

CloudMD Software & Services Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in thousands of Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s external auditors have not performed a review of these financial statements.

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Financial Position
(in thousands of Canadian Dollars)
(Unaudited)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	12	\$ 99,220	\$ 59,714
Trade and other receivables		3,882	2,012
Inventory		725	729
Prepaid expenses, deposits and other		1,039	758
Net investment in sublease		136	154
Total current assets		105,002	63,367
Deposits		238	238
Net investment in sublease		-	20
Property and equipment	5	7,620	5,792
Intangible assets	6	10,591	8,184
Goodwill	6	70,946	44,259
Total assets		\$ 194,397	\$ 121,860
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 4,701	\$ 3,453
Deferred revenue		1,214	888
Contingent consideration	8	1,320	136
Contingent liability	16	1,350	1,350
Current portion of lease liabilities	9	1,646	1,170
Current portion of long-term debt	7	461	619
Total current liabilities		10,692	7,616
Contingent consideration	8	318	1,194
Lease liabilities	9	4,741	3,494
Long-term debt	7	1,630	2,027
Total liabilities		17,381	14,331
SHAREHOLDERS' EQUITY			
Share capital	11	180,968	112,351
Reserves		9,858	7,277
Shares issuable		1,061	1,061
Contingent shares issuable		9,584	6,172
Accumulated other comprehensive loss		(9)	(2)
Deficit		(25,474)	(20,174)
Equity attributable to equity holders of the parent		175,988	106,685
Non-controlling interest		1,028	844
Total equity		177,016	107,529
Total liabilities and shareholders' equity		\$ 194,397	\$ 121,860

Subsequent events (Note 17)

Approved and authorized for issuance by the Board of Directors on May 25, 2021.

“Essam Hamza”
Essam Hamza, Director

“Christopher Cherry”
Christopher Cherry, Director

The accompany notes are an integral part of these condensed interim consolidated financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
(in thousands of Canadian Dollars)
(Unaudited)

	Note	Three months ended	
		March 31, 2021	March 31, 2020
Revenue	15	\$ 8,775	\$ 3,057
Cost of sales		5,184	1,933
Gross profit		3,591	1,124
Expenses			
Sales and marketing		1,155	777
Research and development		740	334
General and administrative		3,392	844
Share-based compensation	11	1,595	445
Amortization of intangible assets	6	224	61
Depreciation of property and equipment	5	465	141
Financing-related costs		749	65
Acquisition-related and integration costs		812	98
Total expenses		9,132	2,765
Loss before undernoted		(5,541)	(1,641)
Other income, net		64	79
Change in fair value of contingent consideration	8	315	-
Finance costs		(88)	(61)
		291	18
Net loss before taxes		(5,250)	(1,623)
Income tax expense		(40)	-
Net loss for the period		(5,290)	(1,623)
Other comprehensive loss			
<i>Item that may be reclassified to income in subsequent periods</i>			
Exchange differences on translation of foreign operations		(7)	-
Total comprehensive loss for the period		\$ (5,297)	\$ (1,623)
Net loss attributable to:			
Equity holders of the Company		(5,301)	(1,623)
Non-controlling interest		11	-
Total comprehensive loss attributable to:			
Equity holders of the Company		(5,307)	(1,623)
Non-controlling interest		10	-
Weighted average number of common shares, basic and diluted		176,130,583	84,575,085
Loss per share, basic and diluted		\$ (0.03)	\$ (0.02)

The accompany notes are an integral part of these condensed interim consolidated financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(in thousands of Canadian Dollars)
(Unaudited)

