

CloudMD Software & Services Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(unaudited)

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

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

	Note	March 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 46,899	\$ 45,082
Trade and other receivables	7	30,068	24,718
Inventory		2,717	3,424
Prepaid expenses, deposits and other		4,641	2,427
Net investment in sublease	12	89	20
Total current assets		84,414	75,671
Deposits		238	238
Net investment in sublease	12	606	-
Investment in joint venture	5	419	407
Property and equipment	8	13,303	11,319
Intangible assets	9	88,006	85,260
Goodwill	9	193,376	154,528
Total assets		\$ 380,362	\$ 327,423
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable, accrued liabilities and other		\$ 35,227	\$ 31,687
Deferred revenue		2,197	1,311
Contingent consideration	11	13,098	11,807
Contingent liability		1,350	1,350
Current portion of lease liabilities	12	2,765	1,973
Current portion of long-term debt	10	2,537	2,438
Total current liabilities		57,174	50,566
Contingent consideration	11	1,298	6,507
Lease liabilities	12	8,757	6,912
Deferred tax liability		19,192	19,153
Liability to non-controlling interests		640	511
Long-term debt	10	23,455	22,130
Total liabilities		110,516	105,779
SHAREHOLDERS' EQUITY			
Share capital	14	306,377	250,548
Reserves		12,380	11,932
Shares under escrow		2,647	2,647
Contingent shares issuable		6,295	8,586
Accumulated other comprehensive loss		(363)	(227)
Deficit		(58,290)	(52,633)
Equity attributable to equity holders of the parent		269,046	220,853
Non-controlling interest		800	791
Total shareholders' equity		269,846	221,644
Total liabilities and shareholders' equity		\$ 380,362	\$ 327,423

Litigation and other contingencies (*Note 19*)

Approved and authorized for issuance by the Board of Directors on May 29, 2022.

“Karen Adams”
Karen Adams, Interim CEO

“Christopher Cherry”
Christopher Cherry, Audit Committee Chair

CLOUDMD SOFTWARE & SERVICES INC.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

(in thousands of Canadian Dollars)

(Unaudited)

		Three months ended	
	Note	March 31, 2022	March 31, 2021
Revenue	18	\$ 41,378	\$ 8,775
Cost of sales		27,912	5,184
Gross profit		13,466	3,591
Expenses			
Sales and marketing		3,059	1,155
Research and development		1,303	740
General and administrative		10,922	3,392
Share-based compensation	14	490	1,595
Amortization of intangible assets	9	1,966	224
Depreciation of property and equipment	8	1,046	465
Financing-related costs		-	749
Acquisition-related and integration costs		2,524	812
Total expenses		21,310	9,132
Loss before undernoted		(7,844)	(5,541)
Other income		160	64
Change in fair value of contingent consideration	11	2,735	315
Change in fair value of liability to non-controlling interests		(129)	-
Share in profits of joint venture		12	-
Finance costs		(497)	(88)
		2,281	291
Net loss before taxes		(5,563)	(5,250)
Deferred tax expense		-	-
Income tax expense		(85)	(40)
Net loss for the period		(5,648)	(5,290)
Other comprehensive loss			
<i>Item that may be reclassified to income in subsequent periods</i>			
Exchange differences on translation of foreign operations		(136)	(7)
Total comprehensive loss for the period		\$ (5,784)	\$ (5,297)
Net loss attributable to:			
Equity holders of the Company		\$ (5,657)	\$ (5,301)
Non-controlling interest		9	11
Total comprehensive loss attributable to:			
Equity holders of the Company		\$ (5,793)	\$ (5,307)
Non-controlling interest		9	10
Weighted average number of common shares, basic and diluted		278,815,984	176,130,583
Loss per share, basic and diluted		\$ (0.02)	\$ (0.03)

