

The Unaudited Condensed Interim Consolidated Financial Statements of Cloud DX Inc., for the Three and Six Months Ended June 30, 2022 and 2021, have been revised to include the June 30, 2021 comparison information in the Statement of Changes in Shareholders' Equity (Deficiency) as required by section 4.3(2)(b) of National Instrument 51-102 Continuous Disclosure Obligations.



Cloud DX Inc.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended June 30, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Cloud DX Inc. (the "Company" or "Cloud DX") for the interim period ended June 30, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, MNP LLP, have not performed a review of these condensed interim consolidated financial statements.

August 23, 2022

**Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)**

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Condensed Interim Consolidated Statement of Financial Position
As at June 30, 2022 and December 31, 2021
(Unaudited Expressed in Canadian dollars)

	Note	June 30, 2022 \$	December 31, 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		19,301	78,742
Restricted cash	5	60,060	60,000
Trade and other receivables	6	349,037	403,922
Inventories	7	595,189	684,948
Prepaid expenses and deposits		153,369	106,155
		1,176,956	1,333,767
Non-Current Assets			
Intangible assets	8	325,902	394,636
Property, plant and equipment	9	152,375	171,019
Right of use asset	13	1,022,066	1,149,375
Deferred tax asset		173,597	173,597
		2,850,897	3,222,394
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payable and accrued liabilities		3,430,647	1,544,491
Deferred income		192,416	234,581
Lease liabilities	14	233,416	233,416
Advances from related parties	18	189,544	110,385
Current portion of convertible debt		189,259	189,259
		4,235,282	2,312,132
Non-current Liabilities			
Lease liabilities	13	891,051	1,003,356
Loan payable	17	316,091	298,223
Convertible debt		3,605,812	1,336,703
		9,048,236	4,950,414
Shareholders' Equity (Deficiency)			
Share capital	10	30,676,341	30,433,684
Deficit		(44,051,368)	(39,558,051)
Share based payment reserve	11	6,101,740	5,983,136
Warrant reserve		1,350,009	1,349,790
Accumulated other comprehensive loss		(352,796)	(15,314)
Conversion feature on Convertible Debt		78,735	78,735
		(6,197,339)	(1,728,020)
		2,850,897	3,222,394

Approved on behalf of the Board of Directors on August 23, 2022

(signed) **Robert Kaul**, Chief Executive Officer and Director

(signed) **William Charnetski**, Director

**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

	Note	Six Months Ended		Three Months Ended	
		June 30, 2022 \$	June 30, 2021 \$	June 30, 2022 \$	June 30, 2021 \$
Revenue					
Subscription	18	198,482	254,055	111,775	170,766
Product Sales	18	330,622	266,370	103,302	88,736
Professional services	18	50,384	126,330	27,149	3,671
Other	18	-	5,039	-	5,039
		579,489	651,794	242,225	268,212
Cost of inventories sold	7	320,984	175,032	120,798	47,732
Gross Profit		258,505	476,762	121,427	220,480
Operating Expenses					
Advertising and promotion		209,060	287,903	70,459	186,743
Amortization and depreciation	8,9,13	244,786	171,103	122,660	85,035
Bad debt expense		-	13,506	-	9,795
Dues and memberships		133,118	186,545	55,721	126,516
Insurance		84,366	55,936	61,366	41,113
Office	14	150,094	296,627	53,911	152,509
Professional fees	14	1,031,152	449,520	589,735	6,444
Research		196,600	218,630	117,229	129,532
Salaries, wages and benefits		2,939,058	2,848,731	1,561,801	1,407,576
Share based compensation	11	-	948,947	-	887,739
Travel and entertainment		32,416	3,577	24,917	3,558
Other general and administrative		-	59,530	-	50,979
		5,023,650	5,540,555	2,657,801	3,087,539
Operating loss		(4,765,145)	(5,063,793)	(2,536,374)	(2,867,059)
Other (expenses)/income:					
Foreign exchange gain/(loss)		(1,461)	20,202	(1,572)	20,644
Interest expense		(115,297)	(524,830)	(59,655)	(196,249)
Government funding and grant income	15	395,953	661,256	310,962	44,316
Gain/(Loss) on marketable securities		-	202,929	-	(13,918)
Fair value gain/(loss)		-	(75,497)	-	(417,303)
Non-cash listing expense		(7,368)	(1,632,349)	(1,648)	(1,632,349)
		271,828	(1,348,289)	248,087	(2,194,859)
Loss before income taxes		(4,493,317)	(6,412,082)	(2,288,287)	(5,061,918)
Income taxes		-	-	-	-
Net loss		(4,493,317)	(6,412,082)	(2,288,287)	(5,061,918)
Other comprehensive loss		-	(20,227)	-	157,389
Comprehensive loss		(4,493,317)	(6,432,309)	(2,288,287)	(4,904,529)
Basic and diluted weighted average number of shares:					
		72,094,396	56,284,089	72,094,396	69,138,540
Basic and diluted loss per share:					
		(0.06)	(0.11)	(0.03)	(0.07)

