CLOUD DX

Cloud DX Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2021 and 2020

BACKGROUND

This Interim MD&A for Cloud DX Inc. for the three and nine months ended September 30, 2021 and 2020 provides detailed information on the operating activities, performance, and financial position of Cloud DX Inc. (the "Company" or "Cloud DX"). This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September, 2021 and 2020, its audited consolidated financial statements at December 31, 2020 and its Annual Information Form found on SEDAR www.sedar.com. The Company prepares its interim unaudited consolidated financial statements and annual consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with international interpretations of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") – see note 2 of the September 30, 2021 unaudited condensed interim consolidated financial statements for further information. All dollar figures stated herein are expressed in Canadian dollars ($ or CAD), unless otherwise specified. Prior to the Transaction (see below), the functional currency utilized by Cloud DX, Inc. was USD; see Note 23 of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2021.

The date of this Interim MD&A is November 16, 2021, the date on which it was approved by the Board of Directors.

This Interim MD&A contains forward-looking statements. See Forward-Looking Statements below for further information.

COMPANY OVERVIEW

Cloud DX is a Health Canada licensed, FDA registered medical device manufacturer and software developer that offers a complete "end-to-end" virtual healthcare platform called Cloud DX Connected Health. The Company has developed and cleared through regulatory agencies a family of proprietary medical devices, each of which collects multiple vital signs. Cloud DX customers purchase Connected Health in order to remotely monitor patients with a variety of conditions including serious chronic illnesses such as chronic obstructive pulmonary disease ("COPD") and congestive heart failure ("CHF"), as well as patients recovering from surgery and COVID-19 patients outside of hospitals. Typical Cloud DX customers include academic institutions, large hospitals and provincial health authorities in Canada, and physician practices and hospitals in the United States.

Cloud DX is focused on offering the best possible virtual care experience. By manufacturing proprietary vital sign devices, the Company can constantly improve the patient user experience (UX), making virtual care more engaging for those who need it most. By collecting unique and accurate remote data, clinicians have more information to use in therapeutic decision making, while streamlining workflow with automated monitoring. Using advanced data science techniques, patterns are identified in patient generated data that indicate the probability of poorer health outcomes, enabling rapid intervention and saving lives. By managing the full patient-to-provider experience, costs can be reduced with improved ROI for healthcare payers including Canadian health ministries, US Medicare and private insurance providers

Principal Products and Services

Cloud DX Connected Health Kits typically include our proprietary Pulsewave® wrist cuff blood pressure monitor, the Cloud DX Bluetooth pulse oximeter, the Cloud DX wireless weight scale and optionally, a digital thermometer and digital wireless glucose meter from 3rd party suppliers. These devices, combined with customized tablet computers and mobile Connected Health apps, form the 'patient-facing' part of Connected Health. Substitutions to some medical devices (e.g. 'bring your own device') can be made should customers so choose. A secure online Clinician Portal allows medical professionals to remotely monitor the health of patients. Clinical support software detects when certain triggers are reached (for example, a drop in oxygen saturation) and generates a notification to providers. Nurses can then contact the patient by secure in-app text messaging and initiate a telemedicine video conference to intervene to improve outcomes. Cloud DX records raw bio-signals, vital sign metrics, survey answers, provider notes, images and documents in HIPAA-compliant Microsoft Azure datacenters in Canada and the USA. All patient data remains within the borders of its country of origin to comply with regulations. These discrete data points are aggregated into large sets of unique raw data that can be analyzed using machine learning algorithms to detect patterns that may predict future health outcomes, both on a personal level and in larger populations.

Connected Health has been shown to improve patient outcomes for patients with COPD ("*Technology-Enabled Self-Management of Chronic Obstructive Pulmonary Disease With or Without Asynchronous Remote Monitoring: Randomized Controlled Trial*", JMIR, July 2020) and patients recovering from surgery ("*Post-discharge after surgery Virtual Care with Remote Automated Monitoring-1 (PVC-RAM-1) technology versus standard care: randomised controlled trial*" BJM, Sept 2021). Patients report feeling empowered by knowing their vital sign status, and by having the ability to connect with providers to ask questions. Cloud DX devices and software can detect changes in vital signs and symptoms early, allowing clinicians to intervene quickly and prevent more serious deteriorations that might require hospitalization, or in some cases might be fatal. The main return on investment from a Connected Health deployment includes both a more engaged patient, as well as reduced ER visits and admissions, or readmissions. For example, in Canada an average hospital admission for a COPD exacerbation costs ~$7,500, while an admission to the intensive care unit ("ICU") averages ~$30,000 (*Canadian Institute for Health Information "Patient Cost Estimator*", www.cihi.ca). In the United States, savings from Connected Health deployments include similar amounts for hospitalizations. For hospitals and providers that accept Medicare, patient satisfaction forms a component of the reimbursement for care, and low satisfaction score can result in penalties and fines. Connected Health has been seen to improve patient satisfaction with remote monitoring in published studies ("*Evaluating the Use of Mobile Health Technology in Older Adults with Heart Failure*", JMIR-Aging, April 2018).

Market

According to government statistics, in Canada 5+ million people over 35 suffer from COPD, CHF or their precursors ("*https://health-infobase.canada.ca/datalab/copd-blog.html*" and "*https://www.canada.ca/en/public-health/services/publications/diseases-conditions-heartdisease-canada-fact-sheet.html"*). Meanwhile, 50+ million Americans over the age of 65 qualify for reimbursed remote patient monitoring (RPM) and chronic care management (CCM) paid for by US Medicare "CPT Codes" (*CMS.gov*). Cloud DX Connected Health solutions are reimbursed to the provider in the US by Medicare billing codes CPT 99453 and CPT 99454. These billing codes pay Medicare physicians approx. US$150.00 per patient per month.

Offices

The Company's head office is 100-72 Victoria Street South, Kitchener, Ontario, N2G 4Y9 with its US headquarters at 834-20 Jay Street, Brooklyn, New York, 11201.

KEY HIGHLIGHTS AND RECENT DEVELOPMENTS

Cloud DX, Inc. was incorporated in the State of Delaware on September 11th, 2014; Cloud Diagnostics Canada ULC was incorporated under the laws of British Columbia on September 14th, 2014 by Robert Kaul, Anthony Kaul and Dr. Sonny Kohli. On September 15th, 2014 the founders of Cloud DX acquired the medical device assets of Biosign Technologies Inc. ("Biosign"). The assets acquired included all intellectual property related to the Pulsewave® PAD-1A wrist cuff blood pressure device, its internet platform, windows software application and hardware. All existing inventory of Pulsewave® devices (around 12,000 units) was also acquired as was business infrastructure such as office leases, servers, desktop computers etc. Over several years prior to the asset sale Biosign had developed a new-concept medical device which non-invasively collected pulse pressure wave form signals from a peripheral artery and analyzed those signals to derive vital signs including heart rate, blood pressure and pulse rate variability. By 2014, this device had been branded the Pulsewave® wrist cuff blood pressure device and was being manufactured by Biosign. Pulsewave® was unique among medical devices because it used cloud-based algorithms for digital signal processing, making it programmable and remotely updatable. As a wrist cuff it was very easy for patients to use, compared to the typical arm cuff BP (Blood Pressure) device.

On April 12, 2021, (i) the Company and Cloud DX, Inc. completed a series of transactions resulting in a reorganization of Cloud DX, Inc. and the Company and pursuant to which the Company became the indirect parent of Cloud DX, Inc. and its sole shareholder and (ii) the Company was continued under the Canada Business Corporations Act (the "Continuance") by Certificate and Articles of Continuance. ((i) and (ii) collectively referred to as the "Transaction").

The Common Shares of the Company that were previously halted trading with the symbol "RSVT" on the Toronto Venture Exchange (the "TSXV") commenced trading under the symbol "CDX" on April 15, 2021. On July 15, 2021 the Company began trading on the OTCQB under the symbol "CDXFF". Relevant documents including the Company's Annual Information Form may be found on SEDAR at www.sedar.com.