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

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

	Share capital	Reserves	Shares under escrow	Contingent shares issuable	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
Balance, December 31, 2020	\$ 117,418	\$ 7,277	\$ 596	\$ 5,923	\$ (192)	\$ (21,404)	\$ 803	\$ 110,421
Shares issued/issuable for business	14,957	-	-	2,923	-	-	-	17,880
Shares issued/issuable for asset purchase	1,471	-	-	190	-	-	-	1,661
Bought deal financing	58,212	-	-	-	-	-	-	58,212
Contingent shares issued	1,461	-	-	(958)	-	(503)	-	-
Share issuance costs	(5,244)	1,023	-	-	-	-	-	(4,221)
Exercise of stock options	1,455	(542)	-	-	-	-	-	913
Exercise of warrants	2,048	-	-	-	-	-	-	2,048
Shares issued for services	500	-	-	-	-	-	-	500
Share-based compensation	-	5,059	-	-	-	-	-	5,059
Other comprehensive loss	-	-	-	-	(7)	-	-	(7)
Net loss for the period	-	-	-	-	-	(5,307)	10	(5,297)
Balance, March 31, 2021	\$ 192,278	\$ 12,817	\$ 596	\$ 8,078	\$ (199)	\$ (27,214)	\$ 813	\$ 187,169
Balance, December 31, 2021	\$ 250,548	\$ 11,932	\$ 2,647	\$ 8,586	\$ (227)	\$ (52,633)	\$ 791	\$ 221,644
Shares issued/issuable for business combinations	53,176	-	-	-	-	-	-	53,176
Contingent consideration settled in shares	2,276	-	-	(2,276)	-	-	-	-
Exercise of stock options	87	(37)	-	-	-	-	-	50
Exercise of warrants	275	(5)	-	-	-	-	-	270
Shares issued/issuable for services	15	-	-	(15)	-	-	-	-
Share-based compensation	-	490	-	-	-	-	-	490
Other comprehensive loss	-	-	-	-	(136)	-	-	(136)
Net loss for the period	-	-	-	-	-	(5,657)	9	(5,648)
Balance, March 31, 2022	\$ 306,377	\$ 12,380	\$ 2,647	\$ 6,295	\$ (363)	\$ (58,290)	\$ 800	\$ 269,846

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

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

	Three months ended	
	March 31, 2022	March 31, 2021
Operating activities		
Net loss for the period	\$ (5,648)	\$ (5,290)
Adjustments for		
Interest expense on lease liabilities	98	61
Accretion expense on contingent consideration	-	4
Interest expense on long term debt	399	-
Amortization of intangible assets	1,966	224
Depreciation of property and equipment	1,046	465
Share-based compensation	490	1,595
Shares issued for services	-	500
Unrealized foreign exchange loss (gain)	154	-
Share in profits of joint venture	(12)	-
Interest income from net investment in sublease	(4)	(2)
Change in fair value of liability to non-controlling interests	129	-
Change in fair value of contingent consideration	(2,735)	(315)
Net change in non-cash working capital	(4,878)	180
Net cash used in operating activities	(8,995)	(2,578)
Investing activities		
Acquisition of businesses, net of cash acquired	12,163	(13,027)
Payments received from net investment in sublease	34	40
Purchase of intangible assets	(328)	(371)
Purchase of property and equipment	50	(115)
Net cash used in investing activities	11,919	(13,473)
Financing activities		
Shares issued for cash	-	58,212
Share issuance costs	-	(4,221)
Proceeds from exercise of stock options	50	912
Proceeds from exercise of warrants	270	2,047
Proceeds from long-term debt, net of financing costs	-	(937)
Payment of long-term debt	(606)	-
Payment of lease liabilities	(821)	(454)
Payment of line of credit	-	(2)
Net cash (used in) provided by financing activities	(1,107)	55,557
Net (decrease) increase in cash and cash equivalents	1,817	39,506
Cash and cash equivalents, beginning of Year	45,082	59,714
Cash and cash equivalents, end of Year	\$ 46,899	\$ 99,220

Supplemental cash flow information (Note 15)

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

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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

(Unaudited)

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 condensed interim unaudited 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

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and should be read in conjunction with the Company’s last annual consolidated financial statements as at and for the year ended December 31, 2021. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These financial statements were authorized for issue by the Board of Directors on May 26, 2022.

b) Basis of Consolidation

The condensed interim unaudited consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at March 31, 2022. All inter-company transactions and balances have been eliminated on consolidation.

The condensed interim unaudited consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries for the three months ended March 31, 2022, and 2021. As at March 31, 2022, the Company owned 33 subsidiaries that are wholly-owned or controlled by virtue of a management services agreement, based in Canada and the USA, and one majority-owned subsidiary in the USA. (87.5% owned by the Company).

c) Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual financial statements for the year ended December 31, 2021 apart from the below:

CLOUDMD SOFTWARE & SERVICES INC.