**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the Three Months and Six Months ended June 30, 2022 and 2021
(Unaudited expressed in Canadian dollars)**

	Note	Number of Common Shares \$	Common Shares \$	Share based reserve \$	Warrant reserve \$	Other Equity \$	Other comprehensive income/(loss) \$	(Deficit) \$	Total Shareholders' Equity (Deficiency) \$
Balance at December 31, 2020		1,962,509	19,082,662	4,913,049	9,512	-	5,558	(28,301,185)	(4,290,404)
Reverse takeover transaction		3,740,415	1,557,823	52,029	19,426				1,629,278
Private placement		12,190,000	4,928,620		1,166,380				6,095,000
Conversion of debt		11,826,254	5,467,014						5,467,014
Share exchange		42,375,218	172,865						172,865
Issuance costs			(948,897)						(948,897)
Stock based compensation				951,115					951,115
Net and comprehensive loss for the period		-	-	-	-		(20,227)	(6,412,082)	(6,432,309)
Balance at June 30, 2021		72,094,396	30,260,087	5,916,193	1,195,318		(14,669)	(34,713,267)	2,643,662
Balance at December 31, 2021		72,094,396	30,433,684	5,983,136	1,349,790	78,735	(15,314)	(39,558,051)	(1,728,020)
Reverse takeover transaction									
Private placement									
Conversion of debt									
Share exchange									
Issuance costs									
Stock based compensation									
Net and comprehensive loss for the period			242,657	118,604	219		(337,482)	(4,493,317)	(4,469,319)
Balance at June 30, 2022		72,094,396	30,676,341	6,101,740	1,350,009	78,735	(352,796)	(44,051,368)	(6,197,339)

**Condensed Interim Consolidated Statements of Cash Flows
For the Three and Six Months Ended June 30, 2022 and
2021 (Unaudited expressed in Canadian dollars)**

	Note	Six Months Ended	
		June 30, 2022 \$	June 30, 2021 \$
Cash flows used in operating activities:			
Net loss before tax		(4,493,317)	(1,068,441)
Items not affecting cash:			
Depreciation of property, plant and equipment	9,13	158,624	129,472
Amortization of intangible assets	8	77,410	97,453
Realized loss from disposal of marketable securities		-	(605,454)
Unrealized gain on revaluation of marketable securities		-	33,722
Bad debt expense		45	9,785
Fair value loss		-	(899,736)
Fair value adjustment on interest-free loan from FedDev	16	-	(282,396)
Non-Cash Interest Expense		-	39,523
Share-based compensation expense			161,380
Finance costs			789,760
Net foreign exchange difference		(56,109)	(3,891)
Changes in working capital	20	2,011,163	(73,312)
Cash used in operating activities		(2,302,183)	(1,672,136)
Cash flows generated from (used in) investing activities:			
Proceeds from disposal of marketable securities		-	621,173
Purchase of property, plant and equipment		236,034	(92,988)
Cash generated from (used in) investing activities		236,034	528,185
Cash flows generated from financing activities:			
Proceeds from issuance of convertible debt, net of issuance costs	20	2,142,968	292,158
Payment for lease obligation	13	(154,128)	(51,389)
Loan Proceeds		17,868	497,845
Cash generated from financing activities		2,006,708	738,854
Increase in cash and cash equivalents		(59,441)	(405,097)
Effect of exchange rates on cash and cash equivalents		-	2,382
Cash and cash equivalents, beginning of the period		78,742	670,151
Cash and cash equivalents, end of the period		19,301	267,436

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

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

1. Nature of Operations

Cloud DX Inc. (“Cloud DX” or “the Company”) is a technology company focused on virtual care, digital medicine, data analytics and novel clinical user interface development. Cloud DX is a Health Canada licensed, US Food and Drug Administration registered medical device manufacturer and software developer offering 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 and software applications. Cloud DX customers purchase Connected Health in order to remotely monitor patients with serious chronic illness, patients recovering from surgery, patients transitioning home from hospital and most recently, patients awaiting space in long term care (LTC). Typical Cloud DX customers include large hospitals and provincial health authorities in Canada, and physician practices and hospitals in the United States.

