CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the years ended December 31, 2023 and 2022

(Expressed in thousands of Canadian Dollars)

Contents

INTRODUCTION

This Management's Discussion and Analysis for the three months and years ended December 31, 2023 and 2022 ("**MD&A**") for CloudMD Software & Services Inc. ("**CloudMD**" or the "**Company**") is dated and based on information available to management as of May 15, 2024. This MD&A is prepared in accordance with Form 51-102F1 of National Instrument 51-102 and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2023 and 2022. These documents, along with additional information about the Company, are available under the Company's profile on SEDAR+ at www.sedarplus.ca.

The financial data contained in this MD&A and the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Amounts are stated in Canadian dollars, unless otherwise indicated. In this MD&A, where the context so requires, references to the "Company", "CloudMD", "we", "us", "our" or similar expressions refer to CloudMD Software & Services Inc.

FORWARD-LOOKING STATEMENTS

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

- the Company's business objectives and key areas of focus and strategies for achieving them and delivering on the Company's value proposition of innovation in the delivery of healthcare;
- likelihood of developing chronic health conditions;
- savings associated with RPM (as defined below);
- linking RPM to our TAiCBT offering to provide holistic care for both mental and physical health;
- looking for ways to improve healthcare access by leveraging technology;
- the rates of adoption of the mental health coaching program by Sun Life's plan sponsors;
- the sale of assets of RX Infinity Inc., Rxi Pharmacy Inc. & Rxi Health Solutions (collectively "**RXI**") and VisionPros and the impact of exiting its business;
- renewal of the credit facilities on maturity;
- the belief that certain contracts will become material for the Company;
- revenue growth;
- decreases in customer acquisition costs as a percentage of revenue;
- the expectation that general and administrative costs will continue to decrease as additional cost savings initiatives are executed;
- the Company's multi-prong growth strategy and plans to drive shareholder value and the impact of such strategy, including becoming cash flow positive and achieving financial sustainability;
- annual net cost savings as a result of synergies and expected severance costs and expenses related to continued realignment initiatives;
- the runway to get to cash flow breakeven;

- the Company complying with its financial covenants;
- improvements in the overall gross margins of the business and improved cash flows as a result of the growth strategies;
- requirements for additional capital;
- government regulation;
- disputes or claims;
- currency fluctuations;
- improving the patient experience, operational efficiency and overall care performance; and

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

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to: revenue risk; failure to manage growth; reliance on key personnel; reliance on physicians and other healthcare professionals; risks and uncertainties related to geopolitical events, natural disasters, pandemics and other catastrophic events; inability to leverage technology; use of open source software; competition; infrastructure risk; potential for software system, database or network related failures or defects; major network outages; cybersecurity risks; confidentiality of personal and health information; general healthcare regulation; reliance on strategic partnerships; reliance on internet access; changes in technology; difficulty in forecasting; market for telemedicine, telehealth and the virtual delivery of other services; ability to satisfy consumer preferences and expectations; response to evolving needs; reputational risk; protection of brand; protection of intellectual property; vulnerability of customers; litigation conflicts of interest; reliance on third parties; volatile market price for common shares; ongoing costs and obligations related to investment in infrastructure, growth, operations and regulatory compliance; uncertainty of liquidity and capital requirements; ability to renew the credit facilities on maturity; internal controls; and dividend risk, and the other risks mentioned in this MD&A. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information.

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

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

NON-GAAP FINANCIAL MEASURES

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

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-GAAP measures differently, and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2023, and 2022.

EBITDA

EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. EBITDA referenced herein relates to earnings before interest, taxes, impairment, and depreciation and amortization. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life. Refer to the "*Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA*" section for a detailed reconciliation to the comparable IFRS measure.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted EBITDA referenced herein relates to earnings before interest, taxes, impairment, depreciation, amortization, share-based compensation, financing-related costs, acquisition and divestiture-related, integration and restructuring costs, litigation costs, change in fair value of contingent consideration, net loss after tax from discontinuing operations and loss on sale of joint venture. This measure does not have a comparable IFRS measure and is used by the Company to assess its capacity to generate profit from operations before taking into account management's financing decisions and costs of consuming intangible and tangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Company. Refer to the "*Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA*" section for a detailed reconciliation to the comparable IFRS measure.

Gross Profit

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

Gross Margin

Gross Margin is a non-GAAP financial ratio that has Gross Profit, which is a non-GAAP financial measure as a component. Gross Margin referenced herein is defined as gross profit as a percent of total revenue. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Working Capital and Adjusted Working Capital

Working Capital and Adjusted Working Capital are non-GAAP financial measures that do not have a standard meaning prescribed in IFRS and may not be comparable to a similar measure disclosed by other issuers. Working Capital, as referenced herein, is defined as current assets, less current liabilities, excluding assets held for sale and liabilities associated with assets held for sale. Adjusted Working Capital, as referenced herein, is defined as Working Capital excluding the contingent consideration that the Company has the option of settling in shares. Management believes that working capital and adjusted working capital, in addition to other conventional financial measures prepared in accordance with IFRS, provides information that is helpful to understand the financial condition of the Company. The objective of using working capital is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the short-term liquidity and financial position of the Company, including its ability to discharge its short-term liabilities as they come due. These measures do not have a comparable IFRS measure and are used to ensure that we have sufficient liquidity to meet our liabilities as they become due.

Cash outflow and Normalized cash outflow

Normalized cash outflow is a non-GAAP financial measures that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Cash outflow, utilized in the calculation of normalized cash outflow, is defined as the decrease in cash and cash equivalents for the applicable period. Normalized cash outflow, as referenced herein, is defined as cash outflow, adjusted for expenditures that are not expected be recurring, net of changes in non-cash working capital, discontinuing operations, incremental debt repayment and net proceeds from business divestitures. For the purpose of calculating Normalized cash flow, expenditures that are not expected to be recurring include cash related adjustments to EBITDA. Management believes that normalized cash outflow, in addition to other conventional financial measures prepared in accordance with IFRS, provides information that is helpful to understand the financial condition of the Company. The objective of using normalized cash outflow is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the Company's use of cash. These measures do not have a comparable IFRS measure and are used to ensure that we have sufficient liquidity to meet our liabilities as they become due.

BUSINESS OVERVIEW

CloudMD provides innovative mental, physical and occupational health services, healthcare navigation, absence management and healthcare productivity tools in both Canada and the United States. Through its comprehensive set of integrated workplace health and wellness services, we believe CloudMD is uniquely positioned to reduce absenteeism, improve productivity and build stronger, happier, healthier workforces.

CloudMD Purpose: Empowering healthier living

CloudMD Values: Deliver Excellence, Empowered Accountability, Connected Care, Continuous Growth, Collaboration and Well-being.

The Company has four key areas of focus in 2023:

- *Cross sell / service diversification* – position the suite of integrated services to existing and new customers, with a focus on recurring and reoccurring revenue. We aim to earn more revenue through an expanded scope in existing and new contracts.
- *Customer retention and growth* – through service delivery excellence, each capability we offer maintains a long-term relationship with our valued customer base.
- *Operational improvement* – integration of our back-end office and administration, creating scalable delivery systems.
- *Innovation* – continued brand and product alignment will enable each capability to be further differentiated and improve gross margin.

CloudMD acquired companies with best-in-class services and combined them into an integrated program, Kii, providing individuals, organizations, and health care providers access to personalized and connected health care services designed to deliver better health outcomes. Many of its acquired companies have been delivering best-in-class service for decades. All the capabilities offered within CloudMD are proven through years of delivery as siloed services. Under the Kii program we have developed a market leading approach to enhance the user experience and care delivery to meet the ever-growing demand for these services. We operate our business under two divisions: **Health and Wellness Services ("HWS")** (previously referred to as Enterprise Health Services or EHS) and **Health and Productivity Solutions ("HPS")** (previously referred to as Digital Health Solutions or DHS). Both divisions have services and tools that are integrated with the Kii program. Under these two divisions, over 7,000 customers trust CloudMD to deliver services and solutions. We are focused on growing the wallet share within these accounts as we collaboratively expand the delivery of positive health and productivity outcomes for their organizations.

Health and Wellness Services

The Company's HWS operating division provides organizations with an Employee & Family Assistance Program (EFAP), Mental Health Care (Coaching, Therapy, Treatment for Chronic Conditions), Health Coaching, Medical Assessments, Occupational Health and Absence Management, all through our integrated connected platform Kii. Our go-to-market strategy combines a direct sales force focused on medium to large organizations with a strong sales reseller channel strategy with insurance brokers, advisors and large group benefit insurers. Our customer relationship model includes a centralized account management team focused on customer success and cross-selling to our over 7,000 current customers.

Our innovation in care delivery is focused on one centralized program 'Kii' that includes in-person, digital and phone care pathways that allow choice in how employees access a broad range of services. These services cover the full continuum of care from prevention to treatment for the chronic conditions that drive disability and absenteeism. The employee's care journey begins with access, which is available 24 hours a day, 7 days a week, 365 days a year both digitally and via phone. The care journey starts with a fast, barrier-free intake and assessment by a nurse. The nurse then navigates to the appropriate care providers who together create personalized treatment plans designed to provide the right treatment, at the right cost, with the right group benefit plan. The shared care team remains the constant for the employee, following up on the care plan and ensuring adherence to the recommendations. This not only ensures high engagement, but also delivers superior outcomes.

We leverage our extensive healthcare provider network to support individuals in the treatment of their physical and mental health issues. Along with this network, the capabilities and technology we have built and acquired provides an integrated experience with accessible information to individuals and their broader care providers. We have designed our offerings to be scalable and provide ease of service expansion through our platform thereby enabling fast, cost-effective launch of new services, across all customers and new geographies. The Company leverages its technology as an accelerator for faster access to care and increased availability through innovative and virtual modalities that expand the reach of scarce clinical resources. Our technology and product development team are evolving our centralized and connected healthcare platform so that it continually addresses all points of a patient's experience and enables clinicians to deliver holistic, better care. CloudMD has the agility and disruption of a startup, grounded in years of proven clinical outcomes which results in our members living healthier lives.

An example of this is our proprietary industry-first mental health coaching platform that was piloted with Sun Life in 2021 and is now being sold through their account executives to plan sponsors. As reported by Grand View Research (in the Canada Corporate Wellness Market Size & Share Report) management anticipates, the Canadian corporate wellness market to grow from USD $2.5 billion in 2023 to approximately USD $3.4 billion by 2030 or approximately 4.5% annually, largely driven by mental health spend by employers. This solution is the first of its kind to provide assessment, care plans and coaching to support people on their mental health journey. To date, we have developed strong outcome metrics directly linking the program to positive impact on short term disability claims. This platform has created very strong engagement and positive outcomes and Sun Life markets this program to all their national clients using data supporting symptom improvement. Full launch in partnership with Sun Life's plan sponsors began in 2023.

The Company delivers healthcare services to not only those who are at work, but also those unable to work, and returning to work, as part of our robust absence management services. As mental health conditions now account for over 70% of the costs associated with disability, the Company is well positioned to not only manage the disability cases, but also provide the treatment for the safe and sustainable return to work. The Company successfully provides treatment that reduces the duration of absence and reduces the disability costs to the organization.

CloudMD empowers healthier lives by delivering outcomes. The Company tracks individuals' health improvements, resulting in the ability to demonstrate to our customers positive clinical outcomes, strong business ROI and high user satisfaction.

Many corporations, insurers and advisors built siloed health and wellness programs over time, resulting in costly and ineffective holistic care plans. To address this, the Company offers a unique care model leveraging technology and connected healthcare professionals to deliver the individual a comprehensive healthcare plan that covers mental, physical, and social issues. The Company believes this centralized, technology-enabled, program dramatically changes the landscape where employers can offer one solution addressing the comprehensive healthcare needs of their workforce eliminating the need for multiple vendors. Through several strategic, proven acquisitions, the Company believes it is now positioned as a leading provider of comprehensive, holistic healthcare for enterprise clients. The combination of these solutions provides one centralized ecosystem focusing on longitudinal care while intending to increase user satisfaction, reduce healthcare costs, decrease wait times, and provide better return to work outcomes.

In early 2022, the Company completed the acquisition of MindBeacon Holdings Inc. ("**MindBeacon**"). MindBeacon is part of HWS and specifically our Mental Health Support Services. MindBeacon is a leading digital mental healthcare platform that provides a Therapist Assisted internet-based Cognitive Behavioural Therapy ("**TAiCBT**"), which is a highly effective therapy provided through a computer or a mobile device. iCBT has become a fast-growing intervention channel compared to conventional in-person psychotherapy. MindBeacon's platform provides a cost-effective, stigma-reducing avenue to deliver mental health therapy that complements CloudMD's personalized integrated offering. MindBeacon has established relationships across a broad spectrum of B2C and B2B distribution channels, including healthcare providers, employers and governments. MindBeacon delivers positive outcomes, with 82% of those iCBT clients that were surveyed in November 2021 reporting improvements in their mental health, and 67% reporting clinically significant improvements.

