

CloudMD Software & Services Inc.

**Consolidated Financial Statements
And independent Auditors' Report thereon**

Year ended December 31, 2021

(Expressed in thousands of Canadian Dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CloudMD Software & Services Inc.

Opinion

We have audited the consolidated financial statements of CloudMD Software & Services Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of net loss and comprehensive loss for the year then ended
- the consolidated statement of changes in shareholders' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 28, 2021.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Pauline Wu.

Chartered Professional Accountants

Vancouver, Canada
May 2, 2022

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

	Note	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	16	\$ 45,082	\$ 59,714
Trade and other receivables	7	24,718	2,180
Inventory	8	3,424	728
Prepaid expenses, deposits and other		2,427	758
Net investment in sublease	13	20	154
Total current assets		75,671	63,534
Deposits		238	238
Net investment in sublease	13	-	20
Investment in joint venture	5	343	-
Property and equipment	9	11,319	5,792
Intangible assets	10	85,260	18,435
Goodwill	10	154,528	43,081
Total assets		\$ 327,359	\$ 131,100
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable, accrued liabilities and other		\$ 31,687	\$ 4,433
Deferred revenue		1,311	831
Contingent consideration	13	11,807	136
Contingent liability		1,350	1,350
Current portion of lease liabilities	14	1,973	1,170
Current portion of long-term debt	11	2,438	609
Total current liabilities		50,566	8,529
Contingent consideration	13	6,507	2,729
Lease liabilities	14	6,912	3,494
Deferred tax liability		19,153	3,389
Liability to non-controlling interests		511	511
Long-term debt	11	22,130	2,027
Total liabilities		105,779	20,679
SHAREHOLDERS' EQUITY			
Share capital	16	250,484	117,418
Reserves		11,932	7,277
Shares under escrow		2,647	596
Contingent shares issuable		8,586	5,923
Accumulated other comprehensive loss		(227)	(192)
Deficit		(52,633)	(21,404)
Equity attributable to equity holders of the parent		220,789	109,618
Non-controlling interest		791	803
Total shareholders' equity		221,580	110,421
Total liabilities and shareholders' equity		\$ 327,359	\$ 131,100

Subsequent event and contingencies (Note 22 & 21 respectively)

Approved and authorized for issuance by the Board of Directors on May 2, 2022

"Essam Hamza"
Essam Hamza, CEO, Director

"Christopher Cherry"
Christopher Cherry, Audit Committee Chair

CLOUDMD SOFTWARE & SERVICES INC.

Consolidated Statements of Net Loss and Comprehensive Loss

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

	Note	Year ended	
		December 31, 2021	December 30, 2020
Revenue	20	\$ 102,331	\$ 15,016
Cost of sales		68,282	9,256
Gross profit		34,049	5,760
Expenses			
Sales and marketing		7,525	3,404
Research and development		2,955	1,844
General and administrative		24,930	5,797
Share-based compensation	16	5,223	3,642
Amortization of intangible assets	10	4,618	347
Depreciation of property and equipment	9	2,693	859
Financing-related costs		859	1,078
Acquisition-related and integration costs		8,912	1,227
Total expenses		57,715	18,198
Loss before undernoted		(23,666)	(12,438)
Other income		444	345
Change in fair value of contingent consideration	13	1,471	(108)
Contingent liability expense	22	-	(1,350)
Finance costs		(1,089)	(256)
Impairment	10	(6,878)	-
Loss on sale of subsidiary	4	(451)	-
		(6,503)	(1,369)
Net loss before taxes		(30,169)	(13,807)
Deferred tax expense	22	784	371
Income tax expense	22	(1,353)	(123)
Net loss for the year		(30,738)	(13,559)
Other comprehensive loss			
<i>Item that may be reclassified to income in subsequent periods</i>			
Exchange differences on translation of foreign operations		(35)	(192)
Total comprehensive loss for the year		\$ (30,773)	\$ (13,751)
Net loss attributable to:			
Equity holders of the Company		\$ (30,726)	\$ (13,569)
Non-controlling interest		(12)	10
Total comprehensive loss attributable to:			
Equity holders of the Company		\$ (30,761)	\$ (13,761)
Non-controlling interest		(12)	10
Weighted average number of common shares, basic and diluted		211,234,308	113,244,760
Loss per share, basic and diluted		\$ (0.15)	\$ (0.12)

CLLOUDMD SOFTWARE & SERVICES INC.
Consolidated Statements of Changes in Shareholders' Equity
(in thousands of Canadian Dollars)

	Share capital	Reserves	Shares under escrow	Contingent shares issuable	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
Balance, December 31, 2019	\$ 16,792	\$ 2,285	\$ -	\$ -	\$ -	\$ (7,835)	\$ -	11,242
Shares issued for business combinations	22,061	-	596	5,923	-	-	793	29,373
Private placements	3,023	-	-	-	-	-	-	3,023
Bought deal financing	73,000	-	-	-	-	-	-	73,000
Share issuance costs	(9,681)	3,556	-	-	-	-	-	(6,125)
Exercise of stock options	2,066	(889)	-	-	-	-	-	1,177
Exercise of warrants	9,170	(1,317)	-	-	-	-	-	7,853
Shares issued for settlement of debt	578	-	-	-	-	-	-	578
Shares issued for services	409	-	-	-	-	-	-	409
Share-based compensation	-	3,642	-	-	-	-	-	3,642
Other comprehensive loss	-	-	-	-	(192)	-	-	(192)
Net loss for the period	-	-	-	-	-	(13,569)	10	(13,559)
Balance, December 31, 2020	\$ 117,418	\$ 7,277	\$ 596	\$ 5,923	\$ (192)	\$ (21,404)	\$ 803	110,421
Shares issued/issuable for business combinations	68,574	-	2,051	3,416	-	-	-	74,041
Shares issued for investment in joint venture	129	-	-	-	-	-	-	129
Shares issued/issuable for asset purchase	1,471	-	-	190	-	-	-	1,661
Bought deal financing	58,212	-	-	-	-	-	-	58,212
Contingent consideration settled in shares	110	-	-	-	-	-	-	110
Contingent shares issued	1,461	-	-	(958)	-	(503)	-	-
Share issuance costs	(5,244)	1,023	-	-	-	-	-	(4,221)
Exercise of stock options	2,108	(803)	-	-	-	-	-	1,305
Exercise of restricted share units	623	(623)	-	-	-	-	-	-
Exercise of warrants	3,167	(1)	-	-	-	-	-	3,166
Shares issued/issuable for services	2,455	-	-	15	-	-	-	2,470
Share-based compensation	-	5,059	-	-	-	-	-	5,059
Other comprehensive loss	-	-	-	-	(35)	-	-	(35)
Net loss for the period	-	-	-	-	-	(30,726)	(12)	(30,738)
Balance, December 31, 2021	\$ 250,484	\$ 11,932	\$ 2,647	\$ 8,586	\$ (227)	\$ (52,633)	\$ 791	221,580

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

As at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020

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

	Year ended	
	December 31, 2021	December 30, 2020
Operating activities		
Net loss for the period	\$ (30,738)	\$ (13,559)
Adjustments for		
Interest expense on lease liabilities	278	140
Interest expense on long term debt	811	-
Deferred tax expense	(784)	(371)
Amortization of intangible assets	4,618	347
Depreciation of property and equipment	2,693	859
Share-based compensation	5,223	3,642
Shares issued for services	2,455	409
Gain on debt forgiveness	-	(141)
Contingent liability expense	-	1,350
Unrealized foreign exchange loss (gain)	(31)	8
Impairment loss	6,878	-
Share in profits of joint venture	(32)	-
Interest income from net investment in sublease	(4)	(4)
Change in fair value of contingent consideration	(1,471)	108
Net change in non-cash working capital	(11,758)	(1,143)
Net cash used in operating activities	(21,862)	(8,355)
Investing activities		
Acquisition of businesses, net of cash acquired	(67,214)	(9,507)
Investment in joint venture	(181)	-
Payments received from net investment in sublease	158	66
Purchase of intangible assets	(2,076)	(10)
Purchase of property and equipment	(595)	(150)
Long-term deposit	-	(100)
Proceeds from sale of assets	-	2
Net cash used in investing activities	(69,908)	(9,699)
Financing activities		
Shares issued for cash	58,212	75,680
Share issuance costs	(4,221)	(6,125)
Proceeds from exercise of stock options	1,305	1,177
Proceeds from exercise of warrants	3,166	7,853
Proceeds from long-term debt, net of financing costs	23,633	-
Payment of long-term debt	(2,929)	(657)
Payment of lease liabilities	(2,096)	(754)
Payment of line of credit	(2)	(1,102)
Net cash (used in) provided by financing activities	77,068	76,072
Net (decrease) increase in cash and cash equivalents	(14,702)	58,018
Cash and cash equivalents, beginning of Year	59,714	1,696
Effect of foreign exchange on cash and cash equivalents	70	-
Cash and cash equivalents, end of Year	\$ 45,082	\$ 59,714

Supplemental cash flow information (Note 16)

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

As at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020

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

1. CORPORATE INFORMATION

CloudMD Software & Services Inc. (“CloudMD” or “the Company”) is a publicly-traded company 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 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3EH. These consolidated financial statements comprise the Company and its subsidiaries.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were authorized for issue by the Board of Directors on May 2, 2022.

