

CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2020

(Expressed in Canadian Dollars)

DATED November 30, 2020

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for CloudMD Software & Services Inc. (formerly, Premier Health Group Inc.) ("CloudMD" or the "Company") is dated and based on information available to management as of November 30, 2020 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2020 and 2019, and the consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018. These documents, along with additional information about the Company, including the Annual Information Form ("AIF") dated May 19, 2020 and the short form prospectuses dated September 15, 2020 and November 2, 2020, are available under the Company's profile on SEDAR at www.sedar.com.

The financial data contained in this report and in the unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the three and nine months ended September 30, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in Canadian dollars, unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

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

- 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; and
- statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to: the actual results of current activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, failure of plant, equipment or processes to operate as anticipated, accidents, delays in obtaining government approvals or financing, risks relating to the integration of acquisitions and to international operations, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, and those risks mentioned in the "Risk Factors" section of this MD&A. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as

anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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

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

RISK FACTORS

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

The information in this MD&A should be read carefully in conjunction with the risks and uncertainties detailed in the "*Forward-Looking Statements*" section of this MD&A, in the Company's most recently filed AIF dated May 19, 2020 and short term prospectuses dated September 15, 2020 and November 2, 2020, which is available under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks actually occur, alone or in combination, our business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

NON-GAAP FINANCIAL MEASURES

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

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the unaudited condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2020 and 2019, and the consolidated financial statements and the accompanying notes for years ended December 31, 2019 and 2018.

EBITDA

EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. EBITDA referenced herein relates to earnings before interest, taxes, depreciation and amortization. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating income (loss) of the business. Please refer to section on EBITDA for reconciliation.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted EBITDA referenced herein relates to earnings before interest, taxes, depreciation, amortization, stock-based compensation, financing-related costs, acquisition-related costs, litigation costs and loss provision, and loss from discontinued operations. This measure does not have a comparable IFRS measure and is used by the Company to evaluate its cash operating income (loss) of the business, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Company. Please refer to section on Adjusted EBITDA for reconciliation.

Gross Profit

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

Adjusted Expenses

Adjusted Expenses is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measures disclosed by other issuers. Adjusted Expenses as referenced herein is defined as expenses before financing-related costs, acquisition-related costs and litigation costs. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its expenses for ongoing business operations.

Working Capital

Working Capital is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Working Capital as referenced herein is defined as current assets less current liabilities. This measure does not have a comparable IFRS measure and is used to provide investors with an alternative understanding of the Company's core operating results and trends.

OVERVIEW

CloudMD is a healthcare technology company revolutionizing the delivery of healthcare. Built by an experienced team of doctors, who understand the pain points of the traditionally broken healthcare system, the Company offers a patient-centric, holistic approach that engages patients and empowers medical practitioners.

Technology is the great equalizer, and through the Company's proprietary technology, CloudMD is now one of the only telemedicine companies that addresses physical and mental healthcare from one platform. Through its technology solutions, CloudMD supports and empowers medical businesses, patients/consumers and enterprise businesses including employers, insurers and providers.

The Company offers Software as a Service ("SaaS") based health technology solutions to medical clinics across North America and has developed proprietary technology that delivers quality healthcare through the combination of connected hybrid clinics, telemedicine, electronic medical records ("EMR"), billing solutions, online scheduling and an artificial intelligence enabled patient portal.

The Company currently owns and operates 16 hybrid clinics across North America and through its telemedicine and EMR services, currently services a combined ecosystem of over 500 clinics, almost 4,000 licensed practitioners and 8 million patient charts across North America. Having a footprint of clinics across Canada, and strategically in the United States is extremely important to CloudMD as it provides continuity of care, and patients with better access to care when they need to see a doctor or specialist in person. The hybrid clinics include primary care, specialist care and mental health support to better support its patient network with continuity of care across the entire healthcare ecosystem. CloudMD recognizes that patient's healthcare issues are not siloed and are often intertwined and therefore episodic healthcare won't work. CloudMD is building one platform that puts the patient first and focuses on team-based delivery of "whole person" care. The Company's overarching goal is to digitize the delivery of healthcare by providing patients access to all points of their care from their phone, tablet or desktop computer.

