

**CloudMD Software and Services Inc.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Month Period Ended March 31, 2020

(Stated in Canadian Dollars)

## INTRODUCTION

### Basis of Discussion & Analysis

This management's discussion and analysis ("MD&A") for CloudMD Software & Services Inc (formerly, Premier Health Group Inc.). ("CloudMD" or the "Company") is dated as of June 1, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2020, 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 February 20, 2020, the Company changed its name to CloudMD Software and Services 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 CAD (US\$ 1,500,000). The acquisition was financed by convertible promissory note in the amount of US\$ 1,500,000 (the "Note"). The Note was for a term of 5 years, 8.5% interest bearing, and due on June 17, 2021. The holder of the Note had the right to convert (at any time) any outstanding balance of the principal and interest of the Note into common shares of the Company at \$0.25 per share. The Company had 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 was secured by a general security agreement.

On April 17, 2018, the Company entered into a share purchase agreement (the "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 December 31, 2018. This resulted in a net liability of \$139,372 from discontinued operation as at December 31, 2018.

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.
- 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
- on May 16, 2019, the Company issued 400,000 common shares, and
- on July 26, 2019, the Company issued 75,000 common shares.

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, 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 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.

On July 17, 2019, the Company completed the acquisition of all of the issued and outstanding shares of two pharmacies ("Pharmacies") based in Metro Vancouver, B.C. In consideration for the acquisition, the Company paid \$1,022,998 in cash, issued 3,432,384 common shares of the Company

On September 30, 2019, the Company closed a non-brokered private placement of 5,250,000 common shares for gross proceeds of \$2,100,000 (\$0.40 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 \$0.65 until September 30, 2021.

On January 10, 2020, the Company issued 3,000,000 common shares for the business acquisition of Livecare. Pursuant to the agreement, 1,574,959 common shares were cancelled and returned to treasury on April 17, 2020, resulting in net amount of 1,425,041 common shares issued with a fair value of \$662,644.

On January 31, 2020, the Company issued 1,500,000 common shares pursuant to a debt settlement agreement.

On March 20, 2020, the Company completed tranche 1 of a brokered private placement of 4,875,449 units for gross proceeds of \$2,340,216 (\$0.48 per unit). 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 \$0.70 for two years from closing. In connection with this private placement, agents were paid cash commissions of \$182,897 and issued 238,147 common shares, 119,073 agent's warrants with an exercise price of \$0.70 per common share and 381,036 agent's warrants with an exercise price of \$0.48 per common share. The agent's warrants have a fair value equal to \$111,259.

On March 30, 2020, the Company completed tranche 2 of a brokered private placement of 1,423,166 units for gross proceeds of \$683,120 (\$0.48 per unit). 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 \$0.70 for two years from closing. In connection with this private placement, agents were paid cash commissions of \$37,930 and issued 49,388 common shares, 79,020 agent's warrants with an exercise price of \$0.70 per common share and 24,694 agent's warrants with an exercise price of \$0.48 per common share. The agent's warrants have a fair value equal to \$26,085.

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. On July 17, 2019, the company acquired two Pharmacies. The Company's main revenue is generated from the operation and management of both primary care clinics, pharmacies 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 inter-connected 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 software as a service ("SAAS") model. Cloud Practice services over 315 clinics across Canada, 3000 doctors and has approximately 3 million patient charts in their database.

The Pharmacies' main business is the retailing of prescription drugs, over-the-counter drugs, and other front store items. In addition to product retailing, the Pharmacies provide clinical services like med reviews and compounding services.

Livecare is a Canadian telehealth company founded and operated by physicians dedicated to giving patients access to quality, real-time healthcare. Livecare offers digital technologies that connect doctors and allied health care providers to their patients via secure, encrypted, face-to-face video and messaging. In addition to its telemedicine platform, Livecare offers kindredPHR, a personalized health record used for storing, managing, and sharing health information, thus enabling patients' access to manage their own care and share amongst their multiple health care providers.