The consolidated financial statements are presented in Canadian dollars (“CAD”) except when otherwise indicated. Certain prior period’s amounts have been reclassified to conform to the current year’s presentation. These financial statements have been presented in thousands of dollars unless otherwise noted.

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.

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2021. All inter-company transactions and balances have been eliminated on consolidation.

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries for the years ended December 31, 2021 and 2020. As at December 31, 2021, the Company owned 26 wholly-owned subsidiaries based in Canada and the USA, and one majority-owned subsidiary in the USA. (87.5% owned by the Company).

c) Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents are financial assets measured at amortized cost, which approximates fair value. Cash and cash equivalents in the statement of financial position comprise of cash at major financial institutions and short-term highly liquid deposits, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

As at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020

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

Inventory

Inventories are valued at the lower of cost and net realizable value, with cost determined based on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventories include the cost of materials purchased, as well as other costs required to bring the inventories to their present location and condition.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is calculated using the rates and methods below:

Type	Method	Rate or useful life
Equipment and other	Declining balance	20%-55%
Computers	Declining balance	55%
Leasehold improvements	Straight-line	5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of net loss and comprehensive loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration.

(i) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets – The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities – At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (defined as leases with a lease term of 12 months or less). The Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

(ii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of net loss and comprehensive loss due to its operating nature.

(iii) Subleases

In classifying a sublease, the Company classifies the sublease as a finance lease, or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease.
- Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Development costs are capitalized only if the costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of net loss and comprehensive loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (“CGU”) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

As at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020

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

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of net loss and comprehensive loss.

A summary of the policies applied to the Company's intangible assets is, as follows:

Type	Method	Useful life
Content license	None	Indefinite
Brand	None	Indefinite
Customer relationships	Straight-line	10 years
Technology platforms	Straight-line	10 years

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the statement of net loss and comprehensive loss.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of net loss and comprehensive loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and the fair value of identifiable assets acquired and liabilities assumed. To the extent the fair value of aggregate consideration transferred is less than the fair value of net identifiable tangible and intangible assets, the difference is recognized in income immediately as a gain on bargain purchase. Goodwill is subsequently measured at cost less accumulated impairment losses. Acquisition costs associated with business combination activities are expensed in the period incurred.

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Company.

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Consolidated Financial Statements

As at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020

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

Unrealized gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in those entities.

Impairment of non-financial asset

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested at the cash generating unit ("CGU") level. When the carrying amount of an asset or CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Asset or liability	Classification
Cash and cash equivalents	FVTPL
Trade and other receivables	Amortized cost
Prepaid expenses, deposits and other	Amortized cost
Deposits	Amortized cost
Line of credit	Amortized cost
Accounts payable, accrued liabilities and other	Amortized cost
Contingent consideration	FVTPL
Liability to noncontrolling interests	FVTPL
Long-term debt	Amortized cost

(ii) Initial recognition and measurement

Financial assets at amortized cost – With the exception of trade and other receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs. Trade and other receivables that do not contain a significant financing component are measured at the

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transaction price. Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTPL – Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of net loss and comprehensive loss.

Financial liabilities – All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of net loss and comprehensive loss. Contingent consideration arising from business combinations are measured at fair value at initial recognition and subsequently at FVTPL.

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of net loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets – The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities – The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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Gains and losses on derecognition are generally recognized in profit or loss.

Non-controlling interest

Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss for the period are allocated between non-controlling interest and shareholders of the parent. Non-controlling interest in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Earnings/(loss) per share

Basic earnings/(loss) per share is computed by dividing the income/(loss) for the period from continuing operations by the weighted average number of common shares outstanding during the period. Contingently returnable escrow shares are removed from the calculation.

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the period. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding using the treasury stock method. If these computations prove to be anti-dilutive, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company determines the amount of revenue to be recognized through application of the following steps: identification of the contract, or contracts with a customer; identification of the performance obligations in the contract; determination of the transaction price; allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as the Company satisfies the performance obligations.

Deferred revenue relates to payments received or in advance of performance under contracts with customers.

Services

The Company recognizes revenue from the rendering of medical services and referrals. They are comprised of patient services, medical assessments and other medical services to include medical services and medical staffing, occupational health, employer services, employee assistance programs, absence and disability management, referral services, subscriptions, and consulting.

Patient services revenue in the Company's Clinics & Pharmacies division, is revenue earned at a point in time and is generated through the Company's medical clinics and consists of both non-insured and insured services. The Company's performance obligations for patient services are satisfied as services are rendered. For insured services, in general, payment is collected within two to four weeks of the appointment visit. For uninsured services, payment is collected at the time the service is rendered.

Medical assessment revenue in the Company's Enterprise Health Solutions division is revenue earned at a point in time. The performance obligation is to provide medical assessment services to customers such as corporate customers, insurance companies and legal firms. These services are generally considered to be distinct as they are specific to the customer's medical requirements. Payment is generally collected within a month of completion of the assessment.

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Other medical services revenue is mainly included in the Enterprise Health Solutions division and the Clinics & Pharmacies division and is earned when the performance obligation is complete. The contracts with customers often include performance obligations to transfer multiple services to a customer. Each service is considered to be distinct as the customer can benefit from the performance obligation on its own; it is separately identifiable in the contract; and the Company promises to deliver outputs which are billed by the hour, month, or by the service. Services are typically billed and recognized on a monthly basis and collected within 30 days.

Software as a Service

The Company recognizes revenue from the sale of medical software services from software as a service (“SaaS”), software development, and sponsorship, which provides customers with the ability to display their content on the Company’s platform. SaaS revenue is recognized over time, in the period the performance obligation is satisfied, on the basis of the actual service provided as a proportion of the total services to be provided. Software development revenue is recognized over time, in the period performance obligations are met. Revenue from fixed price contracts is recognized based on the progress towards completion of performance obligations, and measurement is based on time and materials incurred to date in comparison with the total budgeted outputs. The output method based on milestones is used when the contractual terms align with the Company’s performance. Sponsorship revenue is recognized over time, as the performance obligations are completed. SaaS and software development revenue is typically billed in advance and is recognized over the contract term beginning on the date that the service is made available to the customer. Sponsorship revenue is billed and recognized over time in the month the customer benefits from the service.

Products

The Company recognizes revenue from products to include contact lenses, vision lenses and frames; pharmaceutical products; and pharmacy front store products. Revenue is recognized at a point in time, in the accounting period in which the goods are sold for the amount it expects to receive, when control is transferred to the customer. Payment is collected when the customer purchases the product.

Costs to obtain a contract with a customer

Costs to obtain customer contracts represent commissions incurred and would not otherwise have been incurred, are incremental costs and capitalized and amortized over the term of the contract. Incremental costs are expensed when incurred if the contract term is less than one year.

As at December 31, 2021, and December 31, 2020, the Company had \$1,311 and \$831, respectively, of unearned revenue related to performance obligations not yet met. See Note 19 for a breakdown of the Company’s revenue from contracts with customers.

Share-based compensation

Employees, directors and external service providers of the Company receive remuneration in the form of share-based compensation, whereby employees, directors and external service providers render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes valuation model. That cost is recognized in share-based compensation expense, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of net loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based compensation. Otherwise, share-based compensations are measured at the fair value of the goods or

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services received.

Deferred Share Units (“DSUs”)

DSUs are accounted for as cash-settled share-based payment transactions whereby the cost of the DSUs is measured initially at fair value based on the closing price of the Company’s common shares preceding the day the DSUs are granted. The fair value of the DSUs is recognized as a current liability in the statement of financial position and as a share-based compensation expense in the statement of net loss and comprehensive loss. The liability is remeasured to fair value based on the market price of the Company’s common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in share-based compensation expense in the statement of net loss and comprehensive loss.

Income taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

Foreign currency translation

The Company’s consolidated financial statements are presented in Canadian dollars, which is also the parent company’s functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of CloudMD’s Canadian subsidiaries is the Canadian dollar. The functional currency of the Company’s United States (“US”) subsidiaries is the US dollar (“USD”).

The Company uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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(ii) Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Changes in IFRS accounting policies and future accounting pronouncements

(i) New IFRS Accounting Pronouncements

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16—Interest Rate Benchmark Reform—Phase 2

In August 2020, the IASB issued amendments to IFRS 9, Financial Instruments; IAS 39, Financial Instruments: Recognition and Measurement; IFRS 7, Financial Instruments: Disclosures; IFRS 4, Insurance Contracts; and IFRS 16, Leases as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The disclosures are to provide additional information on the effect of the reform on the Company's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after January 1, 2021. As at December 31, 2021, these amendments had no impact on the consolidated financial statements.