Recently, CloudMD launched a new Enterprise Health Solutions Division, which provides one centralized platform for employers and insurers to address the health and wellness of their workforce. Currently, corporations, insurers and advisors have siloed health programs that are costly and ineffective in providing a holistic care plan focused on ease of access, individual needs and recovery. CloudMD offers one platform that provides a comprehensive healthcare plan addressing primary care, mental health support, specialist care and educational resources for employees and their families. This centralized platform dramatically changes the landscape where employers can now offer one solution that addresses the comprehensive health needs of their workforce and eliminates the need for multiple vendors. Through a number of strategic acquisitions, CloudMD is now positioned as a leading provider of holistic healthcare for enterprise clients. The combination of these solutions provides one centralized ecosystem focusing on longitudinal care while increasing patient satisfaction, reducing healthcare costs, decreasing wait times, and providing better return to work outcomes. These solutions include:

Re:Function Health Group Inc. ("Re:Function") – Network of Rehabilitation Clinics

Re:Function is an integrated network of 8 rehabilitation clinics with 37 specialists and allied health professionals offering various rehabilitation services. The practice is made up of four key rehabilitation pillars, **Re:Build** (physiotherapy), **Re:Think** (counselling), **Re:View** (medlegal consulting) and **Re:Tool** (vocational rehabilitation), and a team of specialists including: occupational therapists, physiotherapists, kinesiologists, psychologists, psychiatrists and counsellors. Services include: independent medical assessments, return to work support, functional capacity evaluations, rehabilitation support, job demand analysis, etc.

Snapclarity Inc. ("Snapclarity") – Leading Virtual Mental Health Assessment Tool

Snapclarity is an on-demand, digital platform that provides an assessment for mental health disorders that includes a personalized care plan, access to online resources, a clinical healthcare team, and the ability to match to the right therapists. CloudMD now provides an integrated digital platform that combines top-tier primary healthcare with clinically-proven mental health support, making it a comprehensive one-stop-shop solution supporting the entire needs of patients suffering from mental health or behaviour disorders.

HumanaCare Inc. ("HumanaCare") – Industry Leader in Employee Health Services for Short Term Incidental Issues (announced binding term sheet on October 28, 2020 but acquisition not yet completed)

HumanaCare is an industry leading Employee Assistance Program ("EAP") provider, funded by employers to provide access to mental and physical wellness support services. HumanaCare provides employee health services to over 5,000 corporate clients, 1 million employees and their family members utilizing a clinical network of more than 3,500 clinicians. Currently, HumanaCare has multi-year agreements to service Fortune 500 clients, leading corporations and advisors. The solution uses nurse triage to support mental health and short-term incidental issues including counselling, financial stress, nutrition, legal and eldercare consultation.

Integrated with CloudMD's enterprise services, the solution will offer a comprehensive, holistic approach to healthcare which includes telemedicine, triaging, on-demand mental health support, and educational healthcare resources. The combination creates the only employee assistance solution to deliver care plans to employees for short-term, long-term and chronic care.

Medical Confidence Inc. ("Medical Confidence") – Revolutionary Health Navigator Platform to Reduce Specialist Wait Times (announced binding term sheet on October 22, 2020 but acquisition not yet completed)

Medical Confidence is a real time digital database of publicly available specialists and their wait times, allowing patient referrals to the right specialist in the shortest available time. The platform provides medical consultations, wellness plans and referrals to Canadian healthcare providers in support of patients' mental and physical health issues. Medical Confidence's solutions are utilized by a wide range of customers including employers, individuals, disability case managers, life and health insurers and property and casualty insurers. Proven results include a 20% reduction in benefit and disability costs, 6-month reduction in disability duration (on average), access to treatment 220 days sooner (on average), improved employee satisfaction (reported by 75% of clients) and 420% ROI or greater in payroll savings due to reduced illness-related absences. Currently, Medical Confidence has long standing contracts with Canada's largest group benefit and disability insurers.

iMD Health Global Corp. ("iMD") – Award Winning Platform Providing Peer-Reviewed Educational Resources

iMD is a trusted platform used by healthcare professionals to provide factual, medical information that promotes positive patient behaviour in all health sectors. iMD's intuitive platform provides a robust digital library and consultative visual component which is available on any digital device. iMD's platform is populated with content licensing partnerships with Canada's most respected health associations and pharmaceutical companies. The platform has access to over 7.5 million patients and is currently being used by over 10,000 healthcare professionals and other users including: 3,800 doctors, 2,000 pharmacies, 140 hospitals, and 150 specialty clinics. In addition, iMD has partnerships with over 30 global pharmaceutical companies, 18 digital healthcare integration providers, Health Canada and over 60 healthcare associations in North America. iMD's robust medical library already has over 80,000 patient-friendly images, brochures and videos covering 2,100 health conditions, which includes the medical Mayo Clinic library.

Canadian Medical Directory ("CMD") – Trusted Database of Up-to-date Information on over 100,000 Physicians, Residents and Nurse Practitioners (announced binding term sheet on October 21, 2020 but acquisition not yet completed)

CMD is Canada's largest, most trusted, directory of medical professionals including 91,000 practicing physicians and 10,000 residents and nurse practitioners across the country. The robust, multi-layered database is genuinely unique as no other direct competitor has a SaaS platform that collects and vends the data in such a highly segmented, up-to-date way. CMD is Canada's leading source for profile and contact information on practicing physicians — both general practitioners and medical specialists — and nurse practitioners, across the country. With up-to-date information, it's a key reference tool used by clinics, hospitals, medical placement firms, pharmaceutical companies, and manufacturers and distributors of medical equipment and supplies. CMD has very high brand recall and recognition as a trusted source of information.