The Company is focused on innovative health care approaches that combine human skill-based expertise with emerging technologies. The Company, in conjunction with its subsidiary Cloud Practice, is developing proprietary technologies 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. CloudMD 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:

	Q1 2020 \$	Q4 2019 \$	Q3 2019 \$	Q2 2019 \$	Q1 2019 (1) \$	Q4 2018 (1) \$	Q3 2018 (1) \$	Q2 2018 (1) \$
Revenue	(3,056,729)	(2,442,317)	(2,165,217)	(1,061,569)	(1,100,330)	(763,468)	(438,080)	-
Fees paid to Doctors	881,199	478,257	494,340	534,506	648,752	564,357	323,041	-
Cost of goods sold	918,862	902,263	671,929	-	-	-	-	-
Expenses	2,959,068	2,203,114	2,099,972	1,483,452	1,839,287	1,722,875	788,687	128,707
Other (income) expense	(79,406)	-	6,047	140,225	(14,852)	111,966	39,968	38,609
Net income (loss) for the period	(1,622,994)	(1,141,317)	(1,107,071)	(1,096,614)	(1,372,857)	(1,635,730)	(713,616)	(167,316)
Income (Loss) per common share	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)	(0.06)	(0.25)	(0.01)
Total assets	22,006,928	17,726,254	17,901,722	10,411,157	10,436,925	6,423,328	6,655,638	302,995
Total liabilities	7,763,163	6,484,970	5,881,738	1,125,297	4,640,960	2,218,491	1,765,236	1,593,041
Dividends declared	-	-	-	-	-	-	-	-

(1) These amounts are shown including the revenues and expenses from the discontinued operations.

For the three-month period ended March 31, 2020 the Company incurred a loss of \$1,622,994 as compared to net loss of \$1,350,606 for the same period in 2019. The Company reported revenues for the three months ended March 31, 2020 of \$3,056,729 (2019: \$1,100,330). The net loss for the period ended March 31, 2020 was mainly due to \$445,403 (2019: \$316,932) of stock based compensation; \$881,119 (2019: \$648,752) of fees paid to doctors; \$918,862 (2019: \$Nil) of cost of goods sold; \$1,241,725 (2019: \$459,944) of wages & salaries; \$365,593 (2019: \$90,665) of professional fees, \$323,525 (2019: \$682,474) of marketing and advertising, office and administration of \$235,455 (2019: \$105,210), and interest expense of \$61,197 (2019: \$Nil).

## SELECTED ANNUAL INFORMATION

	2019	2018	2017
Revenue	(6,769,433)	(1,201,548)	-
Expenses, including cost of sales	11,355,872	3,655,944	726,204
Other (income) expense	(31,772)	142,719	(612,399)
Loss from discontinued operations	163,192	86,247	73,715
Net income (loss) for the period	(4,717,859)	(2,683,362)	(187,520)
Income (Loss) per common share	(0.07)	(0.06)	(0.02)
Total assets	17,726,254	6,423,328	410,810
Total liabilities	6,484,970	2,218,491	1,369,953
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 March 31, 2020, the Company had current assets of \$4,785,764 and current liabilities of \$3,880,882. At March 31, 2020, the Company had working capital of \$904,882 compared to working capital of \$810,761 at December 31, 2019. 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

In the three-month period ending March 31, 2020, the Company has generated \$3,056,729 in revenue from the Healthvue clinics, Pharmacies, Cloud Practice and Livecare subsidiaries compared to \$1,100,330 for the period ended March 31, 2019. The net loss in the period included is mainly due to the non-cash expense of stock based compensation of \$445,403 and amortization of \$201,748, physician fees in the amount of \$881,199, cost of goods sold of \$918,862, wages & salaries in the amount of \$1,241,725, professional fees in the amount of \$365,593, office and administration expense in the amount of \$235,455. Rent expense in the amount of 73,808, interest expense in the amount of \$61,197, and marketing fees in the amount of \$323,525. The other variables pertain to gain on debt forgiveness for the amount of 79,406.