(ii) Future IFRS Accounting Pronouncements

On May 14, 2020, the IASB issued 'Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The extent of the impact of adoption of this amendment has not yet been determined.

On February 12, 2021, the International Accounting Standards Board (the IASB or the Board) issued amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors, in which it introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments become effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The extent of the impact of adoption of this amendment has not yet been determined.

In February 2021, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The Board also issued amendments to IFRS Practice Statement 2 Making Materiality Judgements (the PS) to support the amendments in IAS 1 by explaining and demonstrating the application of the 'four-step materiality process' to accounting policy disclosures. The amendments are intended to help entities identify and disclose all accounting policies that provide material information to primary users of financial statements; and identify immaterial accounting policies and eliminate them from their financial statements. The amendments become effective for annual reporting periods beginning on or after 1 January 2023. The extent of the impact of adoption of this amendment has not yet been determined.

Amendments to IAS 12 – Income Taxes

In May, 2021, the IASB issued amendments to IAS 12, Income Taxes. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments help to clarify how companies account

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for deferred tax on transactions such as leases and decommissioning obligations. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company is evaluating these amendments but do not expect them to have a material effect on our consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(iii) Use of critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about critical estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

Share-based compensation – Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using the Black Scholes model to determine the fair value of the liability incurred. For cash-settled share-based compensation transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

Deferred tax assets and liabilities – The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Useful life of property and equipment, and intangible assets – Property and equipment, and intangible assets are depreciated and amortized over their estimated useful lives, respectively. Estimated useful lives are determined based on current facts and past experience and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

Leases – The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-

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specific security impact.

Impairment of non-financial assets – Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (“DCF”) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.

Provisions – The Company records provisions related to pending or outstanding legal matters. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated.

Recognition of contingent consideration – In certain acquisitions, the Company may include contingent consideration which is subject to the acquired business achieving certain performance targets. At the date of acquisition and at each subsequent reporting period, if required, the Company estimates the future performance of acquired businesses, which are subject to contingent consideration, in order to estimate the fair value of the acquired business will achieve its performance targets and thus earn its contingent consideration. Any changes in the fair value of the contingent consideration classified as a liability between reporting periods are included in the determination of net income/loss. Changes in fair value arise as a result of various factors, including the estimated probability of the acquired business achieving its earnings targets.

Business combinations – On the completion of business acquisitions, management's judgment is required to estimate the fair value of purchase consideration and to identify and estimate the fair values of tangible and intangible assets, liabilities and non-controlling interests. Depending on the intangible asset being valued, the fair values have been determined using the excess earnings method, relief from royalty method, replacement cost method and the With-or-Without Method. Critical estimates in valuing certain of the intangible assets and goodwill acquired include future expected cash flows from customer contracts, customer attrition and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy of validity of such assumptions, estimates or actual results.

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4. BUSINESS COMBINATIONS

The Company acquired interests in the following companies during the year ended December 31, 2021 and December 31, 2020:

Company Name	Acquisition date	Share/Aseet Purchase	Ownership	Line of business
Livecare Health Canada Inc ("Livecare")	10-Jan-20	Share	100%	Telehealth
South Surrey Medical Clinic Inc ("South Surrey")	31-Jul-20	Share	100%	Medical Clinic
Snapclarity Inc. ("Snapclarity")	13-Oct-20	Share	100%	IT Platform
Benchmark Systems Inc ("Benchmark")	23-Oct-20	Share	87.50%	IT Platform
Premier Podiatry LLC ("Premier Podiatry")	23-Oct-20	Share	100%	Telehealth
iMD Health Global Corp ("iMD")	17-Nov-20	Share	100%	IT Platform
Re:Function Health Group Inc ("Re:Function")	18-Nov-20	Share	100%	Employer Healthcare
Humanacare Organizational Resources Inc ("Humanacare")	11-Jan-21	Share	100%	Employer Healthcare
Medical Confidence Inc ("Medical Confidence")	15-Jan-21	Share	100%	Navigation Software
Canadian Medical Directory ("CMD")	21-Jan-21	Asset	100%	Directory
Tetra Ventures LLC ("IDYA4")	22-Mar-21	Share	100%	Employer Healthcare
Aspiria Corp ("Aspiria")	01-Apr-21	Share	100%	Employer Healthcare
RX Infinity Inc., Rxi Pharmacy Inc. & Rxi Health Solutions ("RXI")	11-May-21	Share	100%	Pharmacy
0869316 BC Ltd, 1143556 BC Ltd & 11533046 BC Ltd ("Vision Pros")	23-Jun-21	Share	100%	Vision wear
Oncidium Inc. ("Oncidium")	25-Jun-21	Share	100%	Employer Healthcare

Description of acquiree businesses:

- 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.
- South Surrey Medical Clinic Inc. South Surrey Medical 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.
- 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 health care team and the ability to match to the right therapists.
- 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. Benchmark has a national U.S. network of 200 clients, 800 physicians, with 5.5 million patient charts across 35 states.
- Premier Podiatry LLC. Premier Podiatry a 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.
- 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.
- Re:Function, a leading rehabilitation clinic network, provides assessments for enterprise clients, insurers, and corporations for long-term disability claims and return to work outcomes.
- HumanaCare is an integrated Employee Assistance Program (“EAP”) solution which provides compassionate, holistic, physical and mental health support for employees and their families.
- Medical Confidence offers a revolutionary healthcare navigation platform with proven results in wait time reduction and patient satisfaction.
- Canadian Medical Directory is a listing of registered practitioners in Canada.
- IDYA4 is a leading health technology company focused on data interoperability and cybersecurity based

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- in the United States.
- Aspiria provides an Integrated Employee and Student Assistance Program (“SAP”), that focuses on a comprehensive suite of mental health and wellness solutions for all employer and educational sectors.
 - Rxi provides pharmaceutical logistic services including drug distribution, patient navigation assistances, a preferred pharmacy network of over 500 pharmacies and real time universal disease management software.
 - VisionPros is a vertically integrated digital eyewear platform servicing customers across North America.
 - Oncidium is a Canadian healthcare provider to employers.

The purchase prices of acquisitions were satisfied through, where applicable:

- (a) fair value of common shares of the Company issued to the vendor, determined at the closing share price on the date of the issuance or a volume weighted average price calculation,
- (b) cash paid to the vendor, net of working capital adjustments,
- (c) shares under escrow,
- (d) indemnification holdback
- (e) contingent shares issuable; and
- (f) contingent consideration.

Contingent shares issuable are earn-out based share distributions which are fixed in nature and hence have the characteristics of equity and are not revalued on future balance sheet dates. The earn-outs are both EBITDA and Revenue based depending on the business and growth initiative. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. The fair value of contingent consideration has been measured using a Monte Carlo simulation, and were determined appropriate, a probability weighted method, see note 13 of these financial statements. The fair value of purchase consideration and fair values of the assets and liabilities acquired are presented in the table for business combinations below. The excess of the fair value of the purchase consideration over the fair values of assets and liabilities acquired is considered to be goodwill. Goodwill is attributable to the workforce, expected synergies and profitability of the acquired businesses.

Depending on the status of each acquisition, it is indicated as either Finalized (“Final”) or Provisional (“Provisional”) in the table below. The Company is in the process of gathering the required information to determine the fair values of assets and liabilities acquired, as well as identifying any intangible assets that existed at the date of acquisition for those acquisitions that are marked as Provisional. In the case of VisionPros, it was previously announced on January 24, 2022 that VisionPros had violated existing supplier distribution agreements prior to being acquired by the Company. The violation resulted in the repayment of \$3,730 rebates and reassessments. The Board of Directors has commissioned the Audit Committee to conduct a comprehensive review of the claims and business of VisionPros which is still ongoing, for which the results of which may impact the purchase price allocation. (See note 22).