The Company has a wholly owned subsidiary, Cloud Canada, incorporated under the Canada Business Corporations Act (“CBCA”), Cloud Canada is a holding company which directly or indirectly wholly owns Cloud DX, Inc. and Cloud Diagnostics Canada ULC. Cloud Diagnostics Canada ULC is incorporated under the laws of the Province of British Columbia and Cloud DX, Inc. is incorporated in the State of Delaware; their accounts are consolidated into the Company’s financial statements.

Prior to the closing of the Qualifying Transaction on April 15th, 2021, the Company filed an Article of Amendment to change its name from Roosevelt Capital Group Inc. to Cloud DX Inc. and continue from the Business Corporations Act (Alberta) to the Canadian Business Corporations Act. On April 15, 2021, the Company commenced trading on the TSX Venture Exchange under the symbol “CDX”. For additional information please see the “Filing Statement – In Respect of The Qualifying Transaction of Roosevelt Capital Group Inc. Involving the Arrangement of Cloud DX, Inc. And 12632926 Canada Ltd. And 12686163 Canada Inc. A wholly-owned Subsidiary of Roosevelt Capital Group Inc.” at SEDAR.ca.

Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021 (Unaudited – Expressed in Canadian dollars)

2. Basis of Presentation

a) Going Concern Assumption

These condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As at June 30, 2022, the Company had a deficit of \$44,379,846 (December 31, 2021 - \$39,558,051), including a net loss of \$2,288,287 and \$4,493,317 for the three and six months ended June 30, 2022 (2021 – \$5,061,918 and \$6,412,082)

The Company's ability to continue as a going concern is dependent upon its ability to raise equity and debt financing and on the ability to sell patient monitoring hardware and software and obtain profitable operations. There are no assurances that the Company will be successful in achieving these goals. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and ultimately on the appropriateness of the use of the accounting policies applicable to going concern. These condensed interim consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and with interpreted by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2021.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on August 23, 2022.

b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for certain financial instruments measured at fair value through profit or loss.

c) Functional Currency

The Corporation's functional and presentation currency is the Canadian dollar. Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of operations and comprehensive loss. The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income expenses and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive income/(loss) and accumulated in equity. See Note 19.

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

2. Basis of Presentation (continued)

d) Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Corporation and its subsidiaries.

Subsidiary	Jurisdiction	Functional Currency	% Ownership
12632926 Canada Ltd.	Ontario, Canada	Canadian Dollars	100%
Cloud DX, Inc. (i)	Delaware, USA	United States Dollars	100%
Cloud Diagnostics Canada ULC (ii)	British Columbia, Canada	Canadian Dollars	100%

(i) Cloud DX, Inc. is a wholly owned subsidiary of 12632926 Canada Ltd.

(ii) Cloud Diagnostics Canada ULC is a wholly owned subsidiary of Cloud DX, Inc.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany balances, transactions and unrealized gains on transactions between group companies have been eliminated upon consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

3. Significant Accounting Policies

The accounting policies and use of estimates and judgements described in Cloud DX, Inc.'s annual consolidated financial statements have been applied consistently to all periods presented in these condensed interim consolidated financial statements unless otherwise indicated. The accounting policies have been applied consistently by all subsidiaries.

4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. The estimates and judgements applied by the Company in these condensed interim consolidated financial statements are the same as those applied in Cloud DX, Inc.'s annual consolidated financial statements for the year ended December 31, 2021 with the exception of the functional currency (see Note 21).

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

5. Restricted Cash

As at June 30, 2022, the Company had \$60,060 of restricted cash held as collateral against its credit card limit. The funds are invested in a cashable Guaranteed Investment Certificate (GIC) which matures on May 2, 2023. The credit facility was established in 2021 and rolled over on May 2, 2022 for another 12 months on a one-year cashable rate of 0.75%.

6. Trade and other receivables

	June 30, 2022	December 31, 2021
Trade receivables	104,403	196,709
Harmonized Sales Tax receivable	253,613	216,072
Less expected credit losses	(8,980)	(8,859)
Total Trade and other receivables	349,037	403,922

7. Inventories

Inventories are comprised of the following:

	June 30, 2022	December 31, 2021
Finished Goods	115,757 ^π	266,927
Work in Progress	479,435	418,021
Total Inventories	595,189	684,948

Inventory related to sales recognized as cost of goods sold for the three and six months ended on June 30, 2022 amounted to \$120,798 and \$320,984 (2021 - \$47,732 and \$175,032).