MindBeacon's mental health services are fully integrated into CloudMD's comprehensive integrated health services offering, which is increasing the reach and expands the breadth of interactive technologies and tool sets within behavioural health to support clients with longitudinal multi-dimensional care. The TAiCBT product offering carries a higher margin and is expected to improve the overall gross margins in the HWS segment. In late 2022, we invested in translating our TAiCBT modules and platform into Spanish which allows us the opportunity to service the large Spanish speaking population in certain regions in the United States.

Health and Productivity Solutions

The Company's HPS division offers health and productivity tools intended to create a better experience for those needing healthcare. HPS offers clients a suite of healthcare technology solutions that support an organization's healthcare offering.

An example of our technology offering is Remote Patient Monitoring ("**RPM**"). RPM allows clinics, health systems, benefit plans, and employers to keep their patients, members and employees healthier by actively tracking vital statistics. This includes those individuals that have no underlying health issues as well as those suffering with multiple comorbidities. By tracking vital statistics, chronic conditions can be managed more effectively. It is the Company's belief that individuals not currently suffering from chronic diseases have a better chance of not developing such conditions in the first place. In addition to empowering healthier living for individuals, healthcare systems, governments, and employers, RPM is designed to allow users to save substantially on healthcare in the long run. With its mobile-first design, the Company also includes peer reviewed and vetted education content from health organizations across North America to help keep individuals engaged in their own care. Our goal is to link RPM to our TAiCBT offering to provide holistic care for both mental and physical health.

In addition to RPM, we offer stand-alone solutions and support streamlining medical practitioners' practices and make businesses more accessible and efficient. The Company currently services a combined ecosystem of over 10,000 clinicians and mental health practitioners, 2,000+ allied health professionals, and 1,400+ doctors and nurses. The Company's patient-centric approach continues to be well received and the Company will continue to look for ways to improve healthcare access by leveraging its technology to ensure we deliver on the Company's value proposition of innovation in the delivery of healthcare.

PRODUCTS AND SERVICES

The Company categorizes its revenues under two divisions: (1) Health and Wellness Services (HWS) and (2) Health and Productivity Solutions (HPS). During the third quarter of 2022, the Company initiated a plan to sell the businesses underlying our former Clinic Services & Pharmacies segment and Cloud Practice Inc. ("**Cloud Practice**") within our Health and Productivity Solutions segment. As a result, the financial results from these businesses are reflected in our consolidated statement of loss and comprehensive loss, retrospectively, as discontinued operations. During the fourth quarter of 2022, CloudMD finalized the sale of Cloud Practice, two clinics and two pharmacy locations. Our RXI pharmacy business is classified as discontinued operations as of September 30, 2023. We are in the process of selling assets in this business, however, we expect valuations to be insignificant. We will continue to operate the CRM and patient support programs.

During the second quarter of 2023, management commenced a sale process to dispose of its VisionPros e-commerce business. As a result, the assets and liabilities of Vision Pros have been classified as held-for-sale. As of the date of this MD&A, the Company has not reached a definitive arrangement to sell this business.

Health and Wellness Services

Health and Wellness Services' revenue is generated through two pricing models:

- Subscription-based pricing 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.

The foundation of the Health and Wellness Services division is delivering programs that address mental, physical, and social issues experienced by employees and their family members. These programs can be available on a stand-alone basis or through a comprehensive, digitally connected platform for corporations, insurers, and advisors to better manage the health and wellness of their employees and customers.

Through several strategic acquisitions, CloudMD is positioned as a leading provider to the employer healthcare market with our unique comprehensive ability to offer services that address the rising costs of absence and improve employee productivity. CloudMD's proprietary Integrated Health & Wellness Program, Kii, addresses all points of a patient's care, including triage, assessment and navigation, reducing healthcare costs, decreasing wait times, and providing better return to work outcomes. CloudMD's team-based, whole-person approach to healthcare aims to engage patients and clients, and empower doctors and mental health practitioners, while leveraging technology to connect the entire health ecosystem and provide longitudinal care.

The Kii services are utilized by a wide range of customers including employers, associations, government, individuals, disability case managers, life and health insurers, and property and casualty insurers. Some of our customers have seen proven results from our services such as a 37% reduction in absence duration, a 21% decrease in casual absence hours and 19X return on investment in payroll savings due to employees returning to work sooner. The Kii program is offered either as a per employee subscription or as a per case fee.

CloudMD's capabilities include:

Health Support Services (EFAP, Therapy /Mental Health Coaching, TAiCBT and virtual medical care)

CloudMD's leading Health Support Services ("**HSS**") include EFAP, Mental Health services (Therapy, Mental Health Coaching and TAiCBT) and virtual medical care and are accessible using either our proprietary digital platform or via our 24/7 live answer call center providing triage, assessment and case management of physical and mental health.

The cornerstone of our health and wellness services is our nurse care coordinators who become navigators as individuals reach out for support for their mental, physical or occupational health concerns. The nurse resource is highly trained to help employees navigate care, build personalized care plans, provide online educational resources, navigate healthcare systems, and provide comprehensive case management to support an individual's emotional, physical, and mental wellbeing towards improved outcomes and effective return to function.

Our HSS focus is on a multi-modality support model to drive individual choice on the appropriate care pathways for their situation including in-person (mental health), telephonic or virtual support solutions. It is effective across the healthcare continuum and includes services that address crisis, episodic, short-term, long-term, chronic and specialized services such as trauma, substance use and addictions. We are continuing to integrate MindBeacon iCBT capabilities into our HSS offerings across North America to further differentiate CloudMD as a leader in organization health and wellness. This service is offered as a price per member per month.

Rehabilitation and Assessments

Employers, insurance companies and lawyers rely on our national integrated network of medical practitioners across Canada who perform independent medical assessments, return to work support, functional capacity evaluations, rehabilitation support, job demand analysis, etc. These services are delivered virtually, on-demand and on-site. Our network of 2,000 specialists across 54 sub-specialties support individuals in understanding mental and physical health issues with a focus on return to function. This service is offered as a per-case fee. Through our proprietary software platform, iAssess™, it enables assignment of specialists, workflow management, practitioner engagement, and margin expansion in the delivery of services. This proprietary platform will be used in HWS health network management for its entire provider network to increase quality assurance and user satisfaction. CloudMD will have a centralized provider management system enabling navigators and users' access to the entire provider management roster. This enables us to deliver on our value proposition of providing personalized care.

Absence Management and Occupational Health

Our Absence Management and Occupational Health services focus both on preventing and reducing the duration of occupational absences by delivering services that improve the health and wellness of employees. Services include solutions supporting absentee management, short-term and long-term disability, workers' compensation claims management, mental health assessment and evaluation services focusing on prevention, accommodation, and recovery. Our services are delivered virtually, on-demand and on-site through our network of over 1,000 healthcare professionals, assessors, and medical centers nationally.

Health and Productivity Solutions ("*HPS*")

The following describes the solutions in the HPS division:

Remote Patient Monitoring

CloudMD offers Remote Patient Monitoring (RPM), both as a software platform as well as a service, providing support for required patient interactions as part of an RPM program.

RPM allows clinics, health systems, benefit plans, and employers to keep their patients, members and employees healthier by actively tracking vital statistics. This includes those individuals that have no underlying health issues as well those suffering with multiple comorbidities. By tracking vital statistics, chronic conditions can be managed more effectively. It is the Company's belief that individuals not currently suffering from chronic diseases have a better chance of not developing such conditions in the first place. In addition to empowering healthier living for individuals, healthcare systems, governments, and employers, RPM is designed to allow users to save substantially on healthcare in the long run. With its mobile-first design, the Company also includes peer reviewed and vetted education content from health organizations across North America to help keep individuals engaged in their own care. Our goal is to link RPM to our TAiCBT offering to provide holistic care for both mental and physical health.

MyHealthAccess

CloudMD's patient portal enables online appointment booking and virtual care visits. The platform works with an electronic medical record ("**EMR**") platform Juno, to provide healthcare providers and primary care clinics with a user-friendly application. The user experience allows patients to book appointments real-time, 24/7, and message clinical staff. Our HWS division uses this technology to connect individuals to healthcare solutions.

CloudMD's Health Wellness Network and Real Time Intervention Platform Solution

The healthcare industry is rapidly moving toward vision where the patient will be at the center of our healthcare information technology systems—wired in, always on, wearing or implanted with digital health technology evolved to the point where every woman, man, and child can be connected and cared for digitally, remotely, and holistically. CloudMD's solution supports this vision. The components of the solution are the Health and Wellness Network ("**HWN**") and Real Time Intervention Platform ("**RTIP**").

Real Time Intervention Platform (RTIP)

CloudMD's patented Real Time Intervention and Prevention Platform ("**RTIP**") allows us to solve for interoperability with speed, consistency, and security. RTIP is the backbone for applications such as: Substance Use Disorder ("**SUD**") and Health and Wellness Network ("**HWN**"). RTIP is designed to enable an automated real time inquiry of disparate data sources across multiple domains, identify indicators and compute risk scores so that the appropriate personnel can be alerted when the risk level for at-risk individuals is above a pre-determined level signaling intervention may be required. CloudMD also licenses this software to companies that are looking to create connected platform experiences and/or are experiencing challenges uniting disparate data sources. RTIP use cases have permeated sectors beyond healthcare including Government organizations in the U.S. that have purchased the platform on a subscription basis to provide an affordable and scalable mechanism for opioid detection and substance use services. RTIP provides a true interoperability platform for entities across a wide array of markets.

Health and Wellness Network

The HWN app *Healthy LYF* focuses on enabling healthcare providers to be in constant connection with their patients. The app provides for an array of services including, but not limited to, curated education tailored to meet the needs of any entity or group, peer support capability, health vitals monitoring, and also allows for connecting existing services into the app for a consolidated patient or user experience. The HWN solution enables patients to be cared for digitally, remotely and holistically in conjunction with the RTIP platform that supports the aggregation of data from multiple disparate sources. Data driven insights are provided to healthcare providers to enable enhanced patient care and improved outcomes.

Medical Reference Library

CloudMD has an award-winning health education platform providing peer-reviewed resources that are trusted and used by healthcare professionals to provide credible medical information that promotes positive patient behaviour. The pharmaceutical/healthcare industry utilize this platform for direct-to-consumer and direct-to-clinician marketing campaigns and patient education and patient support programs. The intuitive and robust digital resource library is available on any digital device. The platform is currently utilized by over 17,500 healthcare professionals and is integrated in a variety of consultative health settings, including: 2,000 pharmacies, 280 hospitals, and 300 specialty clinics. It is now also integrated into the Kii Health and Wellness program and accessible directly within the platform. Content and resources come from partnerships with over 110 healthcare associations, 30 digital health companies (including the Mayo Clinic), and 55 pharmaceutical brands to provide over 110,000 patient-friendly PDFs, videos, and images across over 6,000 health conditions.

2023 FOURTH QUARTER SUMMARY

Below is a summary of CloudMD's operations during the fourth quarter of 2023 and subsequent to December 31, 2023:

- Fourth quarter revenue from continuing operations was $21,887 a decrease of 2% over the same period in 2022. Excluding one-time COVID-19 mandates in the prior year, organic revenue growth was 2.0% in the HWS segment in the fourth quarter. Fourth quarter revenue does not include revenue generated from the RXI business and VisionPros business, which are both classified as held-for-sale, and the results are included in discontinued operations, or the EHR, PM, and RCM assets of Benchmark Systems, Inc. which were divested at the end of the second quarter. Year-to-date revenue from continuing operations was $90,905, a decrease of 9% over the same period in 2022.