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During the year ended December 31, 2021, the Company acquired interests in the following companies:

	Medical									
	Humanacare	Confidence	IDYA4 (3)	Aspiria (4)	RXI (5)	Vision Pros (6)	Oncidium (7)	CMD (8)	Total	
	(1)	(2)								
	Provisional	Provisional	Provisional	Provisional	Provisional	Provisional	Provisional	Provisional	Provisional	
Purchase price:										
Fair value of common shares issued	\$ 5,237	1,903	7,817	866	3,397	18,458	30,896	1,471	70,045	
Cash consideration	6,126	2,337	5,843	855	2,342	24,020	29,469	250	71,242	
Indemnification holdback	-	-	-	-	-	3,000	-	-	3,000	
Contingent shares issuable	1,205	317	1,401	493	-	2,051	-	191	5,658	
Contingent consideration	-	375	156	-	68	-	15,620	-	16,219	
Total consideration paid	\$ 12,568	4,932	15,217	2,214	5,807	47,529	75,985	1,912	166,164	
Allocated as follows:										
Cash and cash equivalents	\$ -	161	1,771	85	631	180	1,198	-	4,026	
Trade and other receivables	672	287	868	147	2,077	99	9,984	-	14,134	
Inventory	-	-	-	-	43	2,226	-	-	2,269	
Prepaid expenses, deposits and other	14	10	-	14	6	28	1,506	-	1,578	
Property and equipment	320	44	-	159	160	770	4,061	-	5,514	
Customer relationships	4,225	647	1,051	1,673	3,519	-	36,870	904	48,889	
Brand	1,279	-	-	197	-	11,250	-	-	12,726	
Software	-	2,943	1,953	-	593	-	3,400	126	9,015	
Non-compete agreement	311	-	-	57	-	-	-	-	368	
Accounts payable, accrued liabilities and other	(297)	(314)	(607)	(523)	(3,205)	(9,124)	(13,083)	-	(27,153)	
Deferred revenue	(301)	-	-	(28)	-	(331)	-	-	(660)	
Deferred tax liability	(1,472)	(936)	-	(390)	(598)	(3,016)	(10,136)	-	(16,548)	
Lease liabilities	(291)	-	-	(147)	(115)	(43)	(3,680)	-	(4,276)	
Long-term debt	(262)	(56)	(402)	(40)	-	(60)	-	-	(820)	
Total net assets acquired	\$ 4,198	2,786	4,634	1,204	3,111	1,979	30,120	1,030	49,062	
Goodwill acquired	\$ 8,370	2,146	10,583	1,010	2,696	45,550	45,865	882	117,102	

- (1) The contingent shares issuable represents two earn-out revenue milestone payments for the years ending December 31, 2021 and December 31, 2022. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on January 11, 2021 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent shares issuable could be higher or lower depending on the related future revenue outcome.
- (2) The contingent consideration and contingent shares issuable represent two earn-out revenue milestone payments for the years ending December 31, 2021 and December 31, 2022. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future revenue results. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on January 15, 2021 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent consideration and contingent shares issuable could be higher or lower depending on the related future revenue outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.
- (3) The contingent consideration and contingent shares issuable represent two earn-out revenue milestone payments for the years ending December 31, 2021 and December 31, 2022. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future revenue results. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on March 22, 2021 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent consideration and contingent shares issuable could be higher or lower depending on the related future revenue outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.
- (4) The contingent shares issuable represents an earn-out revenue milestone payment for the year ending December 31, 2021. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on April 1, 2021 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent shares issuable could be higher or lower depending on the related future revenue outcome.

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- (5) The contingent consideration represents two earn-out profitability milestone payments for the years ending December 31, 2021 and December 31, 2022. Preliminary valuation of the contingent consideration was calculated using the closing price of the Company's common shares on May 11, 2021 and the number of common shares issuable based on management's best estimate of future profitability results. The contingent consideration could be higher or lower depending on the related future profitability outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.
- (6) The contingent consideration represents two earn-out revenue-based milestone payments for the six months ending December 31, 2021 and year ending December 31, 2022. The contingent consideration can be settled using cash or common shares at the Company's discretion. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future revenue-based results. The contingent consideration could be higher or lower depending on the related future revenue-based outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.
- (7) The contingent consideration represents three revenue and three profitability earn-out milestone payments for the years ending December 31, 2021, December 31, 2022 and December 31, 2023. The contingent consideration can be settled, at the Company's discretion, using cash or common shares issuable at \$2.30. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future revenue and profitability results. The contingent consideration could be higher or lower depending on the related future revenue and profitability outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.
- (8) The contingent shares issuable represents two earn-out revenue milestone payments for the years ending December 31, 2021 and December 31, 2022. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on December 20, 2020 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent shares issuable could be higher or lower depending on the related future revenue outcome.

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During the year ended December 31, 2020, the Company acquired interests in the following companies:

	Livecare (1)(2)	South Surrey (3)	Snapclarity (3)	Benchmark	Premier Podiatry	iMD (3)	Re:function (3)	Total
	Final	Final	Final	Final	Final	Final	Final	
Purchase price:								
Fair value of common shares issued	\$ 516	238	5,629	-	-	6,848	8,830	22,061
Cash consideration	387	159	48	5,552	146	1,629	3,382	11,303
Indemnification holdback	-	-	1,555	-	-	-	-	1,555
Contingent shares issuable	-	-	596	-	-	4,054	1,869	6,519
Liability to non-controlling interests	-	-	-	511	-	-	-	511
Contingent consideration	-	136	2,621	-	-	-	-	2,757
Total consideration paid	\$ 903	533	10,449	6,063	146	12,531	14,081	44,706
Allocated as follows:								
Cash and cash equivalents	\$ 1	112	205	207	2	767	502	1,796
Trade and other receivables	79	94	16	313	-	219	715	1,436
Inventory	19	-	-	14	-	-	-	33
Prepaid expenses, deposits and other	77	2	-	112	-	11	109	311
Net investment in sublease	-	236	-	-	-	-	-	236
Property and equipment	82	263	-	213	156	9	1,911	2,634
Customer relationships	1,444	263	181	234	-	608	1,443	4,173
Brand	-	-	3,209	1,155	-	2,077	3,510	9,951
Software	-	-	-	1,068	-	1,393	-	2,461
Licence	-	-	-	-	-	90	-	90
Accounts payable, accrued liabilities and other	(1,307)	(224)	(682)	(384)	(40)	(292)	(468)	(3,397)
Deferred revenue	-	-	-	(283)	-	(182)	-	(465)
Deferred tax liability	(263)	(71)	(838)	(604)	-	(593)	(1,390)	(3,759)
Lease liabilities	-	(372)	-	(9)	(53)	-	(1,137)	(1,571)
Long-term debt	(850)	-	(348)	-	-	(339)	(476)	(2,013)
Total net assets acquired	\$ (718)	303	1,743	2,036	65	3,768	4,719	11,916
Non-controlling interest	-	-	-	793	-	-	-	793
Goodwill acquired	\$ 1,621	230	8,706	4,820	81	8,763	9,362	33,583

- (1) The long-term debt in the amount acquired of \$850 included an amount of \$600 due to a third party. This amount was settled by issuing 1,500,000 common shares of the Company on January 31, 2020 with a fair value of \$578, resulting in a gain from debt forgiveness of \$23.
- (2) Several payables due to vendors were settled for a cash amount that was less than the amount owing. This resulted in a gain from debt forgiveness of \$118.
- (3) The contingent consideration is based on management's best estimate of future revenue targets. The estimated amounts payable related to the contingent consideration could be lower depending on the related future revenue outcome.

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During the year ended December 31, 2021, the Company finalized the purchase price allocation and adjusted the values for the contingent consideration, intangible assets, goodwill and deferred taxes pursuant to the acquisition agreements. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

		South			Premier			Re:Function
		Livecare	Surrey	Snapclarity	Benchmark	Podiatry	iMD	
Provisional Allocation								
Cash and cash equivalents	\$	1	112	142	207	2	767	502
Trade and other receivables		79	94	19	313	-	144	699
Inventory		19	-	-	14	-	-	-
Prepaid expenses, deposits and other		77	2	-	112	-	11	39
Net investment in sublease		-	-	-	-	-	-	-
Property and equipment		82	127	-	204	103	10	775
Intangible assets		1,444	263	4,796	-	-	90	-
Accounts payable, accrued liabilities and other		(1,307)	(224)	(742)	(277)	(40)	(292)	(382)
Deferred revenue		-	-	-	(283)	-	(238)	-
Deferred tax liability		(263)	(71)	(1,295)	-	-	-	-
Lease liabilities		-	-	-	-	-	-	-
Long-term debt		(850)	-	-	-	-	(339)	(486)
Goodwill		1,621	230	5,489	6,380	81	9,376	11,584
Non-controlling interest		-	-	-	834	-	-	-
Adjustments								
Cash and cash equivalents	\$	-	-	63	-	-	-	-
Trade and other receivables		-	-	(3)	-	-	75	16
Prepaid expenses, deposits and other		-	-	-	-	-	-	70
Net investment in sublease		-	236	-	-	-	-	-
Property and equipment		-	136	-	9	53	(1)	1,137
Customer relationships		-	-	181	234	-	608	1,443
Brand		-	-	3,209	1,155	-	2,077	3,510
Software		-	-	(4,796)	1,068	-	1,393	-
Accounts payable, accrued liabilities and other		-	-	60	(107)	-	-	(87)
Deferred revenue		-	-	-	-	-	56	-
Deferred tax liability		-	-	457	(604)	-	(593)	(1,390)
Lease liabilities		-	(372)	-	(9)	(53)	-	(1,137)
Long-term debt		-	-	(348)	-	-	-	10
Goodwill		-	-	3,217	(1,560)	-	(613)	(2,222)
Non-controlling interest		-	-	-	(41)	-	-	-
Final								
Cash and cash equivalents	\$	1	112	205	207	2	767	502
Trade and other receivables		79	94	16	313	-	219	715
Inventory		19	-	-	14	-	-	-
Prepaid expenses, deposits and other		77	2	-	112	-	11	109
Net investment in sublease		-	236	-	-	-	-	-
Property and equipment		82	263	-	213	156	9	1,911
Customer relationships		1,444	263	181	234	-	608	1,443
Brand		-	-	3,209	1,155	-	2,077	3,510
Software		-	-	-	1,068	-	1,393	-
License		-	-	-	-	-	90	-
Accounts payable, accrued liabilities and other		(1,307)	(224)	(682)	(384)	(40)	(292)	(468)
Deferred revenue		-	-	-	(283)	-	(182)	-
Deferred tax liability		(263)	(71)	(838)	(604)	-	(593)	(1,390)
Lease liabilities		-	(372)	-	(9)	(53)	-	(1,137)
Long-term debt		(850)	-	(348)	-	-	(339)	(476)
Goodwill		1,621	230	8,706	4,820	81	8,763	9,362
Non-controlling interest		-	-	-	793	-	-	-

