CLOUD DX

Cloud DX Inc.

Management's Discussion and Analysis

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

BACKGROUND

This Interim MD&A for Cloud DX Inc. for the Three and Six Months Ended June 30, 2022 and 2021 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 Six Months Ended June 30, 2022 and 2021, its Audited Consolidated Financial Statements at December 31, 2021 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 June 30, 2022 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 qualifying transaction (see below), the functional currency utilized by Cloud DX, Inc. was United States Dollars; see Note 21 of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended June 30, 2022.

The date of this Interim MD&A is **August 23, 2022**, 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 continues to 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

Principal Products and Services

Cloud DX Connected Health™ Kits typically include our proprietary Cloud DX Bluetooth pulse oximeter, the Cloud DX wireless weight scale and optionally, a wireless Bluetooth blood pressure monitor, 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, all within the Cloud DX platform. 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 privacy 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.

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, 70+ 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.

2022 Highlights

From January 1, 2022 to June 30, 2022, the following developments occurred:

- The Company executed 17 new commercial contracts and 2 provincial/territorial contract extensions. In the United States, the Company signed contracts with large clinical practices in Massachusetts, Pennsylvania and Michigan while our partner, Maxwell Telecare, signed contracts with 5 physician practices in Illinois and Indiana.

- In Canada, notable contracts include a unique arrangement with Equitable Life to deploy Cloud DX Connected Health™ to members with critical illness insurance. The first Medtronic Canada hospital contract was signed with St Mary's Hospital in Kitchener ON. The Company was awarded 5 contracts with Paramedic Services in Ontario to help patients stay in their communities as an alternative to long term care.

- The number of contracts executed in 2022 to date (20 contracts) has already exceeded the number contracts signed in all of FY2021 (12 contracts), an increase of 158% year to date.

- In January 2022, the Company was recognized as a Top 2022 New Innovator by Canadian Business magazine.

- Additional events in Q2 that are of interest to investors includes the successful completion of an intensive Health Canada Medical Device IT Audit, demonstrating the Company's full compliance with upcoming Health Canada regulations regarding medical device quality and safety.

- Cloud DX was named a Fellow of the Opportunity Collaboration organization, via the XPRIZE Alumni program. This organization connects Cloud DX with over 100 international non-profit groups, potential clients for Connected Health and new products such as AcuScreen Cough Analysis.

- On April 7, 2022, the Company announced an non-dilutive federal grant to support the commercialization of patented Cloud DX technology for the Medical Metaverse.

- On June 23, 2022, the Company completed a Federal Economic Development Agency for Southern Ontario (Ontario FedDev) program promoting healthcare innovation in Canada.

Subsequent events:

- On August 26, 2022, Cloud DX announced a Master Partnership Agreement with Teladoc Health (NYSE:TDOC) to integrate Teladoc virtual care features into Connected Health for sale to Teladoc and Cloud DX customers around the world.

Product Development Pipeline

The Company has several products, protected by granted and pending patents, at various stages of development for future roll out, including:

- Pulsewave PAD 2A wrist cuff health monitor
- Vitaliti™ continuous vital sign monitor
- AcuScreen Cough Analysis smartphone app and artificial intelligence platform
- Cloud XR "eXtended Reality" Divison and Virtual Medical Assistant™ user interface (UI)

Pulsewave PAD 2A Health Monitor

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 and heart rate. The PAD-2A 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 invested approximately $3.5M from August 2020 to July 2022 to complete the PAD-2A calibration project with a $1.7M financial co-investment from the Next Generation Manufacturing Supercluster ("NGEN").

This unique device and its associated software platform 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. These innovations are protected by US patents 11,006,843 and 11,272,859, with additional US, Canadian & international patents pending.

Vitaliti™ continuous vital sign monitor (CVSM)

The Vitaliti™ CVSM platform is Cloud DX's award winning continuous vital sign monitoring product. The 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 by the Population Health Research Institute (PHRI) at McMaster University as the device for several large studies that will provide necessary data for Health Canada and FDA approvals. According to current timetables, these studies will commence in Q3-2022. Prototype devices will attract a fee for use during the PHRI studies. Moreover, there are several other projects that are funding the Company's efforts to bring Vitaliti to commercialization. Vitaliti is protected by US patents 10,893,837 and 10,022,053, as well as 3 pending US patents.