Since April 15, 2021, when the Company began to trade (See Reverse Takeover Transaction section of this MD&A for details) there have been the following developments.:

- The Company announced it was granted a new US patent for its Pulsewave® PAD-2A vital sign monitoring device, for measuring respiration rate remotely.
- Maxwell Telecare, a digital platform with US physicians licensed in all 50 States partnered with Cloud DX to provide virtual care and remote monitoring to residents of select US long-term care facilities. Through existing contracts Maxwell has access to over 25,000 patients.
- The Company extended its contract with a large Canadian Provincial Health Authority.
- Medicuro Virtual Health Clinic purchased the Company's technology for Remote Patient Monitoring in Newfoundland and Labrador.
- The Lung Health Foundation contracted with Cloud DX to manage chronic obstructive pulmonary disease with remote patient monitoring in Ontario hospitals.

- Luxury senior living development Wellness Suites to deploy Cloud DX Connected Health Kit as part of a progressive resident care strategy.

- The Company received approval for its securities to be quoted on the OTCQB under the symbol CDXFF.

- Cloud DX's remote patient monitoring platform was purchased by Hamilton Health Services and St. Joseph Hospital in order to address COVID-related surgical backlogs. There were over 400,000 postponed surgeries in Canada due to COVID disruptions in 2020 and early 2021.

- Cloud DX and Dagamma Ecommerce Solutions Inc. announced a partnership to sell a Maternal Health Track™ program through Dagamma channels, gaining a channel partner and access to a receptive market. Dagamma processes over 100,000 annual purchasers via their ecommerce website, an immediate new market for Cloud DX health programs.

- The Company announced a contract with Prizm Media to select, educate and market reimbursed Remote Patient Monitoring to US patients with whom Prizm has a marketing relationship. An immediate target of 2,000 patients enrolled was announced. Prizm Media's database contains over 1 million chronic disease management patients.

- On October 1, 2021, Cloud DX closed $2,192,000 in convertible debenture financing consisting of 2,291 units at a price of $1,000. The convertible debentures are unsecured, bear interest at 10% per annum and mature on October 1, 2024. Each $1,000 debenture may be converted to common shares at a price of $0.35 at any time prior to maturity and carries 1,430 common share warrants entitling the holder to acquire one common share at a price of $0.50. The warrants expire October 1, 2023.

ACCESS TO PATIENTS

The first step in selling Cloud DX Remote Patient Monitoring products and services is to sign contracts with healthcare providers (clinics, hospitals, or government ministries). Under these contracts, the provider can then begin to enroll their eligible patients in Cloud DX Connected Health. Once enrolled, and provided the patient takes a minimum number of vital sign readings every 30 days, providers (in particular, US providers) can then bill public and private insurance for payment of the CPT codes that cover the cost of Cloud DX hardware and software. The number of "Patients Available" under each contract is therefore an important metric, indicating the maximum number of patients that could be enrolled. Usually, not all patients available are qualified for reimbursement, so "Patients Enrolled" will be a fraction of "Patients Available" under any given contract.

Through continually partnering with healthcare providers, Cloud DX has seen access to available patients suited to its remote patient monitoring products increase as follows:

Number of patients available as at January 1, 2021	3,700
Additional patients in Q1, 2021	2,500
Additional patients in Q2, 2021	25,100
Additional patients in Q3, 2021	200,000 +
Number of patients available as at September 30, 2021	231,300 +

As of the date of this report, largely due to the recent partnership with Dagamma eCommerce Systems Inc., and the contract with Prizm Media, Cloud DX now has access to in excess of 200,000 patients.

COVID - 19

The Company has taken a number of measures to monitor and mitigate the effects of COVID-19 such as safety and health measures and securing the supply of materials that are essential to operations. Thus far, the impact on the business has been positive given the nature of the products and services that Cloud DX provides however longer supply chain lead times are being closely monitored and addressed. As the Company operates in the healthcare sector, it has seen an increased demand for products and services as well as government interest in funding the development of new products. The Company will continue to follow the various government policies and advice and monitor the implications of COVID -19 on the Company.

NON-IFRS Financial measures

The Company's unaudited condensed interim consolidated financial statements are prepared in accordance with IFRS. The financial measures that are used and defined below do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities and other measures of financial performance as determined in accordance with IFRS; however, the Company believes that these measures are useful in providing relative operational profitability of the Company's business.

EBITDA

EBITDA refers to earnings before finance costs, depreciation & amortization and income taxes. EBITDA is a non-IFRS measure that reflects the operational profitability of the business.

Adjusted EBITDA

Adjusted EBITDA refers to earnings before finance costs, depreciation & amortization and income taxes adjusted for fair value related income/expenses including share-based compensation. Adjusted EBITDA is a non-IFRS measure that representationally reflects the operational profitability of the business as fair value calculations of convertible debt, marketable securities and share based compensation are reflective of current market influences on past decisions.

Gross Profit and Gross Profit Margin

Gross Profit is Revenue less Cost of Sales and Gross Profit Margin is Gross Profit as a percentage of revenue. Cost of Sales is inclusive of inventory only; there is no labour component currently included. These are non-IFRS measures that provide meaningful metrics in assessing the Company's financial performance and operational efficiency.

Future Opportunities

The Company has several products currently at various stages of development for future roll out:

1. Pulsewave PAD 2A wrist cuff health monitor
2. Vitaliti continuous vital sign monitor
3. AcuScreen Cough Analysis smartphone app and artificial intelligence platform

Pulsewave® PAD 2A

This is the next generation version of Cloud DX's Pulsewave device which will be the first device of its kind to accurately measure respiration rate as well as blood pressure. It has entered clinical calibration and validation trials at Dalhousie Medicine New Brunswick in Saint John NB, and the Company looks forward to completing the requisite Health Canada and FDA approvals when the trials are complete. The Company expects to spend $1.7M from August 2020 to July 2022 to complete its project with financial co-investment from the Next Generation Manufacturing Supercluster ("NGEN"). All project costs are 50% funded by NGEN, including the production of the first 10,000 units and the project is expected to bring PAD 2A into full commercialization in mid-2022.

This device will replace the original Pulsewave PAD 1A blood pressure monitor and provide advanced spot telemetry including precision clinical blood pressure, cardiac anomalies and respiration rate metrics, for use in remote patient monitoring deployments, telemedicine and in-clinic for advanced cardiac analysis based on a single easy reading.

Vitaliti™ continuous vital sign monitor

Vitaliti™ is Cloud DX's award winning continuous vital sign monitoring platform. With $300,000 in non-dilutive financial support from Innovations Solutions Canada in 2020, next iteration of Vitaliti™ hardware is undergoing a step change towards affordability (previous bill of materials was >$1,000; revised bill of materials is ~$100) and has been selected as the virtual care platform for several large academic studies that will provide necessary data for Health Canada and FDA approvals. According to current timetables, these studies will commence in late 2021 and early 2022. The prototype devices will generate a fee for use during the studies and since there are several other projects that are funding the Company's efforts to bring the device to commercialization, the Company anticipates that the Vitaliti program will be net cash flow neutral to the point at which approvals will be received and manufacturing can commence.

AcuScreen™ cough analysis platform

AcuScreen™ is a mobile software application and cloud-based machine learning platform that can detect the presence of certain diseases using a patient's cough signature and is currently undergoing clinical testing in Maputo, Mozambique to determine accuracy in the detection of active tuberculosis (TB). On November 3rd, 2021, the Company announced that preliminary results from those tests had recently been presented at the 52nd Annual Union World Conference on Lung Health. The principal investigation in the study, Dr Celso Khosa of the Instituto Nacional de Saúde (INS) in Maputo stated that "data shows that acoustic cough analysis and symptom detection exceeds the World Health Organization requirements for a community-based triage system for tuberculosis". These findings clear the way for the Company to begin discussions with various parties to license AcuScreen™ for eventual deployment as a primary screening tool for TB in high-burden countries, most likely starting in mid-to-late 2022.