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The following revenue and net income attributable to these acquisitions are included in the Company's annual consolidated financial statements for the year ended December 31, 2021 and 2020 associated with these acquisitions.

Acquired Companies	2021		2020	
	Revenue	Net Income (Loss)	Revenue	Net Income (Loss)
Livecare			\$ 72	\$ 30
South Surrey			1,422	70
Snapclarity			38	(535)
Benchmark			1,069	166
Premier Podiatry			103	11
iMD			243	62
Re:Function			552	41
Humanacare	\$ 4,188	\$ (782)		
IDYA4	6,371	1,435		
Medical Confidence	2,287	(8)		
CMD	228	162		
Aspiria	2,373	246		
RXI	16,330	(1,146)		
Vision Pros	11,432	(1,431)		
Oncidium	31,467	2,846		

Had the acquisitions occurred on January 1, 2021, and 2020 respectively, the Company estimates that it would have reported the following consolidated revenue and net income for the year ended December 31, 2021 and 2020 associated with these acquisitions.

Acquired Companies	2021		2020	
	Revenue	(Loss)	Revenue	(Loss)
Livecare			\$ 74	\$ 31
South Surrey			3,394	168
Snapclarity			174	(2,419)
Benchmark			6,106	284
Premier Podiatry			545	56
iMD			1,304	(256)
Re:Function			5,113	815
Humanacare	\$ 4,305	\$ (763)		
IDYA4	7,442	1,644		
Medical Confidence	2,319	(5)		
CMD	481	48		
Aspiria	2,721	316		
RXI	25,473	(1,788)		
Vision Pros	21,847	(2,735)		
Oncidium	58,506	1,283		

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5. INVESTMENT IN JOINT VENTURE

On February 8, 2021, the Company acquired 51% of the issued and outstanding shares in West Mississauga Medical Ltd. (“West Mississauga”), a joint venture providing comprehensive family medicine and a specialist medical clinic with 8 family doctors and 4 specialists serving over 100,000 patients. Ownership was acquired in exchange for the issuance of 74,074 common shares on February 8, 2021 valued at \$130 and the payment of \$181 in cash. Under the terms of the shareholder agreement, CloudMD is able to appoint one of two directors of West Mississauga and all critical decisions require unanimous consent of the shareholders of West Mississauga. West Mississauga is structured as a separate vehicle and the Company has a residual interest in the net assets of West Mississauga. As a result, the Company treated its investment of West Mississauga as a joint venture and is accounted for using the equity method.

The activities of the Company’s investment in West Mississauga Medical Ltd. during the period were as follows:

Balance, January 1, 2021	\$	-
Investment in joint venture		311
Share in profits for the period		32
Balance, December 31, 2021	\$	343

6. EXPENSES BY NATURE

	Year ended	
	December 31, 2021	December 30, 2020
Cost of sales	\$ 62,069	\$ 9,256
Wages and employee benefits	29,621	6,050
Professional fees	10,265	3,479
Share-based compensation	5,223	3,642
Office and administration	6,897	972
Marketing and advertising	3,187	2,241
Amortization of intangible assets	4,618	347
Depreciation of property and equipment	2,693	859
Others	1,424	608
Total	\$ 125,997	\$ 27,454

7. TRADE AND OTHER RECEIVABLES

The following table shows the details of the Company’s trade and other receivables at December 31, 2021 and 2020:

	December 31,		December 31,	
	2021		2020	
Trade receivables	\$	17,263	\$	2,206
Other receivables		7,755		131
Allowance for doubtful accounts		(300)		(157)
Total	\$	24,718	\$	2,180

The Company evaluates credit losses on a regular basis based on the aging and future collectability of its receivables. As at December 31, 2021 and 2020, the Company recognized expected credit losses of \$300 (2020 -

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\$157), which has been netted against trade and other receivables. The expected lifetime credit loss provision for our trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information as required.

8. INVENTORY

	December 31 2021	December 31, 2020
Contact lenses and eyeglass frames	\$ 2,073	\$ -
Pharmaceutical	1,297	710
Others	71	18
Inventory Allowance	(17)	-
Total	\$ 3,424	\$ 728

For the year ended December 31, 2021, inventories recognized as an expense in cost of sales amounted to \$26,616 (2020 – \$5,073). During the year, inventories were reviewed for obsolescence as part of ongoing operations. As at December 31, 2021, the obsolescence provision against inventories totaled \$17 (2020 – \$nil).

9. 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	1,335	2,634
Additions	59	28	63	1,269	1,419
Disposals	(2)	(1)	(6)	-	(9)
Foreign exchange differences	(2)	-	(6)	-	(8)
Balance, December 31, 2020	592	95	1,024	5,329	7,040
Business combinations	755	173	253	4,333	5,514
Additions	434	509	95	1,873	2,911
Disposals	(119)	(6)	(211)	(148)	(484)
Foreign exchange differences	(3)	-	1	(7)	(9)
Balance, December 31, 2021	\$ 1,659	\$ 771	\$ 1,162	\$ 11,380	\$ 14,972
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	210	218	361	1,904	2,693
Disposals	(25)	-	(175)	(61)	(261)
Exchange Differences	-	(3)	(12)	(12)	(27)
Balance, December 31, 2021	\$ 277	\$ 254	\$ 298	\$ 2,824	\$ 3,653
Net Book Value					
At December 31, 2020	\$ 500	\$ 56	\$ 900	\$ 4,336	\$ 5,792
At December 31, 2021	\$ 1,382	\$ 517	\$ 864	\$ 8,556	\$ 11,319

For the year ended December 31, 2021, the Company recorded depreciation expense of \$2,693 (2020 – \$859) within expenses.

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10. GOODWILL AND INTANGIBLE ASSETS

	Customer relationships	Content Licenses	Brands	Non - Compete agreement	Technology platforms	Assets under development	Total intangible assets	Goodwill
Cost								
Balance, January 1, 2020	\$ 1,368	\$ -	\$ -	\$ -	\$ 885	\$ -	\$ 2,253	\$ 9,498
Business combinations	4,173	90	9,951	-	2,461	-	16,675	33,583
Additions	6	-	-	-	5	-	11	-
Balance, December 31, 2020	5,547	90	9,951	-	3,351	-	18,939	43,081
Business combinations	48,889	-	12,726	368	9,015	-	70,998	117,102
Additions	325	-	-	-	877	547	1,749	-
Disposals	-	-	-	-	-	-	-	81
Balance, December 31, 2021	\$ 54,761	\$ 90	\$ 22,677	\$ 368	\$ 13,243	\$ 547	\$ 91,686	\$ 160,102
Accumulated Amortization								
Balance, January 1, 2020	\$ 75	\$ -	\$ -	\$ -	\$ 82	\$ -	\$ 157	\$ -
Amortization	191	-	-	-	156	-	347	-
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2020	266	-	-	-	238	-	504	-
Amortization	3,422	-	-	115	1,081	-	4,618	-
Impairment	150	-	507	-	647	-	1,304	5,574
Balance, December 31, 2021	\$ 3,838	\$ -	\$ 507	\$ 115	\$ 1,966	\$ -	\$ 6,426	\$ 5,574
Net Book Value								
At December 31, 2020	\$ 5,281	\$ 90	\$ 9,951	\$ -	\$ 3,113	\$ -	\$ 18,435	\$ 43,081
At December 31, 2021	\$ 50,923	\$ 90	\$ 22,170	\$ 253	\$ 11,277	\$ 547	\$ 85,260	\$ 154,528

For the year ended December 31, 2021, the Company recorded amortization expense of \$4,618 (2020 – \$347) within expenses.