COMPANY HIGHLIGHTS

The following significant corporate and financial events have taken place during the three months ended September 30, 2020:

- On August 5, 2020, the Company announced it has closed the acquisition of South Surrey Medical Clinic ("South Surrey") for a purchase price of \$700,000. South Surrey is a premier provider of integrated medical solutions which operates with 24 healthcare professionals, including, 12 physicians across various specialties including mental health, women's health, sports medicine, gynecology and psychiatry.
- On August 11, 2020, the Company announced it has appointed Patrick Lo, a leading expert on data protection and regulatory privacy matters for the healthcare sector in North America, as a strategic advisor.
- On August 13, 2020, the Company announced it has entered into a share purchase agreement to acquire a 51% interest in West Mississauga Medical Ltd. ("West Mississauga") for a purchase price of \$200,000. West Mississauga is a comprehensive family medicine and specialist medical clinic with 8 family doctors and 4 specialists serving over 100,000 patients.
- On August 24, 2020, the Company announced it has entered into a binding term sheet to acquire Re:Function Health Group Inc. for a purchase price of \$8,000,000. Re:Function is a leading rehabilitation clinic network, with 8 clinics and 37 specialists and allied health professionals across British Columbia.
- On September 9, 2020, the Company announced it has appointed experienced healthcare executive, Karen Adams as Chief Health Innovation Officer. Karen is a tenured senior executive and has over 20 years of experience in building insurance companies and driving innovation and growth in public, private and not-for-profit organizations supporting employee/consumer mental health and wellness.
- On September 16, 2020, the Company announced it has appointed experienced industry leaders to its newly formed Chairman's Advisory Board, all with records of building successful high growth organizations with an international outlook. The members have agreed to share their experience and knowledge in creating and managing significant strategic initiatives that deliver significant value creation.
- On September 22, 2020, the Company announced it has closed its short form prospectus offering, on a bought deal basis, including the full exercise of the underwriters' over-allotment option. The Company issued a total of 15,065,000 common shares at a price of \$1.38 per common share for aggregate gross proceeds of \$20,789,700.

SELECTED FINANCIAL INFORMATION

The following table highlights key financial information for the three and nine months ended September 30, 2020 as compared to the prior comparable periods:

Select Financial Information	Three months ended				Nine months ended			
	September 30,		Variance		September 30,		Variance	
	2020	2019	(\$)	(%)	2020	2019	(\$)	(%)
Revenue	\$ 3,358,955	\$ 2,165,217	\$ 1,193,738	55%	\$ 9,205,671	\$ 4,327,116	\$ 4,878,555	113%
Physician fees	(1,086,731)	(494,340)	(592,391)	120%	(2,812,916)	(1,677,598)	(1,135,318)	68%
Cost of goods sold	(857,573)	(671,929)	(185,644)	28%	(2,552,531)	(671,929)	(1,880,602)	280%
Gross profit ⁽¹⁾	1,414,651	998,948	415,703	42%	3,840,224	1,977,589	1,862,635	94%
Gross profit %	42.1%	46.1%			41.7%	45.7%		
Expenses	4,094,284	1,752,735	2,341,549	134%	10,561,582	4,924,384	5,637,198	114%
Loss before other items	(2,679,633)	(753,787)	(1,925,846)	255%	(6,721,358)	(2,946,795)	(3,774,563)	128%
Other items and taxes	(44,440)	(55,888)	11,448	-20%	(393,826)	(296,725)	(97,101)	33%
Net and comprehensive loss	(2,724,073)	(809,675)	(1,914,398)	236%	(7,115,184)	(3,243,520)	(3,871,664)	119%
Adjusted EBITDA ⁽¹⁾	\$ (1,321,720)	\$ (135,962)	\$ (1,185,758)	872%	\$ (3,445,097)	\$ (1,509,761)	\$ (1,935,336)	128%

(1) Gross profit and Adjusted EBITDA are non-GAAP measures as described in the Non-GAAP Financial Measures section of this MD&A.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Revenue

Revenue	Three months ended				Nine months ended			
	September 30,		Variance		September 30,		Variance	
	2020	2019	(\$)	(%)	2020	2019	(\$)	(%)
Clinic services & pharmacies	\$ 2,900,335	\$ 1,789,804	\$ 1,110,531	62%	\$ 7,860,297	\$ 3,370,902	\$ 4,489,395	133%
SaaS model digital services	458,620	375,413	83,207	22%	1,345,374	956,214	389,160	41%
Total revenue	\$ 3,358,955	\$ 2,165,217	\$ 1,193,738	55%	\$ 9,205,671	\$ 4,327,116	\$ 4,878,555	113%

Total revenue for the three and nine months ended increased by \$1,193,738 or 55% and \$4,878,555 or 113% over the prior comparable periods, respectively. The increase in clinic services and pharmacies revenue was primarily due to the Company's acquisitions over the past twelve months, including two pharmacies and two medical clinics based in Vancouver, BC. The increase in SaaS model digital services revenue is mainly attributable to organic growth, as the Company invested in marketing campaigns to build awareness of its brand and services, which led to greater adoption of digital services from medical clinics and physicians.