Milestones and Available Funds

The filing statement of the Company dated March 31, 2021, which is available on SEDAR at www.sedar.com, identified certain business milestones of the Company which are reproduced below. As of the date hereof, the Company has provided the status of these milestones, the actual or revised estimated costs and the revised date of expected completion thereof, if applicable. The following are "forward-looking statements" and as such, there is no guarantee that such milestones will be achieved on the timelines indicated or at all. Forward-looking statements are based on managements' current expectations and are subject to a number of risks, uncertainties and assumptions. See "Forward Looking Statements".

Milestone	Estimated Timeframe for Completion	Estimated Total Cost of Project per filing statement (CDN $)	Remaining Expenditures to be born by Cloud DX per Filing Statement*	Revised Estimated Remaining Expenditures to be born by Cloud DX*	Status
Launch Pulsewave 2.0 medical device	Q3 2022	$3.5 million	$1.87 million	$1.0 million	In progress
Launch Vitaliti 1.0 medical device	Q1 2023	$2.0 million	$nil	$nil	In progress
Launch reimbursed services in USA	Q3 2021	$4.6 million	$1.35 million	$1.0 million	Launched and continuing to scale
Launch AcuScreen™ cough analysis platform	Q1 2023	$5.0 million	$1.0 million	$500,000	In progress

* certain expenditures remaining in these projects will be born by research partners for the Vitaliti and Cough Analysis milestones.

The Company has negative cash flow from operating activities and has historically incurred net losses. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. See "Risks and Uncertainties".

The expected use of funds represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. The amounts and timing of the actual use of the net proceeds will depend on multiple factors and there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and the Company expects to either issue additional securities or incur debt to do so. As a result, management will retain broad discretion in the application of the available funds and shareholders will be relying on management's judgment regarding such application.

The material factors or assumptions used to develop the estimated costs disclosed above are included in the "Forward-Looking Statements" section below. The actual amount that the Company spends in connection with each of the intended uses of proceeds will depend on a number of factors, including those listed under "Risks and Uncertainties" or unforeseen events.

Selected Consolidated Financial Information

	Three months ended Sept 30		Nine months ended Sept 30	
	2021	2020	2021	2020
	$	$	$	$
Revenue	124,619	206,704	776,413	809,580
Cost of sales	62,270	119,927	237,302	554,845
Gross profit	62,349	86,777	539,111	254,735
Gross profit margin	50.0%	42.0%	69.4%	31.5%
Operating expenses net of depreciation, amortization and share based compensation	2,454,374	1,958,859	6,874,879	4,196,979
Other income and (expenses)	183,180	341,959	(767,711)	563,256
Adjusted EBITDA	(2,208,845)	(1,530,123)	(7,103,479)	(3,378,988)
Share based compensation	(18,485)	(109,602)	(967,432)	(278,005)
Fair value loss	(1,848)	(531,006)	(77,345)	(533,782)
Gain on marketable securities	4,958	361,891	207,887	88,856
EBITDA	(2,224,220)	(1,808,840)	(7,940,369)	(4,101,919)
Depreciation & amortization	(114,755)	(83,805)	(285,858)	(251,238)
Interest	(37,306)	(206,668)	(562,136)	(401,984)
Income taxes	-	-	-	-
Net loss	(2,376,281)	(2,099,313)	(8,788,363)	(4,755,141)
Foreign currency translation gain/(loss)	71,745	(327,812)	51,518	99,737
Comprehensive loss	(2,304,536)	(2,427,125)	(8,736,845)	(4,655,404)
Basic and diluted loss per share	(0.03)	(0.06)	(0.16)	(0.12)

Revenue and Gross Profit

For the three months ended September 30, 2021, overall revenue was lower by $82,085 or 39% due to a large study requiring bulk orders of product commencing shipments in Q2 2020 and continuing into Q3 2020. There was no similar study in 2021. Product sales cause a higher cost of sales resulting in an increase of 42% in gross margin from 8% to 50% period over period. Subscription revenue dipped 18.6% from $100,823 to $82,023 due to the completion of the large study in late summer 2020 offset by more patients on the platform period over period with other customers in 2021.

	Three Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Subscription Revenue	82,023	100,823	(18,800)	(18.6)
Product Revenue	42,596	101,601	(59,005)	(58.1)
Professional and Other Revenue	0	4,280	(4,280)	(100.0)
Cost of Goods Sold	62,270	119,927	(57,657)	(48.1)
Gross Profit	62,349	86,777	(24,428)	(28.2)
Gross Profit %	50.0%	42.0%		8.0

For the nine months ended September 30, 2021, overall revenue was lower $33,167 or 4.1%. Subscription revenue increased 22.3% or $63,237 as overall number of patients on platform increased. However, Product sales decreased $203,137 or 39.7% period over period as a result of the aforementioned large study having no equivalent customer in 2021 so far. Professional and other income improved $106,733 because of the Company's participation in a Digital Technology Supercluster program for which there was no comparative initiative in 2020. Product sales result in a higher cost of sales causing an increase of 37.9% in gross margin from 31.5% to 69.4% period over period.

	Nine Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Subscription Revenue	347,363	284,126	63,237	22.3
Product Revenue	308,966	512,103	(203,137)	(39.7)
Professional and Other Revenue	120,084	13,351	106,733	NMF
Cost of Goods Sold	237,302	554,845	(317,543)	(57.2)
Gross Profit	539,111	254,735	284,376	111.6
Gross Profit %	69.4%	31.5%		37.9

Operating Expenses

Operating expenses are considered by nature with the largest categories being salaries & wages, professional fees, sales, general & administrative, office, research & development, amortization & depreciation and share based compensation.

	Three Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Salaries & wages	1,476,804	1,068,967	407,837	38.2
Professional fees	456,610	491,002	(34,392)	(7.0)
Sales, general & administrative	265,198	82,018	183,180	223.3
Office	146,057	225,318	(79,261)	(35.2)
Research & development	109,705	91,554	18,151	19.8
Amortization & depreciation	114,755	83,805	30,950	36.9
Share-based compensation	18,485	109,602	(91,117)	(83.1)
	2,587,614	2,152,266	435,348	20.2

Operating expenses increased $435,348 or 20.2% in the three months ended September 30, 2021, mainly due to the Company focusing on implementing infrastructure to support scaling of this business. This included hiring an additional net 27 employees between September 30, 2020, and September 30, 2021, that increased salaries and wages by $407,837 or 38.2% and greater sales, general & administrative expenses by $183,180 or 223.3%. Offsetting these increases, office expenses fell by $79,261 or 35.2% thanks to less people in the Kitchener office and the previous period's initial set up costs for the expanded office and professional expenses were lower by $34,392 or 7.0% as legal work for the proposed transaction with Roosevelt Capital Group ramped up in the summer of 2020.

	Nine Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Salaries & wages	4,325,535	2,491,504	1,834,031	73.6
Professional fees	906,130	641,542	264,588	41.2
Sales, general & administrative	872,195	292,668	579,527	198.0
Office	442,684	464,700	(22,016)	(4.7)
Research & development	328,335	306,565	21,770	7.1
Amortization & depreciation	285,858	251,238	34,620	13.8
Share-based compensation	967,432	278,005	689,427	248.0
	8,128,169	4,726,222	3,401,947	72.0

Operating expenses rose $3,401,947 or 72.0% in the nine months ended September 30, 2021, due to three main reasons. Firstly, the Company was focused on implementing infrastructure to support scaling of the business. This included hiring a further 29 employees between September 30, 2020, and September 30, 2021, that increased salaries and wages by $1,834,031 or 73.6% and increased sales, general & administrative expenses by $579,527 or 198.0%. Secondly, the Company's professional expenses increased by $264,588 or 41.2% caused by the public relations, trust agent, consulting, legal and accounting work to conclude the qualifying transaction and take the Company public that did not qualify to be classified in transaction related expenses. Thirdly, when the Company went public, it cancelled its existing option plan and issued new options resulting in a requirement to fair value all new options issued and expense a large proportion of the fair value associated with fully vested grants resulting in an increase to stock based compensation of $689,427. Office expenses were lower by $22,016 or 4.7% courtesy of a drop in the number of people in the Kitchener office and the previous period's initial set up costs for the expanded office.