- Gross profit margin from continuing operations was 39.7% in the fourth quarter of 2023 compared to 35.9% in the prior year higher by 11% or 380 bps. The increase during the quarter is attributable to a favourable revenue mix and operational efficiencies primarily attributable to the HWS segment.
- Adjusted EBITDA[1] for the fourth quarter was a loss of $1,362, compared to a $1,985 loss in the prior year period. Adjusted EBITDA[1] increased by $7,158 compared to the prior year and decreased by $1,928 from the third quarter of 2023. The increase in adjusted EBITDA[1] from 2022 is primarily due to the realization of continued cost optimization efforts throughout the year. The decrease in fourth quarter of 2023 was primarily attributable to provisions recognized for credit losses and non-cash provisions taken in the quarter. Net Loss in the quarter was $64,436, compared to $12,292 in the prior year period.
- The Company identified and actioned approximately $1 million of annualized cost reductions in the fourth quarter, the impact of which was realized in part in the fourth quarter with the full run-rate impact expected in 2024. During the fourth quarter of 2023, G&A was higher than the fourth quarter of 2022 by $290 as result of higher people costs partially offset by ongoing cost reduction initiatives, Sales and Marketing and Research and Development expenses were also higher than the fourth quarter of 2022 by $156 in our continuing operations. Subsequent to year end, the Company has realized approximately $1.7 million annually of cost reductions in the first quarter of 2024. In addition, the Company is expected to realize another $3.9 million of annual net cost savings in the second quarter of 2024.
- Cash decreased by $4,167 during the fourth quarter of 2023. Normalized cash inflow[1] for the fourth quarter was $1,505. As of December 31, 2023, the Company had $11,430 of cash and cash equivalents, including $2,500 of restricted cash. Adjusted net cash used in operating activities[1] improved by $2,073 to $1,644 during the quarter compared to ($429) in the third quarter of 2023. Management expects our cash used in operating activities to continue to improve as a result of our revenue growth and cost reduction initiatives.
- Throughout 2023 CloudMD signed multi-year contracts contributing to its organic growth and annual recurring revenue ("**ARR**") of $12.2 million. In the fourth quarter CloudMD had sales with an ARR of $3.4 million. 2023 ARR sales, as a percentage of Q4, 2023 revenue annualized, provides a run-rate growth expectation of 6% before unlocking the full potential of multi-product sales and cross-sell into our book of business. The fastest growing part of the business is our Health and Wellness services where employers view our comprehensive offering, and strong health outcomes as a key differentiator.
- During the year, the Company announced it had entered into a contract to provide RPM for a major U.S. regional hospital system's Medicare patients. The hospital partner has approximately 115 healthcare providers with over 25,000 Medicare patients. The hospital partner will leverage RPM to remotely monitor, manage, and proactively intervene for patients with chronic diseases, such as diabetes, heart disease, and respiratory illnesses. The Company believes that as the contract scale up, it can deliver an average of $3 - $4 million in revenue per quarter and the opportunity to participate in the global RPM market. Please refer to the "*Revenue*" section below for additional details. During the quarter the Company announced the full integration between our HealthLYF with Bristol Health's EMR system to ensure seamless workflow processes, comprehensive medical record keeping and improved coordination.
- As of the end of the fourth quarter 2023, the Company continues to actively market its VisionPros e-commerce business and considers the impact during the quarter as discontinued operations while its related assets and liabilities continue to be classified as held-for-sale. This business requires investment and scale to be profitable, and Management believes it can achieve a higher return on investment from other parts of its business.

[1] *These are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

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

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Selected Financial Information	**Three months ended December 31**		**Twelve months ended December 31**	
	2023	**2022[(2)]**	**2023**	**2022[(2)]**
Revenue	**$ 21,887**	**$ 22,318**	**$ 90,905**	**$ 99,454**
Cost of sales	13,203	14,309	55,782	64,683
Gross profit [(1)]	**$ 8,684**	**$ 8,009**	**$ 35,123**	**$ 34,771**
Gross profit %	**39.7%**	**35.9%**	**38.6%**	**35.0%**
Indirect Expenses				
Sales and marketing	1,529	1,351	4,288	6,505
Research and development	236	258	1,536	3,612
General and administrative	8,817	8,527	33,354	35,726
Share-based compensation	367	(22)	867	1,273
Depreciation and amortization	3,421	3,282	13,989	13,459
Acquisition and divestiture-related, integration and restructuring costs	598	2,175	3,411	11,358
Impairment	59,888	408	59,888	81,275
Operating loss	$ (66,172)	$ (7,970)	$ (82,210)	$ (118,437)
Other income	536	142	1,142	446
Change in fair value of contingent consideration	545	(482)	687	6,564
Change in fair value of liability to non-controlling interest	-	232	(549)	-
Change in contingent liability	-	-	760	-
Finance costs	(60)	(556)	(1,713)	(2,097)
Loss on sale of investment in joint venture	-	-	-	(221)
Income tax recovery	4,800	985	5,326	1,727
Net loss for the period from continuing operations	**(60,351)**	**(7,649)**	**(76,557)**	**(112,018)**
Net loss after tax for the period from discontinuing operations	**(3,085)**	**(4,643)**	**(6,277)**	**(45,989)**
Net loss for the period	**$ (64,436)**	**$ (12,292)**	**$ (82,834)**	**$ (158,007)**
Add:				
Depreciation and amortization	3,421	3,282	**13,989**	13,459
Finance costs	60	556	**1,713**	2,097
Impairment	59,888	408	**59,888**	81,275
Income tax recovery	(4,800)	(985)	**(5,326)**	(1,727)
EBITDA [(1)]	**$ (4,867)**	**$ (9,031)**	**$(12,570)**	**$ (62,903)**
Share-based compensation	367	(22)	867	1,273
Acquisition and divestiture-related, integration and restructuring costs	598	2,175	3,411	11,358
Litigation costs	-	-	-	555
Change in fair value of contingent consideration	(545)	482	(687)	(6,564)
Change in fair value of liability to non-controlling interest	-	(232)	549	-
Change in contingent liability	-	-	(760)	-
Loss on sale of investment in joint venture	-	-	-	221
Net loss after tax from discontinuing operations	3,085	4,643	6,277	45,989
Adjusted EBITDA [(1)]	**$ (1,362)**	**$ (1,985)**	**$ (2,913)**	**$ (10,071)**
Loss per share, basic and diluted	**(0.20)**	**(0.03)**	**(0.28)**	(0.55)
Loss per share from continuing operations, basic and diluted	**(0.01)**	**(0.02)**	**(0.26)**	(0.39)

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

(1) *These are non-GAAP measure. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

(2) *The comparative information has been re-presented due to discontinued operations.*

Revenue

The following table provides a summary of our revenues by segment:

Revenue	Three months ended December 31		Variance		Year ended December 31		Variance	
	2023	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Health and Wellness Services	**$ 20,793**	$ 20,441	$ 352	2%	**$ 85,373**	$ 92,768	$ (7,395)	(8%)
Health and Productivity Solutions	**1,094**	1,877	(783)	(42%)	**5,532**	6,686	(1,154)	(17%)
Total revenue	**$ 21,887**	$ 22,318	$ (431)	(2%)	**$ 90,905**	$ 99,454	$ (8,549)	(9%)

Revenue for the three months ended December 31, 2023, decreased by $431 and for the year ended December 31, 2022, was lower by $8,549.

Health and Wellness Services

Revenues from the HWS segment for the three months ended December 31, 2023, were $20,793 compared to $20,441 in the same period in 2022 and for the year ended December 31, 2023, were $85,373 compared to $92,768 in the same period in 2022. The revenue was relatively flat in the quarter despite the conclusion of one-time mandates, including the Ontario Health COVID-19 iCBT program in the fourth quarter of 2022 which was mostly offset by higher Rehabilitation and Assessments revenue.

The year-to-date December 31, 2023 decline in revenue for the HWS segment is due to one-time COVID-19 mandates in the prior year comparative period. The impact of these COVID-19 related contracts was partially offset by organic growth in the business due to new contract wins and expanding services to existing clients. Organic growth, excluding one-time COVID-19 mandates in the prior year comparative period was 6.2%.

Health and Productivity Solutions

Revenues from the HPS segment for the three months ended December 31, 2023, were $1,094 compared to $1,877 in the same period in 2022 and for the year ended December 31, 2023, were $5,532 compared to $6,686 in the same period in 2022. In the fourth quarter and for the year ended December 31, 2023 revenues in the IDYA4 business were lower than the comparative period, in part due to the timing of certain client mandates.

The focus in the latter half of 2023 and beyond is to realize material growth from our Health and Wellness app and Remote Patient Monitoring program. On August 23, 2023, the Company announced it had entered into a contract to provide RPM for a major U.S. regional hospital system's Medicare patients. The hospital partner has approximately 115 healthcare providers with over 25,000 Medicare patients. The contract was dated August 22, 2023 and has an initial 12-month term and is renewed automatically absent a notice to terminate. Pursuant to the contract, the hospital partner will leverage RPM to remotely monitor, manage, and proactively intervene for patients with chronic diseases, such as diabetes, heart disease, and respiratory illnesses, and the Company will receive a portion of the hospital partner's reimbursement from Medicare for RPM provided to such patients. Accordingly, the Company's revenues under the contract depend on the number of Medicare patients receiving RPM. However, since the hospital partner has over 25,000 Medicare patients, the contract has the potential to be a material contract for the Company. The Company believes that if the contract is scaled up over the initial two quarters, it can deliver an average of $3 - $4 million in revenue per quarter and the opportunity to participate in the global RPM market. While the Company continues to on board patients into the program, as expected, there was no significant revenues during the fourth quarter earned through the RPM program and management expects increasing revenues in the subsequent quarters as the programs supporting the on boarding ramp up. As reported by Grand View Research (in the Global Remote Patient Monitoring System Market Report, 2030), the global RPM market size is valued at US$ 4.4 billion and is forecasted to have a compound annual growth rate of 18.5% over the next seven years, and our current customer pipeline in this growing addressable market is approximately $200 million.

In fourth quarter, the Company announced Bristol Health's EMR system's integration with CloudMD's HealthLYF platform, ensuring a seamless workflow process for medical staff, comprehensive medical record keeping, and improved care coordination. The RPM program eliminates the need for external medical devices while significantly enhancing the quality and efficiency of delivering remote healthcare services, while ensuring accessibility and convenience to patients monitoring their health. The program allows for personalized insights, engagement in proactive care without needing additional devices, fostering a patient-friendly and inclusive healthcare experience through the use of a smartphone.

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

Through this exciting partnership, Bristol Health's extensive network, encompassing 115 healthcare providers and their over 25,000 Medicare patients are set to benefit from access to the CloudMD HealthLYF Platform. Patients can effortlessly capture vital health data directly from their smartphones and actively participate in managing their health. The platform also offers access to CloudMD's comprehensive digital health education resources, ensuring patients and clinics under Bristol Health's umbrella have a holistic and informed approach to their well-being.

In 2024, the Centers for Medicare and Medicaid Services (CMS) will enter its eighth year supporting RPM related services making it an attractive market to service. Medicare covers RPM services in all 50 states to qualifying patients and over 50% of state's Medicaid programs are covered in some capacity. This program continues to grow as further evidence supports the effectiveness in reducing hospital admissions, reducing length of stay in the hospital, fewer emergency visits, and better preventative chronic condition management.

The following table provides a summary of our revenues by territory:

	Three months ended				**Year ended**			
Revenue	**December 31**		**Variance**		**December 31**		**Variance**	
(Unaudited)	**2023**	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Canada	**$ 18,815**	$ 18,979	$ (164)	(1%)	**$ 78,066**	$ 86,420	$ (8,354)	(10%)
United States	**3,072**	3,339	(267)	(8%)	**12,839**	13,034	(195)	(1%)
Total revenue	**$ 21,887**	$ 22,318	$ (431)	(2%)	**$ 90,905**	$ 99,454	$ (8,549)	(9%)

Revenues earned in Canada for the three and twelve months ended December 31, 2023, decreased by $164 and decreased by $8,354 over the prior year comparable periods primarily due to the impact of the conclusion of one-time mandates relating to COVID-19 related service revenues as discussed above, offset by organic growth in our HWS segment. Organic growth, excluding one-time COVID-19 mandates for the year ended December 31, 2023, was 4.6%.

Revenues earned in United States for the three months and year ended December 31, 2023, represented 14% of total revenues compared to 15% and 13%, respectively, in the comparable periods in 2022. Revenues earned in the United States are mostly consistent with the same periods last year. Management anticipates the proportion of US revenues going forward to increase as a result of some of the larger opportunities that exist for our Health and Wellness platform, Healthy LYF. Initially these opportunities are related to the Company's RPM offering but are anticipated to expand as additional services as features are added.

Gross Profit

Gross profit for the three and twelve months ended December 31, 2023, increased by $675 or 8% and increased by $352 or .1% over the prior year comparable periods. The increase in the three-month period compared to prior year is due to continued improvement in service delivery. The relatively lower increase in the year ended December 31, 2023, is mainly attributable to lower COVID-19 revenues, partially offset by improved operating efficiency in the delivery of services during the year.

The gross profit margin was 39.7% and 38.6% for the three and twelve months ended December 31, 2023, compared to 35.9% and 35.0% for the same periods in the prior year. The increase in overall gross profit margin for the three months and nine months ended December 31, 2023, was primarily due to improved operating efficiencies and revenue mix. Gross profit margin is expected to increase over time with advancement of the RPM program, ongoing efforts to streamline operations including our networks and systems and increasing our operational efficiency through the use of lower cost, clinically appropriate, modalities.