As at December 31, 2021, the Company has \$154,528 of goodwill. The Company performs its impairment test of goodwill at least annually on December 31 or when impairment indicators exist. The recoverable amount of the cash-generating units was determined based on value-in-use calculations, covering a five-year cash flow projection based on management’s estimate of future operating results. The present value of the expected cash flows was determined by applying a suitable discount rate, which was ranged from 8% to 12% for 2021. The discount rate reflected appropriate adjustments relating to market risk and specific risk factors for each CGU.

Apart from the considerations in determining the value in use of the CGU as described above, the Company was not aware of any other probable changes that would necessitate changes in its key estimates.

The Company has 3 reporting segments and 17 CGU. As of December 31, 2021 the Company determined that 3 CGU’s were in excess of their recoverable amounts based on the methodology outlined above. The impairment tests performed resulted a write down of goodwill of \$5,574 and intangibles of \$1,304 during the year ended December 31, 2021 (2020 – \$nil).

During the year ended December 31, 2021 the Company recorded incremental costs related to obtaining contracts for technology platforms amounting to \$88 (2020 – \$nil) which are included in intangible assets.

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11. LONG TERM DEBT

	Interest rate	Maturity	December 31, 2021	December 31, 2020
	3.20%	October 31, 2026	\$ 156	\$ 186
Fixed interest rate bank loans ⁽¹⁾	3.35%	October 31, 2026	1,313	1,559
	6.22%	November 1, 2026	116	-
	3.97%	October 31, 2026	158	187
	CDOR +3.50% ⁽²⁾	June 30, 2024	22,635	338
Variable interest rate bank loans	Prime +1.00% ⁽³⁾	April 30, 2023	100	175
	Prime + 0.50%		-	95
Interest free loans				
			-	38
			90	58
Balance			24,568	2,636
Current portion			2,438	609
Long-term portion			\$ 22,130	\$ 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 December 31, 2021, the interest rate for the variable interest rate bank loan was 3.36%.

⁽³⁾ As at December 31, 2021, the interest rate for the variable interest rate bank loan was 3.45%.

Effective June 25, 2021, the Company, through its subsidiary Oncidium, established credit facilities of up to \$62,000 (the "Facilities") comprised of the following:

- (1) Revolver Facility of \$3,000;
- (2) Term Facility of \$49,000; and,
- (3) Additional term facility of \$10,000 subject to lender approval.

The Facilities mature 3 years from the date the funds are drawn. Interest accrues daily on advances at the applicable Canadian Dealer Offered Rate ("CDOR") plus a margin of between 2.0% and 3.5% dependent upon certain financial ratios. The fair value of the long-term debt approximates its carrying value.

As at December 31, 2021, the Company was in compliant with all financial covenants.

The debt is secured by a first-ranking security interest on all present and after-acquired assets of the Company's subsidiary Oncidium.

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12. CONTINGENT CONSIDERATION

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

Contingent consideration, December 31, 2019	\$ -
Contingent consideration for business combinations	2,757
Change in fair value	108
Contingent consideration, December 31, 2020	2,865
Contingent consideration for business combinations	16,219
Additions	836
Payment of contingent consideration	(135)
Change in fair value	(1,471)
Contingent consideration, December 31, 2021	18,314
Current portion	11,807
Long-term portion	\$ 6,507

Contingent consideration is comprised of earn-out payments due to sellers of acquired entities for meeting certain EBITDA or revenue conditions over a period of up to 3 years following the date of the acquisition.

The fair value of contingent consideration is considered a Level 3 financial instrument and was determined primarily using Monte-Carlo simulations and other pricing methodologies, dependent on the facts of the respective acquisitions. The fair value determination of the contingent consideration required management to make significant estimates and assumptions related to future cash flows of the acquired businesses, volatility rates and with respect to the selection of the discount rates. These reflect the Company's own judgements about the assumptions market participants would use in pricing the assets and liabilities. The significant unobservable inputs used to measure the contingent consideration using the Monte Carlo model are expected cash flows and the risk adjusted discount rate. For contingent consideration estimated using a probability weighted approach, the significant unobservable inputs are the probability that the milestone will be achieved, the expected cash flows, and the risk adjusted discount rate.

In the case of Oncidium, the contingent consideration represents three revenue and three profitability earn-out milestone payments for the years ending December 31, 2021, December 31, 2022 and December 31, 2023. The contingent consideration can be settled, at the Company's discretion, using cash or common shares issuable at \$2.30.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for as equity. Contingent consideration that is classified as a liability is re-measured at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss under 'Change in fair value of contingent consideration'.

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13. 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	235
Additions from business combinations	1,571
Interest expense on lease liabilities	140
Lease payments	(754)
Balance, December 31, 2020	4,664
Additions	1,840
Additions from business combinations	4,276
Interest expense on lease liabilities	278
Lease payments	(2,096)
Lease terminations	(77)
Balance, December 31, 2021	8,885
Current portion	1,973
Long-term portion	\$ 6,912

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

	December 31, 2021
Less than one year	\$ 2,259
One to five years	6,543
More than five years	964
Total	\$ 9,766

(b) As a lessor

The Company subleases certain excess space to a third parties. The Company has classified these subleases as finance leases as the subleases covers the remaining term of the respective head lease. The net investment in sublease was measured at the present value of the remaining lease payments, discounted using the estimated incremental borrowing rate of 4.15% per annum over the life of the sublease.

The following is a continuity schedule of the Company's net investment in sublease:

Balance, December 31, 2020	\$ 174
Interest income from net investment in sublease	4
Payments received from net investment in sublease	(158)
Balance, December 31, 2021	20
Current portion	20
Long-term portion	\$ -

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The following is a breakdown of contractual undiscounted cash flows for net investment in sublease by maturities as at December 31, 2021:

	December 31, 2021	
Less than one year	\$	20
One to five years		-
Total	\$	20

14. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors, members of the senior executive team, close family members, and enterprises which are under common control or controlled by these individuals. The below transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of remuneration of key management and Board of Directors:

	Year ended	
	December 31, 2021	December 31, 2020
Cash-based compensation ⁽¹⁾	\$ 2,610	\$ 826
Share-based compensation	3,022	1,592
Total	\$ 5,632	\$ 2,418

⁽¹⁾ At December 31, 2021 the Company recorded \$18 (2020 - \$nil) as accounts payable for directors fees payable to a director, and \$nil (2020 - \$37) as a prepaid fee to a director for services provided in the following year.

During the year ended December 31, 2021, the Company paid \$2,420 (2020 - \$nil) for services acquired and the cost of facility sharing and the Company received \$1,113 (2020 - nil) for services acquired for projects subcontracted to a company controlled by key management of one the Company's subsidiaries for IT development service. At December 31, 2021 there was an amount payable of \$675 (2020 - \$nil) and amount receivable of \$383 (2020 - \$nil). These services were paid for the development of one of the Companies key operational platforms.

During the year ended December 31, 2021, the Company paid \$258 (2020 - \$nil) and there was a write down of receivable of \$1,069 (2020 - \$nil) to a company controlled by key management of one the Company's subsidiaries. These amounts were paid to a non-profit organization which aided in the delivery of pharmaceutical services to patients.

During the year ended December 31, 2021, the Company paid \$161 (2020 - \$nil) to a company which owns 12.5% of one of the Company's subsidiaries. The payments made related to continued enhancement of one of our CMR related technologies

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15. 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	22,061
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	117,418
Shares issued for business combinations	35,610,869	68,574
Shares issued for investment in joint venture	74,074	129
Shares issued for asset purchase	574,468	1,471
Bought deal financing	21,560,000	58,212
Contingent consideration settled in shares	198,348	110
Contingent shares issued	568,182	1,461
Share issuance costs	-	(5,244)
Exercise of stock options	2,211,500	2,108
Exercise of restricted share units	349,750	623
Exercise of warrants	3,819,837	3,167
Shares issued for services	1,741,392	2,455
Balance, December 31, 2021	231,613,879	\$ 250,484

(c) **Bought deal financing**

		Shares issued	Exercise price	Gross proceeds	Share issuance costs	Agent warrants issued ⁽¹⁾	Exercise price
March 2020	Private placement	6,298,615	0.48	3,023	380	405,730 431,371	0.48 0.70
June 2020	Bought deal	21,357,800	0.70	14,950	1,342	1,495,046	1.00
September 2020	Bought deal	15,065,000	1.38	20,790	1,692	1,054,550	1.38
November 2020	Bought deal	15,525,000	2.40	37,260	2,712	1,086,750	2.40
March 2021	Bought deal	21,560,000	\$ 2.70	\$ 58,212	\$ 5,244	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) Agent's warrants

The following is a summary of agent's warrants activities during the years ended December 31, 2021 and 2020:

	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	(3,437)	(0.48)
Expired	-	-
Balance outstanding, December 31, 2021	3,349,634	\$ 2.28