Other Income and Expenses

	Three Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Foreign exchange gain/(loss)	(14,843)	90,798	(105,641)	(116.3)
Interest expense	(37,306)	(206,668)	169,362	(81.9)
Fair value loss	(1,848)	(531,006)	529,158	(99.7)
Government funding and grant income	199,997	251,161	(51,164)	(20.4)
Gain on marketable securities	4,958	361,891	(356,933)	(98.6)
Other income/(expenses)	(1,974)		(1,974)	NMF
	148,984	(33,824)	182,808	NMF

Other income was greater by $182,808 from $33,824 in net other expenses to $148,984 income in the three months ended September 30, 2021. This was chiefly due to with the improved interest expenses $169,362 or 81.9% lower thanks to conversion of debt in 2020 to shares in 2021. As well as the $356,933 reduction in the gain in the market value of securities received as settlement of a customer contract. The fair value loss improved by $529,158 to a loss of $1,848. On the other hand, Government funding contributed $51,164 less to the other income/expense total due to fewer eligible government programs in 2021, and the $105,641 change resulting in foreign exchange loss off the back of movement between the Canadian and US dollar.

	Nine Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Foreign exchange gain/(loss)	5,359	48,039	(42,680)	NMF
Interest expense	(562,136)	(401,984)	(160,152)	39.8
Fair value (loss)	(77,345)	(533,782)	456,437	NMF
Government funding and grant income	861,253	515,217	346,036	67.2
Gain on marketable securities	207,887	88,856	119,031	NMF
Other income/(expenses)	(1,634,323)		(1,634,323)	NMF
	(1,199,305)	(283,654)	(915,651)	322.8

Other expense grew $915,651 or 322.8% in the nine months ended September 30, 2021. This was primarily caused by the increased ‘other expenses’ stemming from the non-cash listing expense of $723,106 and transaction costs of $909,243 from the go public transaction in 2021 for which there was no comparative expense in 2020 in addition to $160,152 of additional interest accrued on the convertible debt due to a higher balance in 2021 up to the point of conversion. Offsetting these higher expenses were $346,036 more government funding as a result of larger eligible government programs in 2021, a lower foreign exchange gain of $5,359 compared to a $48,039 gain on the back of exchange rate fluctuations in the prior year to date, and the value of the marketable securities increasing by $119,031 based on the market value of securities received as settlement of a customer contract.

Statement of Financial Position

	As at			
	September 30, 2021	December 31, 2020	Change	
	$	$	$	%
Total assets	3,788,247	3,822,498	(34,251)	(0.9)
Total liabilities	3,432,804	8,112,902	(4,680,098)	(57.7)
Shareholders' equity (deficiency)	355,443	(4,290,404)	4,645,847	108.3
Total liabilities and shareholders' equity (deficiency)	3,788,247	3,822,498	(34,251)	(0.9)

Total Assets

Total assets as of September 30, 2021, was slightly lower by 0.9% from total assets as at December 31, 2020 predominantly due to a $373,020 reduction in current assets. Cash decreased by $320,431 or 50.3%, marketable securities was drawn down to zero which represented a decrease of $433,251 and prepaid expenses were $64,913 or 21.0% lower. However, investment in inventory increased $368,202 or 65.7% due to the Company commencing procurement of work in process inventory associated with its program with the 10,000 Pulsewave PAD 2A project with co-investment by NGEN and accommodating increasing supply chain lead times due to COVID. Property, plant & equipment value increased $28,643 from purchases of computer equipment offset by depreciation and the right of use asset increasing by $459,260 or 60.8% courtesy of a new lease on office space in Brooklyn, NY. These increases were countered by a reduction in the intangible assets by $111,172 or 20.4% and a drop in the asset in progress by $37,962 as the Company completed its reimbursable tenant improvements.

Total Liabilities

Total liabilities as of September 30, 2021, decreased by 57.7% from total liabilities as at December 31, 2020 primarily due to $4,572,317 of convertible debts together with the fair value of the conversion feature being settled through the Transaction. The decrease is also attributable to a $287,691 reduction in trade and other payables due to the timing of payments, a $468,774 fall in deferred revenue as the conditions of recognition were met and the revenue was recognized, lower $150,869 in related party advances which were repaid and a $78,105 increase in the current lease liability courtesy of the new lease on office space in Brooklyn, NY. Whilst the non-current lease liability portion changed by $431,916. This was offset by the receipt of a $450,000 interest free Business Scale up and Productivity Contribution Agreement with the Federal Economic Development Agency for Southern Ontario for which a portion was recognized as government assistance revenue with the remaining contributing $289,532 to liabilities.

Summary of Quarterly Results

The table below outlines selected financial data for the most recent eight quarters ended September 30, 2021:

	(In thousands, except loss per share)		
Quarter-ended	Revenue	Net Loss	Loss per Share
	$	$	$
September 30, 2021	124,619	2,376,281	0.03
June 30, 2021	268,212	5,061,918	0.07
March 31, 2021	383,582	1,350,164	0.03
December 31, 2020	354,215	1,057,120	0.02
September 30, 2020	206,704	2,099,313	0.05
June 30, 2020	443,300	1,467,436	0.03
March 31, 2020	159,576	1,188,392	0.03
December 31, 2019	129,187	1,276,072	0.04

The Company's revenues fluctuate quarterly depending on new customers sold and onboarded. As the Company attains scale, this is expected to become more evenly distributed throughout the year with some level of seasonality around traditional holiday periods. The Company's net loss is reflective of its stage of growth as it scales up and for the quarter ended June 30, 2021, was skewed by expenditures associated with the go public transaction. Loss per share fluctuates both with the net loss and weighted average number of shares outstanding which have been increasing over the past eight quarters with its capital raises culminating in the go public transaction. Loss per share has been retroactively stated to reflect the exchange ratio inherent in the go public transaction. See Note 5 in the Notes to Condensed Interim Consolidated Financial Statements for more information.

Liquidity and capital resources

Since inception, CDX has financed operations primarily from the issuance of securities, government funding and, to a lesser extent, from product, service, and subscription sales. To date, CDX has raised $30.3M in gross proceeds through brokered and non-brokered private placements. Additionally, CDX has been directly awarded $4.3M in government funding. The Company's primary capital needs are funds to scale its sales function, advance its research and development activities and for working capital purposes. These activities include staffing and administrative costs. See p38 of the Company's filing statement found on SEDAR www.sedar.com for a complete list of securities issued in the last two years.

On April 15, 2021, 68,353,981 Common Shares were issued upon closing of the Transaction (see "Reverse Takeover" section of this MD&A).

The Company has experienced operating losses and cash outflows from operations since incorporation and will require ongoing financing to continue operating activities until sales have scaled. As the Company has not yet achieved profitability, there are uncertainties regarding the ability to continue as a going concern as it has not earned significant revenues or reached successful commercialization of several products. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained or at all. See "Risks and Uncertainties".

The table below sets out the Company's cash, restricted cash and working capital as of December 31, 2020 and September 30, 2021.

	September 30, 2021	December 31, 2020
	$	$
Cash	317,129	637,560
Restricted Cash	60,000	-
Current Assets	1,986,458	2,359,478
Current Liabilities	2,072,892	5,430,972
Working Capital Deficiency	(86,434)	(3,071,494)

The Company had $60,000 of restricted cash held as collateral against its newly established credit card program limit in 2021. The funds are invested in a cashable Guaranteed Investment Certificate account which matures on May 2, 2022. Working capital represents the excess of current assets over current liabilities. The increase in cash and overall working capital was primarily due to cash provided by financing activities of $6,466,201 with an additional $450,324 provided by investing activities. This was partially offset by cash used in operating activities of $7,332,582.

The table below sets forth the cash flows for the three months ended September 30, 2021, and 2020:

	Nine Months Ended September 30,			
	2021	2020	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(7,232,582)	(3,053,785)	(4,278,883)	140.1
Investing activities	450,326	171,236	439,176	256.5
Financing activities	6,466,201	3,232,199	3,234,002	100.1
Increase (decrease) in cash	(316,055)	(349,650)	(605,705)	(173.2)

The Company may be adversely impacted by uncertain market conditions and adverse results from operations. The Company may face challenges due to such factors as the loss of a major customer contract, entry of new competitors or significant changes in healthcare regulations. Should expected revenue growth not materialize, the Company may be required to seek additional financing through the sale of equity securities and/or through debt.