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

Expenses

Operational expenses for continuing operations	Three months ended December 31, (Unaudited)		Variance		Year ended December 31,		Variance	
	2023	2022	**($)**	**(%)**	**2023**	2022	**($)**	**(%)**
Sales and marketing	**1,529**	1,351	178	13%	**4,288**	6,505	(2,217)	(34%)
Research and development	**236**	258	(22)	(9%)	**1,536**	3,612	(2,076)	(56%)
General and administrative	**8,818**	8,527	291	3%	**33,354**	35,726	(2,372)	(7%)
Share-based compensation	**367**	(22)	389	1768%	**867**	1,273	(406)	(32%)
Depreciation and amortization	**3,421**	3,282	139	4%	**13,989**	13,459	530	4%
Acquisition and divestiture-related, integration and restructuring costs	**598**	2,175	(1,577)	(73%)	**3,411**	11,358	(7,947)	(70%)
Operational expenses	**$ 14,969**	$ 15,571	$ (602)	(4%)	**$ 57,445**	$ 71,933	$ (14,488)	(20%)

Sales and Marketing

Sales and marketing expenses for the three and twelve months ended December 31, 2023, increased by $178 or 13% and decreased by $2,217 or 34%, over the prior year comparable periods. The increase in the fourth quarter compared to the same quarter last year is attributable to increased spend on customer acquisitions at the end of the year. On a year-to-date basis, the continued cost optimization efforts and reduction in the Ontario Health volume for our iCBT offering led to reduced marketing spend for the year. Customer acquisition as a percentage of revenue decreased overall compared to the prior year as greater economies of scale are realized through the organic sales growth, cross-selling initiatives and shared marketing infrastructure across the business.

Research and Development

Research and development expenses for the three months and year ended December 31, 2023, decreased by $22 and $2,076 or 9% and 56% over the prior year comparable periods. The decrease compared to the same period last year on a year-to-date basis, is a result of cost saving initiatives, and higher costs incurred for our Kii platform in the comparative year periods. During the fourth quarter of 2023 and throughout the year, research and development spend decreased compared to the prior year due to lower overall costs related to the development of our Kii offering. Despite the lower total spend, key features such as French translation for our Quebec expansion, refreshed content play across platforms and enhancing security features to improve customer experience were developed in the year. Research and development expenses were also incurred on our integrated Health and Wellness application in the U.S. to support the requirements of our RPM offering, and we expect these costs to ramp up over time.

General and Administrative

General and administrative expenses for the three months and year ended December 31, 2023, increased by $291 and decreased by $2,372 over the prior year, or 3% and 7% over the prior year comparable periods. The decrease compared to the same periods last year reflects the Company's continued integration and optimization efforts particularly relating to salaries and wages. It is expected that these costs will continue to decrease going into 2023 as additional cost savings initiatives are executed or realized.

Share-based Compensation

Shared-based compensation expenses for the three months and year ended December 31, 2023, increased by $389 and decreased by $406 or 1768% and 32% over the prior year comparable periods. The decrease is primarily attributable to lower share prices when grants were issued compared to the prior year period.

Depreciation and Amortization

Depreciation and amortization expenses for the three months and year ended December 31, 2023, increased by $139 and $530 over the prior year comparable periods. In the three months period ended December 31, 2023, the increase is primarily attributable to higher amortization of intangible assets during the year in relation costs associated with the development of our Kii offering and our Health and Wellness application.

Acquisition and Divestiture-Related, Integration and Restructuring Costs

Acquisition and divestiture-related, integration and restructuring costs for the three months and year ended December 31, 2023, were $598 and $3,411 compared to $2,175 and $11,358 in the prior comparable periods. Acquisition and divestiture-related, integration and restructuring costs include expenses incurred in relation to the Company's corporate development, divestitures, fees for advisory, and costs of integration which includes severance. The decrease is mainly due to the fact that Management continues its progress on integration or its continuing operations focusing on cost optimization initiatives and there were no acquisitions in the year ending December 31, 2023. Management expects to incur some acquisition and divestiture-related, integration and restructuring costs in the future primarily in relation to assets held-for-sale and continued optimization efforts, however these costs are expected to decline into 2024.

Other Income

Other income for the three months and year ended December 31, 2023, was higher by $394 and higher by $696 over the prior year comparable periods. The change in other income is primarily attributable to changes in interest earned on cash and cash equivalents in fourth quarter of 2023 compared to the prior year, as well as rental income earned in the year.

Change in Fair Value of Contingent Consideration

The change in fair value of contingent consideration for the three months and year ended December 31, 2023, was a gain of $545 and $687 compared to a loss of $482 and a gain of $6,564 for the same periods in 2022. Contingent consideration is comprised of earn-out payments due to sellers of acquired entities for meeting certain time based or revenue conditions over a period of up to 3 years following the date of the acquisition. The change in the contingent consideration in the current year was primarily as a result of adjustments to future payments based on cumulative performance conditions of certain acquisitions.

Change in Fair Value of Liability to Non-controlling Interests

The change in fair value of liability to non-controlling interests for the three months and year ended December 31, 2023, was nil and a loss of $549 compared to a gain of $232 and nil for the same period in 2022. During the first quarter of 2023, the non-controlling shareholder in Benchmark Systems Inc. notified the company of their intention to exercise the option granted under the shareholder's agreement. The settlement was completed on May 19, 2023. The year-to-date expense represents the fair value adjustment to increase the liability to the settlement amount to acquire the remaining 12.5% interest held by the non-controlling shareholder.

Change in Contingent Liability

Change in Contingent Liability for the three months and year ended December 31, 2023, was nil and $760 respectively compared to $nil in the prior comparable periods. In the second quarter of 2023, a decision of the arbitrator was reached related to the Gravitas Securities Inc. litigation described below in the section Litigation and Other Contingencies. The Company reduced the contingent liability in the amount of $760 resulting from lower settlement award against the Company than anticipated.

Finance costs

Finance costs for the three months and year ended December 31, 2023, decreased by $496 or 89% and $384 or 18% over the prior year comparable periods due to the timing of payments made. Finance costs for the three-month and year end is comparable to same period last year primarily due to debt repayments over the past 12 months, offset by higher interest rates on the variable rate bank loans.

Income Tax Recovery

The income tax recovery for the three months and year ended December 31, 2023, was $4,800 and $5,326 compared to a recovery of $985 and $1,727 in the prior comparable periods. The recovery in the three and twelve-month periods ended December 31, 2023, is a result of the loss for the periods.

Net loss from continuing operations

Net loss from continuing operations for the three months and year ended December 31, 2023, was $60,351 and $76,557 compared to $7,649 and $112,018 for the same prior year periods. The decrease in net loss from continuing operations in the three months ended December 31, 2023, higher gross profit, lower net indirect expenses attributable to continued optimization efforts, an impairment charge of $81,275 in the prior year compared to $59,888 of impairment charged to date in the current year, and, lower acquisition and divestiture-related, integration and restructuring costs partially offset by unfavorable impact from changes in fair value of contingent consideration and loss on sale of joint venture in the prior year.

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

The decrease in net loss from continuing operations the year ended December 31, 2023, was primarily due to lower net indirect expenses attributable to continued optimization efforts, the prior year period having higher acquisition and divestiture-related, integration and restructuring costs, an impairment charge of $81,275 in the prior year compared to a lower impairment charge of $59,888 in the current year, and, a higher change in fair value of contingent consideration partially offset by change in contingent liability on settlement of Gravitas legal claim. Management continues to be highly focused on profitable growth and generating positive net profits as a key operational objective for the Company.

Net loss from discontinuing operations

During the third quarter of 2022, the Company initiated a plan to sell the businesses underlying its former Clinic Services & Pharmacies segment and Cloud Practice within our Health and Productivity Solutions segment. The Company sold 100% of its shares in SSMC, Healthvue, Cloud Practice Inc., Steveston and Cloverdale Pharmacies in the fourth quarter of 2022. The last business included in the Clinic Services & Pharmacies segment that the Company has not reached a definitive arrangement to sell as of September 30, 2023, is the RXI business. The Company does not expect to receive any material value for this business.

During the second quarter of 2023, the Company sold its U.S. based Electronic Medical Records ("EMR"), Practice Management ("PM"), and Revenue Cycle Management ("RCM") assets. Additionally, during the second quarter of 2023, the Company initiated a process to divest its e-commerce platform, VisionPros, a part of the HPS division, however as of the date of this MD&A the Company has not reached a definitive agreement to sell.

As a result of the above, the financial results from these businesses are reflected in our consolidated statement of loss, retrospectively, as discontinued operations.

The results of the entities that were classified as discontinued operations in the periods are presented below:

	Three months ended December 31		**Year ended December 31**	
(Unaudited)	**2023**	**2022**	**2023**	**2022**
Revenue	**$ 1,573**	$ 12,230	**$ 10,875**	$ 54,992
Expenses	**(2,658)**	(14,831)	**(13,930)**	(59,311)
Impairment	**(4,036)**	(6,900)	**(4,036)**	(46,626)
Operating loss	**(5,122)**	(9,501)	**(7,091)**	(50,945)
Finance costs	**(9)**	(39)	**(84)**	(228)
Other income	**335**	66	**349**	334
Loss before tax from discontinuing operations	**(4,796)**	(9,606)	**(6,826)**	(50,945)
Tax (expense)/recovery	**1,560**	3,719	**209**	3,737
Gain on sale of subsidiary	**340**	1,113	**340**	1,113
Loss after tax for the period from discontinuing operations	**$ (2,896)**	$ (4,774)	**$ (6,277)**	$ (45,989)
Loss per share from discontinuing operations	**$ (0.03)**	$ (0.02)	**$ (0.02)**	$ (0.16)

EBITDA and Adjusted EBITDA[2]

EBITDA for the three months and year ended December 31, 2023, and 2022, was a loss of $4,868 and $12,570, compared to a loss of $9,031 and $62,903 for the same periods in the prior year.

[2] *These are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

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

Adjusted EBITDA for the three months and year ended December 31, 2023, was a loss of $1,362 and loss of $2,913 compared to a loss of $1,985 and $10,071 for the same periods in the prior year. Adjusted EBITDA continues to improve directionally over the recent quarters, primarily as a result of continued cost savings initiatives and organic growth in revenues. As adjustments from contingent consideration from past divestitures and acquisition related costs are eliminated, management's focus is now on positive cash flow and EBITDA. EBITDA for the three and twelve months period continues to improve directionally, and is expected to improve in 2024.

The following table provides a reconciliation of net loss for the periods to EBITDA and Adjusted EBITDA for the three months and years ended December 31, 2023 and 2022.

	Three months ended December 31,		Variance		Year ended December 31,		Variance	
	2023	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**
Net loss	**$ (63,436)**	$ (12,292)	$ (51,145)	416%	**$ (82,834)**	(158,007)	$ 75,173	(47%)
Add:								
Finance costs	**60**	556	(496)	(89%)	**1,713**	2,097	(384)	(18%)
Income tax recovery	**(4,800)**	(985)	(3,815)	(387%)	**(5,326)**	(1,727)	(3,599)	208%
Impairment	**59,888**	408	59,480	-	**59,888**	81,275	(21,387)	(26%)
Depreciation and amortization	**3,421**	3,282	139	4%	**13,989**	13,459	530	4%
EBITDA[(1)] for the period	**$ (4,867)**	$ (9,031)	4,164	(46%)	**$ (12,570)**	$ (62,903)	50,333	(80%)
Share-based compensation	**367**	(22)	389	(1770%)	**867**	1,273	(406)	(32%)
Acquisition and divestiture-related, integration and restructuring costs	**598**	2,175	(1,577)	(73%)	**3,411**	11,358	(7,947)	(70%)
Litigation costs	**-**	-	-	-	**-**	555	(555)	(100%)
Change in fair value of contingent consideration	**(545)**	482	(1,027)	(213%)	**(687)**	(6,564)	5,877	(90%)
Change in fair value of liability to non-controlling interest	**-**	(232)	232	(100%)	**549**	-	549	100%
Change in contingent liability	**-**	-	-	-	**(760)**	-	(760)	100%
Share in profit of joint venture	**-**	-	-	-	**-**	221	(221)	(100%)
Net loss from discontinuing operations	**3,085**	4,643	(1,558)	(34%)	**6,277**	45,989	(39,712)	(86%)
Adjusted EBITDA[(1)] for the period	**$ (1,362)**	$ (1,985)	$ 623	(31%)	**$ (2,913)**	$ (10,071)	$ 7,158	(71%)

(1) EBITDA and Adjusted EBITDA, are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.