AcuScreen™ Cough Analysis (CA) platform

AcuScreen™ CA is a mobile application and machine-learning model that can detect the presence of certain respiratory diseases using a patient's cough signature. This remarkable application is currently undergoing clinical testing in Maputo, Mozambique to determine its accuracy in the screening and 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 investigator in the study, Dr Celso Khosa of the Instituto Nacional de Saúde (INS) in Maputo stated that "*data shows that AcuScreen 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. AcuScreen is protected by US patents 9,526,458 and 10,485,449, under an exclusive, global license to Cloud DX from Speech Technology and Applied Research Corporation of Bedford MA.

Cloud XR "eXtended Reality" Division and products

On February 3rd, 2022, Cloud DX announced a new eXtended Reality (XR) division to launch 3D holographic bedside applications for hospitals. Cloud XR's Virtual Clinician Assistant™ software offers healthcare teams an immersive real-time 3D holographic clinical experience. This ground-breaking solution combines the patented, award-winning VITALITI™ vital sign monitor with Microsoft's Hololens 2 or Apple's ARKit. The development of the Virtual Clinical Assistant application along with additional integration to hospital record systems is supported by a total of $220,000 CAD in non-dilutive R&D funding from Ontario Centre for Innovation (OCI) and NSERC to date. The Virtual Clinician Assistant is protected by US patent 10,642,046 and further pending US and international patents.

Selected Consolidated Financial Information

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
	$	$	$	$
Revenue	242,225	268,212	579,489	651,794
Cost of sales	120,798	47,732	320,984	175,032
Gross profit	**121,427**	**220,480**	**258,505**	**476,762**
Gross profit margin	50.1%	82.2%	44.6%	73.1%
Operating expenses net of depreciation, amortization and share based compensation	(2,535,141)	(2,114,765)	(4,778,863)	(4,420,505)
Adjusted EBITDA	**(2,413,714)**	**(1,894,285)**	**(4,520,358)**	**(3,943,743)**
Foreign currency translation gain/(loss)	(1,572)	20,644	(1,461)	20,202
Share based compensation	-	(887,739)	-	(948,947)
Government funding and grant income	310,962	44,316	395,953	661,256
Fair value loss	-	(417,303)	-	(75,497)
Gain on marketable securities	-	(13,918)	-	202,927
Listing expenses	(1,648)	(1,632,349)	(7,368)	(1,632,349)
EBITDA	**(2,105,972)**	**(4,780,634)**	**(4,133,234)**	**(5,716,149)**
Depreciation & amortization	(122,660)	(85,035)	(244,786)	(171,103)
Interest	(59,655)	(196,249)	(115,297)	(524,830)
Income taxes	-	-	-	-
Net loss	**(2,288,287)**	**(5,061,918)**	**(4,493,317)**	**(6,412,082)**
Other comprehensive income/(loss)	-	157,389	-	(20,227)
Comprehensive loss	**(2,288,287)**	**(4,904,529)**	**(4,493,317)**	**(6,432,309)**
Basic and diluted loss per share	(0.03)	(0.07)	(0.06)	(0.11)

Revenue and Gross Profit

For the three months ended June 30, 2022 and 2021, overall revenue decreased by $25,987 or 9.7%. Subscription revenue decreased 34.5% from $170,766 to $111,775, while Product revenue increased $14,566 or 16.4%. The Company's Gross profit margin decreased by $99,053 or 44.9% compared to the same period last year. The gross margin decreased from 82.2% to 50.1% period over period.

Reduction in subscription revenue is attributable to the impact on hospital clients of COVID-19 (Delta and then Omicron waves) from January to April 2022. As staff was pulled away from RPM programs to cope with pandemic patients, RPM recruitment and throughput were paused across Canada. By April 2022, recruitment and enrolling of patients has resumed, and therefore patient enrollment numbers in the remainder of 2022 are expected to reflect resumed enrollments.

Increased Product revenues reflect shipments of Connected Health Kits to customers who signed contracts in Q1 2022. Substantial Product revenue is recorded in Deferred revenue as some Q1 orders are still in the fulfillment process as of June 30, 2022.