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Government grants

Government grants, such as investment tax credits (“ITCs”) or below-market interest rate loans, are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as a reduction of the related asset.

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

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments to existing standards are effective from January 1, 2022, but they did not have an impact on the condensed interim consolidated financial statements of the Company.

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.

The same accounting policies and methods of computation are followed in the condensed unaudited consolidated interim financial statements as compared with the most recent audited annual financial statements, apart from those described below:

Consolidation of entities

The Company considers that it controls Farvolden Psychology Professional Corporation (“ProfCo”) acquired as part of the MindBeacon acquisition, in respect of all matters other than matters relating to the practice of psychology and psychotherapy, by virtue of a management services agreement, even though it does not own any of the voting rights or securities of ProfCo.

The Company evaluates all relevant facts and circumstances in assessing whether it has power over ProfCo, a key determinant of control, including assessing its rights, and the potential voting rights, contained in the management services agreement. In addition, the Company assesses its exposure, or rights, to variable returns and its ability to use its power over ProfCo to affect the amount of its returns. These evaluations are complex and involve judgment. Judgment is required to determine whether the Company has the right to make decisions that control the relevant activities of ProfCo, and thus the ability to impact its economic returns. Management must assess which activities most significantly affect the economic performance of ProfCo and whether it has control over these activities. Judgment is also required to determine if the Company has power through potential voting rights. The Company makes an evaluation of whether its potential voting rights, through a call option to purchase all the outstanding shares of ProfCo for a nominal amount, are substantive. The Company evaluates whether the call option is in-the-money, whether it has the financial ability to exercise its option and whether the option is currently exercisable.

The Company has made the assessment that it has substantive rights, including the ability to control relevant activities, through the management services agreement. In addition, the Company has assessed that the management services agreement provides it with potential voting rights. The judgments made by management with respect to consolidation of entities can significantly impact the assets and liabilities, equity, income, expenses, and cash flows of the Company. Management performs ongoing reassessments of whether there are changes in the facts and circumstances that could impact the Company’s ability to control, and therefore consolidate, ProfCo.

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4. BUSINESS COMBINATIONS

On January 14, 2022, the Company acquired 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 that date. 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 acquired interests in the following company during the three months ended March 31, 2022:

		Provisional
Purchase price:		
Fair value of common shares issued	\$	53,176
Cash consideration		29,271
Total consideration paid	\$	82,447
Allocated as follows:		
Cash and cash equivalents	\$	41,434
Trade and other receivables		3,878
Inventory		
Prepaid expenses, deposits and other		2,010
Property and equipment		1,127
Intangible assets		4,382
Accounts payable, accrued liabilities and other		(6,052)
Deferred revenue		(637)
Deferred tax liability		(43)
Lease liabilities		(866)
Long-term debt		(1,634)
Total net assets acquired	\$	43,599
Goodwill acquired	\$	38,848

The net assets recognised in the March 31, 2022 financial statements are based on a provisional assessment of their fair value. The valuation had not been completed by the date of these financial statements were issued.

From the date of acquisition, MindBeacon contributed \$6,378 of revenue and \$985 to net loss for the period. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been \$7,368 and net loss for the Company would have been \$3,244.

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(Unaudited)

The Company acquired interests in the following company during the three months ended March 31, 2021.

		Humanacare	Medical Confidence	IDYA4
		(1)	(2)	(3)
		Final	Final	Final
Purchase price:				
Fair value of common shares issued	\$	5,237	1,903	7,817
Cash consideration		6,126	2,337	5,843
Indemnification holdback		-	-	-
Contingent shares issuable		1,205	317	1,401
Contingent consideration		-	375	156
Total consideration paid	\$	12,568	4,932	15,217
Allocated as follows:				
Cash and cash equivalents	\$	-	161	1,771
Trade and other receivables		672	287	868
Inventory		-	-	-
Prepaid expenses, deposits and other		14	10	-
Property and equipment		320	44	-
Customer relationships		4,225	647	1,051
Brand		1,279	-	-
Software		-	2,943	1,953
Non-compete agreement		311	-	-
Accounts payable, accrued liabilities and other		(297)	(314)	(607)
Deferred revenue		(301)	-	-
Deferred tax liability		(1,472)	(936)	-
Lease liabilities		(291)	-	-
Long-term debt		(262)	(56)	(402)
Total net assets acquired	\$	4,198	2,786	4,634
Goodwill acquired	\$	8,370	2,146	10,583

- (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

CLOUDMD SOFTWARE & SERVICES INC.