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

SUMMARY OF QUARTERLY RESULTS

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

		Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue (1)	$	21,887	22,932	23,191	22,895	22,318	23,544	26,210	27,381
Gross profit(1)	$	8,684	9,135	8,850	8,454	8,009	7,996	8,676	10,089
Gross profit % (1)		39.7%	39.8%	38.2%	36.9%	34.8%	34.0%	33.1%	36.9%
Net loss	$	(65,439)	(5,378)	(6,877)	(7,146)	(8,602)	(94,851)	(44,124)	(4,779)
Adjusted EBITDA (1)	$	(1,362)	566	(705)	(1,413)	(1,985)	(3,354)	(3,237)	(1,638)
EPS, basic and diluted	$	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.30)	(0.15)	(0.02)
Cash and cash equivalents including restricted cash	$	11,430	13,097	18,779	18,752	24,058	27,506	29,703	45,082

(1) Revenue, Gross Profit, Gross Profit %, Adjusted EBITDA and EPS for Q3 2023 onwards reflect results from our continuing operations and does not include entities classified as discontinued operations. Prior quarter figures have not been restated to match this presentation.

The demand for certain services within the HWS division that employ a per-case billing model is subject to seasonal fluctuations. This is attributable to lower patient and consumer visits and engagement in the summer months and around the holiday season at the end of the year.

In the second, third and fourth quarters of 2022 the Company incurred a non-cash impairment charge. Further, in third quarter of 2022, the Company initiated a plan to sell the businesses underlying its former Clinic Services & Pharmacies segment and Cloud Practice within our Health and Productivity Solutions segment. In the second quarter of 2023 the company sold its EMR, PM and RCM assets in its HPS line of business and initiated a process to sell its e-commerce VisionPros e-commerce business. As a result, the financial results from these businesses are reflected in our consolidated statement of income, retrospectively, as discontinuing operations. In fourth quarter, the Company incurred a non-cash impairment charge and recognized provisions for doubtful accounts for amounts owed.

OUTLOOK

The Company has experienced a period of transition due to the large number of acquisitions completed over the preceding two years. During 2023, the Company continued turning its attention to operationalizing, aligning, and rationalizing these assets, so that it can drive value creation for shareholders and clients. The Company has focused on the integration of its previous acquisitions and products to create an innovative market leadership position and delivering profitable results.

The Company has a multi-pronged growth strategy with an emphasis on organic profitable growth, cost optimization, and leveraging of our core assets. The Company plans to drive shareholder value through the following priorities, including: (1) generating organic profitable growth in the HWS and HPS divisions through geographical expansion in Alberta and Quebec, Cross selling our current suite of services and delivering on our RPM strategy; (2) integrating acquisitions to generate financial and operational synergies, including integration of back office systems which will improve profitability and cash flow; and (3) driving continuous improvement across the organization to improve productivity, product quality and consistency, advancement of integrated program offerings and lower customer acquisition costs.

The Company is focused on leveraging the foundational assets for organic growth, becoming both EBITDA and cash flow positive and achieving financial sustainability. Becoming cash flow positive is predicated on key client wins and continuing to optimize our cost structure in the near and immediate term. In addition, moving forward, cash outflows from non-recurring integration costs have been eliminated in fourth quarter of 2023.

During the past year, the Company identified and actioned approximately $11 million in annualized indirect cost reductions realign its cost base. Management continues to identify opportunities to drive value, focused on reducing operating costs as the Company consolidates back-office functions and platforms across IT, finance and human resources. Programs to consolidate the Company's technology stack, centralize payroll administration and implementing an Enterprise Resource Planning (ERP) tool in finance is expected to result in further cost reductions and improve operational efficiencies.

While cost reductions are required to bring the Company to cash flow positivity, continued growth is an equally important part of the equation. During 2024, the Company expects to achieve low double-digit growth off the revenue run rate exiting 2023. Management is focused on driving profitable growth in the markets where we have scale, and strong differentiators in proven service delivery and that have the most attractive growth and profit potential.

The Company's announcement in 2023 of a contract to provide Remote Patient Monitoring for a major US regional hospital system's Medicare patients has the potential to change the financial profile of the organization. The Company believes that as the contract is scaled up over the initial two quarters, it can deliver an average of $3 - $4 million in revenue per quarter by the end of next year and the opportunity to participate in the global RPM market. Currently, our pipeline for customers in the RPM addressable market is approximately $200 million. Growth in this market is incremental to the low double-digit growth target it has for its broader portfolio.

The cost savings achieved in the fourth quarter of 2022, in addition to the savings realized in during the twelve-month period ended December 31, 2023 have brought the Company's Adjusted EBITDA to at or near positive. As of the date of this MD&A, the Company continues to expect to improve its adjusted EBITDA in 2024.

The Company believes operating the business with its current cash position of $11,430 including restricted cash $2,500 will be challenging in the near term, as demands to fund near-term obligations are weighed against supporting organic growth opportunities (other than the repayment of the Company's credit facilities (The "Facilities") – see *"Liquidity and Capital Resources"* and *"Financial Instruments – Liquidity risk".* Management will continue to prudently manage expenditures and seek further efficiencies in the Company's cost structure in the near term. The Company's credit facilities ("**the Facilities**") totaling $15,750 mature on June 25, 2024, and as a result have been presented as a current liability on the Consolidated Statement of Financial Position.

The current economic market conditions do not impact the services that CloudMD offers. In fact, the needs for mental and physical health supports are resilient to economic markets and become more valuable in helping people cope during difficult times. Employers continue to invest in the areas of health during difficult economic times. The current market environment has underscored the need to provide timely and critical access to mental and physical health treatment and resources. CloudMD is uniquely positioned to shape the future of personalized healthcare. The Company is focused on creating innovation in the delivery of healthcare service leveraging technology to improve access to care, leading to better health outcomes. Through its team-based, personalized care approach, CloudMD provides comprehensive solutions to patients, healthcare practitioners, individuals, and enterprise clients through our call center, digitally or in person.

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

FINANCIAL POSITION

As at		**December 31, 2023**		December 31, 2022	**Variance ($)**
Cash and cash equivalents including restricted cash	$	11,430	$	24,058	$ (12,628)
Trade and other receivables		15,652		18,780	(3,128)
Inventory		17		979	(962)
Prepaid expenses, deposits and other		3,764		4,622	(858)
Current assets (1)		**30,863**		48,439	(17,576)
Accounts payable, accrued liabilities and other		17,901		20,911	(3,010)
Deferred revenue		2,447		2,256	191
Contingent consideration		-		2,177	(2,177)
Contingent liability		**-**		1,200	(1,200)
Current portion of lease liabilities		1,706		2,015	(309)
Current portion of long-term debt		16,474		19,617	(3,143)
Current liabilities (1)		**38,528**		48,176	(9,648)
Working capital (2)	**$**	**(7,665)**	**$**	263	(7,928)
Long-term debt classified as current, payable on maturity (3)		16,474		19,617	(3,143)
Adjusted working capital (2)	**$**	**8,809**	**$**	$ 19,880	$ (11,071)

(1) *Current assets and current liabilities above exclude the assets held-for-sale of $1,810 and liabilities associated with the assets held-for-sale of $715.*

(2) *Working Capital and Adjusted Working Capital are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.*

(3) *Adjusted working capital represents working capital less an adjustment long-term debt that is not anticipated be paid over next 12 months, however that is required to be classified as current. Management expects to renew the credit facility on or before its maturity date.*

For the year ended December 31, 2023, working capital decreased to $7,665 compared to $263 at the beginning of the year. The decrease is mainly due to lower cash and cash equivalents.

During the year ended December 31, 2023, adjusted working capital decreased to $8,809 compared to $19,880 at the beginning of the year. The decrease is primarily due to lower cash and cash equivalents.

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

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended December 31		Variance	Year ended December 31		Variance
	2023	2022	**$**	**2023**	2022	**$**
Cash provided by / (used in):						
Net cash (used in)/provided by operating activities	**$ (776)**	$ (2,385)	$ 1,609	**$ (11,575)**	$ (27,923)	$ 16,348
Net cash (used in)/provided by investing activities	**(2,813)**	4,865	(7,678)	**828**	17,580	(16,752)
Net cash (used in)/provided by financing activities	**(578)**	(5,923)	5,345	**(4,381)**	(10,681)	6,300
(Decrease) Increase in cash and cash equivalents	**(4,167)**	(3,443)	(724)	**(15,128)**	(21,024)	5,896
Cash and cash equivalents, beginning of period	**13,097**	27,506	(14,409)	**24,058**	45,082	(21,024)
Effect of foreign exchange on cash and cash equivalents	**-**	(5)	5	**-**	-	-
Cash and cash equivalents end of period	**$ 8,930**	$ 24,058	$ (15,128)	**$ 8,930**	$ 24,058	$ (15,128)

The Company had cash and cash equivalents of $8,930 as at December 31, 2023 compared to $24,058 at December 31, 2022.

During the three and twelve months ended December 31, 2023, the Company had cash outflow from operations of $776 and an outflow of $11,575, respectively, compared to cash outflow of $2,385 and $27,923 for the comparable periods in 2022. The decrease in cash used in operating activities for the three months period was primarily due to timing of changes in working capital in the fourth quarter of the prior year. Excluding the timing of non-operating adjustments, the improvement in net cash from operating activities is attributable to improving EBITDA performance from cost optimization. The decrease in cash used in operating activities for the twelve months period was primarily due to improving adjusted EBITDA performance and lower acquisition and divestiture-related, integration and restructuring costs in the latter half of the year.

Cash outflow used by investing activities during the three months and year ended December 31, 2023, was $2,813 and cash provided by investing activities was $828compared to cash inflow of $4,865 and inflow of $17,580 for the same comparable periods in 2022. The increase in cash used in investing activities in the year ended December 31, 2023, was primarily due to continued investments in our Kii offering and our Health and Wellness application. For the year ended December 31, 2023, the cash inflow provided by investing activities was lower than the comparative period as the comparative period included net cash acquired in the MindBeacon acquisition of $12,163, offset by net cash received from the disposal of non-core assets in the current year.

Cash used in financing activities during the three and year ended December 31, 2023, was $578 and $4,381 compared to cash used for financing activities of $5,923 and $10,681 for the same comparable periods in 2022. The improvement in the year ended December 31, 2023, was mainly attributable to lower scheduled net debt and lease payments.

The Company was not in compliance with certain financial covenants under the Facilities as of December 31, 2022. Additionally, the Facilities mature on June 25, 2024. As a result, $16,167 was included in the current liabilities in the Consolidated Statement of Financial Position as of December 31, 2023 (December 31, 2022 - $17,584). However, as of the date that these consolidated financial statements were approved and authorized for issuance, the Company's projected cash flows are not sufficient to repay the full amount of the Facilities on the maturity date of June 25, 2024 and fund operations.

As at December 31, 2023, the Company was in compliance 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 above listed entities.

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

Normalized cash outflows

Table below provides a reconciliation of the one-time cash outflows in the three months ended December 31, 2023:

(unaudited)		
Cash and cash equivalents as at September 30, 2023	$	13,097
Cash and cash equivalents including restricted cash as at December 31, 2023		11,430
Cash outflow		**(1,667)**
Net cash provided by operating activities		**(776)**
Adjustments		
Net changes in non-cash working capital		877
Cash used in discontinued operations, net of working capital		1,122
Adjustments to EBITDA [(2)]		421
Adjusted net cash used in operating activities	**$**	**1,644**
Net cash provided by investing activities		**(2,813)**
Adjustments		
Cash used in discontinued operations		**224**
Payment of Contingent Consideration		**(220)**
Adjusted net cash used in investing activities		**(2,809)**
Net cash used in financing activities		**(578)**
Adjustments		
Cash used in discontinued operations		238
Adjusted net cash used in financing activities	$	**(340)**
Normalized cash inflow [(1)]	**$**	**1,505**

(1) Cash outflow and Normalized cash outflow are non-GAAP measures. Refer to the Non-GAAP Financial Measures section of this MD&A for further information.

(2) Adjustments to EBITDA include Acquisition and divestiture-related, integration and restructuring costs and litigation costs.

During the fourth quarter of 2023, the Company's normalized cash inflow was $1,505, which is favorable compared to an outflow of $2,284 in the third quarter of 2023, an outflow of $3,055 in the second quarter and an outflow of $3,947 in the first quarter of 2023. The improvement reflects the positive results from the Company's cost saving initiatives and continued integration and optimization efforts.

As discussed in the "*Outlook*" section above, the Company's continued focus on cost realignment, and actively pursuing buyers for its discontinued operations is expected to improve the Company's cash flow throughout 2023. The Company is monitoring cash flow closely, and it is its number one determinant in strategic decision making.