^π There was an adjusting journal entry of \$ 82,501 to reduce the value of Finished Goods on the Balance Sheet at June 30, 2022.

8. Intangible Assets

December 31, 2021	391,430
Additions	-
Less amortization	(74,204)
Foreign exchange	8,676
June 30, 2022	325,902

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

9. Property, Plant & Equipment

December 31, 2021	171,019
Additions	11,958
Less depreciation	(31,085)
Foreign exchange	74
June 30, 2022	152,375

10. Share capital

Authorized and issued

The Company's authorized share capital consists of an unlimited number of common shares.

	# of shares issued		Total Value
Balance at December 31, 2021	72,094,396	\$	30,260,087
Balance at June 30, 2021	72,094,396		30,260,087

11. Share-based payments

During the three and six months ended June 30, 2022, the Company incurred share-based payment expenses to employees, consultants and directors of the Company in the amount of \$nil and \$nil for the period (2021 - \$887,739 and \$948,947) in relation to its share option programs.

The Company observed similar public companies in order to estimate volatility over the estimated life of the options. Changes in these variables can materially impact the estimated fair value of share-based compensation and consequently, the related amount recognized to share-based compensation expenses in the consolidated statements of operations and comprehensive loss.

The following is a continuity of options issued retrospectively adjusting for the 22.3783 exchange ratio for the CDX options (see Note 5) and the 4.8123 consolidation ratio for the Roosevelt options.

Incentive and Non-qualified options issued at December 31, 2021	4,413,953
Less: Incentive and Non-qualified options cancelled	(390,826)
Add: Options issued less forfeitures	559,174
Issued and outstanding options as at June 30, 2022	4,582,301

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

12. Litigation

The Company is subject to routine legal proceedings. The Company does not believe that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on its consolidated losses, cash flow or financial position.

13. Leases

Short Term Leases

The Company and its subsidiaries are parties to various rent and software license costs. For leases in which the lease has a term less than 12 months on the commencement date, all commitments are on a month-to-month basis and can be cancelled at any time within a 30 to 60-day notice period. Any other leases are reported as right of use assets.

Long Term Leases

The following is a summary of the right of use asset and lease liabilities as reported on the statements of financial position:

	June 30, 2022	December 31, 2021
	\$	\$
Right of use assets		
Opening right of-use asset	1,415,798	1,234,892
New leases	-	607,305
Termination of lease	-	(426,399)
Foreign exchange	14,725	-
Closing right of use asset	1,430,523	1,415,798
Accumulated depreciation		
Opening accumulated depreciation	(266,423)	(479,415)
Depreciation for the period	(139,905)	(212,795)
Termination of lease	-	426,399
Foreign exchange	(2,129)	(611)
Closing accumulated depreciation	(408,457)	(266,423)
Right of use assets, net	1,022,066	1,149,375

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

Lease liabilities		
Opening Lease Liability	1,236,773	776,867
Accretion during the year	46,158	77,636
Principal payments	(154,128)	(224,936)
New leases	-	607,305
Foreign exchange	(4,336)	(99)
Closing lease liabilities	1,124,467	1,236,773
Current portion	233,416	233,416
Non-Current portion	891,051	1,003,356

The weighted average incremental borrowing rate for the lease liabilities was estimated to be 8%. Right-of-use assets are amortized over the expected average lease term of 5 years.

14. Office Expense and Professional Fees

During the three and six months ended June 30, 2022, the Company incurred \$53,911 (\$152,509 in 2021) and \$150,094 (\$296,627 in 2021) of office expense, respectively. Office expense declined by \$146,533 or 49.4% thanks to cost savings with most employees working from home due to the post covid-19 work environment and less costs required to support existing customers.

During the three and six months ended June 30, 2022, the Company incurred \$589,735 (\$6,444 in 2021) and \$1,031,152 (\$449,520 in 2021) of professional fees, respectively. Professional fees were \$581,632 or 129.4% higher due to advisory support around corporate initiatives and the 2021 year-end audit, which did not occur in the same period last year.

15. Government funding and grant income

During the three and six months ended June 30, 2022, the Company received \$310,962 (\$44,316 in 2021) and \$395,953 (\$661,256 in 2021) of government funding, respectively. The Company didn't benefit from the same magnitude of NGEN government funding and grant income (IRAP funding in 2021) in 2022 as compared to last year.