Cash

The cash used in operating activities during the nine months ended September 2021 increased by 236.8% as compared to the prior comparative period. The increase is primarily attributed to additional expenditures as the Company prepares itself for growth; a significant component of these additional expenditures are associated with the 27 FTE increase between September 31, 2020 and September 30, 2021. Additionally, there was significant cash outlay associated with the qualifying transaction.

Cash received from investing activities increased by $279,089 due to the $633,777 received from the disposition of marketable securities that were used by a customer to satisfy its contractual obligations. Further, the Company has received $72,418 from the lease improvement allowance. These cash inflows were offset by the $195,869 incurred to purchase furniture and equipment and a $60,000 guaranteed investment certificate as cash security for the commercial credit card program

The cashflow from financing activities during the nine months ended September 30, 2021, was $6,466,201 and is predominantly associated with $5,276,327 of net proceeds from the transaction together with $646,330 and $250,000 that also came with the transaction in the form of cash and a loan, less $283,235 in share cancellation of a dissenting shareholder. It also arises from the proceeds from the issuance of convertible debt net of issuance costs of $273,046, the $450,000 interest free Business Scale up and Productivity Contribution Agreement with the Federal Economic Development Agency for Southern Ontario offset by lease payments of $146,267. The cashflow from financing activities during the nine months ended September 30, 2020, relates to net proceeds after financing costs from the issuance of shares of $905,684, the proceeds from the issuance of convertible debt net of issuance costs of $2,373,925 offset by $47,410 payments for lease obligations.

Off Balance Sheet Arrangements and Contractual Obligations

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

The Company leases real property for its office locations. Two leases are included in the right of use asset and lease obligations for the Kitchener, Ontario and Brooklyn, New York offices as of September 30, 2021. Other contractual operational commitments are limited to 12 months.

			Contractual payments due		
	Carrying Amount	Total	Less than 1 year	1-3 years	After 3 years
Trade payables and accrued liabilities	$1,282,039	$ 1,282,039	$ 1,282,039	$ –	$ –
Lease liabilities	1,286,888	1,286,888	216,508	944,248	126,132
Advances from related parties	105,534	105,534	105,534		
Loans Payable	289,532	450,000	-	233,324	216,676
Total	2,963,993	3,124,461	1,604,081	1,177,572	342,808

Issued and Outstanding Share Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares of which the following common shares are issued and outstanding:

	As at	
	September 30, 2021	December 31, 2020
Common Shares	72,094,396	43,917,607*
Total Shares issued and outstanding	72,094,396	43,917,607*

* after giving effect to the 22.3783 exchange ratio of the qualifying transaction

Additionally, the Company has issued the following securities:

	As at	
	September 30, 2021	December 31, 2020
Options	4,973,411	4,970,022*
Warrants	7,196,877	37,976*
Total Diluted Shares	84,264,684	48,925,605*

For additional information on share data please refer to notes 5, 13 and 14 of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021, and 2020 and notes 9 and 10 the audited consolidated financial statements for the year ended December 31, 2020.

Options and warrants

During the nine months ended September 30, 2021, the Company granted 4,599,369 options to employees and consultants. As many of these options were meant to make these employees whole on the options they had cancelled prior to the Transaction, many of them were fully vested on grant; the remainder vested over a period of one to two years. All are exercisable for a period of five years from issuance at a price of $0.65 per Common Share.

During the nine months ended September 30, 2021, the Company issued 6,095,000 warrants at an exercise price of $0.65 and 752,200 broker warrants at an exercise price of $0.50 each exercisable within two years. Additionally, 37,976 replacement warrants were issued at an exercise price of $0.50 exercisable within twenty months.

As of September 30, 2021, and the date of this MD&A, the Company had 4,973,411 stock options and 7,196,877 warrants outstanding.

Significant Accounting Policies and Estimates

The Company's significant accounting policies and accounting estimates under IFRS are contained in the audited Consolidated Financial Statements at December 31, 2020. Certain of these policies involve critical accounting estimates as they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. Actual results may differ from estimates under different assumptions and conditions. Significant judgments include impairment of long-lived assets, depreciation of intangible assets, fair value measurements and the valuation process. The most significant judgement is the assumption of going concern contemplating the realization of the assets and payments of liabilities in the ordinary course of business. For further information see the Consolidated Financial Statements for the years ended December 31, 2020, and 2019 and the unaudited condensed interim consolidated financial statements for the three months ended September 30, 2021, and 2020. There have been no material changes in any of the significant accounting policies and estimates during the three or nine months ended September 30, 2021.

Related party transactions

The Company's related parties are comprised of current or former members of the board and executive team of the Company. During 2020, the Company had outstanding loans with a company controlled by a director. All loans had been either settled in cash or settled through a conversion to equity on March 27, 2020. Interest associated with these loans totaled $23,122 in 2020 representing interest accruing to the date of conversion. Further details on these obligations may be found in the Consolidated Financial Statements for the years ended December 31, 2020 and 2019.

During the three and nine months ended September 30, 2021, the Company recorded expenses associated with consulting fees and wages to individuals and/or entities controlled by officers or directors of the Company as follows:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
	$	$	$	$
Contractor expenses for services	77,315	91,327	280,492	322,234
Wages	136,063	94,074	396,658	282,370
Share-based benefits	6,503	27,664	436,043	92,658
Directors' fees	33,000	-	33,000	-
	252,881	213,065	1,146,193	697,262

Financial Risks

Credit risk

Credit risk arises from the possibility that a counterparty will not meet its obligation under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily from cash and trade and other receivables. As at September 30, 2021, the trade and other receivables were within normal repayment terms.

Foreign currency risk

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Company has revenue and purchases that are denominated in a currency other than the functional currency of the Company, being the Canadian dollar. These transactions are primarily denominated in US dollars. The Company does not currently enter into forward contracts to mitigate this risk. There have been no changes in the risk exposure from fiscal 2020.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through ongoing review of accounts receivable balances; following up on amounts past due; and management of cash.

The Company prepares its financial statements and other disclosures on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business.

Accounting Changes and Impact of Recently Issued Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

OUTLOOK

The Company is focused on being a leader in virtual care and remote patient monitoring through the sale of its patented hardware devices as well as its software platform to healthcare enterprises and care teams across North America. The Company's 'Connected Health' package enables healthcare professionals to virtually manage chronic disease, enable aging in place, and deliver hospital-quality post-surgical care.

The Company's business model is a SaaS based contract with them running between 12 to 36 months and are open-ended on patient numbers. As patient enrollment increases within a contract, SaaS revenue increases over time. The Company also receives revenue from licensing agreements with other providers and government contracts which are in addition to SaaS type contracts.

The Company's organic growth will largely be driven by SaaS based contracts with health authorities in Canada and contracts with long term care homes and hospitals in the United States. Remote Physiological Monitoring is now fully reimbursable by Medicare, Medicaid and private insurance in the US. This includes the Company's 'Connected Health' platform which has been consistently growing through adoption by the above-mentioned healthcare organizations.

In terms of inorganic growth, the Company is continuously assessing potential acquisitions that fit with the Company's business model and mission. Any acquisition would be to enhance the current product and service offerings of the Company or to expand the Company's offerings in the healthcare space.

In the fiscal year 2021 the Company's goal is to increase organic revenue growth by expanding its US sales force and marketing programs.

Management's focus is to continue to focus on delivering shareholder value by executing its organic revenue strategy as well as through complimentary acquisitions.

FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking statements and forward-looking information as defined under applicable Canadian securities laws. Forward-looking statements in this MD&A include but are not limited to

- currency fluctuations,
- requirements for additional capital,
- Government regulation,

- environmental risks,
- disputes or claims,
- the funds available to the Company and the use of such funds;
- the ability of the Company to operate as a going concern
- the healthcare industry in Canada and the United States
- the Company's goals, objectives and growth strategies,
- improving the patient experience,
- operational efficiency and overall care performance,
- the intention to be an active acquirer within the healthcare services and digital health marketplaces,
- management's beliefs, plans, estimates, and intentions,
- anticipated future events, results, circumstances, performance or expectations that are not historical facts.

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 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, among others; the actual results of current activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, failure of equipment or processes to operate as anticipated, accidents, delays in obtaining government approvals or financing, risks relating to the integration of acquisitions and to international operations. 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. Accordingly, readers should not place undue reliance on forward-looking statements and should specifically consider various factors, including but not limited to the risk outlined under the heading "Risk Factors" in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements. Any forward-looking statements represent our estimates only as of the date of the MD&A and should not be relied upon as representing our estimates as of any subsequent date. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

RISKS AND UNCERTAINTIES

The following are certain risk factors relating to the business and securities of Cloud DX. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones facing Cloud DX. Additional risks and uncertainties not presently known to Cloud DX, or that Cloud DX currently deems immaterial, may also impair the operations of Cloud DX. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of Cloud DX could be materially adversely affected.

Risk Factors Relating to the Company's Business and Industry

Limited Operating History

Cloud DX is an early-stage company having been founded in 2014 and, as a result, it has limited operating history upon which its business and future prospects may be evaluated. Cloud DX will be subject to all of the business risk and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Cloud DX to meet future operating and debt service requirements, Cloud DX will need to be successful in its growing, marketing and sales efforts. Additionally, where Cloud DX experiences increased sales, Cloud DX's current operational infrastructure may require changes to scale Cloud DX's businesses efficiently and effectively to keep pace with demand, and achieve long-term profitability. If Cloud DX's products and services are not accepted by new customers, Cloud DX's operating results may be materially and adversely affected.

Additional Requirements for Capital

In order to execute its anticipated growth strategy, Cloud DX may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that additional financing will be available to Cloud DX when needed or on terms which are acceptable. Cloud DX's inability to raise additional financing could limit Cloud DX's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of the existing Shareholders. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Cloud DX to obtain additional capital and to pursue business opportunities.

Acquisitions and Integration of New Businesses

Cloud DX may acquire additional businesses. Cloud DX's acquisition strategy involves a number of risks related to the realization of synergies and overall integration of Cloud DX's operations including but not limited to human resources, Cloud DX culture, information technology, data integrity, information systems, business processes and financial management. If a strategy of growth through acquisition is pursued, the failure of Cloud DX to successfully manage this strategy could have a material adverse effect on Cloud DX's business, results of operations and financial condition. Furthermore, if acquired businesses and assets are not successfully integrated, Cloud DX may not achieve the anticipated benefits or growth opportunities.

Failure to Manage Growth

If the Company is unable to manage its continued growth successfully, its business and results of operations could suffer. Cloud DX'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. Cloud DX'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 Cloud DX.

Inability to Leverage Technology

Cloud DX's future growth 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. Cloud DX may not be able to successfully launch new solutions, and there can be no assurances Cloud DX's engineering and development efforts will be successful in competing and launching such solutions. There can be no assurances that Cloud DX 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 Cloud DX's target markets may have a material adverse effect on Cloud DX's business, growth, operating results and financial condition.

Operating Risks

The Company's expenses will likely increase in the future as it develops and launches new products, expands in existing and new markets, increases sales and marketing efforts and continues to invest in its products. These efforts may be more costly than expected and may not result in increased revenue or growth in the Company's business. Certain platform features may require significant capital investments and recurring costs, including maintenance, depreciation, asset life and asset replacement costs, and if the Company is not able to generate sufficient levels of utilization of such assets or such platform features are otherwise not successful, such investments may not generate sufficient returns and the Company's financial condition may be adversely affected. Any failure to increase revenue sufficiently to keep pace with investment and other expenses could prevent the Company from achieving or maintaining profitability or positive cash flow on a consistent basis. If the Company is unable to successfully address these risks and challenges as it encounters them, its business, financial condition, and results of operations could be adversely affected.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards in order to help ensure the reliability of its financial reports, including those imposed on the Company under applicable law, in each case the Company cannot be certain that such measures will ensure that the Company maintains adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and could result in a Material Adverse Effect.

Revenue Risk

The Company's success depends, in part, on the Company's ability to 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 Cloud DX'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 Cloud DX'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 Cloud DX's products to be of sufficiently high value and quality, Cloud DX will not be able to attract the number and types of new customers that it is seeking.

In addition, Cloud DX'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 Cloud DX 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.

Credit and Liquidity Risk

The Company will be exposed to counterparty risks and liquidity risks including, but not limited to: (a) through suppliers of the Company which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with the Company; (b) through financial institutions that may hold the Company's cash and cash equivalents; (c) through entities that will have payables to the Company; (d) through the Company's insurance providers; and (e) through the Company's lenders, if any. The Company will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted, and the price of the Company Shares could be adversely affected.

Dependence on Key Management Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants, namely its Chief Executive Officer and Chief Operating Officer (the "**Key Personnel**"). The Company's future success depends on its continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a Material Adverse Effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts, and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a Materially Adverse Effect on the financial results of the Company.

Governmental regulation and funding, permits and licenses

Any alleged failure by the Company to comply with applicable laws and regulations may lead to the imposition of fines and penalties or the denial, revocation, or delay in the renewal of permits and licenses issued by governmental authorities. Furthermore, government policy related to healthcare spending can change and decisions can be made regarding funding that are beyond the Company's control. Any change in governmental regulations could require significant investments or could result in increased costs for the Company. The Company may also be subject to audits, fines, or other penalties in the event of non-compliance with regulations, either existing or proposed. Non-compliance could also adversely affect the reputation, operations or financial performance of the Company.

Approvals, Licenses and Permits

The operations of the Company in the future may require licences and permits from various Governmental Authorities. The Company currently has all permits and licences that it believes are necessary to carry on its current business operation with the intention of obtaining additional licences and permits for additional operations as they are required. The Company will require additional licences or permits in the future to achieve its intended operations and there can be no assurance that the Company will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licence or permit will be renewable if and when required or that such existing licences and permits will not be revoked.

The U.S. Food and Drug Administration, Health Canada and comparable agencies in other foreign countries impose requirements upon the design, development, manufacturing, marketing and distribution of medical devices. The applicable regulations require clearance or approval before the devices can be sold. After the applicable approvals and/or clearances are granted the regulatory agencies require companies to comply with quality system requirements, investigate complaints, report and investigate certain adverse events and device malfunctions, comply with marketing restrictions and maintain annual registrations.

Cloud DX has U.S Food and Drug Administration 510(k) premarket clearance (K122443) for the United States and Medical Device Licenses #70264 and #6984 for Health Canada. These registrations are legal prerequisites for Cloud DX, and the Company, to market and sell its Connected Health Kits in the United States and Canada, and many countries worldwide, that accept these registrations.

Competition

The market for digital health monitoring technology is competitive and characterized by rapid changes in technology, demands and frequent introductions of new products. It is expected that competition will continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If the Company is unable to anticipate or react to these competitive challenges, its competitive position could weaken, or fail to improve, and it could experience growth stagnation that could adversely affect its business, financial condition and results of operations.

The Company's main competitors in the United States and Canada include Telus Health, Philips, GE Healthcare, Vivify Health and Health Recovery Solutions.

Certain of these competitors have greater financial, technical, marketing, research and development, and other resources, greater name recognition, longer operating histories or a larger customer base than Cloud DX does. They may be able to devote greater resources to the development, promotion and sale of offerings and offer a more desirable product, which could adversely affect results of operations. Further, they may have greater resources to deploy towards the research, development, and commercialization of new technologies, or they may have other financial, technical or resource advantages. The Company's current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

If the Company is unable to compete successfully, its business, financial condition and results of operations could be adversely affected.