As at December 31, 2021, the Company had the following agent's warrants outstanding, all of which are exercisable at December 31, 2021:

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	22,676	0.22	\$ 0.48
\$0.51 to \$1.00	149,504	0.42	1.00
\$1.01 to \$1.50	581,504	0.73	1.38
\$2.01 to \$2.50	1,086,750	0.86	2.40
\$2.51 to \$3.00	1,509,200	1.19	2.70
	3,349,634	0.96	2.28

The following weighted average assumptions were used in calculating the fair value of agent's warrants during the period using the Black-Scholes model:

	Year ended	
	December 31, 2021	December 31, 2020
Expected warrant life	2 years	2 years
Risk-free interest rate	0.24%	0.41%
Dividend yield	0%	0%
Volatility rate	70%	100%
Forfeiture rate	0%	0%

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(e) Shareholder's warrants

The following is a summary of shareholders' warrants activities during the years ended December 31, 2021 and 2020:

	Number of Shareholders' Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2019	4,492,344	\$ 0.80
Issued	13,828,206	0.93
Exercised	(6,051,974)	(0.83)
Balance outstanding, December 31, 2020	12,268,576	0.93
Exercised	(3,816,400)	(0.81)
Forfeiture	(230,769)	(1.00)
Balance outstanding, December 31, 2021	8,221,407	\$ 0.98

As at December 31, 2021, the Company has 8,221,407 warrants outstanding with the exercise price ranging from \$0.80 to \$1.00, the weighted average exercise price and remaining contractual life is 1.0 years. The shareholders' warrants have a fair value of \$nil, valued using the residual value method.

(f) Shares under trading restrictions

As at December 31, 2021, the Company has issued 33,986,312 common shares that were subject to trading restrictions (December 31, 2020 – 18,263,173).

(g) Escrow Shares

As at December 31, 2021, the Company has 33,986,312 common shares held in escrow (2020 – 18,263,173).

Escrow shares will be released as follows:

- 285,008 shares on January 8, 2022.
- 300,000 shares on January 30, 2022.
- 125,620 shares on January 29, 2022, and the same amount released each six months thereafter until the last 125,620 shares are released on January 29, 2023.
- 352,493 shares on January 30, 2022, and the same amount released every three months thereafter until the last 352,493 shares are released on October 30, 2022.
- 431,943 shares on March 17, 2022, and the same shares released every four months thereafter until the last 431,949 shares are released on July 17, 2022.
- 795,454 shares on May 18, 2022, and the same amount released every six months thereafter until the last 795,454 shares are released on May 18, 2023.
- 473,957 shares on April 11, 2022, and the same amount released every five months thereafter until the last 473,963 shares are released on February 11, 2023.
- 171,428 shares on January 15, 2022, and the same amount released every four months thereafter until the last 171,431 shares are released on September 15, 2022.
- 143,617 shares on January 21, 2022, and the same amount released every four months thereafter until the last 143,617 shares are released on May 21, 2022.
- 14,815 shares on February 8, 2022, and the same amount released every six months thereafter until the last 14,814 shares are released on August 8, 2023.
- 777,832 shares on March 22, 2022, and the same amount released every six months thereafter until the last 777,841 shares are released on September 22, 2023.
- 92,105 shares on April 1, 2022, and the same amount released every six months thereafter until the last 92,106 shares are released on October 1, 2023.
- 251,046 shares on January 11, 2022, and the same shares released every four months thereafter until the

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- last 251,046 shares are released on January 11, 2023.
- 2,454,544 shares on February 23, 2022, and the same amount released on December 23, 2022 and the last 2,454,549 shares are released on June 23, 2023.
- 272,726 shares on February 23, 2022, and the same amount released on December 23, 2022 and the last 272,731 shares are released on June 23, 2023.
- 3,304,289 shares on June 25, 2022, and the same amount released every six months thereafter until the last 3,304,583 shares are released on Dec 25, 2023.
- 39,668 shares on January 31, 2022, and the same amount released every six months thereafter until the last 39,676 shares are released on January 31, 2024.

(h) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, at any point in time is 10% of the outstanding shares at the time shares are reserved for issuance as a result of the grant of an option, less any common shares reserved for issuance under share compensation arrangements other than the Company's restricted share unit plan. Stock options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

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	1,985,000	2.00
Exercised	(2,211,500)	0.59
Forfeited	(263,750)	2.41
Balance outstanding, December 31, 2021	10,161,750	\$ 1.33

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As at December 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	3,017,500	2.88	\$ 0.49	2,851,500	\$ 0.49
\$0.51 to \$1.00	2,225,000	2.79	0.73	2,111,250	0.73
\$1.01 to \$1.50	400,000	3.65	1.38	200,000	1.38
\$1.51 to \$2.00	1,450,000	4.07	1.78	492,500	1.86
\$2.01 to \$2.50	2,956,250	3.94	2.36	1,826,250	2.33
\$2.51 to \$3.00	113,000	3.79	2.56	113,000	2.56
	10,161,750	3.32	\$ 1.33	7,594,500	\$ 1.14

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

	Year ended	
	December 31, 2021	December 31, 2020
Expected option life	5 years	5 years
Risk-free interest rate	0.43%-1.09%	0.59%
Dividend yield	0%	0%
Volatility rate	59%-60%	100%
Forfeiture rate	0%	0%

(i) **Restricted Share Units (“RSU”)**

The Company has adopted a restricted share unit (“RSU”) plan (the “RSU Plan”), which provides that the Board of Directors of the Company may, from time to time, award RSUs in its discretion to directors, employees, and consultants to the Company. The aggregate number of Common Shares reserved for issuance under the RSU Plan, together with any other security-based compensation arrangements, at any point in time may not exceed 10% of the issued and outstanding Common Shares within a 12-month period. RSUs awarded under the RSU Plan can have a maximum term of 10 years from the award date. Vesting terms will be determined at the time of the award by the Board of Directors.

The following is a summary of activity in the Company’s RSU plan:

	Restricted Share Units
Balance outstanding, December 31, 2020	-
Granted	936,000
Exercised	(354,750)
Balance outstanding, December 31, 2021	581,250

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(j) Deferred Share Units (“DSU”)

Effective May 1, 2021, the Company adopted a cash-settled DSU plan for its independent directors (the “DSU Plan”), which provides that the Board of Directors may, from time to time, award DSUs in its discretion to the independent directors. All DSUs granted vest immediately and are credited to each independent directors’ account and are recorded under accounts payable, accrued liabilities and other.

The following is a summary of activity in the Company’s DSU plan:

	Number of Deferred Share Units
Balance outstanding, December 31, 2020	-
Issued	140,000
Balance outstanding, December 31, 2021	140,000

(k) Share-based compensation

	Year ended	
	December 31, 2021	December 31, 2020
Stock options	\$ 3,875	\$ 3,642
RSUs	1,184	-
DSUs	164	-
Total share-based compensation expense	\$ 5,223	\$ 3,642

16. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 11,893	\$ 41,658
Cash equivalents	33,189	18,056
Total	\$ 45,082	\$ 59,714

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(b) Other cash flow information

	Year ended	
	December 31, 2021	December 31, 2020
Change in non-cash working capital		
Trade and other receivables	\$ (10,896)	\$ (260)
Inventory	(359)	64
Prepaid expenses, deposits and other	(117)	163
Accounts payable, accrued liabilities and other	(207)	(1,110)
Deferred revenue	(179)	-
	\$ (11,758)	\$ (1,143)
Non-cash investing and financing activities		
Shares issued for acquisition of Livecare	\$ -	\$ 516
Shares issued for acquisition of Livecare debt	-	578
Shares issued for acquisition of South Surrey	110	238
Shares issued for acquisition of Snapclarity	-	5,163
Shares issued for acquisition of iMD	-	4,441
Shares issued for acquisition of Re:Function	-	6,636
Shares issued for acquisition of HumanaCare	5,237	-
Shares issued for acquisition of Medical Confidence	1,903	-
Shares issued for acquisition of IDYA4	7,817	-
Shares issued for acquisition of Aspiria	866	-
Shares issued for acquisition of Rxi	3,397	-
Shares issued for acquisition of VisionPros	18,458	-
Shares issued for acquisition of Oncidium	30,896	-
Shares issued for investment in joint venture	-	-
Shares issued for asset purchase	-	-
Shares issued for services	2,455	409
Issuance of agent warrants as share issuance costs	-	685
Other cash flow information		
Cash received for interest	\$ 203	\$ -
Cash paid for interest	509	115
Cash paid for income taxes	411	19

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize shareholder value. The Company's capital is comprised of equity and long-term debt, net of cash and cash equivalents. The Company manages the capital structure and adjusts in response to changes in economic conditions and the risk characteristics of the underlying assets. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

There were no changes to the Company's approach in its management of capital during the period.