	Share capital	Equity component of convertible debt	Reserve	Shares issuable	Contingent shares issuable	Accumulated other comprehensive income (loss)	Deficit	Non-controlling interest	Total
Balance, December 31, 2019	\$ 16,792	\$ -	\$ 2,285	\$ -	\$ -	\$ -	\$ (7,835)	\$ -	11,242
Shares issued for business combinations	663	-	-	-	-	-	-	-	663
Private placements	3,023	-	-	-	-	-	-	-	3,023
Share issuance costs	(568)	-	188	-	-	-	-	-	(380)
Shares issued for settlement of debt	578	-	-	-	-	-	-	-	578
Shares issued for services	296	-	-	-	-	-	-	-	296
Share-based compensation	-	-	445	-	-	-	-	-	445
Total comprehensive loss for the period	-	-	-	-	-	-	(1,623)	-	(1,623)
Balance, March 31, 2020	\$ 20,784	\$ -	\$ 2,918	\$ -	\$ -	\$ -	\$ (9,458)	\$ -	14,244
Balance, December 31, 2020	\$ 112,351	\$ -	\$ 7,277	\$ 1,061	\$ 6,172	\$ (2)	\$ (20,174)	\$ 844	107,529
Shares issued for business combinations	10,085	-	-	-	4,370	-	-	174	14,629
Shares issued for asset purchase	1,108	-	-	-	-	-	-	-	1,108
Bought deal financing	58,212	-	-	-	-	-	-	-	58,212
Contingent shares issued	958	-	-	-	(958)	-	-	-	-
Share issuance costs	(5,749)	-	1,528	-	-	-	-	-	(4,221)
Exercise of stock options	1,455	-	(542)	-	-	-	-	-	913
Exercise of warrants	2,048	-	-	-	-	-	-	-	2,048
Shares issued for services	500	-	-	-	-	-	-	-	500
Share-based compensation	-	-	1,595	-	-	-	-	-	1,595
Other comprehensive loss	-	-	-	-	-	(7)	7	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(5,307)	10	(5,297)
Balance, March 31, 2021	\$ 180,968	\$ -	\$ 9,858	\$ 1,061	\$ 9,584	\$ (9)	\$ (25,474)	\$ 1,028	177,016

The accompany notes are an integral part of these condensed interim consolidated financial statements

CLOUDMD SOFTWARE & SERVICES INC.
 Condensed Interim Consolidated Statements of Cash Flows
 (Expressed in Canadian Dollars)
 (Unaudited)

	Three months ended	
	March 31, 2021	March 31, 2020
Operating activities		
Net loss for the period	\$ (5,290)	\$ (1,623)
Adjustments for		
Interest expense on lease liabilities	61	25
Accretion expense on contingent consideration	4	-
Amortization of intangible assets	224	61
Depreciation of property and equipment	465	141
Share-based compensation	1,595	445
Shares issued for services	500	-
Gain on debt forgiveness	-	(79)
Interest income from net investment in sublease	(2)	-
Change in fair value of contingent consideration	(315)	-
Net change in non-cash working capital	180	107
Net cash used in operating activities	(2,578)	(923)
Investing activities		
Acquisition of businesses, net of cash acquired	(13,027)	(59)
Short-term investments	-	(25)
Payments received from net investment in sublease	40	-
Purchase of intangible assets	(371)	(5)
Purchase of property and equipment	(115)	(46)
Net cash used in investing activities	(13,473)	(135)
Financing activities		
Shares issued for cash	58,212	2,823
Share issuance costs	(4,221)	(379)
Proceeds from exercise of stock options	912	-
Proceeds from exercise of warrants	2,047	-
Payment of long-term debt	(937)	(195)
Payment of lease liabilities	(454)	(127)
Payment of line of credit	(2)	-
Net cash provided by financing activities	55,557	2,122
Net increase in cash and cash equivalents	39,506	1,064
Cash and cash equivalents, beginning of year	59,714	1,696
Cash and cash equivalents, end of year	\$ 99,220	\$ 2,760

Supplemental cash flow information (Note 12)

1. CORPORATE INFORMATION

CloudMD Software & Services Inc. (“CloudMD” or the “Company”) is listed on the TSX Venture Exchange (“TSXV”) under the trading symbol DOC, and is incorporated under the laws of British Columbia, Canada. The Company’s corporate office is located at 810-789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

CloudMD is a healthcare technology company revolutionizing the delivery of care. Through CloudMD’s proprietary technology, the Company delivers quality healthcare through a holistic offering including hybrid primary care clinics, specialist care, telemedicine, mental health support, educational resources and artificial intelligence.