Debt financing

The Company, through its subsidiary Oncidium, has credit facilities of $28,750 (the "Facilities") comprised of the following:

(1) Revolver Facility of $3,000;

(2) Term Facility of $15,750 (subject to the restrictions on use beyond the amount already drawn); and,

(3) Additional term facility of $10,000, subject to lender approval.

The Facilities mature on June 25, 2024, being three years from the date the funds are drawn. Interest accrues daily on advances at the applicable Canadian Dealer Offered Rate plus a margin of between 2.0% and 3.5%, dependent upon certain financial ratios. The fair value of the debt under the Facilities approximates its carrying value.

As at December 31, 2022, the Company was not in compliance with the debt covenant under the Facilities. Additionally, the Facilities mature on June 25, 2024. As a result, $16,167 was included in the current liabilities in the Consolidated Statement of Financial Position as of December 31, 2023 (December 31, 2022 - $17,584). As of the date these financial statements were approved and authorized for issuance, the Company's projected cash flows are not sufficient to repay the full amount of the Facilities on the maturity date of June 25, 2024, and the lender has not waived their right to demand repayment of the debt under the debt covenant breach.

The debt under the Facilities is secured by a first-ranking security interest on all present and after-acquired assets of the Company's subsidiary Oncidium. Under the terms of the debt agreement, the credit parties include CloudMD Holdings Inc., Humanacare Organizational Resources Inc., Medical Confidence Inc. and Re: Function Health Group Inc. The collateral from these entities provide the Company with additional debt flexibility. In addition, the Company is permitted to net up to $2.5 million of cash or cash equivalents that are deposited in a blocked account with the lender against the outstanding debt amount for purposes of calculating certain financial covenants. As at December 31, 2023, the cash held with the lender of $2.5 million is classified as restricted cash as it is not available to be used for the Company's short term commitments.

Interest free loans

MindBeacon entered into a contribution agreement with the Federal Economic Development Agency for Southern Ontario for up to $4,000 in interest free loans to support its transition into a digital mental health platform provider, with the objective of growing recurring revenue by offering its platform as a service to customers in global markets. The loan is repayable over a period of five years, beginning January 2024. The government grant was calculated using a discount rate of 11.9%, which is the expected interest rate on a similar type of loan. During the year ended the Company received $1,091 (2022 - $467) of additional loans.

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.

There were no changes to the Company's approach in its management of capital during the period. The Company's bank loan (i.e., the Facilities) matures on June 25, 2024. The Company has formed a judgement that there is a reasonable expectation that the Company will be able to renew its credit facility agreement prior to maturity.

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

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 and long-term debt. 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 and accrued liabilities 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, 2023, the Company had $15,652 (December 31, 2022 – $18,780) of trade and other receivables, net of an allowance for expected credit losses of $1,944 (December 31, 2022 - $1,864).

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 consolidated financial statements were prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred losses and has generated negative cash flows from operations. For the twelve months ended December 31, 2023, the Company recorded a net loss from continuing operations of $76,557 and cash used in operations of $11,575. As at December 31, 2023, the Company had Cash, cash equivalents including restricted cash of $11,430.

As at December 31, 2022, the Company was not in compliance with certain financial covenants under the Facilities. The lender has not waived their right to demand repayment of the debt under the debt covenant breach. Additionally, the Facilities mature on June 25, 2024. As a result, $16,167 was included in the current liabilities in the Consolidated Statement of Financial Position as of December 31, 2023 (December 31, 2022 - $17,584). As of the date that these consolidated financial statements were approved and authorized for issuance, the Company's projected cash flows are not sufficient to repay the full amount of the Facilities on the maturity date of June 25, 2024 and to fund its continuing operations. To continue as a going concern, the Company must generate sufficient operating cash flows and obtain additional financing to fund its operations and repay the Facilities. After evaluating the uncertainties, the Company considers it appropriate to continue to adopt the going concern basis in preparing its consolidated financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

As there is no assurance that the Facilities will be renewed, this condition indicates the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the consolidated financial statements, adjustments may be necessary to the carrying value of assets and liabilities and the reported expenses, and these adjustments could be material.

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

As at December 31, 2023	**Less than one year**	**One to five years**	**More than five years**	**Total**
Accounts payable, accrued liabilities and other	$ 17,901	$ -	$ -	$ 17,901
Lease liabilities	2,270	3,725	-	5,995
Long-term debt	17,494	3,580	-	21,074
	$ 37,665	**7,305**	**$ -**	**$ 44,970**

As at December 31, 2022	**Less than one year**	**One to five years**	**More than five years**	**Total**
Accounts payable, accrued liabilities and other	$ 20,911	$ -	$ -	$ 20,911
Contingent consideration	2,177	241	-	2,418
Lease liabilities	2,340	4,869	-	7,209
Long-term debt	18,364	2,393	577	21,334
	$ 43,792	**$ 7,503**	**$ 577**	**$ 51,872**

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.

As at December 31, 2023, the Company had variable rate borrowing loans amounting to $16,167 (December 31, 2022 – $17,609). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $162 for the year ended December 31, 2023. There would be an equal and opposite impact on net loss with a 1% decrease in the interest rate (December 31, 2022 – $176).

(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 US operations functional currency is USD, and therefore any fluctuation in USD relative to CAD will result in a change in other comprehensive income for the period.

The Company's exposure to foreign currency risk to profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities and as at the balance sheet date is immaterial.

RELATED PARTY TRANSACTIONS

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

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

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

	Years ended	
	December 31, 2023	**December 31, 2022**
Cash-based compensation	**$ 2,153**	$ 3,038
Stock-based compensation	**837**	853
Total	**$ 2,990**	$ 3,891

Payments are made in accordance with the terms of the agreement established and agreed to by the related parties.

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.

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:

Impairment of non-financial assets – Impairment exists when the carrying value of an asset or cash generating unit or operating segment exceeds its recoverable amount. The recoverable amount 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 forecast for the next five years. The recoverable amount is sensitive to the forecasted revenue, forecasted cost of sales and general and administrative expenses, terminal value growth rate and discount rate significant assumptions applied in the DCF models. For the comparable period, the recoverable amount was also sensitive to the forecasted revenue and implied revenue multiples calculated from observable market prices assumptions applied in the FVLCD calculations. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.

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, forecasted revenue, royalty rates, software development costs, obsolescence factor, customer attrition and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy of such assumptions, estimates or actual results.

Judgment

Consolidation of entities – The Company considers that it controls Farvolden Psychology Professional Corporation ("ProfCo"), which was 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.

Determination of cash generating unit ("CGUs") – The determination of cash generating units for the purposes of impairment testing of non-financial assets requires the use of judgment. During the year ended December 31, 2022, due to the continued integration of services and offerings as one bundled offering under the Health and Wellness Solutions Group ("HWS") operating segment, the Company reassessed its cash generating units within this operating segment and determined that due to the bundling of services and offerings within this segment, the cash inflows generated in this operating segment are no longer independent. Due to these changes, the Company has identified the HWS operating segment as a single CGU.

New standards, interpretations and amendments adopted by the Company

In February 2021, the IASB published a narrow scope amendment to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information', requiring companies to disclose their material accounting policies rather than their significant accounting policies. The amendments define what is 'material accounting information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. The amendments apply for annual reporting periods beginning on or after January 1, 2023, and applied prospectively. The Company adopted these amendments, which did not result in any changes to the Company's accounting policies themselves, however they impacted the accounting policy information disclosed in the Company's consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, were adopted effective January 1, 2023. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively, while changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

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

ACQUISITIONS COMPLETED

The Company acquired interests in the following companies during the years ended December 31, 2022:

Company name	Acquisition date	Share/Asset purchase	Ownership	Line of business
MindBeacon Holdings Inc. "**MindBeacon**")	14-01-22	Share	100%	Digital Healthcare

MindBeacon is a leading mental healthcare provider offering a continuum of care, focusing on iCBT, which is a highly effective therapy provided through a computer or a mobile device.

LITIGATION AND OTHER CONTINGENCIES

The Company is subject to litigation and similar claims in the ordinary course of our business, including claims related to employment, human resources, and commercial disputes. The Company has received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible, or it is not currently possible for us to predict the outcome of such claims, possible claims or lawsuits due to various factors including: the preliminary nature of some claims; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent not provided for through insurance or otherwise, would have a material effect on the consolidated financial statements.

SUBSEQUENT EVENTS

On May 15, 2024, the Company entered into and announced a definitive agreement (the "**Arrangement Agreement**") with an affiliate of CPS Capital (the "**Purchaser**"), a private equity investment firm, pursuant to which the Purchaser will acquire all of the issued and outstanding common shares of the Company for cash consideration of $0.04 per share (the "**Transaction**"). The Transaction will be implemented by way of a plan of arrangement under the Business Corporations Act (British Columbia) and is subject to approval by the Company's securityholders, the TSX Venture Exchange and the Supreme Court of British Columbia. The expected gross proceeds based the estimated $0.04 per share, reflects a $12 million equity value before considering transactions costs, compared to the $0.085 per share at December 31, 2023. The additional impairment of the Company's value subsequent to December 31, 2023 reflects an increase in the risk premium of the Company due to the inability to generate sufficient cash flow from operations to support the business while making scheduled debt payments, limited refinancing opportunities at commercially reasonable rates without onerous covenants further restricting business operations, and the impact from ongoing costs related to past acquisitions and earn out agreements paid over the year.

In connection with the Transaction, a forbearance agreement was entered into with the Company's lender under the Facilities to provide financial and operational support over the Transaction period. The forbearance agreement provides the Company with a $2 million non-revolving term facility should the Company require capital to support business operations prior to the close of the transaction, permission to withdraw up to $2.5 million from the Restricted Cash balance notwithstanding the exiting defaults, deferral of the scheduled principal repayments owing to the lender over the transaction period and requires bi-weekly updates to cash flows where all deposits and disbursements of the Company are monitored by an independent Financial Advisor. The Company also entered into an agreement with the Purchaser pursuant to which the Purchaser agreed to provide a $1.0 million bridge loan to the Company to support its liquidity needs during the interim period until closing of the Transaction.

Subject to the satisfaction (or waiver, as permitted) of the closing conditions in accordance with the Arrangement Agreement, the Transaction is expected to be completed in July 2024.

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

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding as at:

Issued and outstanding	May 15, 2024	December 31, 2023
Common shares	304,679,883	304,679,883
Stock options	4,059,167	5,021,667
Restricted share units	8,202,880	9,078,792
Deferred share units	11,072,527	2,822,527
Total	**328,014,457**	**321,602,869**

RISK FACTORS

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our future results could differ materially from the results in this MD&A and from the forward-looking information contemplated in this MD&A due to a number of important factors. The information in this MD&A should be read carefully in conjunction with the risks and uncertainties detailed below and elsewhere in this MD&A, including in the "*Forward-Looking Statements*" section of this MD&A. Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. The risks referred to in this MD&A are not exhaustive and this section and the "*Forward-Looking Statements*" section of this MD&A do not necessarily include all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. If any of the risks referred to in this MD&A actually occur, alone or in combination, our business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

To increase its revenue and achieve profitability, the Company must add new customers or increase revenue from its existing customers. Numerous factors, however, may impede its ability to add new customers and increase revenue from its existing customers, including the Company's inability to convert new organizations into paying customers, failure to attract and effectively retain new sales and marketing personnel, failure to retain and motivate the Company's current sales and marketing personnel, failure to develop or expand relationships with channel partners, failure to successfully deploy products for new customers and provide quality customer support once deployed, or failure to ensure the effectiveness of its marketing programs. In addition, if prospective customers do not perceive the Company's products to be of sufficiently high value and quality, the Company will not be able to attract the number and types of new customers that it is seeking.

In addition, the Company's ability to attract new customers and increase revenue from existing customers depends in large part on its ability to enhance and improve its existing products and to introduce compelling new products that reflect the changing nature of its market. The success of any enhancement to its products depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with existing technologies and its products, and overall market acceptance. If the Company is unable to successfully develop new products, enhance its existing products to meet customer requirements, or otherwise gain market acceptance, its business, results of operations, and financial condition would be harmed.

Failure to Manage Growth

If the Company is unable to manage its continued growth successfully, its business and results of operations could suffer. The Company's ability to manage growth will require it to continue to build its operational, financial and management controls, contracting relationships, marketing and business development plans and controls, and reporting systems and procedures. The Company's ability to manage its growth will also depend in large part upon a number of factors, including the ability for it to rapidly:

- expand its internal and operational and financial controls significantly so that it can maintain control over operations;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- build a sales team to keep customers and partners informed regarding the technical features issues and key selling points of its products and services;

- develop support capacity for customers as sales increase; and
- build a channel network to create an expanding presence in the evolving marketplace for its products and services.