Professional and other revenue were higher by $18,439 or 211.7% due to the delay in recognizing revenue from prior period, completed projects.

	Three Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	111,775	170,766	(58,991)	(34.5)
Product Revenue	103,302	88,736	14,566	16.4
Professional Services	27,149	8,710	18,439	211.7
Total Revenue	**242,225**	**268,212**	**(25,987)**	**(9.7)**
Cost of Goods Sold	120,798	47,732	73,066	153.1
Gross Profit	**121,427**	**220,480**	**(99,053)**	**(44.9)**
Gross Profit %	50.13%	82.20%		(32.1)

For the six months ended June 30, 2021, overall revenue was lower by $72,305 or 11.1% due to lower subscription and professional services revenues. Subscription revenue declined by $55,573 or 21.9% as patient enrollments were paused during the Delta & Omicron waves of COVID-19 and natural patient attrition reduced the overall census. Product sales were higher by $64,252 or 24.1% period over period as Connected Health Kits were shipped to customers who signed contracts in Q1 2022.

Professional and other income were $80,985 or 61.6% lower as a result of the Company's 2021 participation in the Digital Technology Supercluster funded "Stronger Together" program, for which there was no comparative initiative in the same period in 2022. Typically, Professional Services revenue fluctuates from period to period based on the duration of contracts for those services.

The larger proportion Product sales in the Revenue mix, which attract a higher cost of sales, combined with the lower percentage of professional services in 2022, resulted in an overall decrease of 28.5% in gross margin from 73.2% to 44.6% period over period. Typically, gross margin for Connected Health products and services fluctuates based on the mix of Products (hardware, lower margin) vs Services (subscriptions and/or Professional Services, higher margin) recorded in each period

	Six Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	198,482	254,055	(55,573)	(21.9)
Product Revenue	330,622	266,370	64,252	24.1
Professional Services	50,384	131,369	(80,985)	(61.6)
Total Revenue	**579,489**	**651,794**	**(72,305)**	**(11.1)**
Cost of Goods Sold	320,984	175,032	145,952	83.4
Gross Profit	**258,505**	**476,762**	**(218,257)**	**(45.8)**
Gross Profit %	44.61%	73.15%		(28.5)

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 June 30,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	1,561,801	1,407,576	154,225	11.0
Professional fees	589,735	6,444	583,291	9,051.7
Sales, general & administrative	212,463	418,704	(206,241)	(49.3)
Office	53,911	152,509	(98,598)	(64.7)
Research & development	117,229	129,532	(12,303)	(9.5)
Amortization & depreciation	122,660	85,035	37,625	44.2
Share-based compensation	-	887,739	(887,739)	NMF
	2,657,801	3,087,539	(429,738)	(13.9)

Operating expenses decreased by $429,738 or 13.9% in the three-month period ended June 30, 2022, which was driven by cost savings around share-based compensation, sales, general & administrative and office outlays relative to the same period in 2021.

Due to the hiring of key sales, technology and fulfillment employees during Q2 2022, salaries and wages increased by $154,225 or 11.0% in the period.

Professional fees were $583,291 or 9,051.7% higher due to advisory support around corporate initiatives and the 2021 year-end audit, which did not occur in the same period in 2021. Sales, General & Administrative costs fell by $206,241 or 49.3% as the company reduced its infrastructure expenses.

Office expenses declined by $98,598 or 64.7% thanks to cost savings with most employees working from home due to the post COVID-19 work environment. Research and development costs were $12,303 or 9.5% lower thanks to lower costs incurred with the PAD-2A product roll-out. Amortization and depreciation were 44.2% or $37,625 higher compared to the same June 2021 quarter due to the recording of new right-of-use leasing assets for office space.

	Six Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	2,938,940	2,848,731	90,327	3.2
Professional fees	1,031,152	449,520	581,632	129.4
Sales, general & administrative	458,959	606,997	(148,038)	(24.4)
Office	150,094	296,627	(146,533)	(49.4)
Research & development	199,600	218,630	(19,030)	(8.7)
Amortization & depreciation	244,786	171,103	73,683	43.1
Share-based compensation	-	948,947	(948,947)	MNF
	5,023,650	5,540,555	(516,905)	(9.3)

Operating expenses were lower by $516,542 or 9.3% in the six-month period ended June 30, 2022, primarily thanks to the Company cost saving initiatives around reduced outlays on office, share-based compensation, research and development and sales, general & administrative.