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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.

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		375
Share in profits for the period		32
Balance, December 31, 2021	\$	407
Share in profits for the period		12
Balance, March 31, 2022	\$	419

CLOUDMD SOFTWARE & SERVICES INC.

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

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6. EXPENSES BY NATURE

	Three months ended	
	March 31, 2022	March 31, 2021
Cost of sales	\$ 27,834	\$ 4,735
Wages and employee benefits	10,490	3,360
Professional fees	3,351	2,585
Share-based compensation	490	1,595
Office and administration	2,293	757
Marketing and advertising	1,320	395
Amortization of intangible assets	1,966	224
Depreciation of property and equipment	1,046	465
Others	432	200
Total	\$ 49,222	\$ 14,316

7. TRADE AND OTHER RECEIVABLES

The following table shows the details of the Company's trade and other receivables at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31 2021
Trade receivables	\$ 23,204	\$ 17,263
Other receivables	7,158	7,755
Allowance for doubtful accounts	(294)	(300)
Total	\$ 30,068	\$ 24,718

The Company evaluates credit losses on a regular basis based on the aging and future collectability of its receivables. As at March 31, 2022 and December 31, 2021, the Company recognized expected credit losses of \$294 (2021 - \$300), 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.

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(Unaudited)

8. PROPERTY AND EQUIPMENT

For the three months ended March 31, 2022, the Company recorded depreciation expense of \$1,046 (2021 – \$465) within expenses.

	Equipment and other	Computers	Leasehold improvements	Right-of-use assets	Total
Cost					
Balance, January 1, 2021	\$ 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
Business combinations	89	200	30	808	1,127
Additions	42	20	74	1,788	1,924
Disposals	-	-	-	-	-
Foreign exchange differences	(12)	(8)	(5)	-	(25)
Balance, March 31, 2022	\$ 1,778	\$ 983	\$ 1,261	\$ 13,976	\$ 17,998
Accumulated Depreciation					
Balance, January 1, 2021	\$ 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
Depreciation	71	108	138	729	1,046
Disposals	-	-	-	-	-
Exchange Differences	-	-	-	(4)	(4)
Balance, March 31, 2022	\$ 348	\$ 362	\$ 436	\$ 3,549	\$ 4,695
Net Book Value					
At December 31, 2021	\$ 1,382	\$ 517	\$ 864	\$ 8,556	11,319
At March 31, 2022	\$ 1,430	\$ 621	\$ 825	\$ 10,427	\$ 13,303

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9. 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, 2021	\$ 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
Business combinations	1,232	43	-	-	3,107	-	4,382	38,848
Additions	-	-	-	-	161	207	368	-
Disposals	-	-	-	-	-	-	-	-
Balance, March 31, 2022	\$ 55,993	\$ 133	\$ 22,677	\$ 368	\$ 16,511	\$ 754	\$ 96,436	\$ 198,950
Accumulated Amortization								
Balance, January 1, 2021	\$ 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
Amortization	1,422	-	-	31	513	-	1,966	-
Impairment	-	-	-	-	38	-	38	-
Balance, March 31, 2022	\$ 5,260	\$ -	\$ 507	\$ 146	\$ 2,517	\$ -	\$ 8,430	\$ 5,574
Net Book Value								
At December 31, 2021	\$ 50,923	\$ 90	\$ 22,170	\$ 253	\$ 11,277	\$ 547	\$ 85,260	\$ 154,528
At March 31, 2022	\$ 50,733	\$ 133	\$ 22,170	\$ 222	\$ 13,994	\$ 754	\$ 88,006	\$ 193,376

For the three months ended March 31, 2022, the Company recorded amortization expense of \$1,966 (2021 – \$224) within expenses.

