternate providers.

### *Risks Related to Investments*

The Company intends to expand its operations and business by investing in additional businesses, products or technologies. Investments may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities. In addition, there can be no assurance that the businesses, products or technologies, if any, will achieve anticipated revenues and income. Investments could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its investment strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

### *General Healthcare Regulation*

Due to the public and complex nature of healthcare in Canada, the Company's businesses operate in an environment in which government regulations and funding play a key role. Decisions made regarding such funding are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of these business units. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

### *Uncertainty of Liquidity and Capital Requirements*

The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its client base, the costs of expanding into new markets, the growth of the market for healthcare services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can

be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

#### *Shortage of Healthcare Professionals*

Due to the ongoing shortage of certain professional medical personnel in Canada, as the Company continues to grow its operations, it may experience difficulty in recruiting physicians, nurses and other healthcare practitioners. As a result, this may adversely impact the business, financial condition and results of operations.

#### *Confidentiality of Personal and Health Information –*

Given the nature of the business, the Company and its subsidiaries' employees are privy to sensitive information, such as medical histories, on clients. Although the Company has clear policies & procedures in place, there can be no assurance that these are sufficient to address the privacy concerns of existing and future clients. In the event that a breach of confidentiality takes place, the Company could be liable for damages or for criminal fines or penalties.

#### *Competition*

There can be no assurance that the Issuer will successfully differentiate its current and proposed services from the services of its competitors, or that the marketplace will consider the products and services of the company to be superior to competing services.

#### *Limited Location*

All the Company's current revenues will be derived from its HealthVue clinics located in the Province of British Columbia, Canada. Consequently, the Company's performance will depend on establishing market acceptance of its clinics and services. Any reduction in anticipated future demand or anticipated future sales of these services or any increase in competition or changes to economic or other factors impacting that market could have a material adverse effect on the company's business prospects, operating results, or financial condition.

#### *Legislative, Insurance, Compliance Costs, Regulatory Action and Environment*

To comply with various increasing and complex regulatory reporting and standards involves significant cost. Changes to securities regulatory standards, account policy, and compliance reporting could place an additional expense burden on the Company. Insurers may increase premiums as the Company's business continue to grow so future premiums for the Company's insurance policies, including directors' and officers' insurance policies, could be subject to increase.

#### *Uninsured Risks*

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include lost records, loss or damage or other hazards against which such corporations cannot insure or against which they may elect not to insure.

### *Conflicts of Interest*

Certain of the directors of the Company also serve as directors and/or officers of other reporting and private companies. Consequently, there are no known conflicts but there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

### **SUBSEQUENT EVENTS**

- On July 17, 2019, the Company closed the acquisition of two pharmacies based in Metro Vancouver, B.C. Under the terms of the agreement, in consideration for the pharmacies, the Company will assume the net liabilities of the pharmacies estimated at \$2,500,000 and pay to the vendors up to \$4,050,000 as follows: (i) up to \$1,300,000 in cash, (ii) 3,432,384 common shares of the Company and (iii) 343,926 performance share units of the Company. Each performance share shall vest into one common share without any payment on July 31, 2020, if certain earnings milestones for the pharmacies are met.
- On July 17, 2019, 200,000 options were granted to employees of the Company at an exercise price of 0.32.
- On July 26, 2019, the Company issued 75,000 common shares at a deemed price of \$0.48 to the Company's former CEO, who is also the former sole shareholder of Clinicas. The share issuance is part of the settlement agreement entered on April 1, 2019, to complete the full transfer of the Company's 99.9% ownership of Clinicas and the forgiveness of the convertible debenture held by the former CEO issued on the original purchase of 99.9% of Clinicas.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking statements. Forward-looking statements include but are not limited to, currency fluctuations, requirements for additional capital, Government regulation, environmental risks, disputes or claims, the Company's goals, objectives and growth strategies, 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, as well as 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. 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 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, among others; 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. 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. Accordingly, readers should not place undue reliance on forward-looking statements. The Company 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 required by law.