The Company is subject to certain financial covenants in its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

18. FINANCIAL INSTRUMENTS

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

The carrying values of cash and cash equivalents, trade and other receivables, and accounts payable, accrued liabilities and other approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of long-term debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. There were no transfers between levels of the fair value hierarchy.

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

Credit risk

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

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

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

As at December 31, 2021, the Company had \$24,718 (December 31, 2020 – \$2,180) of trade and other receivables, net of an allowance for doubtful accounts of \$300 (December 31, 2020 - \$157).

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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 December 31, 2021

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	\$ 31,687	\$ -	\$ -	\$ 31,687
Contingent consideration	11,807	6,507	-	18,314
Long-term debt	3,063	22,706	-	25,769
	\$ 46,557	\$ 29,213	\$ -	\$ 75,770

As at December 31, 2020

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	\$ 4,433	\$ -	\$ -	\$ 4,433
Contingent consideration	136	2,729	-	2,865
Long-term debt	619	1,969	58	2,646
	\$ 5,188	\$ 4,698	\$ 58	\$ 9,944

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.

a) Interest rate risk

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

At December 31, 2021, the Company had variable rate borrowing rate loans amounting to \$22,735 (December 31, 2020 – \$608). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately \$114 (2020 – \$3) for the twelve months ended December 31, 2021. There would be an equal and opposite impact on net loss with a 1% decrease in the interest rate

b) Foreign currency risk

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

The Company's exposure to foreign currency risk at the end of reporting period is as follows:

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(Denominated in USD)	December 31, 2021	December 31, 2020
Financial assets		
Cash	2,034	259
Trade and other receivables	2,924	461
Financial liabilities		
Accounts payable and accrued liabilities	1,711	175
Net exposure to foreign currency risk	\$ 3,247	\$ 545

Sensitivity to foreign currency risk

The impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date. The change in USD to CAD currency rate of 5% will have an impact of \$205 before tax (2020 – \$35).

19. SEGMENTED INFORMATION

The Company has three operating segments and the Company's chief operating decision-maker is the Chief Executive Officer.

Clinic Services & Pharmacies

Clinic Services & Pharmacies operates a series of hybrid medical clinics located in British Columbia and Ontario, including telemedicine services. This division is focused on providing healthcare services, with the support of doctors, within the context of publicly accessible healthcare services that are reimbursed by the applicable health authorities. To the extent there are services rendered by the Company that are not eligible for reimbursement, such services are charged directly to patients and/or third parties.

Digital Health Services

Digital Health Services are offered on a subscription or license to use basis. The solutions are sold to companies, insurers, clinics and pharmacies (including those owned by the Company) who use our technology to create connectivity, and improve the healthcare practitioner, client and user experience while creating efficiencies in administration.

Enterprise Health Solutions

Enterprise Health Solutions provides organizations with physical and mental health navigation and treatment through employee support services. Revenues within this division is earned through two pricing models:

- Subscription-based pricing model using a price per member per month with an average contractual term of 3 years; and,
- Per-case billing model at an agreed upon rate for services that are used in disability management, occupational health, and other employer services.

A breakdown of revenue and cost of sales for each operating segment for the years ended December 31, 2021 and 2020 is as follows:

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Year ended	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Corporate	Total
December 31, 2021					
Total segment revenue	\$ 29,920	\$ 27,800	\$ 45,769	\$ -	\$ 103,489
Inter-segment revenue	-	(1,158)	-	-	(1,158)
Revenue from external customers	29,920	26,642	45,769	-	102,331
Non-current assets	\$ 13,549	\$ 98,267	\$ 138,379	1,493	\$ 251,688

Year ended	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Corporate	Total
December 31, 2020					
Total segment revenue	\$ 11,224	\$ 3,203	\$ 589	\$ -	\$ 15,016
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	11,224	3,203	589	-	15,016
Non-current assets	\$ 11,723	\$ 27,500	\$ 28,196	147	\$ 67,566

A geographic breakdown of revenue for each operating segment for the years ended December 31, 2021 and 2020 is as follows:

Revenue	Year ended	
	December 31, 2021	December 31, 2020
Canada	\$ 82,440	\$ 13,844
United States	19,891	1,172
Total	\$ 102,331	\$ 15,016

A breakdown of revenue by type for each operating segment for the years ended December 31, 2021 is as follows:

	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Eliminations	Total
Product	\$ 21,149	\$ 11,457	\$ -	\$ -	\$ 32,606
SaaS	-	5,743	-	-	5,743
Service	8,771	10,600	45,769	(1,158)	63,982
	\$ 29,920	\$ 27,800	\$ 45,769	\$ (1,158)	\$ 102,331

A breakdown of revenue by type for each operating segment for the years ended December 31, 2020 is as follows:

	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Eliminations	Total
Product	\$ 5,562	\$ -	\$ -	\$ -	\$ 5,562
SaaS	-	2,315	-	-	2,315
Service	5,662	888	589	-	7,139
	\$ 11,224	\$ 3,203	\$ 589	\$ -	\$ 15,016

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20.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2021	December 31, 2020
Net loss before taxes for the year	\$ (30,169)	\$ (13,807)
Statutory rate	27%	27%
Expected income tax recovery	(8,146)	(3,727)
Change in tax rates	(26)	(5,561)
Permanent differences	4,207	1,081
Adjustment in respect of current tax in previous years	89	-
Change in unrecognized deferred tax assets	4,390	7,967
Other	55	(8)
	<u>\$ 569</u>	<u>\$ (248)</u>

Significant components of income tax expense (recovery) comprise the following:

Current income tax charge	\$ 1,264	\$ 123
Adjustments in respect of current income tax of previous years	89	-
Deferred tax expense (recovery)	(784)	(371)
	<u>\$ 569</u>	<u>\$ (248)</u>

The significant components of the Company's deferred income tax assets, which have not been recognized are as follows:

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	December 31, 2021	December 31, 2020
Intangible assets	(21,255)	(4,642)
Right of use asset	(2,070)	(1,203)
Property and equipment	(134)	(8)
Lease liability	2,130	1,236
Non-capital losses carried forward	1,895	1,227
Share issuance costs	1	1
Other	280	
	\$ (19,153)	\$ (3,389)

	December 31, 2021	December 31, 2020
Reconciliation of deferred tax liabilities, net		
At that the beginning of the year	(3,389)	-
Recognized in profit or loss	784	371
Deferred taxes acquired in business combinations	(16,548)	(3,760)
	\$ (19,153)	\$ (3,389)

	December 31, 2021	December 31, 2020
Tax attributes not recognized		
Property and equipment	212	62
Intangible assets	546	494
Lease liability	80	38
Share issue costs	11,760	8,714
Contingent liabilities	1,861	1,350
Non-capital loss carryforward	45,287	27,140
Capital loss carryforward	540	-
	\$ 60,286	\$ 37,798

As at December 31, 2021, the Company had approximately \$52,512 in non-capital losses in Canada which expire between 2022 and 2042.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

21. LITIGATION AND OTHER CONTINGENCIES

- (a) During the three months ended June 30, 2020, Gravitax Securities Inc. (“Gravitax”) 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, Gravitax 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”). During the three months ended June 30, 2021, Gravitax amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on March 12, 2021 (“March 2021 Financing”). The total claims are in excess of \$6,850 plus unspecified damages associated with the value of share purchase warrants that were issued in connection with the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing, plus interest and cost. The Company disputes the claims with respect to the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing entirely. The claims are currently subject to arbitration proceedings which the Company is defending, and the arbitration is scheduled to proceed to a final hearing in the second quarter of 2022. The Company is of the view that its defense to the claims will prevail

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without liability to the Company; however, an estimate of the liability to the Company should the Gravitus 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.

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.

In the Action, Snapclarity sought an injunction enjoining the former shareholder from, among other things, competing against Snapclarity. The case was subsequently settled and the Company agreed to pay \$1,587 to the former shareholder as a result and therefore an accrual for that amount has been recorded as at December 31, 2020 and December 31, 2021.

22. SUBSEQUENT EVENTS

On November 14, 2021, the Company entered into a definitive arrangement agreement to acquire all of the issued and outstanding Common Shares of MindBeacon Holdings Inc. (“MindBeacon”), one of North America’s leading providers of digital mental health care. The acquisition received all required approvals and the transaction closed on January 14, 2022. Under the terms of the agreement, shareholders of MindBeacon received 2.285 common shares of CloudMD for each common share of MindBeacon and \$1.22 of cash per share. Total consideration paid was \$29,271 in cash and 54,820,958 common shares of CloudMD.

The Company was advised of claims from certain suppliers to VisionPros for the repayment of rebates and reassessments for approximately \$3.73 million (the “**Claims**”). The Claims arose from violations of existing distribution agreements VisionPros has with these suppliers and were in relation to the business conducted by VisionPros prior to its acquisition by CloudMD. The Audit Committee was authorized to conduct a comprehensive review of the Claims and the business of VisionPros.