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10. LONG TERM DEBT

	Interest rate	Maturity	March 31, 2022	December 31, 2021
	3.20%	October 31, 2026	\$ 149	\$ 156
Fixed interest rate bank loans ⁽¹⁾	3.35%	October 31, 2026	1,251	1,313
	6.22%	November 1, 2026	110	116
	3.97%	October 31, 2026	151	158
Variable interest rate bank loans	CDOR +3.50% ⁽²⁾	June 30, 2024	22,131	22,635
	Prime +1.00% ⁽³⁾	April 30, 2023	81	100
	Prime + 0.50%		-	-
Interest free loans				
Federal Economic Development Agency loan			2,029	-
CEBA Loan			90	90
Balance			25,992	24,568
Current portion			2,537	2,438
Long-term portion			\$ 23,455	\$ 22,130

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

⁽²⁾ As at March 31, 2022, the interest rate for the variable interest rate bank loan was 3.36%.

⁽³⁾ As at March 31, 2022, the interest rate for the variable interest rate bank loan was 4.20%.

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 March 31, 2022, 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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11. CONTINGENT CONSIDERATION

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

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
Payment of contingent consideration		(1,183)
Change in fair value		(2,735)
Contingent consideration, March 31, 2022 ⁽¹⁾		14,396
Current portion		13,098
Long-term portion	\$	1,298

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 two revenue and two profitability earn-out milestone payments for the years ending 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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12. 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, 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
Additions	2,493
Additions from business combinations	866
Interest expense on lease liabilities	99
Lease payments	(821)
Lease terminations	-
Balance, March 31, 2022	11,522
Current portion	2,765
Long-term portion	\$ 8,757

The following is a breakdown of contractual undiscounted cash flows for lease liabilities by maturities as at March 31, 2022:

	March 31, 2022
Less than one year	\$ 3,109
One to five years	8,075
More than five years	1,423
Total	\$ 12,607

(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.

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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
Additions		705
Interest income from net investment in sublease		4
Payments received from net investment in sublease		(34)
Balance, March 31, 2022		695
Current portion		89
Long-term portion	\$	606

The following is a breakdown of contractual undiscounted cash flows for net investment in sublease by maturities as at March 31, 2022:

		March 31, 2022
Less than one year	\$	112
One to five years		457
More than five years		218
Total	\$	787

13. 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:

	Three months ended	
	March 31, 2022	March 31, 2021
Cash-based compensation ⁽¹⁾	\$ 1,216	\$ 302
Share-based compensation	247	614
Total	\$ 1,463	\$ 916

During the three months ended March 31, 2022, the Company paid \$881 (2021 - \$nil) for services acquired and the cost of facility sharing, and the Company received \$57 (2021 - \$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 March 31, 2022, there was an amount payable of \$1,175 (2021 - \$nil) and amount receivable of \$430 (2021 - \$nil). These services were paid for the development of one of the Company's key operational platforms.

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During the three months ended March 31, 2022, the Company paid \$246 (2021 - \$nil) to a company controlled by key management of one the Company's subsidiaries. This amount was paid to a non-profit organization which aided in the delivery of pharmaceutical services to patients. At March 31, 2022, there was an amount receivable of \$15 (2021 - \$nil) from this non-profit organization.

During the three months ended March 31, 2022, the Company paid \$12 (2021 - \$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.

14. 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, 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	193
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	250,548
Shares issued for business combinations	54,820,961	53,176
Contingent consideration settled in shares	2,163,030	2,276
Exercise of stock options	100,000	87
Exercise of warrants	348,840	275
Shares issued for services	74,468	15
Balance, March 31, 2022	289,121,178	\$ 306,377

(c) **Bought deal financing**

		Shares issued	Exercise price	Gross proceeds	Share issuance costs	Agent warrants issued ⁽¹⁾	Exercise price
March 2021	Bought deal	21,560,000	\$ 2.70	\$ 58,212	\$ -	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.

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(d) Agent's warrants

The following is a summary of agent's warrants activities during the three months ended March 31, 2022, and year ended December 31, 2021:

	Agents' Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2020	1,843,871	\$ 1.94
Issued	1,509,200	2.70
Exercised	(3,437)	(0.48)
Balance outstanding, December 31, 2021	3,349,634	2.28
Exercised	(21,738)	0.48
Expired	(938)	0.48
Balance outstanding, March 31, 2022	3,326,958	\$ 2.29

(e) Shareholder's warrants

The following is a summary of shareholders' warrants activities during the three months ended March 31, 2022, and year ended December 31, 2021:

	Shareholders' Warrants	Weighted Average Exercise Price
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	0.93
Exercised	(327,102)	0.79
Expired	(317,317)	0.70
Balance outstanding, March 31, 2022	7,576,988	\$ 1.00

As at March 31, 2022, the Company has 7,576,988 warrants outstanding with the exercise price ranging from \$0.70 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 March 31, 2022, the Company has issued 28,365,572 common shares that were subject to trading restrictions (December 31, 2021 - 33,986,312).