COVID-19 caused an initial negative impact to revenues earned from clinic services and pharmacies, as public health officials recommended precautions to mitigate the spread of the virus. Subsequently, the Company managed this impact by transitioning its patients to its telehealth services.

SaaS model digital services as a percentage of total revenue decreased to 13.7% and 14.6% for the three and nine months ended September 30, 2020 compared to 17.3% and 22.1% for the same year-ago periods, respectively, due to clinics and pharmacies acquired in the past twelve months. The proportional mix of SaaS model digital services to total revenue is expected to increase in the future due to the Company's business acquisitions completed subsequent to September 30, 2020, including Snapclarity, Benchmark and iMD.

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The Company's growth strategy includes acquisitions, which is centered on acquiring products, capabilities, clinical specialties and technologies that are highly scalable and rapidly growing.

Gross Profit

Gross profit for the three and nine months ended increased by \$415,703 or 42% and \$1,862,635 or 94% over the prior comparable periods, respectively, as a result of the increase in total revenue, primarily through acquisitions and organic growth.

The gross profit percentage was 42.1% and 41.7% for the three and nine months ended September 30, 2020, a decrease from 46.1% and 45.7% for the same year-ago periods, respectively. The decrease was primarily attributable to a greater proportion of clinic services and pharmacies revenue, which attracts a lower gross profit percentage compared to SaaS model digital services revenue. In addition, the Company's gross profit percentage was affected by temporary costs associated with expanding its services across Canada and the effects of the COVID-19 pandemic.

The Company expects its gross profit percentage to increase in the future, with an increased percentage of total revenues being derived from higher margin SaaS model digital services due to the business acquisitions completed subsequent to September 30, 2020. Additionally, the Company expects to realize improved margins as additional clinics, physicians and patients adopt its telehealth services across Canada.

Expenses

Expenses	Three months ended				Nine months ended			
	September 30,		Variance		September 30,		Variance	
	2020	2019	(\$)	(%)	2020	2019	(\$)	(%)
Expenses, as reported	\$ 4,094,284	\$ 1,752,735	\$ 2,341,549	134%	\$ 10,561,582	\$ 4,924,384	\$ 5,637,198	114%
Adjusted for:								
Financing-related costs	(245,123)	-	(245,123)	-100%	(504,637)	-	(504,637)	-100%
Acquisition-related costs	(210,865)	(29,083)	(181,782)	625%	(444,292)	(108,093)	(336,199)	311%
Litigation costs	(63,154)	(482)	(62,672)	12992%	(66,632)	(20,932)	(45,700)	218%
Adjusted expenses⁽¹⁾	\$ 3,575,142	\$ 1,723,170	\$ 1,851,972	107%	\$ 9,546,021	\$ 4,795,359	\$ 4,750,662	99%

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

Total expenses for the three and nine months ended increased by \$2,341,549 or 134% and \$5,637,198 or 114% over the prior comparable periods, respectively.

When adjusted for financing-related costs, acquisition-related costs, and litigation costs, adjusted expenses for the three and nine months ended increased by \$1,851,972 or 107% and \$4,750,662 or 99% over the prior comparable periods, respectively. The increase for the quarter and year-to-date period was primarily due to the Company's acquisitions over the past twelve months and higher staffing costs due to an expanded workforce and professional fees to support the Company's growth strategy. Additionally, the Company made strategic investments in numerous marketing initiatives to build awareness of the Company and its products and services, which it expects to result in strong future organic growth.

Net and Comprehensive Loss

Total net and comprehensive loss for the three and nine months ended September 30, 2020 was \$2,724,073 and \$7,115,184, compared to a net loss of \$809,675 and \$3,243,520 for the same year-ago periods, respectively. The increase in net loss and comprehensive loss was primarily due to additional expenses incurred to support the Company's growth strategy, exceeding its increased revenue and gross profit for the period.

EBITDA and Adjusted EBITDA

EBITDA for the three and nine months ended September 30, 2020 was a loss of \$2,379,980 and \$6,233,195, compared to a loss of \$625,461 and \$2,841,660 for the same year-ago periods, respectively.

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Adjusted EBITDA for the three and nine months ended September 30, 2020 was a loss of \$1,302,235 and \$3,309,704, compared to a loss of \$135,961 and \$1,620,340 for the same year-ago periods, respectively.