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The ultimate duration of COVID-19, the magnitude of the impact on the economy, and the full extent to which COVID-19 may have direct and indirect impacts on CloudMD’s business is not known at this time. This could include an impact on the Company’s ability to obtain debt and equity financing, impairment in the value of long-lived assets, or potential future decrease in revenue or profitability of CloudMD’s operations. The Company experienced an initial impact to its brick-and-mortar services, which the Company has been successful in mitigating with its telehealth services. Management has assessed that the Company’s working capital is sufficient for it to continue as a going concern beyond one year.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements as at December 31, 2020.

b) New standards, interpretations and amendments adopted by the Company

The principal accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the condensed interim consolidated financial statements of the Company.

3. BUSINESS COMBINATIONS

(a) HumanaCare Organizational Resources Inc. (“HumanaCare”)

On January 11, 2021, the Company completed the acquisition of HumanaCare by way of acquiring 100% of the issued and outstanding shares of First Health Care Services of Canada Inc (“First Health”), which owns 100% of the issued and outstanding shares in the capital of HumanaCare. HumanaCare is an integrated Employee Assistance Program (“EAP”) solution which provides compassionate, holistic, physical and mental health support for employees and their families. Pursuant to the share purchase agreement, the Company issued 2,369,791 common shares on January 11, 2021 and paid \$5,918 in cash to the former owners of First Health.

The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid	
Fair value of common shares issued	\$ 3,670
Cash consideration	5,918
Contingent shares issuable ⁽¹⁾	1,679
Total	\$ 11,267

Fair value of net assets acquired	
Trade and other receivables	\$ 673
Prepaid expenses, deposits and other	14
Property and equipment	29
Intangibles assets	1
Accounts payable and accrued liabilities	(298)
Deferred revenue	(301)
Long-term debt	(262)
Total net assets acquired	\$ (144)

Goodwill	\$ 11,411
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⁽¹⁾ The contingent shares issuable is based on management’s best estimate of future revenue targets, and could be higher or lower depending on the related future revenue outcome.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired are estimates, which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on available information. Amendments may be made to these amounts, as well as the identification of intangible assets. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

(b) Medical Confidence Inc. (“Medical Confidence”)

On January 15, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Medical Confidence. Medical Confidence offers a revolutionary healthcare navigation platform with proven results in wait time reduction and patient satisfaction. Pursuant to the share purchase agreement, the Company issued 857,143 common shares on January 15, 2021 and paid \$2,336 in cash to the former owners of Medical Confidence.

CLOUDMD SOFTWARE & SERVICES INC.
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The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid	
Fair value of common shares issued	\$ 1,389
Cash consideration	2,336
Contingent consideration ⁽¹⁾	355
Contingent shares issuable ⁽¹⁾	317
Total	\$ 4,397
Fair value of net assets acquired	
Cash and cash equivalents	\$ 161
Trade and other receivables	297
Property and equipment	44
Intangible assets	520
Accounts payable and accrued liabilities	(284)
Long-term debt	(87)
Total net assets acquired	\$ 651
Goodwill	\$ 3,746

⁽¹⁾ The contingent consideration and contingent shares issuable are based on management's best estimate of future revenue targets, and could be higher or lower depending on the related future revenue outcome.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired are estimates, which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on available information. Amendments may be made to these amounts, as well as the identification of intangible assets. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

(c) West Mississauga Medical Ltd. ("West Mississauga Medical")

On February 8, 2021, the Company completed the acquisition of 51% of the issued and outstanding shares of West Mississauga Medical. West Mississauga Medical is a comprehensive family medicine and specialist medical clinic with 8 family doctors and 4 specialists serving over 100,000 patients. Pursuant to the share purchase agreement, the Company issued 74,074 common shares on February 8, 2021 and paid \$226 in cash to the former owners of West Mississauga Medical.