(g) Escrow Shares

As at March 31, 2022, the Company has 28,365,572 common shares held in escrow (December 31, 2021 - 33,986,312).

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Escrow shares will be released as follows:

- 125,620 shares on July 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 April 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 June 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 May 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 May 21, 2022.
- 14,815 shares on August 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 September 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 May 11, 2022, and the same shares released every four months thereafter until the last 251,046 shares are released on January 11, 2023.
- 2,454,544 shares on December 23, 2022, and the last 2,454,549 shares are released on June 23, 2023.
- 272,726 shares 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 July 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.

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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, 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	1.08
Granted	-	-
Exercised	(100,000)	0.50
Forfeited	(293,750)	2.19
Balance outstanding, March 31, 2022	9,768,000	1.31

As at March 31, 2022, the Company had the following stock options outstanding and exercisable:

Range of exercise prices	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining contractual	Weighted average	Number of options	Weighted average
\$0.00 to \$0.50	2,917,500	2.18	\$ 0.49	2,917,500	\$ 0.49
\$0.51 to \$1.00	2,225,000	2.44	0.73	2,156,250	0.73
\$1.01 to \$1.50	400,000	3.41	1.38	300,000	1.38
\$1.51 to \$2.00	1,356,250	4.07	1.78	752,500	1.82
\$2.01 to \$2.50	2,756,250	4.08	2.37	2,046,250	2.35
\$2.51 to \$3.00	113,000	3.54	2.56	113,000	2.56
	9,768,000	2.85	\$ 1.31	8,285,500	\$ 1.19

(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:

	Number of Restricted Share Units
Balance outstanding, December 31, 2021	581,250
Expired	(243,750)
Balance outstanding, March 31, 2022	337,500

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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, 2021	140,000
Issued	-
Balance outstanding, March 31, 2022	140,000

(k) Share-based compensation

	Three months ended	
	March 31, 2022	March 31, 2021
Stock options	\$ 414	\$ 1,595
RSUs	76	-
DSUs	-	-
Total share-based compensation expense	\$ 490	\$ 1,595

15. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Cash and cash equivalents

	March 31, 2022	December 31, 2021
Cash	\$ 41,894	\$ 11,893
Cash equivalents	5,005	33,189
Total	\$ 46,899	\$ 45,082

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(b) Other cash flow information

	Three months ended	
	March 31, 2022	March 31, 2021
Change in non-cash working capital		
Trade and other receivables	\$ (1,472)	\$ 463
Inventory	707	3
Prepaid expenses, deposits and other	(205)	(233)
Accounts payable, accrued liabilities and other	(4,157)	(78)
Deferred revenue	249	25
	\$ (4,878)	\$ 180
Non-cash investing and financing activities		
Shares issued for acquisition of HumanaCare	-	5,237
Shares issued for acquisition of IDYA4	-	7,817
Shares issued for acquisition of Medical Confidence	-	1,903
Shares issued for investment in joint venture	-	129
Shares issued for asset acquisition	-	1,471
Shares issued for acquisition of MindBeacon	53,176	-
Shares issued for services	-	500
Issuance of agent warrants as share issuance costs	-	(1,528)
Other cash flow information		
Cash received for interest	\$ 39	\$ 70
Cash paid for interest	330	24
Cash paid for income taxes	80	40

16. 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.

17. 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

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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 March 31, 2022, the Company had \$30,068 (December 31, 2021 – \$24,718) of trade and other receivables, net of an allowance for doubtful accounts of \$294 (December 31, 2021 - \$300).