## LIQUIDITY AND CAPITAL RESOURCES

### Changes in Cash Position

	For the Three-Month Period Ended	
	March 31, 2020 \$	March 31, 2019 \$
<b>Cash (used in) /provided by:</b>		
<b>Net cash (used in) operating activities</b>	<b>(922,422)</b>	<b>(725,079)</b>
<b>Net cash (used in) provided by investing activities</b>	<b>(134,531)</b>	<b>(198,222)</b>
<b>Net cash provided by financing activities</b>	<b>2,120,707</b>	<b>800,000</b>
<b>Increase (decrease) in cash</b>	<b>1,063,734</b>	<b>(123,301)</b>
<b>Cash, beginning of period</b>	<b>1,696,402</b>	<b>1,055,543</b>
<b>Cash, ending of period</b>	<b>2,760,136</b>	<b>932,242</b>

The Company had cash of \$2,760,136 at March 31, 2020 compared to \$932,242 at March 31, 2019. During the period ended March 31, 2020, the Company had cash outflows from operations of (\$922,422) compared to cash outflows of (\$725,079) in period ending March 31, 2019. The cash on hand of \$2,760,136 at March 31, 2020, did not include \$200,000 in subscription receivable received by the Company during the month of April 2020.

Cash used in investing activities during the period ended March 31, 2020 was (\$134,531) compared to cash used by investing activities of (\$198,222) for the period ended March 31, 2019, which was mainly due to payments towards the acquisition of Livecare and purchase of equipment. During the period ended March 31, 2020, the Company paid \$60,000 in cash as part of the consideration paid for the acquisition of Livecare, \$25,000 in cash for short-term investments and \$50,806 in cash towards the purchase of intangible asset and equipment.

Cash provided by financing activities during the period ended March 31, 2020 was \$2,120,707 compared to cash provided in financing activities of \$800,000 for the period ended March 31, 2019, mainly due to proceeds from the issuance of shares in the amount of \$2,823,335, share issuance cost paid in cash in the amount of \$379,659, payments made to term loans in the amount of \$195,836, and payments made towards lease liability in the amount of \$127,038.

#### **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 1, 2020, the issued share capital comprises 92,204,411 common shares. As at March 31, 2020, the issued share capital comprises 93,056,120 (December 31, 2019 – 81,213,470) common shares.

***During the 3-month period ended March 31, 2020, the Company had the following share capital transactions:***

- On January 10, 2020, the Company issued 3,000,000 common shares for the business acquisition of Livecare (*Note 3*). Pursuant to the agreement, 1,574,959 common shares were cancelled and returned to treasury on April 17, 2020.
- On January 31, 2020, the Company issued 1,500,000 common shares valued at \$577,500 to settle debt of \$600,000 acquired in conjunction with Livecare. (*Note 3*)
- On February 3, 2020, the Company issued 750,000 common shares valued at \$296,347 for prepaid consulting fees.
- On March 20, 2020, the Company completed tranche 1 of a brokered private placement of 4,875,449 units for gross proceeds of \$2,340,216 (\$0.48 per unit). 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 \$0.70 for two years from closing.
- In connection with this private placement, agents were paid cash commissions of \$182,897 and issued 238,147 common shares, 119,073 agent's warrants with an exercise price of \$0.70 per common share, and 381,036 agent's warrants with an exercise price of \$0.48 per common share. The agent's warrants have a fair value equal to \$111,259 (see Note 18 (c) for further information on the fair value calculation).
- On March 30, 2020, the Company completed tranche 2 of a brokered private placement of 1,423,166 units for gross proceeds of \$683,120 (\$0.48 per unit). 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 \$0.70 for two years from closing.

In connection with this private placement, agents were paid cash commissions of \$37,930 and issued 49,388 common shares, 79,020 agent's warrants with an exercise price of \$0.70 per common share, and 24,694 agent's warrants with an exercise price of \$0.48 per common share. The agent's warrants have a fair value equal to \$26,085 (see Note 18 (c) for further information on the fair value calculation).