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The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid	
Fair value of common shares issued	\$ 129
Cash consideration	226
Total	\$ 355
Fair value of net assets acquired	
Cash and cash equivalents	\$ 100
Trade and other receivables	169
Prepaid expenses, deposits and other	18
Property and equipment	3
Accounts payable and accrued liabilities	(171)
Long-term debt	(36)
Total net assets acquired	\$ 83
Non-controlling interest	\$ 174
Goodwill	\$ 446

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired are estimates, which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on available information. Amendments may be made to these amounts, as well as the identification of intangible assets. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

(d) Tetra Ventures LLC (“IDYA4”)

On March 23, 2021, the Company completed the acquisition of 100% of the issued and outstanding membership interests of IDYA4. IDYA4 is a leading health technology company focused on data interoperability and cybersecurity based in the United States. Pursuant to the membership interest purchase agreement, the Company issued 3,889,169 common shares on March 23, 2021 and paid \$6,581 in cash to the former owners of IDYA4.

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The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid	
Fair value of common shares issued	\$ 4,897
Cash consideration	6,581
Contingent consideration ⁽¹⁾	263
Contingent shares issuable ⁽¹⁾	2,184
Total	\$ 13,925
Fair value of net assets acquired	
Cash and cash equivalents	\$ 1,772
Trade and other receivables	1,195
Intangible assets	440
Accounts payable and accrued liabilities	(566)
Total net assets acquired	\$ 2,841
Goodwill	\$ 11,084

⁽¹⁾ The contingent consideration and contingent shares issuable are based on management's best estimate of future revenue targets, and could be higher or lower depending on the related future revenue outcome.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired are estimates, which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on available information. Amendments may be made to these amounts, as well as the identification of intangible assets. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

4. EXPENSES BY NATURE

	Three months ended	
	March 31, 2021	March 31, 2020
Cost of sales and other	\$ 8,672	\$ 2,809
Wages and employee benefits	3,360	1,242
Share-based compensation	1,595	445
Amortization of intangible assets	224	61
Depreciation of property and equipment	465	141
Total	\$ 14,316	\$ 4,698

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5. PROPERTY AND EQUIPMENT

	Equipment and other	Computers	Leasehold improvements	Right-of-use assets	Total
Cost					
Balance, January 1, 2020	\$ 167	\$ 31	\$ 81	\$ 2,725	\$ 3,004
Business combinations	370	37	892	1,570	2,869
Additions	59	28	63	1,034	1,184
Disposals	(2)	(1)	(6)	-	(9)
Exchange differences	(2)	-	(6)	-	(8)
Balance, December 31, 2020	592	95	1,024	5,329	7,040
Business combinations	37	21	18	662	738
Additions	33	31	54	1,451	1,569
Disposals	-	-	-	(34)	(34)
Exchange differences	(1)	-	(2)	-	(3)
Balance, March 31, 2021	\$ 661	\$ 147	\$ 1,094	\$ 7,408	\$ 9,310
Accumulated Depreciation					
Balance, January 1, 2020	\$ 22	\$ 12	\$ 17	\$ 345	\$ 396
Depreciation	72	28	111	648	859
Disposals	(2)	(1)	(4)	-	(7)
Balance, December 31, 2020	92	39	124	993	1,248
Depreciation	25	11	50	379	465
Disposals	-	-	-	(23)	(23)
Balance, March 31, 2021	\$ 117	\$ 50	\$ 174	\$ 1,349	\$ 1,690
Net Book Value					
At December 31, 2020	\$ 500	\$ 56	\$ 900	\$ 4,336	\$ 5,792
At March 31, 2021	\$ 544	\$ 97	\$ 920	\$ 6,059	\$ 7,620

For the three months ended March 31, 2021, the Company recorded depreciation expense of \$465 (2020 – \$141) within expenses.

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6. GOODWILL AND INTANGIBLE ASSETS