The following table provides a reconciliation of net loss to EBITDA and adjusted EBITDA for the three and nine months ended September 30, 2020 and 2019:

	Three months ended				Nine months ended			
	September 30,		Variance		September 30,		Variance	
	2020	2019	(\$)	(%)	2020	2019	(\$)	(%)
Net loss for the period	\$ (2,724,073)	\$ (809,675)	\$ (1,914,398)	236%	\$ (7,115,184)	\$ (3,243,520)	\$ (3,871,664)	119%
Add:								
Interest and accretion expense	63,001	49,841	13,160	26%	189,557	152,555	37,002	24%
Income taxes	18,964	-	18,964	100%	18,964	-	18,964	100%
Depreciation and amortization	262,128	134,373	127,755	95%	673,468	249,305	424,163	170%
EBITDA⁽¹⁾ for the period	(2,379,980)	(625,461)	(1,754,519)	281%	(6,233,195)	(2,841,660)	(3,391,535)	119%
Stock-based compensation	558,603	459,934	98,669	21%	1,507,930	1,225,841	282,089	23%
Financing-related costs	245,123	-	245,123	100%	504,637	-	504,637	100%
Acquisition-related costs	191,380	29,083	162,297	558%	308,899	108,093	200,806	186%
Litigation costs and loss provision	63,154	482	62,672	12992%	466,632	20,932	445,700	2129%
Loss from discontinued operations	-	-	-	0%	-	(22,967)	22,967	-100%
Adjusted EBITDA⁽¹⁾ for the period	\$ (1,321,720)	\$ (135,962)	\$ (1,185,758)	872%	\$ (3,445,097)	\$ (1,509,761)	\$ (1,935,336)	128%

(1) EBITDA and Adjusted EBITDA are non-GAAP measures as described in the Non-GAAP Financial Measures section of this MD&A.

SUMMARY OF QUARTERLY RESULTS

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

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019 ⁽¹⁾	Q4 2018 ⁽¹⁾
Revenue	\$ 3,358,955	\$ 2,789,987	\$ 3,056,729	\$ 2,442,317	\$ 2,165,217	\$ 1,061,569	\$ 1,100,330	\$ 763,468
Gross profit	\$ 1,414,651	\$ 1,168,905	\$ 1,256,668	\$ 1,061,797	\$ 998,948	\$ 527,063	\$ 451,578	\$ 199,111
Gross profit %	42.1%	41.9%	41.1%	43.5%	46.1%	49.6%	41.0%	26.1%
Net loss	\$ (2,724,073)	\$ (2,768,117)	\$ (1,622,994)	\$ (1,474,339)	\$ (809,675)	\$ (1,080,592)	\$ (1,353,253)	\$ (1,635,730)
Adjusted EBITDA	\$ (1,321,719)	\$ (1,292,876)	\$ (830,502)	\$ (602,979)	\$ (135,962)	\$ (539,650)	\$ (834,149)	\$ (958,180)
Basic and diluted EPS	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)
Cash and cash equivalents	\$ 33,949,983	\$ 13,786,797	\$ 2,760,136	\$ 1,696,402	\$ 13,813	\$ 1,063,596	\$ 932,242	\$ 1,055,543

(1) The period from Q4 2018 to Q1 2019 included revenues and expenses from discontinued operations.

The growth in the Company's quarterly revenue is primarily attributable to business acquisitions. In the past 8 quarters, the Company completed 4 acquisitions, including clinic services, pharmacies and SaaS model digital services.

In Q2 2020 and Q3 2020, the Company completed two short form prospectus offering, on a bought deal basis, including the full exercise of the underwriters' over-allotment option, with net proceeds of \$33,238,349. The Company intends to use its cash and cash equivalents for acquisitions and general working capital.

The Company's clinic services and pharmacies revenue is primarily dependent on in-person visits and may vary from quarter to quarter. SaaS model digital services revenue are not susceptible to seasonality.

OUTLOOK

The Company is focused on revolutionizing the healthcare industry by leveraging technology to digitalize the delivery of healthcare to provide both better access to care and better health outcomes. Through its team-based, patient centric approach, CloudMD provides one centralized platform for patients, healthcare practitioners, and enterprise clients to address whole-person, longitudinal care. The Company has a multi-pronged growth strategy which focuses on organic growth, accretive mergers and acquisitions and a newly created enterprise offering.

The Company's organic growth will be largely driven by its network of hybrid clinics, pharmacy partnerships and enterprise partnerships. The Company's EMR platform has seen consistent growth through adoption of healthcare professionals and patients through its consumer facing app which is available in British Columbia and Ontario. Now that every province in Canada has telehealth billing codes, the Company has plans to expand its consumer telemedicine app across the entire country, allowing patients to see a licensed practitioner virtually, from the safety and convenience of their living rooms. Through a number of accretive acquisitions of leading healthcare solutions over the last few months, there are opportunities for cross-functional synergies and cross selling that will drive further organic growth.