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**
16. Financial risks
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 2021.

AS at June 30, 2022, a 5% increase/decrease in the US/CAD exchange rate would result in an increase/decrease in net loss of \$20,573.

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.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The following tables outline the Company's remaining contractual maturities for its non-derivative financial liabilities based on the earliest date the Company is required to make payment on these amounts:

	Carrying Amount	Total	Contractual payments due		
			Less than 1 year	1-3 years	After 3 years
Trade payables and accrued liabilities	\$ 3,430,647	3,430,647	\$ 3,430,647	\$ –	\$ –
Lease liabilities	1,124,467	1,124,467	233,416	752,261	138,790
Loans Payable	521,779	450,000	-	191,659	258,341
Convertible Debt	3,795,071	3,795,071	189,259	3,605,812	
Total	8,871,964	8,800,185	3,853,322	4,549,732	397,131

Contractual payments due are inclusive of the imputed interest that is excluded in the carrying amount.

Credit risk

Credit risk is 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 June 30, 2022 the trade and other receivables were within normal repayment terms.

Interest rate risk

The Company does not have any non derivative variable interest rate exposure.

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

17. Loans Payable

Since July 1, 2021, CDX has received \$450,000 of its interest free \$500,000 Business Scale Up and Productivity Contribution Agreement with the Federal Economic Development Agency for Southern Ontario. The facility is designed to assist with the Company's scale up in the North American markets, is non-interest bearing with repayments commencing in June 2023. The Company has recognized \$178,650 of government funding as a result of the below market interest rate and is amortizing the balance owing over the repayment period of 7 years. The carrying amount of this loan at June 30, 2022 is \$316,091 after assuming an discount rate of 12.45% to calculate the portion attributable to government funding.

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

18. Related party transactions

Loan

On April 26, 2022, the Company entered into a definitive agreement (the "Loan Agreement") for a \$500,000 revolving loan (the "Loan") with B&M Miller Equity Holdings Inc. and Zacorp Ventures Inc. (the "Lenders"). In accordance with the Loan Agreement, the Loan is for a term of 18 months, and advances made under the Loan will bear interest at a rate of 12% per annum, payable at the end of the term of the Loan. The Loan is secured against the assets of the Corporation and contains certain other customary financial and other covenants.

The Loan will be used for general working capital purposes. In addition, the Corporation will pay a standby fee of 2.5% on the unused portion of the Loan calculated on a daily basis as being the difference between: (i) the full Loan amount; and (ii) the aggregate outstanding principal amount under the Loan, which standby fee will be payable on the earlier of: (A) the date of any repayment under the Loan Agreement; and (B) the maturity date.

Each of the Lenders is an insider of the Corporation as: (i) B&M Miller Equity Holdings Inc. is a holding company controlled by Brad Miller, a director of the Corporation and the Corporation's largest shareholder; and (ii) Zacorp Ventures Inc. is a holding company controlled by Constantine Zachos, a director of the Corporation. Accordingly, the Loan Agreement represents a "related party transaction" under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101").

The combined revolving loan amount was extended to \$600,000, \$350,000 (B&M Miller Equity Holdings Inc.) and \$250,000 (Zacorp Ventures Inc.) as per the revised terms agreed to on May 18, 2022. A further amendment was made to Loan on May 26, 2022 to the amount of \$880,000, which is based on the operating facility commitment of \$490,000 (B&M Miller Equity Holdings Inc.) and \$390,000 (Zacorp Ventures Inc.).

The outstanding balance as at June 30, 2022 is \$780,000.

Consulting

During the three and six months ended June 30, 2022 the Company has recorded an expense associated with consulting fees and wages to directors and officers and their wholly owned companies of \$154,643 and \$287,553 (2021 - \$169,694 and \$481,588).

There was related party interest of nil for the three and six months ended June 30, 2022 (2021 – nil and nil).