	Customer relationships	Content License	Brand	Technology platforms	Intangibles under development	Total intangible assets	Goodwill
Cost							
Balance, January 1, 2020	\$ 1,368	\$ -	\$ -	\$ 885	\$ -	\$ 2,253	\$ 9,498
Business combinations	209	90	737	5,557	-	6,593	34,761
Additions	5	-	-	5	-	10	-
Balance, December 31, 2020	1,582	90	737	6,447	-	8,856	44,259
Business combinations	440	-	-	521	-	961	26,687
Additions	387	-	-	1,167	116	1,670	-
Balance, March 31, 2021	\$ 2,409	\$ 90	\$ 737	\$ 8,135	\$ 116	\$ 11,487	\$ 70,946
Accumulated Amortization							
Balance, January 1, 2020	\$ 75	\$ -	\$ -	\$ 82	\$ -	\$ 157	\$ -
Amortization	148	-	-	367	-	515	-
Balance, December 31, 2020	223	-	-	449	-	672	-
Amortization	43	-	-	181	-	224	-
Balance, March 31, 2021	\$ 266	\$ -	\$ -	\$ 630	\$ -	\$ 896	\$ -
Net Book Value							
At December 31, 2020	\$ 1,359	\$ 90	\$ 737	\$ 5,998	\$ -	\$ 8,184	\$ 44,259
At March 31, 2021	\$ 2,143	\$ 90	\$ 737	\$ 7,505	\$ 116	\$ 10,591	\$ 70,946

For the three months ended March 31, 2021, the Company recorded amortization expense of \$224 (2020 – \$61) within expenses.

The Company did not identify any indicators of impairment for the three months ended March 31, 2021.

7. LONG-TERM DEBT

	Interest rate	Maturity	March 31, 2021	December 31, 2020
Fixed interest rate bank loans ⁽¹⁾	3.20%	October 31, 2020	\$ 178	\$ 186
	3.35%	October 31, 2021	1,498	1,559
	3.97%	October 31, 2021	180	187
Variable interest rate bank loans	Prime +0.50%	March 31, 2023	-	338
	Prime +1.00% ⁽²⁾	April 30, 2023	156	175
	Prime +0.50%	May 31, 2025	-	95
Interest free loan				
RRRF Loan		December 15, 2027	39	38
CEBA Loan			40	68
Balance			2,091	2,646
Current portion			461	619
Long-term portion			\$ 1,630	\$ 2,027

⁽¹⁾ The fixed interest rate bank loans are secured by first ranking security interest over all property of CloudMD and certain subsidiaries for a maximum guarantee amount of \$3,414.

⁽²⁾ As at March 31, 2021, the interest rate for the variable interest rate bank loans were 3.45%.

8. CONTINGENT CONSIDERATION

The following table shows a reconciliation of the contingent consideration liability:

Contingent consideration, December 31, 2019	\$ -
Contingent consideration for business combinations	1,470
Changes in fair value	(140)
Contingent consideration, December 31, 2020	1,330
Contingent consideration for business combinations	619
Accretion expense	4
Changes in fair value	(315)
Contingent consideration, March 31, 2021	1,638
Current portion	1,320
Long-term portion	\$ 318

The estimated amounts payable related to the contingent consideration could be higher or lower depending on the related future revenue outcome. Significant increases or decreases in related revenue would result in a higher or lower fair value of the contingent consideration liability, while significant increases or decreases in the discount rate and performance risk would result in a lower or higher fair value of the liability.

9. LEASES

The Company leases various office, clinic, and pharmacy spaces for its operations. The Company also subleases certain excess space to a third party.

(a) As a lessee

The following is a continuity schedule of the Company's lease liabilities:

Balance, December 31, 2019	\$ 2,438
Lease renewal	1,034
Additions from business combinations	1,806
Interest expense on lease liabilities	140
Lease payments	(754)
Balance, December 31, 2020	4,664
Additions	1,451
Additions from business combinations	677
Interest expense on lease liabilities	61
Lease payments	(454)
Lease terminations	(12)
Balance, March 31, 2021	6,387
Current portion	1,646
Long-term portion	\$ 4,741

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The following is a breakdown of contractual undiscounted cash flows for lease liabilities by maturities as at March 31, 2021:

	March 31, 2021	
Less than one year	\$	1,871
One to five years		3,912
More than five years		1,366
Total	\$	7,149

10. RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and enterprises which are controlled by these individuals. The below transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Remuneration of key management and Board of Directors:

	Three months ended	
	March 31, 2021	March 31, 2020
Cash-based compensation	\$ 302	\$ 118
Share-based compensation	614	188
Total	\$ 916	\$ 306