The Company has a strong balance sheet which will allow it to continue deploying capital towards a robust pipeline of accretive, synergistic acquisitions. The Company's acquisition strategy is centered on acquiring products, capabilities, clinical specialties and technologies that are highly scalable and rapidly growing. The Company is actively seeking potential acquisition targets that are complementary to its business and digital healthcare strategy. In order to determine such targets, the Company performs comprehensive due diligence procedures with a focus on financial performance, personnel and compliance. Specifically, the Company plans to expand its brick and mortar medical clinic footprint across Canada with an initial focus in Ontario and Alberta. In addition, the Company anticipates expanding its health technology solutions offering with a focus on patient engagement tools and EMR software. The value of acquisitions of medical clinics and health technology solutions, such as an EMR software, depend upon their stage of development.

The Company recently launched an Enterprise Health Solutions Division which provides employers, insurers and advisors with a centralized platform to address a full spectrum of solutions to better service the health and wellness of the workforce. In 2019, health spending in Canada was approximately \$264 billion, of which 30% represented private-sector spending. There is an urgent demand from enterprise clients for one centralized solution as the main pain point for these clients is the multiple vendors required to cover the spectrum of healthcare services. CloudMD delivers one platform that addresses access to primary and specialist care, mental health support, and educational resources. The solution provides personalized care plans unique to each individual through proven systems, triage, assessment and navigation, which in turn, creates an improved healthcare experience resulting in better outcomes, faster adoption rates and increased engagement. The Company has already seen early progress and anticipates significant future growth of this division as it partners with leading insurers and corporations across Canada.

With the Q3 2020 financial performance, combined with organic growth, and completed and announced acquisitions, CloudMD is on track to achieve (i) annualized revenue run rate exceeding \$35 million, (ii) gross profit percentage exceeding 50%, and (iii) improved Adjusted EBITDA performance.

CloudMD will continue to focus on delivering meaningful shareholder value by executing on its growth strategy through accretive acquisition, strategic capital allocation and continuing to achieve organic growth across all divisions.

FINANCIAL POSITION

	As at		
	September 30, 2020	December 31, 2019	Variance
Current assets	\$ 36,239,688	\$ 3,385,628	\$ 32,854,060
Current liabilities	3,825,306	2,574,867	1,250,439
Working capital⁽¹⁾	\$ 32,414,382	\$ 810,761	\$ 31,603,621

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

For the nine months ended September 30, 2020, working capital increased to \$32,414,382 compared to \$810,761 at the beginning of the period. The increase is primarily due to completing two short form prospectus offering, on a bought deal basis, resulting in net proceeds of \$33,238,349. The ability to raise capital through the equity markets is pivotal to our growth strategy, which enables us to pursue further acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

	Nine months ended		
	September 30, 2020	September 30, 2019	Variance
Cash provided by / (used in):			
Net cash used in operating activities	\$ (4,374,077)	\$ (1,686,433)	\$ (2,687,644)
Net cash used in investing activities	(551,350)	(2,092,692)	1,541,342
Net cash provided by financing activities	37,179,008	2,737,395	34,441,613
Increase/(decrease) in cash and cash equivalents	32,253,581	(1,041,730)	33,295,311
Cash and cash equivalents, beginning of period	1,696,402	1,055,543	640,859
Cash and cash equivalents, end of period	\$ 33,949,983	\$ 13,813	\$ 33,936,170

The Company had cash and cash equivalents of \$33,945,983 at September 30, 2020 compared to \$13,813 at September 30, 2019. During the nine months ended September 30, 2020, the Company had cash outflows from operations of \$4,374,077 compared to cash outflows of \$1,686,433 in the same year-ago period. The increase in cash used in operating activities was primarily due to an increase in expenses as a result of acquisitions, and additional expenses incurred in the current year to support the Company's growth strategy and raise public awareness of its products and services.

Cash used in investing activities during the nine months ended September 30, 2020 was \$551,350 compared to cash used by investing activities of \$2,092,692 for the same year-ago period. The decrease in cash used in investing activities was mainly due to the size of business acquisition activities completed in the 2019 period, which was not repeated in the current period.

Cash provided by financing activities during the period ended September 30, 2020 was \$37,179,008 compared to cash provided in financing activities of \$2,737,395 for the same year-ago period. The increase in cash provided by financing activities was mainly due to proceeds from the issuance of shares.

Subsequent to September 30, 2020, the Company completed a short form prospectus offering, on a bought deal basis. Including the full exercise of the underwriters' over-allotment option, the Company received gross proceeds of \$37,260,000 for future acquisitions.

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.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operations of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach in its management of capital during the period.