The Company incurred additional share issuance costs amounting to \$157,007 in connection to the above private placement.

Of the total proceeds of the private placement, as at March 31, 2020, \$200,000 had yet to be received by the Company, and is included in subscriptions receivable.

- On March 30, 2020, in connection with the above private placement, the Company issued 6,500 common shares, paid a cash fee of \$1,920 and issued 233,278 agent's warrants with an exercise price of \$0.70 per common share. The agent's warrants have a fair value equal to \$50,668 (see Note 18 (c) for further information on the fair value calculation).

***During the year ended December 31, 2019, the Company had the following share capital transactions:***

- The Company issued 3,947,368 common shares with a fair value of \$2,325,964 for the business acquisition of Cloud Practice. (*Note 3*).
- The Company issued 3,432,384 common shares with a fair value of \$714,981 for the business acquisition of two pharmacies based in Metro Vancouver, B.C. (*Note 3*).
- On November 19, 2019, the Company announced the appointment of Dr. David Ostrow, MD as Chief Medical Officer and the addition of Mona Ellesely to its newly formed advisory board as a Digital Marketing Strategist. The Company issued an aggregate of 510,000 common shares in consideration for future services at a price of \$0.35 per common share.
- The Company completed a non-brokered private placement of 3,734,687 units for gross proceeds of \$2,427,547 (\$0.65 per unit). 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 for two years from closing.
- In connection with this private placement, agents were paid cash commissions of \$108,163 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 agent's warrants have a fair value equal to \$46,685 (see Note 18 (c) for further information on the fair value calculation).
- The Company closed a non-brokered private placement of 5,250,000 units for gross proceeds of \$2,100,000 (\$0.40 per unit). 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 \$0.65 until September 30, 2021.
- In connection with this private placement, agents were paid cash commissions of \$136,000 and issued 340,000 agent's warrants. Each agent's warrant is exercisable into one additional common share at an exercise price of \$0.65 until September 30, 2021. The agent's warrants have a fair value equal to \$62,566 (see Note 18 (c) for further information on the fair value calculation).
- The Company issued 600,000 common shares at a price of \$0.50, for gross proceeds of \$300,000 through the exercise of options. The options had a fair value of \$147,570, which was removed from the share-based payment reserve into share capital.
- The Company issued 1,600,000 common shares at a price of \$0.25, for gross proceeds of \$400,000 through the exercise of options. The options had a fair value of \$297,886, which was removed from the share-based payment reserve into share capital.

- The Company issued 475,000 common shares valued at 205,750, 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 20 for further information on the Settlement Agreement).

c) **Agent's Warrants**

***During the period ended March 31, 2020:***

During the 3-month period ended March 31, 2020, the Company issued a total of 837,101 agent's warrants in connection with its private placements, valued at \$188,012 using the Black Scholes Option Pricing Model, with the following weighted average assumptions: volatility of 100%, expected life of 2 years, risk free interest rates ranging from 0.40% to 0.62%, and a dividend yield of 0%.

During the year ended December 31, 2019, the Company issued a total of 501,250 agent's warrants in connection with its private placements, valued at \$109,251 using the Black Scholes Option Pricing Model, with the following weighted average assumptions: volatility of 100%, expected life of 2 years, risk free interest rate of 1.52%, and a dividend yield of 0%.

The agent's warrant pricing model used a volatility of 100%, expected life of 2 years, risk free interest rates ranging from 0.40% to 0.62%, and a dividend yield of 0%.

*The following is a summary of agent's warrants activities during the period ending March 31, 2020 and year ending December 31, 2019:*

	March 31, 2020		December 31, 2019	
	Number of Agent's Warrants	Weighted Average Exercise Price \$	Number of Agent's Warrants	Weighted Average Exercise Price \$
Balance outstanding beginning of year	501,520	0.76	-	-
Agent's warrants issued	837,101	0.58	501,520	0.76
Balance outstanding end of year	<b>1,338,621</b>	<b>0.65</b>	501,520	0.76

During the 3-month period ending March 31, 2020, no agent's warrants were exercised.