An inability to achieve any of these objectives could harm the business, financial condition and results of operations of the Company. The Company's failure to attract new customers, retain revenue from existing customers, or increase sales to new and existing customers could be due to a number of other factors, including:

- reductions in our current or potential customers' spending levels;
- competitive factors affecting the market for digital delivery of healthcare, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors;
- our ability to execute on our growth strategy and operating plans;
- a decline in our customers' levels of satisfaction with our platform and customers' usage of our platform;
- changes in our relationships with third parties, including physicians and other healthcare professionals;
- the timeliness and success of new services and products that the Company may offer in the future;
- concerns relating to actual or perceived privacy or security breaches;
- frequency and severity of any system outages;
- technological changes or problems; and
- our focus on long-term value over short-term results, meaning that the Company may make strategic decisions that may not maximize our short-term revenue or profitability if the Company believes that the decisions are consistent with our mission and will improve our financial performance over the long term.

Reliance on Key Personnel

The Company's success depends largely on the continued services of its executive officers and other key employees. The Company relies on its leadership team in the areas of research and development, operations, security, marketing, sales, customer support, general and administrative functions, and on individual contributors in its research, development and operations. From time to time, there may be changes in the Company's executive management team resulting from the hiring or departure of executives, which could disrupt, and harm, its ability to implement its business plan. The loss of one or more of the Company's executive officers or key employees could harm the Company's business. The Company does not have key person insurance in effect for management.

In addition, to execute its growth plan, the Company must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Company will be able to continue to attract and retain the personnel necessary for the development and operation of the Company's business. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of the Company's equity awards declines, it may harm the Company's ability to recruit and retain highly skilled employees. If the Company fails to attract new personnel or fails to retain and motivate current personnel, this could have a material adverse effect on the Company.

Reliance on Physicians and Other Healthcare Professionals

The Company relies heavily on the availability of physicians and other healthcare professionals to provide services at its facilities. If physicians and other healthcare professionals were unable or unwilling to provide these services in the future, this would cause interruptions in the Company's business until these services are replaced. As such, vacancies and disabilities relating to the Company's current medical staff may cause interruptions in the Company's business and result in lower revenues.

In addition, the Company cannot be assured that every physician and other healthcare professional will otherwise comply with the restrictions and limitations applicable to their scope of practice or our policies and procedures in respect of use of the platform. While physicians and other healthcare professionals engaged by us are trained members of their applicable regulatory body, they must use their independent discretion to provide services. The Company does not have the ability to control actions or omissions of each provider. Any failure by an individual provider to execute sound judgment in determining whether a customer's state of health or condition is compatible with virtual care could cause harm, including potential health risks to the customer(s), which may result in negative health outcomes, negative mental health outcomes, disease or even death, and expose the Company to reputational damage and have a material adverse effect on the Company.

As the Company expands its customer base, it may also encounter difficulty in securing the necessary professional medical and skilled support staff to support such expansion. There is currently a shortage of certain medical physicians in Canada, and this may affect the Company's ability to hire physicians and other healthcare practitioners in adequate numbers to support its business objectives, which may have a material adverse effect on the Company.

Risks and Uncertainties Related to Geopolitical Events, Natural Disasters, Pandemics and Other Catastrophic Events

Catastrophic events in general can have a material impact on the potential continuity of the Company's business. Such events may result in a period of business disruption and reduced operations, which could have a material adverse effect on the Company. While the potential economic impact brought by such events may be difficult to assess or predict, they could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect our liquidity.

In recent years, the spread of COVID-19, invasion of Ukraine by Russia and collapse of financial institutions such as the Silicon Valley Bank, have severely impacted many local economies around the globe. Global stock markets also experienced great volatility, with governments and central banks having responded with monetary and fiscal interventions to stabilize economic conditions. The Company's financial conditions are reliant on continued operations, and in circumstances where continued operations are not possible, the Company is likely to experience a decline in its revenue and may suffer additional disruptions in the form of lack of access to its workforce, customers, technology, or other assets. The extent of the impact on the Company will vary with the extent of the event and consequential disruption and cannot be adequately predicted in advance.

Inability to Leverage Technology

The Company achieving its business objectives depends, in part, on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to a number of risks present in the industry. The Company may not be able to successfully launch new solutions, and there can be no assurances the Company's engineering and development efforts will be successful in competing and launching such solutions. There can be no assurances that the Company will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Company's target markets may have a material adverse effect on the Company.

Competition

The industry in which the Company operates is highly competitive, evolving and characterized by technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, as well as greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. If the Company cannot compete against existing and future competitors, it may be materially and adversely affected.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the ability of the Company to achieve its business objectives. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company.

Infrastructure Risk

The Company's continued growth depends, in part, on the ability of its existing and potential customers to access its platform 24 hours a day, seven days a week, without interruption or degradation of performance. The Company may experience disruptions, data loss, outages and other performance problems with its infrastructure due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, denial-of-service attacks, or other security related incidents. In some instances, the Company may not be able to identify the cause or causes of these performance problems immediately or in short order. The Company may not be able to maintain the level of service uptime and performance required by its customers, especially during peak usage times and as its products become more complex and its user traffic increases. If the Company's platform is unavailable or if the Company's customers are unable to access its products or deploy them within a reasonable amount of time, or at all, the Company's business would be harmed. Since the Company's customers rely on its service to access and complete their work, any outage on the Company's platform would impair the ability of its customers to perform their work, which would negatively impact the Company's brand, reputation and customer satisfaction. Moreover, the Company depends on services from various third parties to maintain its infrastructure and distribute its products via the Internet. Any disruptions in these services, including as a result of actions outside of its control, would significantly impact the continued performance of the Company's products. In the future, these services may not be available to the Company on commercially reasonable terms, or at all. Any loss of the right to use any of these services could result in decreased functionality of the Company's products until equivalent technology is either developed by the Company or, if available from another provider, is identified, obtained and integrated into the Company's infrastructure. If the Company does not accurately predict its infrastructure capacity requirement, its customers could experience service shortfalls. The Company may also be unable to effectively address capacity constraints, upgrade its systems as needed, and continually develop its technology and network architecture to accommodate actual and anticipated changes in technology.

Any of the above circumstances or events may harm the Company's reputation, cause customers to terminate their agreements with the Company, impair the Company's ability to obtain contract renewals from existing customers, impair the Company's ability to grow its customer base, and otherwise have a material adverse effect on the Company.

Potential for Software System, Database or Network Related Failures or Defects

The Company relies on software systems, databases and networks to process, transmit and store digital information. The Company also relies on technological solutions from a number of vendors and business units to effectively work together in order deliver its digital solutions and services to its customers. A software bug, failure or defect may negatively impact software systems, databases and networks from operating properly which could result in the inability of our customers from receiving our products for an indeterminate period of time.

These events will likely result in loss of revenue. In addition, they could result in significant expense to repair or replace damaged equipment and remedy resultant data loss or corruption. A prolonged interruption in the availability or reduction in the speed or other functionality of our platform could materially harm our reputation and business. Frequent or persistent interruptions in access to functionality of our platform could cause the Company's customers to believe that our platform is unreliable. If the Company's platform is unavailable when customers attempt to access it, or if it does not perform to expected levels, our customers may cease to use our platform entirely. Moreover, to the extent that any system failure or similar event results in damages to customers, these customers could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly to address. While the Company has implemented measures intended to prevent or mitigate such interruptions, there can be no assurance that such measures will successfully prevent service interruptions in the future.

Cybersecurity Risks

Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers", malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks. The security measures the Company has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers' data was disrupted, the Company could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Company's business and damage its reputation. Security breaches impacting the Company's products could result in a risk of loss or unauthorized disclosure of customers' information, which, in turn, could lead to litigation, governmental audits and investigations, and possible liability. In addition, a network or security breach could damage the Company's relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Company's network, its customers' networks, or other networks, whether or not any such breach is due to a vulnerability in the Company's products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information, or otherwise compromise the security of the Company's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Company may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security. Failure to prevent or mitigate security breaches and improper or unauthorized access to, use or disclosure of our data or customer data, including any personal information and personal health information, could result in the loss or misuse of such data, which could harm our business and reputation.

Confidentiality of Personal and Health Information

The Company and its subsidiaries' employees have access, in the course of their duties, to the personal information of clients of the Company and specifically their medical histories. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients. The Company's products are used to transmit, receive and store a large volume of data, including personal information and other confidential information. The Company does not regularly monitor or review the content that its customers upload and store and, therefore, does not control the substance of the content on its servers, which may include personal information. The Company may experience successful attempts by third parties to obtain unauthorized access to the personal information of its customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personal information could have an adverse effect on the Company's business, financial condition and results of operations.

The Company is also subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data and its agreements with certain customers require the Company to notify them in the event of a security incident. The Company has posted on its website its privacy policy and terms of service, which describe its practices concerning the use, transmission and disclosure of customer data. In addition, the interpretation of data protection laws in the United States, Canada and elsewhere, and their application to the Internet, is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction, and in a manner that is not consistent with the Company's current data protection practices. Changes to such data protection laws may impose more stringent requirements for compliance and impose significant penalties for non-compliance. Any such new laws or regulations, or changing interpretations of existing laws and regulations, may cause the Company to incur significant costs and effort to ensure compliance.

The Company's failure to comply with federal, state, provincial and foreign laws regarding privacy and protection of data, as applicable, could lead to significant fines and penalties imposed by regulators, as well as claims by its customers and their customers. These proceedings or violations could force the Company to spend money in defense or settlement of such proceedings, result in the imposition of monetary liability, divert management's time and attention, increase the Company's costs of doing business, and adversely affect the Company's reputation and the demand for its products. In addition, if the Company's security measures fail to adequately protect personal information, the Company could be liable to both its customers and their customers for their losses. As a result, the Company could be subject to fines, could face regulatory action, and its customers could end their relationships with the Company. There can be no assurances that the limitations of liability in the Company's contracts would be enforceable or adequate or would otherwise protect the Company from any such liabilities or damages with respect to any particular claim. The Company also cannot be sure that its existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or, at all, or will be available in sufficient amounts to cover one or more large claims, or that its insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in its insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on the Company.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulations and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in government regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could materially adversely affect the Company. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime.

The introduction of new services and products may require the Company to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining approval licenses, permits or certificates, increasing our security measures and expending additional resources to monitor developments in applicable rules and ensure compliance. There could also be laws and regulations applicable to our business that the Company has not identified or that, if changed or interpreted differently by competent authorities or regulatory bodies, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

Due to the breadth of these laws and the narrowness of statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws and regulations. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the Company.

Reliance on Strategic Partnerships

To achieve its business objectives, the Company anticipates that it will continue to depend on relationships with third parties, such as information technology vendors and channel partners. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be effective in providing incentives to third parties to favour their products or services over the Company's. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of its current and potential customers as its partners may no longer facilitate the adoption of its applications by potential customers. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, the Company's ability to compete in the marketplace or grow its revenue could be impaired, and its results of operations may suffer. This could cause the Company to incur additional costs or cause material interruptions to its business until these services are replaced if possible. Even if the Company is successful, it cannot be sure that these relationships will result in increased customer usage of its products or increased revenue.

Reliance on Internet Access

The Company's success depends upon the general public's ability to access the internet, including through mobile devices, and its continued willingness to use the internet and our platform to receive and, if applicable, to pay for healthcare services. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including changes to laws or regulations impacting internet neutrality, could decrease the demand for our platform, increase our operating costs, or otherwise adversely affect our business. Given uncertainty around these rules, the Company could experience discriminatory or anti-competitive practices that could impede our growth, increase our costs or adversely affect our business. If customers become unable, unwilling or less willing to use the internet and our platform for healthcare and wellness services for any reason, including lack of access to high-speed communications equipment, congestion of traffic on the internet, internet outages or delays, disruptions or other damage to customers' electronic devices, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, our business could be adversely affected.

Changes in Technology

The Company operates in a competitive industry characterized by rapid technological change and evolving industry standards. The Company's ability to attract new customers and increase revenue from existing customers will depend largely on its ability to anticipate industry standards and trends, respond to technological advances in its industry, and to continue to enhance existing products or to design and introduce new products on a timely basis to keep pace with technological developments and its customers' increasingly sophisticated needs. The success of any enhancement or new product depends on several factors, including the timely completion and market acceptance of the enhancement or new product. Any new product the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implements new technologies before the Company is able to implement them, those competitors may be able to provide more effective products than the Company at lower prices. Any delay or failure in the introduction of new or enhanced products could harm the Company's business, results of operations, and financial condition.