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11. SHARE CAPITAL

(a) **Authorized:** unlimited common shares without par value

(b) **Issued and outstanding**

The following is a summary of share capital activities:

	Number of common shares	Share capital
Balance, December 31, 2019	81,213,470	\$ 16,792
Shares issued for business combinations	11,640,219	16,994
Shares issued for settlement of Livecare debt	1,500,000	578
Private placements	6,298,615	3,023
Bought deal financing	51,947,800	73,000
Share issuance costs	294,035	(9,681)
Exercise of stock options	1,928,250	2,066
Exercise of warrants	9,183,070	9,170
Shares issued for services	900,000	409
Balance, December 31, 2020	164,905,459	112,351
Shares issued for business combinations	7,190,177	10,085
Shares issued for asset purchase	574,468	1,108
Bought deal financing	21,560,000	58,212
Contingent shares issued	568,182	958
Share issuance costs	-	(5,749)
Exercise of stock options	1,584,000	1,455
Exercise of warrants	2,347,111	2,048
Shares issued for services	699,301	500
Balance, March 31, 2021	199,428,698	\$ 180,968

(c) **Bought deal financing**

		Shares issued	Exercise price	Gross proceeds	Share issuance costs (before impact of deferred taxes)	Agent warrants issued ⁽¹⁾	Exercise price
March 2021	Bought deal	21,560,000	\$ 2.70	\$ 58,212	\$ 5,749	1,509,200	\$ 2.70

⁽¹⁾ Each warrant is exercisable to acquire one common share of the Company for a period of 2 years from the closing date of the offering.

⁽²⁾ Share issuance cost are included before the impact of deferred income taxes.

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(d) Agents' warrants

The following is a summary of agents' warrants activities during the three months ended March 31, 2021:

	Number of Agents' Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2019	501,520	\$ 0.76
Issued	4,473,447	1.35
Exercised	(3,131,096)	(0.91)
Balance outstanding, December 31, 2020	1,843,871	1.94
Issued	1,509,200	2.70
Exercised	(937)	(0.48)
Balance outstanding, March 31, 2021	3,352,134	\$ 2.28

As at March 31, 2021, the Company had the following agents' warrants outstanding, all of which were exercisable:

Range of exercise prices	Agents' warrants outstanding		
	Number of agents' warrants outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.00 to \$0.50	25,176	0.98	\$ 0.48
\$0.51 to \$1.00	149,504	1.17	1.00
\$1.01 to \$1.50	581,504	1.48	1.38
\$2.01 to \$2.50	1,086,750	1.61	2.40
\$2.51 to \$3.00	1,509,200	1.94	2.70
	3,352,134		

(e) Shareholders' warrants

The following is a summary of shareholders' warrants activities during the three months ended March 31, 2021:

	Number of Shareholders' Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2019	4,492,344	\$ 0.80
Issued	13,828,206	-
Exercised	(6,051,974)	(0.83)
Balance outstanding, December 31, 2020	12,268,576	0.93
Exercised	(2,346,174)	(0.87)
Balance outstanding, March 31, 2021	9,922,402	\$ 0.95

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As at March 31, 2021, the Company has 9,922,402 shareholders' warrants outstanding with the exercise price ranging from \$0.51 to \$1.00, the weighted average exercise price and remaining contractual life is \$0.95 and 1.06 years, respectively. The shareholders' warrants have a fair value of \$nil, valued using the residual value method.

(f) Escrow shares

As at March 31, 2021, the Company has 22,303,770 common shares held in escrow (December 31, 2020 – 18,263,173).