*As at June 1, 2020, the Company had the following agent's warrants outstanding, all of which are exercisable at June 1, 2020:*

Outstanding	Exercise Price \$	Remaining Life (Years)	Expiry Date
161,520	\$1.00	0.90	26-Apr-21
318,000	\$0.65	1.33	30-Sep-21
119,073	\$0.70	1.80	20-Mar-22
381,036	\$0.48	1.80	20-Mar-22
257,972	\$0.70	1.83	30-Mar-22
79,020	\$0.48	1.83	30-Mar-22
<b>1,316,621</b>		<b>1.58</b>	

d) **Shareholders' Warrants**

During the 3-month period ended March 31, 2020, the Company issued a total of 3,149,307 shareholders' warrants in connection with its private placements. These warrants have a fair value of \$nil, valued using the residual value method.

During the year ended December 31, 2019, the Company issued a total of 4,492,344 shareholders' warrants in connection with its private placements. These warrants have a fair value of \$nil, valued using the residual value method.

*The following is a summary of shareholders' warrants activities during the period ended March 31, 2020 and period ending December 31, 2019:*

	<b>March 31, 2020</b>		December 31, 2019	
	<b>Number of Shareholders' Warrants</b>	<b>Weighted Average Exercise Price \$</b>	Number of Shareholders' Warrants	Weighted Average Exercise Price \$
Balance outstanding beginning of year	4,492,344	0.80	-	-
Shareholders' warrants Issued	3,149,307	0.70	4,492,344	0.80
Balance outstanding end of year	<b>7,641,651</b>	<b>0.76</b>	4,492,344	0.80

During the 3-month period ending March 31, 2020, 3,149,307 shareholders' warrants were issued, and none were exercised.

*As at June 1, 2020, the Company had the following shareholders' warrants outstanding, all of which are exercisable at June 1, 2020:*

<b>Outstanding</b>	<b>Exercise Price \$</b>	<b>Remaining Life (Years)</b>	<b>Expiry Date</b>
1,525,067	\$1.00	0.90	April 26, 2021
342,277	\$1.00	0.96	May 17, 2021
2,523,750	\$0.65	1.33	September 30, 2021
2,437,724	\$0.70	1.80	March 20, 2022
711,583	\$0.70	1.83	March 30, 2022
<b>7,540,401</b>		<b>1.43</b>	

e) **Escrow shares**

As at March 31, 2020, the Company has 11,430,948 common shares held in escrow.

*Escrow shares will be released as follows:*

- 1,800,000 shares on August 1, 2020, and the same amount released each six months thereafter until the last 1,800,000 are released on August 1, 2021.
- 686,477 shares on May 17, 2020, and the same amount released each four months thereafter until the last 686,476 are released on May 17, 2021.
- 25,000 shares on April 16, 2020, and the same amount released each month thereafter until the last 25,000 are released on April 19, 2021.
- 5,000 shares on April 16, 2020, and the same amount released each month thereafter until the last 5,000 are released on October 19, 2020.
- 570,017 shares on January 9, 2021, plus 285,008 shares on May 9, 2021, and the same amount released each four months thereafter until the last 285,008 are released on January 8, 2022.
- 600,000 shares on January 31, 2021, plus 300,000 shares on May 31, 2021, and the same amount released each four months thereafter until the last 300,000 are released on January 30, 2022.

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 3-month period ended March 31, 2020:*

- On January 7, 2020, 300,000 options were granted to consultants of the Company, exercisable at \$0.40 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 \$89,635, of which \$62,226 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On January 13, 2020, 1,350,000 options were granted to management and employees of the Company, exercisable at \$0.50 per share. The options vesting periods ranged from a 5-month vesting period to 25% of options granted vesting every 6 months. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$497,946, of which \$223,173 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On February 3, 2020, 125,000 options were granted to employees of the Company, exercisable at \$0.50 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$35,261, of which \$5,689 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.