Changes in Laws, Regulations and Guidelines

The Company is subject to a wide variety of laws in Canada, the United States and other jurisdictions. Laws, regulations and standards governing issues such as product liability, personal injury, intellectual property, consumer protection, taxation, privacy, data security, competition, terms of service, money transmittal and background checks are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, provincial, state and local administrative agencies.

Cloud DX's business model is relatively nascent and rapidly evolving. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to industry. As the Company expands its business into new markets or introduces new offerings into existing markets, regulatory bodies or courts may claim that the Company or users of its products are subject to additional requirements, or that the Company is prohibited from conducting business in certain jurisdictions, or that users of its products are prohibited from using the platform, either generally or with respect to certain offerings.

Recent financial, political and other events may increase the level of regulatory scrutiny in the Company's industry. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to the Company's business, or they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to the Company's business. Such regulatory scrutiny or action may create different or conflicting obligations on us from one jurisdiction to another.

Competitors and other stakeholders may perceive our business model negatively and consequently raise their concerns to local policymakers and regulators. These businesses and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes in jurisdictions where the Company may have, or seek to have, a market presence in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede the Company's business and the ability of users to purchase products.

Any of the foregoing risks could harm the Company's business, financial condition and results of operations.

Confidentiality of Personal and Health Information

Employees of the Company and its subsidiaries, in the course of their duties, will have access to personal health information and, specifically, medical histories of patients or claimants of clients of the Company and its subsidiaries. There can be no assurance that the Company's policies, procedures and systems will be adequate to address privacy legislation or the privacy concerns of existing and future patients or clients. The Company could be liable for damages, fines, penalties, or reputational damage in the event of a privacy breach or if a patient or client's privacy is violated.

Cloud DX’s products are used to transmit, receive and store a large volume of data, including personal information and other confidential information. Cloud DX 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. Cloud DX 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 Cloud DX’s business, financial condition and results of operations.

Cloud DX 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 Cloud DX to notify them in the event of a security incident. Cloud DX 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 Cloud DX’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 Cloud DX to incur significant costs and effort to ensure compliance.

Cloud DX’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 Cloud DX to spend money in defense or settlement of such proceedings, result in the imposition of monetary liability, divert management’s time and attention, increase Cloud DX’s costs of doing business, and adversely affect Cloud DX’s reputation and the demand for its products. In addition, if Cloud DX’s security measures fail to adequately protect personal information, Cloud DX could be liable to both its customers and their customers for their losses. As a result, Cloud DX could be subject to fines, could face regulatory action, and its customers could end their relationships with Cloud DX. There can be no assurances that the limitations of liability in Cloud DX’s contracts would be enforceable or adequate or would otherwise protect Cloud DX from any such liabilities or damages with respect to any particular claim. Cloud DX 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 Cloud DX 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 an adverse effect on its business, financial condition and results of operations.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulations and licensing requirements and, as a result, Cloud DX’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 adversely affect the business, financial conditions and results of operations of Cloud DX's businesses. In addition, Cloud DX could incur significant costs in the course of complying with any changes in the regulatory regime. 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 reputation, operations or financial performance of Cloud DX.

Compliance with Laws

The Company's operations are subject to various laws, regulations and guidelines. The Company endeavours to comply with all relevant laws, regulations and guidelines. However, there is a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to the *Federal Food, Drug and Cosmetic Act* (21 U.S.C. 9) ("**FFDCA**"), *The Health Insurance Portability and Accountability Act of 1996* (Pub. L. 104-191. Stat. 1936) ("**HIPAA**"), *Food and Drugs Act* (R.S.C., 1985, c. F-27) ("**Food and Drugs Act**"), *Personal Health Information Protection* Act, 2004, (S.O. 2004, c. 3, Sched. A) ("**PHIPA**"), *Personal Information Protection and Electronic Documents Act* (S.C. 2000, c. 5) ("**PIPEDA**"), the regulations thereunder and applicable stock exchange rules and regulations, may differ from those of others, and the Company's operations may not be in compliance with such laws, regulations and guidelines. In addition, achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by Governmental Authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company's business and operations, and could have a Material Adverse Effect on the business, results of operations and financial condition of the Company. Any potential non-compliance could cause the business, financial condition and results of the operations of the Company to be adversely affected. Further, any amendment to or replacement of the FFDCA, HIPAA, Food and Drugs Act, PHIPA, PIPEDA, or other applicable rules and regulations governing the activities of the Company may cause adverse effects to the Company's operations. The risks to the business of the Company associated with the decision to amend or replace the FFDCA, HIPAA, Food and Drugs Act, PHIPA, PIPEDA and subsequent regulatory changes, could reduce the potential customers of the Company and could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company, resulting in increased capital expenditures which could have a Material Adverse Effect on the business, results of operations and financial condition of the Company.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a Material Adverse Effect on the Company.

Litigation

Cloud DX 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 Cloud DX to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and Cloud DX 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 adversely impact Cloud DX's business, operating results or financial condition.

Changes in Technology

Cloud DX operates in a competitive industry characterized by rapid technological change and evolving industry standards. Cloud DX'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 Cloud DX 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 Cloud DX's competitors implements new technologies before Cloud DX is able to implement them, those competitors may be able to provide more effective products than Cloud DX at lower prices. Any delay or failure in the introduction of new or enhanced products could harm Cloud DX's business, results of operations and financial condition.

Cloud DX's products are expected to embody complex technology that may not meet those standards, changes and preferences. Cloud DX'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 Cloud DX will be able to respond to market demands. If Cloud DX 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 Cloud DX may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of its business.

Information Technology

The Company will rely on the continued and uninterrupted performance of its information technology systems in order to transmit and store sensitive and confidential data, including personal health information. Sustained system failures or interruptions could disrupt the Company's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition.

The Company's computer systems may be vulnerable to damage from a variety of sources, including physical or cyber-attacks, computer viruses and similar disruptive problems. There can be no assurance that the Company's controls will be adequate to safeguard against unanticipated problems leading to unauthorized access, use, or disclosure of sensitive information, corruption or destruction of data, or operational disruption.

A compromise of the Company's information technology systems or confidential information, or that of the Company's patients and third parties with whom the Company interacts, may result in negative consequences, including the inability to continue providing services to patients and customers, damage to the Company's reputation, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a Material Adverse Effect on the Company's business, financial position, results of operations or cash flows for which the Company's insurance policies may not provide adequate compensation. In addition, evolving cyber threats may require significant investments by the Company or could result in increased costs for the Company.

Infrastructure Risk

Cloud DX'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. Cloud DX 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, Cloud DX may not be able to identify the cause or causes of these performance problems immediately or in short order. Cloud DX 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 Cloud DX's platform is unavailable or if Cloud DX's customers are unable to access its products or deploy them within a reasonable amount of time, or at all, Cloud DX's business would be harmed. Since Cloud DX's customers rely on its service to access and complete their work, any outage on Cloud DX's platform would impair the ability of its customers to perform their work, which would negatively impact Cloud DX's brand, reputation and customer satisfaction. Moreover, Cloud DX depends on services from various third parties to maintain its infrastructure and distribute its products. Any disruptions in these services, including as a result of actions outside of its control, would significantly impact the continued performance of Cloud DX's products. In the future, these services may not be available to Cloud DX on commercially reasonable terms, or at all. Any loss of the right to use any of these services could result in decreased functionality of Cloud DX's products until equivalent technology is either developed by Cloud DX or, if available from another provider, is identified, obtained and integrated into Cloud DX's infrastructure. If Cloud DX does not accurately predict its infrastructure capacity requirement, its customers could experience service shortfalls. Cloud DX 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.

Third party licenses

The technology of the Company may require the use of other existing technologies and processes which are currently, or in the future will be, subject to patents, copyrights, trademarks, trade secrets and/or other intellectual property rights held by other parties. The Company may need to obtain one or more licenses to use those other existing technologies. If the Company is unable to obtain licenses on reasonable commercial terms from the holders of such intellectual property rights, the Company could be required to halt development and manufacturing or redesign the technology, failing which the Company could bear a substantial risk of litigation for infringement or misappropriation of such intellectual property rights. In any such event, the business and operations of the Company could be materially adversely affected.