(g) Stock options

The following is a summary of activities in the Company's incentive stock option plan:

	Number of Stock Options	Weighted Average Exercise Price
Balance outstanding, December 31, 2019	5,250,000	\$ 0.60
Granted	7,449,000	1.30
Exercised	(1,928,250)	0.53
Forfeited	(118,750)	0.44
Balance outstanding, December 31, 2020	10,652,000	1.08
Granted	235,000	2.33
Exercised	(1,584,000)	0.58
Forfeited	(40,000)	2.56
Balance outstanding, March 31, 2021	9,263,000	\$ 1.19

As at March 31, 2021, the Company had the following stock options outstanding and exercisable:

Range of exercise prices	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$0.00 to \$0.50	3,270,000	3.64	\$ 0.49	2,875,500	\$ 0.49
\$0.51 to \$1.00	2,600,000	3.55	0.72	2,178,750	0.73
\$1.01 to \$1.50	400,000	4.41	1.38	100,000	1.38
\$1.51 to \$2.00	280,000	4.49	2.00	220,000	2.00
\$2.01 to \$2.50	2,560,000	4.64	2.35	650,000	2.20
\$2.51 to \$3.00	153,000	4.54	2.56	96,500	2.56
	9,263,000			6,120,750	

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The following weighted average assumptions were used in calculating the fair value of stock options granted during the period using the Black-Scholes model:

	Three months ended	
	March 31, 2021	March 31, 2020
Expected option life	5 years	5 years
Risk-free interest rate	0.45%	1.13%
Dividend yield	0%	0%
Volatility rate	100%	100%
Forfeiture rate	0%	0%

(h) Restricted Share Units (“RSU”)

As at March 31, 2021, no RSUs have been awarded under the RSU plan.

(i) Share-based compensation

During the three months ended March 31, 2021, the Company recorded \$1,595 (2020 - \$445) of share-based compensation relating to the fair value of stock options vesting during the period with a corresponding increase to reserves.

12. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020
Cash	\$ 66,119	\$ 41,658
Cash equivalents	33,101	18,056
Total	\$ 99,220	\$ 59,714

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(b) Other cash flow information

	Three months ended	
	March 31, 2021	March 31, 2020
Change in non-cash working capital		
Trade and other receivables	\$ 463	\$ 41
Inventory	3	26
Prepaid expenses and deposits	(233)	(37)
Accounts payable and accrued liabilities	(78)	77
Deferred revenue	25	-
	\$ 180	\$ 107
Non-cash investing and financing activities		
Shares issued for acquisition of HumanaCare	\$ 3,670	\$ -
Shares issued for acquisition of IDYA4	4,897	-
Shares issued for acquisition of Medical Confidence	1,389	-
Shares issued for acquisition of West Mississauga Medical	129	-
Shares issued for asset purchase	1,108	-
Shares issued for services	500	-
Issuance of agent warrants as share issuance costs	(1,528)	-
Other cash flow information		
Cash received for interest	\$ 70	\$ -
Cash paid for interest	24	-
Cash paid for income taxes	40	-

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize shareholder value. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and adjusts in response to changes in economic conditions and the risk characteristics of the underlying assets. 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 year.

14. FINANCIAL INSTRUMENTS

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

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

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Credit risk

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

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

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

As at March 31, 2021, the Company had \$3,882 (December 31, 2020 – \$2,012) of trade and other receivables.

Liquidity risk

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

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

As at March 31, 2021

	Less than one year	One to five years	More than five years	Total
Accounts payable and accrued liabilities	\$ 4,701	-	-	4,701
Contingent consideration	4,447	652	-	5,099
Long-term debt	519	1,643	41	2,203
	\$ 9,667	\$ 2,295	\$ 41	\$ 12,003

As at December 31, 2020

	Less than one year	One to five years	More than five years	Total
Accounts payable and accrued liabilities	3,453	-	-	3,453
Contingent consideration	145	3,650	-	3,795
Long-term debt	619	1,969	58	2,646
	\$ 4,217	\$ 5,619	\$ 58	\$ 9,894

Market risk

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

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a) Interest rate risk

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

b) Foreign currency risk

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

At March 31, 2021, the Company held net monetary assets in United States dollar ("USD") equal to \$2,091 (December 31, 2020 – \$545). The Company estimates the impact of a 5% change in the Canadian dollar exchange rate on its net monetary assets to be \$105 (December 31, 2020 – \$35).

15. SEGMENTED INFORMATION

The Company has one operating and one reporting segment. The Company's operations are entirely related to revenue and operations of delivering healthcare solutions and services to medical businesses, patients/consumers and enterprise businesses including employers, insurers and providers.

The Company's chief operating decision-maker is the Chief Executive Officer.