- On March 2, 2020, 200,000 options were granted to employees of the Company, exercisable at \$0.55 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$79,899 of which \$6,333 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On March 16, 2020, 200,000 options were granted to consultants of the Company, exercisable at \$0.50 per share. The options shall vest 25% every 6 months and have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$73,380 of which \$3,116 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On March 23, 2020, 80,000 options were granted to a director of the Company, exercisable at \$0.48 per share. The options shall vest 20% every 6 months, commencing on March 23, 2020. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$22,950 of which \$5,006 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On March 23, 2020, 200,000 options were granted to a director of the Company, exercisable at \$0.50 per share. The options shall vest 20% every 6 months, commencing on March 23, 2020. The options vest 5 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 \$56,926 of which \$2,976 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.

The option pricing model used an average risk-free rate ranging from 0.78% and 1.62% with an average risk-free rate of 1.13%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

***The following grants were made during the year ended December 31, 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 during the three months 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 \$119,293 (March 31, 2019 - \$195,872) was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.
- On July 17, 2019, 200,000 options were granted to employees of the Company, exercisable at \$0.32 per share. The options shall vest 25% every 6 months, commencing on January 16, 2020. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$47,736, of which \$7,554 was recorded in the 3-month period ended March 31, 2020 based on vesting conditions.

CloudMD Software and Services Inc.  
Management's Discussion and Analysis  
For the Three-Month Period Ended March 31, 2020

- On August 20, 2019, 2,400,000 options were granted to consultants of the Company, exercisable at \$0.25 per share. The options vested immediately. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$446,829, of which \$446,829 was recorded in the year ended December 31, 2019 based on vesting conditions.
- On November 6, 2019, 300,000 options were granted to consultants of the Company, exercisable at \$0.40 per share. The options vested immediately. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$89,566, of which \$89,566 was recorded in the year ended December 31, 2019 based on vesting conditions.
- On November 6, 2019, 300,000 options were granted to consultants of the Company, exercisable at \$0.40 per share. The options vested immediately. The options have a five-year expiry date from the date of grant. The fair value of the options at grant date was \$89,566, of which \$89,566 was recorded in the year ended December 31, 2019 based on vesting conditions.

The option pricing model used an average risk-free rate ranging from 1.27% and 1.8% with an average risk-free rate of 1.50%, estimated life of 5 years, volatility of 100% and dividend yield of 0%.

*The following is a summary of option activities the 3-month period ended March 31, 2020 and the year ended December 31, 2019:*

	March 31, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance outstanding beginning of year	5,250,000	0.60	4,000,000	0.50
Options Granted	2,455,000	0.49	5,250,000	0.49
Options Cancelled	-	-	(1,800,000)	0.39
Options Exercised	-	-	(2,200,000)	0.32
Balance outstanding end of period	<b>7,705,000</b>	<b>\$ 0.57</b>	<b>5,250,000</b>	<b>\$ 0.60</b>

During the 3-month period ending March 31, 2020, 2,455,000 options were granted. Subsequent to March 31, 2020, 387,000 options were granted to consultants and employees of the Company. The Company issued 212,000 options at \$0.50 and 75,000 at \$0.73 to consultants and 100,000 options at \$0.73 to employees of the Company.