Compensation for key management personnel, including the Company's officers and Board of Directors, and private companies controlled by the Company's Officers and Board of Directors, was as follows for the three and six months ended June 30:

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

	3 months 2022	3 months 2021	6 months 2022	6 months 2021
Contractor expense for services	\$47,781	\$178,177	\$89,033	\$178,177
Wages	106,861	144,694	198,520	278,411
Share-based payments expense	-	436,102	-	458,127
Directors' fees	18,000	-	36,000	-
Total key management compensation	\$172,643	\$333,919	\$323,553	\$333,919

19. Revenue from contracts with customers

The Company earned revenue from the following geographical areas in the Three and Six Months ended June 30, 2022 and 2021:

	3 months 2022	3 months 2021	6 months 2022	6 months 2021
Canada	\$170,029	\$220,747	\$458,357	\$544,095
United States	72,197	\$47,465	121,132	107,699
Total	\$242,225	\$268,212	\$579,489	\$651,794

20. Supplementary cash flow information

Changes in working capital for the Six Months ended June 30, 2022 and 2021:

	2022	2021
Trade and other receivables	\$55,660	\$66,463
Prepaid expenses and deposits	(\$5,771)	(22,298)
Inventories	\$89,759	(41,687)
Contract assets	(\$41,444)	(6,478)
Accounts payables and accrued liabilities	\$1,875,965	(492,960)
Deferred income	(\$42,165)	(105,582)
Advances from related parties	\$79,158	(217,634)
Total change in working capital	\$2,011,163	(820,176)

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

21. Change in functional and presentation currency

As of April 12, 2021, the Company commenced reporting in Canadian dollars and has restated all its comparable figures from previously reported USD. As a result of the Transaction, the parent is now a Canadian entity with shares listed in Canadian dollars on the stock exchange resulting in a Canadian functional currency for the parent. Previously, the parent was domiciled in the United States with US functional currency due to US dollar denominated revenue and expenses. The presentation currency of the consolidated financial statements has also changed from US to Canadian dollars. Historical exchange rates were used for equity components of the statement of financial position, monetary assets were exchanged at the current rate of 1.2886 (2021 - 1.2394) as at the period end and the statement of operations items were translated using an average rate for the period of 1.2814 (2021 - 1.1.2217).

22. Subsequent events

Private Placement

On July 6, 2022, the Company closed the previously announced non-brokered private placement (the "Private Placement"). Upon closing of the Private Placement, the Corporation issued 1,970 secured convertible debentures (the "Debentures") of the Corporation at a price of \$1,000 per Debentures, for gross proceeds of \$1,970,000, an increase of \$220,000 from the previous announcement (inclusive of \$895,014.92 in gross proceeds received from the lenders under the Corporation's secured loan announced April 26, 2022 (the "Loan"), representing the total amount of principal and accrued interest previously outstanding under the Loan).

The Debentures will mature on the date that is 12 months from the date of closing of the Private Placement (the "Maturity Date") and shall bear interest at a simple rate of 18% per annum, payable upon the earlier of the conversion date or the Maturity Date. The principal amount of the Debentures is convertible, at the election of the holders, into common shares in the capital of the Company ("Common Shares") at a conversion price of C\$0.15 per Common Share (the "Conversion Price") at any time prior to the Maturity Date. The Debentures are secured against the assets of the Corporation, pursuant to a general security agreement.

Insiders of the Corporation subscribed for \$1,005,000 principal amount of Debentures under the Private Placement. As a result, the issuance of the Debentures to such insiders is considered to be a related party transaction subject to TSX Venture Exchange rules and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Corporation is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of MI 61-101, on the basis that participation in the Private Placement by insiders did not exceed 25% of the fair market value of the Corporation's market capitalization (as calculated in accordance with MI 61-101).

The Corporation intends to use the net proceeds from the Private Placement for: (i) inventory and general working capital purposes; and (ii) the repayment of the outstanding principal and accrued interest of the Loan. In connection with the Private Placement, the Corporation paid finder's fees in the amount of 138,333 non-transferable common share purchase warrants ("Broker Warrants") and a cash fee of \$20,750. Each Broker

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
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Warrant entitles the holder to acquire one Common Share at a purchase price of \$0.15 for a period of two years from the date of issuance.

Teladoc

On August 23, the Company announced it had entered into a strategic partnership with Teladoc Health Canada, Inc., a wholly-owned subsidiary of Teladoc Health, Inc. (NYSE: TDOC) (“Teladoc Health”) and leader in whole-person virtual care, which will help to better serve the remote monitoring needs of patients across Canada.

In this partnership, the existing RPM services of the Company’s platform will be enhanced with Teladoc Health’s chronic conditions programmes and virtual care tools. The Company’s tools are successfully used in hospitals in Canada to manage acute and medically complex patients, including for example, people with COPD and heart failure. The Cloud DX RPM solution, Connected Health™, track key patient health indicators from home, such as blood pressure, pulse oxygen, and/or temperature.