Liquidity risk

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

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

As at March 31, 2022

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	\$ 35,227	\$ -	\$ -	\$ 35,227
Contingent consideration	13,098	1,298	-	14,396
Long-term debt	3,063	24,782	545	28,390
	\$ 51,388	\$ 26,080	\$ 545	\$ 78,013

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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

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 March 31, 2022, the Company had variable rate borrowing rate loans amounting to \$22,212 (December 31, 2021 – \$22,735). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately \$111 (March 31, 2021 – \$1) for the three months ended March 31, 2022. 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:

(Denominated in USD)	March 31, 2022	December 31, 2021
Financial assets		
Cash	1,516	2,034
Trade and other receivables	2,861	2,924
Financial liabilities		
Accounts payable and accrued liabilities	1,778	1,711
Net exposure to foreign currency risk	\$ 2,599	\$ 3,247

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 \$165 before tax (March 31, 2021 – \$105).

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18. 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 three months ended March 31 2022 and 2021 is as follows:

Three months ended March 31, 2022	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Corporate	Total
Total segment revenue	\$ 9,748	\$ 6,010	\$ 26,019	\$ -	\$ 41,777
Inter-segment revenue	-	(399)	-	-	(399)
Revenue from external customers	9,748	5,611	26,019	-	41,378
Non-current assets	\$ 14,193	\$ 98,346	\$ 182,112	1,297	\$ 295,948

Three months ended March 31, 2021	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Corporate	Total
Total segment revenue	\$ 5,045	\$ 1,980	\$ 1,750	\$ -	\$ 8,775
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	5,045	1,980	1,750	-	8,775
Non-current assets	\$ 12,527	\$ 36,985	\$ 39,533	500	\$ 89,545

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

(Unaudited)

A geographic breakdown of revenue for each operating segment for the three months ended March 31, 2022 and 2021 is as follows:

Revenue	Three months ended	
	March 31, 2022	March 31, 2021
Canada	\$ 36,129	\$ 7,308
United States	5,249	1,467
Total	\$ 41,378	\$ 8,775

A breakdown of revenue by type for each operating segment for the three months ended March 31, 2022, is as follows:

Three months ended March 31, 2022	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Eliminations	Total
Product	\$ 7,848	\$ 2,192	\$ -	\$ -	\$ 10,040
SaaS	-	1,579	-	-	1,579
Service	1,900	2,239	26,019	(399)	29,759
	\$ 9,748	\$ 6,010	\$ 26,019	\$ (399)	\$ 41,378

A breakdown of revenue by type for each operating segment for the three months ended March 31, 2021, is as follows:

Three months ended March 31, 2021	Clinics & Pharmacies	Digital Health Solutions	Enterprise Health Solutions	Eliminations	Total
Product	\$ 1,380	\$ -	\$ -	\$ -	\$ 1,380
SaaS	-	1,329	-	-	1,329
Service	3,665	651	1,750	-	6,066
	\$ 5,045	\$ 1,980	\$ 1,750	\$ -	\$ 8,775

CLOUDMD SOFTWARE & SERVICES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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

(Unaudited)

19. LITIGATION AND OTHER CONTINGENCIES

During the three months ended June 30, 2020, Gravitas Securities Inc. (“Gravitas”) commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020 and was completed on June 2, 2020 (the “June 2020 Financing”). During the three months ended September 30, 2020, Gravitas amended its claims for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on September 22, 2020 (the “September 2020 Financing”). During the three months ended June 30, 2021, Gravitas 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 (the “March 2021 Financing”). In May 2022, Gravitas amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on November 9, 2020 (the “November 2020 Financing”). The total claims are in excess of \$9,458 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, the November 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, the November 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 some time between the third quarter of 2022 and the second quarter of 2023. The Company is of the view that its defense to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Gravitas claims succeed is \$1,200 and therefore an accrual for that amount as a contingent liability has been recorded.

The Company has resolved claims from certain suppliers to VisionPros for the repayment of rebates and reassessments for approximately \$3.73 million (the “Claims”). The Claims arise from violations of existing distribution agreements VisionPros had with these suppliers, related to the business conducted by VisionPros prior to its acquisition by CloudMD. The Audit Committee is conducting a comprehensive review of the business of VisionPros. On May 2, 2022, the Company announced that the Audit Committee completed the initial fact gathering and interview phase of its review. Once the conclusions of and recommendations in connection with the review are presented to the Company, it will consider its available options to recover the amounts it believes it is owed and will continue to update the market accordingly. The Company recently announced that we have secured new contracts for sales in the U.S. with major suppliers and expect to begin selling into the United States in late Q2 2022.