Use of Open-Source Software

Cloud DX's operations depend, in part, on how it makes use of certain open-source software products. These open-source software products are developed by third parties over whom Cloud DX has no control. Cloud DX has no assurance that the open-source components do not infringe on the intellectual property rights of others. Cloud DX could be exposed to infringement claims and liability in connection with the use of these open-source software components, and Cloud DX may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. Cloud DX has conducted no independent investigation to determine whether the sources of the open-source software have the rights necessary to permit Cloud DX to use this software free of claims of infringement by third parties. The developer of open-source software may be under no obligation to maintain or update that software, and Cloud DX may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to Cloud DX's services. Certain open-source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modification, are also made available under the same terms and conditions. As a result, any modifications Cloud DX makes to such software may be made available to all downstream users of the software, including its competitors. Open-source software licenses may require Cloud DX to make source code for the derivative works available to the public. In the event that Cloud DX inadvertently uses open-source software without the correct license form, or a copyright holder of any open-source software were to successfully establish in court that Cloud DX had not complied with the terms of a license for a particular work, Cloud DX could be required to release the source code of that work to the public. Cloud DX could also incur costs associated with litigation or other regulatory penalties as a result.

Any of the above circumstances or events may harm Cloud DX's reputation, cause customers to terminate their agreements with Cloud DX, impair Cloud DX's ability to obtain contract renewals from existing customers, impair Cloud DX's ability to grow its customer base, and otherwise harm Cloud DX's business, results of operations and financial conditions.

Intellectual Property

Cloud DX'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, Cloud DX may not be able to develop new technology that is patentable or protectable. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming, and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate its competitors' products and the processes used to develop such products. In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. However, such licenses may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

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 Cloud DX to entirely mitigate these risks. The security measures Cloud DX 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, Cloud DX 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, Cloud DX 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 Cloud DX's business and damage its reputation. Security breaches impacting Cloud DX'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 Cloud DX'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 Cloud DX's network, its customers' networks, or other networks, whether or not any such breach is due to a vulnerability in Cloud DX'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 user names, passwords or other information, or otherwise compromise the security of Cloud DX'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. Cloud DX may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security.

Unknown Defects and Impairments

A defect in any business arrangement may arise to defeat or impair the claim of the Company to such transaction, which may have a Material Adverse Effect on the Company. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Company enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Company. Any impairment charges on the Company's carrying value of business arrangements could have a Material Adverse Effect on the Company.

Conflicts of Interest

Certain of Cloud DX'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 CBCA and any decisions made any of such directors and officers involving Cloud DX are subject to the duties and obligations to deal fairly and in good faith with a view to the best interests of Cloud DX.

Reliance on Strategic Partnerships

To grow its business, Cloud DX anticipates that it will continue to depend on relationships with third parties, such as information technology vendors, research and channel partners. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Cloud DX's competitors may be effective in providing incentives to third parties to favour their products or services over Cloud DX's. In addition, acquisitions of Cloud DX'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 Cloud DX is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to Cloud DX, Cloud DX's ability to compete in the marketplace or to grow its revenue could be impaired, and its results of operations may suffer. Even if Cloud DX is successful, it cannot be sure that these relationships will result in increased customer usage of its products or increased revenue.

Brand Development

The Company's reputation, brand and success of its products are critical to the Company's success, and if the Company is not able to continue developing its reputation, brand and products, its business, financial condition and results of operations could be adversely affected.

Building a strong reputation and brand as a reliable, affordable and efficient product and continuing to increase the strength of its products will be critical to the ability to attract and retain new customers. The successful development of such reputation, brand and products will depend on a number of factors, many of which are outside the Company's control. Negative perception of the Company or its platform may harm its reputation, brand and product development.

If the Company does not successfully develop its brand, reputation and products and successfully differentiate its offerings from competitive offerings, the business may not grow, the Company may not be able to compete effectively and may lose or fail to attract customers, any of which could adversely affect the business, financial condition and results of operations.

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 Cloud DX's overall ability to advance its products and services with customers, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Effects of COVID-19 on the Company

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It remains unclear how and to what extent the recent COVID-19 global outbreak will impact the Company's business and the global economy in general. The extent of such impact will depend on future developments which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19.

Authorities in Canada have implemented policies in response to the outbreak, but as of the date of this Filing Statement, we cannot predict the range of policies that will be pursued or the impact these will have on the Company’s business and operations. As of the date of this Filing Statement, the COVID-19 pandemic has increased the cost of personal protective equipment used by healthcare professionals in Cloud DX’s clinics; increased Cloud DX’s labour costs as a result of complying with COVID-19-related government regulations and public health guidelines; but also generally increased the demand from its customers for its products and services.

Holding Company Risk

Cloud DX is a holding company and virtually all of its assets consist of the equity it holds in Cloud Canada and, indirectly, Cloud U.S. As a result, investors are subject to the risks attributable to the Company's subsidiaries and any and all future affiliates. Cloud DX does not have any significant assets and conducts substantially all of its business through its subsidiaries, which generate all or substantially all of the Company's revenues. The ability of the Company's subsidiaries to distribute funds to Cloud DX will depend on their operating results, tax considerations and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by these subsidiaries. In the event of a bankruptcy, liquidation or reorganization of one or more of the Company's subsidiaries or any other future subsidiary, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Cloud DX.

General Economic Risks

The Company’s operations could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the Company’s sales and profitability. Unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of the Company’s business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company’s business to the point of having to cease operations and could impair the value of the Company’s securities.

Disruption due to Acts of God

Disruptions in the activities of Cloud DX may be caused by natural disasters, effects of climate change and man-made activities, pandemics, trade disputes and disruptions, war, terrorism, and any other forms of economic, health, or political disruptions. Cloud DX’s financial conditions are reliant on continued operations, and in circumstances where continued operations are not possible, Cloud DX 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 Cloud DX will vary with the extent of the disruption and cannot be adequately predicted in advance.

<u>Risks Related to the Common Shares</u>

Market for Common Shares

There can be no assurance that an active trading market for Common Shares will develop or, if developed, that any market will be sustained. Cloud DX cannot predict the prices at which the Common Shares will trade. Fluctuations in market price of the Common Shares could cause an investor to lose all or part of its investment. Factors that could cause fluctuations in the trading price of the shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by Cloud DX or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significantly volatility in the market price and trading volume of virtual healthcare companies; (iv) fluctuations in the trading volume of Common Shares or the size of Cloud DX's public float; (v) actual or anticipated changes or fluctuations in Cloud DX's results of operations; (vi) whether Cloud DX's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in regulatory developments in the Canada, United States of America and other jurisdictions; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Cloud DX from any of the other risk cited herein.

No History of Payment of Cash Dividends

Cloud DX has never declared or paid cash dividends on the Common Shares. Cloud DX intends to retain future earnings to finance the operation, development and expansion of the business. Cloud DX does not anticipate paying cash dividends on the Common Shares for the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Cloud DX's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Public Company Risks

The market price for the Common Shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Cloud DX control, including, but not limited to: (i) actual or anticipated fluctuations in Cloud DX'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 Cloud DX operates; (iv) addition or departure of Cloud DX'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 Cloud DX or its competitors; (vii) announcements of technological innovations, patents or new commercial products by Cloud DX or its competitors; (viii) regulatory changes affecting Cloud DX's industry generally and its business and operations; (ix) news reports relating to trends, concerns, technological or competitive developments and other related issues in Cloud DX's industry or target markets; and (x) changes in global financial markets, global economies and general market conditions.

The Common Shares currently have no history, however other sector public companies 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 Cloud DX'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. If increased levels of volatility and market turmoil persist, Cloud DX's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected.

As a reporting issuer, the Company, and its business activities, are subject to the reporting requirements of applicable securities legislation, listing requirements and other applicable securities rules and regulations. Compliance with those rules and regulations increases the Company's legal and financial costs as compared to Cloud DX's historical activities making some activities more difficult, time consuming or costly and increasing demand on its systems and resources.

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. Cloud DX'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. Cloud DX 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 business, results of operations and financial condition of Cloud DX.