Salaries and wages rose by $90,327 or 3.2% during the current period, due to the Company giving wage increases to existing staff, and higher wages being offered to new employees relative to previous employees. Professional fees, paying consultants for support around corporate initiatives and year-end audit, were $581,632 higher compared to the same period in 2021.

Sales, General & Administrative costs decreased by $148,038 or 24.4% reflecting lower costs due to most employees working from home, and efficiencies in administration.

Office expenses were lower by $146,533 or 49.4% thanks to less costs required to support existing customers. Research and development costs were $19,030 or 8.7% lower, as costs allocated to the PAD-2A product roll-out were reduced. Amortization and depreciation were lower by 43.1% or $73,683 compared to the first six months of 2021 due to the recording of new right-of-use leasing assets for office space.

Other Income and Expenses

	Three Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Foreign exchange gain/(loss)	(1,572)	20,644	(22,216)	(107.6)
Interest expense	(59,655)	(196,249)	136,594	69.6
Government funding and grant income	310,962	44,316	266,646	601.7
Fair value gain/(loss)	-	(417,303)	417,303	NMF
Gain/(loss) on marketable securities	-	(13,918)	13,918	NMF
Listing expense	(1,648)	(1,632,349)	1,630,701	(99.9)
	248,087	(2,194,859)	2,442,946	111.3

Other income overall improved by $2,442,946, from ($2,194,859) in 2021 to $248,087 in the period ended June 30, 2022, due to the revenue recognition and cash receipt of NGEN government funding from the Government of Canada. Furthermore, compared to the same period in 2021, the Company saved $1,630,702 from one-time listing expenses and $417,303 in losses on marketable securities.

Foreign exchange losses in 2022 were $22,216 higher compared to the 2021 gains of $20,644. Interest expense was $136,594 lower in the June 2022 quarter compared to 2021 due to the conversion of convertible debentures into equity in 2021.

	Six Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Foreign exchange gain/(loss)	(1,461)	20,202	(21,663)	(107.2)
Interest expense	(115,297)	(524,830)	409,533	(78.0)
Government funding and grant income	395,953	661,256	(265,303)	(40.1)
Fair value gain/(loss)	-	(75,497)	75,497	NMF
Gain/(loss) on marketable securities	-	202,929	(202,929)	NMF
Listing expense	(7,368)	(1,632,349)	1,624,982	(99.5)
	271,828	(1,348,289)	1,620,117	120.2

Other expense improved by $1,498,373 or 111.1% in the six months ended June 30, 2022. This was mainly due to the reduced interest expense in 2022; as compared to 2021 when the Company incurred additional interest accrual on convertible debt, which was converted to shares prior to the April 2021 Qualifying Transaction.

Furthermore, the Company has saved $1,624,982 in listing expenses relative to the same period in 2021, which it incurred to realize its reverse takeover listing.

These expense improvements were offset by an increase of $21,663 in the foreign exchange loss from a $20,202 gain in 2021 to a $1,461 loss in 2022.

Statement of Financial Position

	As at			
	June 30, 2022	December 31, 2021		Change
	$	$	$	%
Total assets	2,850,897	3,222,394	(371,497)	(11.5)
Total liabilities	9,048,236	4,950,414	4,097,822	82.8
Shareholders' equity (deficiency)	(6,197,339)	(1,728,020)	(4,469,319)	258.6
Total liabilities and shareholders' equity (deficiency)	2,850,897	3,222,394	(371,497)	(11.5)

Total Assets

Total assets as of June 30, 2022, were lower by 11.5% from total assets at December 31, 2021 predominantly due to the $214,687 or 11.4% decrease in non-current assets. Cash decreased by $59,442, while trade receivables were $54,885 or 13.6% lower. Inventory fell by $89,759 or 13.1% due to product sales and inventory write-downs.

Further write-downs of $68,734 to intellectual property, and a $127,309 decrease in the right of use asset resulted in the overall non-current asset value falling by $214,687 from December 2021 to June 2022.