The Company's products are expected to embody complex technology that may not meet those standards, changes and preferences. The Company's ability to design, develop and commercially launch new products depends on a number of factors, including, but not limited to, its ability to design and implement solutions and services at an acceptable cost and quality, its ability to attract and retain skilled technical employees, the availability of critical components from third parties, and its ability to successfully complete the development of products in a timely manner. There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively respond to technological changes or fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of its business.

Difficulty in Forecasting

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The Company's estimates and forecasts relating to the size and expected growth of its target market, market demand and adoption, capacity to address this demand, and pricing may prove to be inaccurate. The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the Company.

Market for Telemedicine, Telehealth and the Virtual Delivery of Other Services

The market for telemedicine and telehealth services is relatively new, and it is uncertain whether it will achieve and sustain high levels of demand, consumer acceptance and market adoption. The Company's success will depend to a substantial extent on the willingness of our customers to subscribe for services, to consent to use, and to increase the frequency and extent of their use of services through the platform, and on our ability to further demonstrate the value of digital healthcare and our other services to employers, health plans, government agencies and other purchasers of healthcare for beneficiaries. If our customers do not perceive the benefits of accessing services through the platform, or if the services do not attract customers, or if the services do not drive customer engagement, then our market may not develop at all, or it may develop more slowly than we expect. The services may be perceived by employers, health plans, government agencies and other purchasers of healthcare and our other services to be more complicated or less effective than traditional approaches, and people may be unwilling to change their current health or mental health and wellness regimens or approaches to EAPs and other wellness programs. Similarly, individual and healthcare industry concerns regarding patient or client confidentiality and privacy in the context of digital healthcare could limit market acceptance of our healthcare services, and customers may be unwilling to provide consent to the use of the internet and the platform to receive services. While the COVID-19 pandemic accelerated the adoption of virtual healthcare, there is no assurance that such a trend will continue. If any of these events occur, it could have a material adverse effect on the Company.

Certain regulatory bodies have also imposed restrictions on the types of services that may be provided by a healthcare professional via telemedicine or virtual care that would not apply if the same health service had been accessed in a face-to-face setting. The Company believes that it has established appropriate safeguards to ensure that its healthcare professionals comply with the policies applicable to them, including established systems for ensuring that healthcare professionals providing services through the platform are appropriately licensed by the applicable regulatory bodies and that their provision of telehealth services to our customers occurs in each instance in compliance with applicable rules governing telehealth. Failure to comply with applicable laws and regulations could result in the services being found to be in breach of the regulatory regime and subject to enforcement by the regulatory bodies, which could have a material adverse effect on our business, results of operations, financial position and prospects.

Response to Evolving Needs

The markets in which the Company competes are characterized by constant change and innovation and the Company expects them to continue to evolve rapidly. The Company believes our success has been based on our ability to identify and anticipate the needs of our customers and design a platform that provides them with the breadth of tools they need. Our ability to attract new customers, retain revenue from existing customers, increase sales to both new and existing customers will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform and website. The Company expects that new services and technologies applicable to the industries in which the Company operates will continue to emerge and evolve. The Company cannot, with any certainty, predict what these new services and technologies may be. The Company may also, from time to time, experience difficulties with software development that could delay or prevent the development, introduction or implementation of new products and services and enhancements. Software development involves a significant amount of uncertainty and time for our research and development team, as it can take our developers months to update, code and test new and upgraded products and services and integrate them into our platform and website. The Company must also continually update, test and enhance our platform and applications. The continual improvement and enhancement of our platform requires significant investment, and the Company may not have the resources to make such investment. Our improvements and enhancements may result in our inability to recoup our investments in a timely manner, or at all. The Company may make significant investments in new products and services or enhancements that may not achieve expected returns. The success of any enhancement or new product or service depends on several factors, including the timely completion and market acceptance of the enhancement or new product or service. The Company's ability to develop new enhancements or products or services may also be inhibited by industry-wide standards, laws and regulations, resistance to change by customers, difficulties relating to integration or compatibility with third-party software or hardware, or third parties' intellectual property rights.

Any new product or service the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. Improving and enhancing the functionality, performance, reliability, design, security and scalability of our platform is expensive, time-consuming and complex, and to the extent the Company is not able to do so in a manner that responds to our customers' evolving needs, our business, financial condition, results of operations, cash flows and prospects will be adversely affected.

Reputational Risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the Company's overall ability to advance its products and services with customers, thereby having a material adverse effect of the Company.

Protection of Brand

The Company believes that developing, maintaining, promoting and enhancing our Company and associated brands is critical to expanding our business. Developing, maintaining, promoting and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative products and services, which the Company may not do successfully.

Errors, defects, data breaches, disruptions or other performance problems with our platform, including with third- party applications, may harm our reputation and brand. The Company may introduce new products and services or terms of service that our customers do not like, which may negatively affect our brand. Additionally, if our customers have a negative experience using our products and services or third-party products and services integrated with our products and services, such an experience may affect our brand, especially as the Company continues to attract more customers to our platform.

Any unfavorable media coverage or negative publicity about our industry or our company, including, for example, publicity relating to the quality and reliability of our platform and services, our privacy and security practices, our product changes, litigation, regulatory activity, or the actions of our service providers, or customers could seriously harm our reputation. Such negative publicity could also adversely affect the engagement and loyalty of our customers and users and result in decreased revenue, which could seriously harm our business. Critics of our industry, and others, have in the past and may in the future utilize the internet, the press and other means to publish criticisms of our industry, our Company and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. The Company, or others in our industry, may receive similar negative publicity or allegations in the future, and it could be costly, time consuming, distracting to management, cause fluctuations in the market price of our Common Shares and harm our business and reputation.

The services are provided to eligible individuals by our providers, and by our subsidiaries' employees and contractors, and as a result, to the extent any provider is negligent or otherwise does not provide services care at a standard of care that would meet our expectations or is subject to allegations, investigations, complaints, disciplinary action, license suspension or revocation, criminal proceedings, or otherwise brings the reputation of the platform or our Company into material disrepute, such a circumstance could have a negative impact on our reputation which could have a material adverse effect on the Company.

The Company believes that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products and services at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. Our efforts to market our brand have involved significant expenses. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

Protection of Intellectual Property

The Company has patents in respect of the RTIP but does not otherwise currently hold any patents, copyrights or trademarks. The Company's commercial success depends to a significant degree upon its ability to develop new or improved technologies, instruments and products, and to obtain patents, where appropriate, or other intellectual property rights or statutory protection for these technologies and products in Canada and the United States. Despite devoting resources to the research and development of proprietary technology, the Company may not be able to secure additional patents or to develop new technology that is patentable or protectable. Further, any patents issued to the Company could be challenged, held invalid or unenforceable, or be circumvented and may not provide the Company with necessary or sufficient protection or a competitive advantage. Competitors and other third parties may be able to design around the Company's intellectual property or develop products similar to its products that are not within the scope of such intellectual property. The Company may also be unable to prevent third parties from using its intellectual property without its authorization. The unauthorized use of the Company's intellectual property could reduce any competitive advantage that it has developed, reduce its market share or otherwise harm its business. The Company's inability to secure its intellectual property rights may have a material adverse effect on the Company.

The Company may also become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products. Third parties may assert infringement claims against us, and if the Company is found to infringe a third party's intellectual property rights, the Company could be required to obtain a license from such third party to continue commercializing our products. However, the Company may not be able to obtain any required license on commercially reasonable terms or at all. Under certain circumstances, the Company could be forced, including by court order, to cease commercializing the applicable product. In addition, in any such proceeding or litigation, the Company could be found liable for monetary damages. A finding of infringement could prevent the Company from commercializing our products or force us to cease some of our business operations, which could materially harm our business. Any claims by third parties that the Company has misappropriated their confidential information or trade secrets could have a similar negative impact on our business. The Company attempts to ensure that our products and the methods the Company employs to manufacture them, as well as the methods for their uses the Company intends to promote, do not infringe other parties' proprietary rights. There can be no assurance they do not, however, and competitors or other parties may assert that the Company has infringed their proprietary rights in any event. Prosecution and protection of the intellectual property rights sought can be costly and uncertain, often involve complex legal and factual issues, and consume significant time and resources. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States.

Vulnerability of Customers

It may be the case that one or more customers use or rely upon the Company's services for purposes for which they have not been designed or rely upon a healthcare professional to provide services that they are not qualified to provide, which may result in the customer suffering negative outcomes, including health outcomes, mental health outcomes or death or costly litigation proceedings including professional liability claims against both the healthcare professionals and us. Any such event or litigation could be detrimental to our reputation, business, operations and prospects.

If one or more customers experiences a negative health outcome, negative mental health outcome, disease or death after accessing the platform or receiving services from a service provider through EAP, whether or not arising from any real or perceived professional misconduct or negligence on the part of the healthcare professional or service provider, the Company or its providers could become subject to legal claims. Any such claims, regardless of merit, that result in litigation could result in substantial expenses, divert the attention of management, cause significant delays in introducing new or an expanded scope of services, interfere with our ability to recruit and retain providers, materially disrupt the conduct of our business and have a material and adverse effect on our brand, business, financial condition and results of operations. Any adverse decision could subject us to significant liabilities, result in additional inquiries, audits or complaints from governmental authorities or regulatory bodies, prevent us from offering all or a portion of the services and otherwise negatively affect our business and operating results.

The Company may be subject to adverse publicity or reputational harm, even if claims against us or the providers are later shown to be unfounded or unsubstantiated. Moreover, there could be public announcements of the allegations of a claim, results of hearings, motions or other interim proceedings or developments or disciplinary actions taken by regulatory bodies and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the Company.

In addition, one or more individuals may utilize services in a manner that could be deterring to our internal and technological resources, including the resources of the healthcare professionals and other providers. To the extent our platform is affected by a concentrated or over-utilization of services at a given time, our profitability and cash flows may be adversely affected.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may have a material adverse effect on the Company.

Conflicts of Interest

Certain of the Company's directors and/or officers may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the *Business Corporations Act* (British Columbia) and any decisions made any of such directors and officers involving the Company are subject to the duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

Reliance on Third Parties

The Company does not own real property and leases premises for the operations of its clinics and various offices. There is a risk that these leases may not be renewed at the end of term, and a risk that an alternative location cannot be found. Moreover, these leased properties are managed by third parties and as such there is no assurance that they will be managed and maintained to meet any required environmental and safety standards. Any adverse change or event affecting the Company's premises may have a material adverse effect on the Company.

The Company also relies on computer hardware, purchased or leased, and software licensed from and services rendered by third parties in order to run our business. Third-party hardware, software and services may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use or any failures of third-party hardware, software or services could result in delays in our ability to run our business until equivalent hardware, software or services are developed by us or, if available, identified, obtained and integrated, which could be costly and time-consuming and may not result in an equivalent product or service, any of which could cause an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Furthermore, customers could assert claims against the Company in connection with service disruptions or cease conducting business with us altogether. Even if not successful, a claim brought against us by any customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our products and services.

Volatile Market Price for Common Shares

The market price for the Company's common shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company control, including, but not limited to: (i) actual or anticipated fluctuations in the Company's operating results; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which the Company operates; (iv) addition or departure of the Company's executive officers and other key personnel; (v) sales or anticipated sales of additional common shares; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (vii) announcements of technological innovations, patents or new commercial products by the Company or its competitors; (viii) regulatory changes affecting the Company's industry generally and its business and operations; (ix) news reports relating to trends, concerns, technological or competitive developments and other related issues in the Company's industry or target markets; and (x) changes in global financial markets, global economies and general market conditions.

The common shares have been subject to significant price and volume fluctuations historically and may continue to be subject to significant price and volume fluctuations in the future. Significant market price and volume fluctuations can affect the market prices of equity securities of companies and have often been unrelated to the operating performance, underlying asset values or prospects of such companies.

Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that fluctuations in share price and volume will not occur.

Further, there can be no assurance that an active and liquid market for the common shares will develop, and investors may find it difficult to resell the common shares. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and there may be a material adverse effect on the Company and the trading price of the common shares.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the long-term value of the Company. Class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Ongoing Costs and Obligations Related to Investment in Infrastructure, Growth, Operations and Regulatory Compliance

The Company expects to incur significant ongoing costs and obligations related to achieving our business objectives and regulatory compliance, which could have a material adverse effect on the Company. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company. The Company's efforts to achieve its business objectives may be costlier than expected, and the Company may not be able to generate sufficient revenue to offset such higher operating expenses.

Uncertainty of Liquidity and Capital Requirements

The future capital requirements of the Company will depend on many factors, including the rate of growth of its client base, the costs of expanding into new markets (if any), the growth of the market for healthcare services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures and may not be able to repay its debt obligations. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Company's results of operations or cause the Company to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial and other information, which would likely have a negative effect on the trading price of the common shares.

Management does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance further growth and operations.