COMMITMENTS

The contractual obligations as at September 30, 2020 are as follows:

	Line of Credit	Long-Term Debt	Lease Liabilities	Total
Less than one year	\$ 74,163	\$ 440,839	\$ 994,859	\$ 1,509,861
One to five years	-	1,853,808	2,522,594	4,376,402
More than five years	-	3,526	711,282	714,808
	\$ 74,163	\$ 2,298,173	\$ 4,228,735	\$ 6,601,071

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents; short-term investment; trade and other receivables; deposit; net investment in sublease; long-term investments; other current liabilities; accounts payable and accrued liabilities; contingent consideration; lease liabilities and long-term debt.

The Company's cash and cash equivalents and short-term investment 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 trade and receivables, accounts payable and accrued liabilities, and other current liabilities have amortized costs that approximate their fair value due to their short terms to maturity. The Company's long-term debt are measured at amortized cost, which approximates fair value. The Company's long-term investment and contingent consideration is measured at fair value and the net investment in sublease and lease liabilities are recorded at discounted 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 September 30, 2020, the Company is exposed to credit risk from financial institutions and from its clients should they become unable to meet their payment obligations.

Trade and other receivables include amounts receivable from the rendering of services to customers and recoverable sales taxes. The Company does not feel it has significant credit risk from customers, as it has historically collected the majority of receivables when due. The Company keeps its cash and cash equivalents and short-term investment with accredited Canadian financial institutions. Should these accredited Canadian institutions fail, the Company would be exposed to a risk totaling the value of its cash and cash equivalents.

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 September 30, 2020, the Company has \$33,949,983 in cash and cash equivalents to settle its financial liabilities as they come due.

Market risk

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

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, as the majority of its debt has fixed interest rates.

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.

BUSINESS ACQUISITIONS

a) Livecare Health Canada Inc. ("Livecare")

On January 10, 2020, the Company completed the acquisition of all of the issued and outstanding shares of Livecare Health Canada Inc. Livecare is a Canadian telehealth company founded and operated by physicians dedicated to giving patients access to quality, real-time healthcare, regardless of where they are located. Pursuant to the purchase agreement, the Company issued 3,000,000 common shares on January 10, 2020, of which 1,574,959 common shares were subsequently cancelled and returned to treasury, resulting in a net amount of 1,425,041 common shares issued. Additionally, the Company paid \$386,554 of cash to the former owners of Livecare.

The acquisition of Livecare by the Company is considered to be a business combination. Pursuant to the business combination transaction, the assets acquired from the acquisition are to be recorded at their estimated fair values in accordance with IFRS 3, Business Combination. IFRS 3 allows for a measurement period, which shall not exceed one year from the acquisition date, in which the Company may gather the information necessary to record the acquisition in accordance with IFRS 3. As at

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September 30, 2020, the Company is still in the measurement phase. The preliminary allocation of the purchase consideration is as follows:

Purchase price	
Fair value of common shares issued	\$ 662,644
Cash consideration	386,554
Total consideration	\$ 1,049,198
Allocation to identifiable net assets:	
Cash and cash equivalents	\$ 1,275
Trade and other receivables	78,785
Inventory	16,975
Prepaid expenses and deposits	76,742
Property and equipment	81,984
Technology platforms	461,228
Goodwill	2,488,268
Accounts payable and accrued liabilities	(674,622)
Taxes payable	(162,834)
Other current liabilities	(294,737)
Contingent liabilities	(173,866)
Long-term debt ⁽¹⁾	(850,000)
Total net identifiable assets acquired	\$ 1,049,198

⁽¹⁾ The long-term debt in the amount acquired of \$850,000 included an amount of \$600,000 due to a non-related party. This amount was settled by issuing 1,500,000 common shares of the Company on January 31, 2020 with a fair value of \$577,500, resulting in a gain from debt forgiveness of \$22,500.

Additionally, other payables due to vendors were settled for a cash amount that was less than the amount owing and recorded in accounts payable and accrued liabilities and contingent liabilities as at the acquisition date. This resulted in a gain from debt forgiveness of \$19,485 and \$112,893 for the three and nine months ended September 30, 2020.

b) South Surrey Medical Inc.

On July 31, 2020, the Company completed the acquisition of all of the issued and outstanding shares of South Surrey Medical Clinic Inc. South Surrey is a premier provider of integrated medical solutions which operates with healthcare professionals, including, physicians across various specialties including mental health, women's health, sports medicine, gynecology and psychiatry. Pursuant to the purchase agreement, the Company issued 628,100 common shares of the Company and paid \$129,624 in cash to the former owners of South Surrey as at September 30, 2020, and a further \$29,558 in cash subsequent to September 30, 2020. Additional contingent consideration of up to \$145,000 in cash and common shares is payable twelve months from the acquisition date.