*As at June 1, 2020, the Company had the following stock options outstanding and exercisable:*

<b>Outstanding</b>	<b>Exercisable</b>	<b>Exercise Price \$</b>	<b>Remaining Life (Years)</b>	<b>Expiry Date</b>
2,300,000	2,125,000	0.50	3.20	August 12, 2023
2,350,000	1,325,000	0.76	3.68	February 3, 2024
200,000	50,000	0.32	4.13	July 16, 2024
150,000	-	0.40	4.60	January 6, 2025
1,350,000	-	0.50	4.62	January 12, 2025
125,000	150,000	0.50	4.68	February 2, 2025
200,000	100,000	0.55	4.75	March 1, 2025
200,000	-	0.50	4.79	March 15, 2025
80,000	-	0.48	4.81	March 22, 2025
200,000	-	0.50	4.81	March 22, 2025
212,000	-	0.50	4.85	April 6, 2025
175,000	-	0.73	4.85	April 6, 2025
<b>7,542,000</b>	<b>3,824,500</b>		<b>3.91</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, deposits on investments, accounts payable, amounts due from and to related parties, notes receivable, and convertible notes receivable.

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 receivable, accounts payable, and other liabilities, have amortized costs that approximate their fair value due to their short terms to maturity. The Company's long-term debt is measured at amortized cost, which approximates fair value.

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, 2020, 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. As at March 31, 2020, the Company did have sufficient cash on hand to meet its current liabilities but continues to need to source different methods of financing.

### **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's functional currency is the Canadian dollar and the majority of its transactions are in Canadian dollars. The Company's exposure to foreign currency risk is low.

#### **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:

	March 31, 2020	March 31, 2019
Salaries paid to the CEO	\$ 60,000	\$ 60,000
Salaries paid to the CFO	30,000	25,000
Salaries paid to the COO	27,500	25,000
Consulting fees to the former CEO, included in loss from discontinued operations <i>(Note 20)</i>	-	5,079
Stock-based compensation to the CEO, CFO, COO and Directors	187,796	-
Accretion and interest expense on convertible debenture to the former CEO <i>(Note 15)</i>	-	86,330

As at March 31, 2019, and December 31, 2019, the Company had \$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 20 for further details). As at March 31, 2020, 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 20 for further details). As at March 31, 2020, no notes were receivable from related parties.

As at March 31, 2019, and December 31, 2018, the Company has a convertible debenture valued at \$1,466,724 to the former CEO. During the year ended December 31, 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. 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 15, 20)*.

## **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

- Subsequent to the period ending March 31, 2020, the Company cancelled 1,574,959 contingent common shares previously issued for the acquisition of Livecare. (*Note 3*)
- The Company issued 573,250 common shares upon the exercise of 101,250 shareholder warrants at an exercise price of \$0.65 per share, 22,000 agent warrants at an exercise price of \$0.65 per share and 450,000 stock options at an exercise price of \$0.40 per share.
- On April 7, 2020, the Company issued 212,000 options to consultants of the Company at an exercise price of \$0.50 per share. The options have a five-year expiry date from the date of grant.
- On April 28, 2020, the Company issued 175,000 options to consultants and employees of the Company at an exercise price of \$0.73 per share. The options have a five-year expiry date from the date of grant.
- On April 28, 2020, the Company cancelled 100,000 stock options exercisable at a price of \$0.50 per share.
- On May 13, 2020, the Company entered into an agreement with a syndicate of underwriters to purchase, on a bought deal basis, pursuant to the filing of a short form prospectus, an aggregate of 18,572,000 units at a price of \$0.70 per unit for aggregate gross proceeds to the company of approximately \$13-million. Each unit shall consist of one common share and one-half of one common share purchase warrant of the company. Each warrant shall be exercisable to acquire one common share of the company for a period of 24 months from closing of the transaction at an exercise price of \$1 per warrant.

The Company has granted the underwriters an option to purchase up to an additional 2,785,800 units at a price of 70 cents per unit, exercisable at any time, for a period of 30 days after and including the closing date, which would result in additional proceeds of approximately \$2-million.

- On May 14, 2020, the Company announced the appointment of industry veteran Mark Kohler as chairman of the board. Mr. Kohler has over 33 years of experience as an entrepreneur, investor, financial executive, and board member at leading healthcare, technology, and financial services organizations in North America. On May 21, 2020, the Company issued 150,000 common shares to Mr. Kohler in consideration of future services.

## **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.