Total Liabilities

Total liabilities, as of June 30, 2022, increased by $4,097,822 or 82.8% from total liabilities at December 31, 2021 primarily due to fund raising in the form of convertible debentures with $2,269,109 in gross proceeds. Accounts payable increased by $1,886,156 or 122.1%, whilst deferred income fell by $42,165 or 18.0% due to the revenue recognition treatment of prior period sales, which couldn't be recognized as income in prior periods. Lastly, the total lease liabilities for the Company dropped by $112,305 or 11.2%.

Liquidity

The table below sets out the Company's cash, restricted cash and working capital as of December 31, 2021 and June 30, 2022.

	June 30, 2022	December 31, 2021
	$	$
Cash	19,301	78,742
Restricted Cash	60,060	60,000
Current Assets	1,176,956	1,333,767
Current Liabilities	4,235,282	2,312,132
Working Capital Deficiency	(3,058,325)	(978,365)

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%. Working capital represents the excess of current assets over current liabilities. The decrease in cash and overall working capital was primarily due to less cash provided by financing activities of $2,006,708 for the six months ended June 2022 – as compared to the $6,358,828 in 2021.

Even though the Company saved $2,741,114 in operating cashflow, overall, it experienced a decrease of $1,922,641 in cash over the two periods.

The table below sets forth the cash flows for the six months ended June 30, 2022, and 2021:

	Six Months Ended June 30,			
	2022	2021	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(2,302,183)	(5,043,299)	2,741,114	(54.4)
Investing activities	236,034	547,801	(311,767)	(56.9)
Financing activities	2,006,708	6,358,828	(4,352,120)	(68.4)
Increase (decrease) in cash	(59,441)	1,863,330	(1,922,641)	(103.2)

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 six months ended June 2022 improved by 54.4% or $2,741,114 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 a net increase of 12 FTEs between December 31, 2021 and June 30, 2022.

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 June 30, 2022. Other contractual operational commitments are limited to 12 months.

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	
	June 30, 2022	December 31, 2021
Common Shares	72,094,396	72,094,396
Total Shares issued and outstanding	72,094,396	72,094,396

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

Additionally, the Company has issued the following securities:

	As at	
	June 30, 2022	December 31, 2021
Options	4,970,220	4,413,953
Warrants	10,790,324	10,788,894
Total Diluted Shares	87,854,940	86,477,042

For additional information on share data please refer to note 10 of the Unaudited Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2022, and 2021 and note 12 of the Audited Consolidated Financial Statements for the year ended December 31, 2021.

Options and warrants

During the six months ended June 30, 2022, the Company granted 883,848 options to employees and consultants. 44,632 of these stock options were granted to officers of the Company. Each stock option entitles the holder thereof to purchase one common share in the capital of the Company (a "Common Share") at an exercise price of $0.35 per Common Share and expires on February 15, 2027. Under the terms of the Company's Stock Option Plan (the "Plan"), 515,363 stock options will vest in equal installments on an annual basis over three years and 50,000 stock options granted to a consultant will vest in equal installments every 3 months over 1 year.

During the six months ended June 30, 2022, the Corporation issued 1,555 units (the "Units") of the Corporation at a price of $1,000 per Unit, for gross proceeds of $1,555,000 (the "Offering"). Each Unit is comprised of (i) a C$1,000 principal amount unsecured convertible debenture (each, a "Debenture") and (ii) 1,430 common share purchase warrants of the Corporation (each, a "Warrant"). The Debentures will mature on the date that is 36 months from the date of closing of the Private Placement (the "Maturity Date") and shall bear interest at a simple rate of 10% per annum.

In addition to the Units sold under the Private Placement, the Corporation also issued 20 Units on a non-brokered private placement basis for additional gross proceeds of $20,000.

As of June 30, 2022, and the date of this MD&A, the Company had 4,970,220 stock options and 10,790,324 warrants outstanding.

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 the Three Months and Six Ended June 30, 2022, 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 June 30		Six Months Ended June 30	
	2022	2021	2022	2021
	$	$	$	$
Contractor expenses for services	47,781	25,000	89,000	203,177
Wages	106,861	144,694	198,520	278,411
Share-based benefits	-	436,102	-	458,127
Directors' fees	18,000	-	36,000	-
	172,642	**605,796**	**323,553**	**939,715**

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.