See below segmented geographical information as follows:

	Canada	United States	Total
Non-current assets			
As at March 31, 2021	\$ 71,404	\$ 17,991	\$ 89,395
As at December 31, 2020	51,766	6,727	58,493
Revenues for the year ended			
March 31, 2021	\$ 7,234	\$ 1,541	\$ 8,775
March 31, 2020	3,057	-	3,057

16. LITIGATION AND OTHER CONTINGENCIES

(a) During the three months ended June 30, 2020, Gravitas Securities Inc. ("Gravitas") commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020, and was completed on June 2, 2020 ("June 2020 Financing"). During the three months ended September 30, 2020, Gravitas amended its claims for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on September 22, 2020 ("September 2020 Financing"). The total claims are in excess of \$2,750 plus unspecified damages associated with the value of share purchase warrants that were issued in connection with both the June 2020 Financing and the September 2020 Financing, plus interest and cost. The Company disputes the claims with respect to both the June 2020 Financing and the September 2020 Financing

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entirely. The claims are currently subject to arbitration proceedings which the Company is defending. The Company is of the view that its defense to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Gravitas claims succeed is \$1,200 and therefore an accrual for that amount as a contingent liability has been recorded.

(b) On September 29, 2020, Snapclarity was named as a defendant to an action commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity and companies she purports to control (“Plaintiff”) (the “Action”). The nature of the Action involves various intellectual property, wrongful dismissal, unpaid invoices, defamation, and other related issues raised by the Plaintiff. The Plaintiff seeks payment of at least \$928 plus costs and interest as well as non-monetary relief. Snapclarity disputes the claim in its entirety. The Company is of the view that its defenses to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Plaintiff’s claims succeed is \$150 and therefore an accrual for that amount as a contingent liability has been recorded. On December 21, 2020, Snapclarity was named as a respondent to an application commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity (“Applicant”) (the “Application”). In the Application, the Applicant exercises her dissent rights under s. 190(5) of the CBCA. She seeks an order fixing the fair value of her shares in Snapclarity and requiring Snapclarity to pay the value of the shares together with costs and interest. The applicant has claimed that the fair value of her shares totals at least \$1,850. Snapclarity disputes this claim. On February 23, 2021, Snapclarity filed a Notice of Motion for an order converting the Application into an Action and consolidating the Actions. The applicant has not responded to the Notice of Motion as of this date.

17. SUBSEQUENT EVENTS

(a) On April 6, 2021, the Company closed its acquisition of Aspiria Corp. (“Aspiria”), an integrated EAP and student assistance services (“SAP”) company with a comprehensive suite of mental health and wellness solutions for all employer and educational sectors. As consideration for the purchase of 100% of the outstanding securities of Aspiria, the Company agreed to pay shareholders of Aspiria: (i) \$1,200 in cash, subject to a working capital adjustment; (ii) 460,526 common shares; and (iii) a performance-based earnout of 328,947 common shares, which is payable after a period of one year.

(b) On April 8, 2021, the Company announced that it signed a binding term sheet to acquire Oncidium Inc. (“Oncidium”), one of Canada’s leading healthcare providers to employers. As consideration for the purchase of 100% of the outstanding securities of Oncidium, the Company agreed to pay shareholders of Oncidium: (i) \$30,000 in cash, subject to a working capital adjustment; (ii) 16,521,739 common shares; and (iii) a performance-based earnout of up to \$32,000 payable in cash or 13,913,043 common shares at the Company’s discretion.

(c) On May 12, 2021, the Company closed its acquisition of Rx Infinity Inc., Rxi Pharmacy Inc., and Rxi Health Solutions Inc. (collectively “Rxi”), enhancing its specialty health services across Canada through Rxi’s pharmaceutical logistic services and customer relationship management technology. As consideration for the purchase of 100% of the outstanding securities of Rxi, the Company agreed to pay shareholders of Rxi: (i) \$2,500 in cash, subject to a working capital adjustment; (ii) 1,673,640 common shares; and (iii) a performance-based earnout in 1,255,230 common shares, which is payable in common shares in equal annual issuances over a period of two years.