The acquisition of South Surrey by the Company is considered to be a business combination. Pursuant to the business combination transaction, the assets acquired from the acquisition are to be recorded at their estimated fair values in accordance with IFRS 3, Business Combination. IFRS 3 allows for a measurement period, which shall not exceed one year from the acquisition date, in which the Company may gather the information necessary to record the acquisition in accordance with IFRS 3. As at September 30, 2020, the Company is still in the measurement phase. The preliminary allocation of the purchase consideration is as follows:

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Purchase price	
Fair value of common shares to be issued	\$ 380,000
Cash consideration	159,182
Contingent consideration	145,000
Total consideration	\$ 684,182
Allocation to identifiable net assets	
Cash and cash equivalents	\$ 111,964
Trade and other receivables	94,335
Prepaid expenses and deposits	1,990
Property and equipment	126,500
Goodwill	573,500
Accounts payable and accrued liabilities	(224,107)
Net assets acquired	\$ 684,182

The contingent consideration has been recorded as a current liability on the condensed interim consolidated financial statements at fair value based on management's best estimate of future revenues. The estimated amounts payable related to the contingent consideration could be lower depending on the related future revenue outcome.

PROPOSED TRANSACTIONS

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

- a) Remuneration of key management and the Board of Directors:

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Cash-based compensation	\$ 203,849	\$ 124,544	\$ 520,997	\$ 390,974
Stock-based compensation	230,880	-	644,275	-
Total	\$ 434,729	\$ 124,544	\$ 1,165,272	\$ 390,974

Cash-based compensation include salaries, consulting fees and other benefits.

- b) During the three and nine months ended September 30, 2020, the Company acquired a SAFE instrument for \$100,000 of Privacy Horizon, a company who shares a common director with the Company. For the three and nine months ended

September 30, 2020, the Company incurred \$12,750 and \$18,000, respectively (2019 - \$Nil) for services from Privacy Horizon.

- c) During the three and nine months ended September 30, 2020, the Company incurred \$Nil (2019 - \$Nil and \$86,330, respectively) in accretion and interest expense on a convertible debenture issued to a former director of the Company.
- d) As at September 30, 2020, amounts prepaid to a director for future services included in prepaid expenses and deposits were \$69,467 (December 31, 2019 - \$Nil).

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CONTINGENT LIABILITIES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operations of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach in its management of capital during the period.

SUBSEQUENT EVENTS

On October 15, 2020, the Company announced it has closed the acquisition of Snapclarity Inc. for a purchase price of \$3,350,000. Snapclarity is a pioneer, on-demand, digital platform that provides an assessment for mental health disorders which includes a personalized care plan, access to online resources, a clinical healthcare team and the ability to match to the right therapists.

On October 21, 2020, the Company announced it has entered into a binding term sheet to acquire the Canadian Medical Directory for a purchase price of \$1,950,000. CMD is Canada's largest, most trusted, directory of medical professionals including 91,000 practicing physicians and 10,000 residents and nurse practitioners across the country.

On October 22, 2020, the Company announced it has entered into a binding term sheet to acquire Medical Confidence Inc. for a purchase price of \$6,000,000. Medical Confidence is a revolutionary healthcare navigation platform with proven results in wait time reduction and patient satisfaction.

On October 26, 2020, the Company announced it has closed the acquisition of an 87.5% interest in Benchmark Systems Inc. ("Benchmark") for a purchase price of \$4,375,000 United States dollars ("USD"). Benchmark is a leading cloud-based provider of fully integrated solutions that automate healthcare workflow processes including revenue management, practice management and electronic records management.

On October 26, 2020, the Company announced it has closed the acquisition of a United States ("US")-based medical clinic serving chronic care patients as a part of its broader strategy for entering the US market with its comprehensive suite of telehealth products.

On October 28, 2020, the Company announced it has entered into a binding term sheet to acquire HumanaCare Inc. for a purchase price of \$17,500,000. HumanaCare is an integrated, Employee Assistance Program solution which provides compassionate, holistic, physical and mental health support for employees and their family members.

On November 9, 2020, the Company announced that it closed a short form prospectus offering (the "Offering"), on a bought deal basis, including the full exercise of the underwriters' over-allotment option. Pursuant to the Offering, the Company issued a total of 15,525,000 common shares at a price of \$2.40 per common share for aggregate proceeds of \$37,260,000. The Company issued the underwriters an aggregate of 1,086,750 broker warrants.

On November 18, 2020, the Company announced it has closed the acquisition of iMD Health Group Corp. for a purchase price of \$10,000,000. iMD is a novel, award winning platform designed for healthcare professionals at every level of care to better engage, inform and educate patients about their conditions and treatment plans.

On November 19, 2020, the Company announced that it has closed the acquisition of Re:Function Health Group Inc. for a purchase price of \$8,000,000. Re:Function is a leading rehabilitation clinic network, with 8 clinics and 37 specialists and allied health professionals across British Columbia.

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

Issued and outstanding	As at	
	November 30, 2020	September 30, 2020
Common shares	163,922,870	133,977,210
Stock options	10,670,750	9,262,000
Warrants	15,083,410	18,248,618
Total	189,677,030	161,487,828