



CLOUD DX

Cloud DX Inc.

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 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 Nine Months Ended September 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 September 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.

November 15, 2022

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

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

	Note	September 30, 2022 \$	December 31, 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		(39,236)	78,742
Restricted cash	5	60,060	60,000
Trade and other receivables	6	215,358	403,922
Inventories	7	789,000	684,948
Prepaid expenses and deposits		152,876	106,155
Contract Assets		50,963	-
		1,229,021	1,333,767
Non-Current Assets			
Intangible assets	8	306,667	394,636
Property, plant and equipment	9	138,274	171,019
Right of use asset	13	976,909	1,149,375
Deferred tax asset		173,597	173,597
Total Assets		2,824,469	3,222,394
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payable and accrued liabilities		4,127,610	1,544,491
Deferred income		86,266	234,581
Lease liabilities	14	233,416	233,416
Advances from related parties	18	189,544	110,385
Current portion of convertible debt		105,733	189,259
		4,742,568	2,312,132
Non-current Liabilities			
Lease liabilities	13	858,308	1,003,356
Loan payable	17	325,579	298,223
Convertible debt		5,170,812	1,336,703
Total Liabilities		11,097,268	4,950,414
Shareholders' Equity (Deficiency)			
Share capital	10	30,433,684	30,433,684
Deficit		(46,515,400)	(39,558,051)
Share based payment reserve	11	6,414,840	5,983,136
Warrant reserve		1,350,591	1,349,790
Accumulated other comprehensive loss		37,954	(15,314)
Conversion feature on Convertible Debt		5,533	78,735
		(8,272,799)	(1,728,020)
		2,824,469	3,222,394

Approved on behalf of the Board of Directors on November 15, 2022

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

(signed) **Michele Middlemore**, Director

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

	Note	Nine Months Ended		Three Months Ended	
		Sept. 30, 2022 \$	Sept. 30, 2021 \$	Sept. 30, 2022 \$	Sept. 30, 2021 \$
Revenue					
Subscription	18	363,982	347,363	165,499	82,023
Product Sales	18	535,425	308,966	204,803	42,596
Professional services	18	50,729	115,084	345	-
Other	18	121,743	5,000	121,743	-
		1,071,878	776,413	492,390	124,619
Cost of inventories sold	7	730,772	237,302	409,789	62,270
Gross Profit		341,106	539,111	82,601	62,349
Operating Expenses					
Advertising and promotion		283,449	397,147	74,388	109,244
Amortization and depreciation	8,9,13	369,009	285,858	124,233	114,755
Bad debt expense		-	20,805	-	7,299
Dues and memberships		281,633	272,249	148,515	85,704
Insurance		114,067	101,615	29,702	45,679
Office	14	265,984	442,684	115,890	146,057
Professional fees	14	1,377,244	906,130	346,092	456,610
Research		343,598	328,335	143,998	109,705
Salaries, wages and benefits		4,613,646	4,325,535	1,674,589	1,476,804
Share based compensation	11	-	967,432	-	18,485
Travel and entertainment		56,592	14,220	24,177	10,643
Other general and administrative		725	66,159	725	6,629
		7,705,947	8,128,169	2,682,298	2,587,614
Operating loss		(7,364,841)	(7,589,058)	(2,599,697)	(2,525,265)
Other (expenses)/income:					
Foreign exchange gain/(loss)		(6,044)	5,359	(4,584)	(14,843)
Interest expense		(279,620)	(562,136)	(164,323)	(37,306)
Government funding and grant income	15	709,401	861,253	313,449	199,997
Gain/(Loss) on marketable securities		-	207,887	-	4,958
Fair value gain/(loss)		-	(77,345)	-	(1,848)
Non-cash listing expense		(16,245)	(1,634,323)	(8,877)	(1,974)
		407,493	(1,199,305)	135,665	148,984
Loss before income taxes		(6,957,349)	(8,788,363)	(2,464,031)	(2,376,281)
Income taxes		-	-	-	-
Net loss		(6,957,349)	(8,788,363)	(2,464,031)	(2,376,281)
Other comprehensive loss		53,268	51,518	-	71,745
Comprehensive loss		(6,904,081)	(8,736,845)	(2,464,031)	(2,304,536)
Basic and diluted weighted average number of shares:					
		72,094,396	61,631,699	72,094,396	72,886,650
Basic and diluted loss per share:					
		(0.10)	(0.14)	(0.03)	(0.03)

**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the Three Months and Nine Months ended September 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
Compensation shares and issuance costs			(948,897)						(948,897)
Stock based compensation				967,432					967,432
Net and comprehensive loss for the period		-	-	-	-		51,518	(8,788,363)	(8,736,845)
Balance at September 30, 2021		72,094,396	30,260,087	5,932,510	1,195,318	-	57,076	(37,089,548)	355,443
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 income/(loss) for the period				431,704	801	(73,202)	53,268	(6,957,349)	(6,544,779)
Balance at September 30, 2022		72,094,396	30,433,684	6,414,840	1,350,591	5,533	37,954	(46,515,400)	(8,272,799)

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

	Note	Nine Months Ended	
		Sept 30, 2022	Sept 30, 2021
		\$	\$
Cash flows used in operating activities:			
Net loss before tax		(6,957,349)	(8,788,363)
Items not affecting cash:			
Depreciation of property, plant and equipment		248,080	176,285
Amortization of intangible assets	14	115,525	109,573
Realized loss from disposal of marketable securities		-	-
Unrealized gain on revaluation of marketable securities		-	(207,887)
Bad debt expense		45	20,805
Consulting expense settled by issuance of shares, convertible debt or options			455,838
Fair value loss		-	64,986
Fair value adjustment on interest-free loan from FedDev	16	-	(178,650)
Government grants deferred in prior year			(484,000)
Non-Cash Interest Expense		-	52,850
Interest accretion on FedDev loan			18,183
Share-based compensation expense			967,432
Non-cash inventory impairment			35,433
Finance costs			492,487
Non-cash listing expenses			723,037
Net foreign exchange difference		(244,762)	(2,677)
Changes in working capital	19	2,412,086	(687,914)
Cash used in operating activities		(4,426,375)	(7,232,582)
Cash flows generated from (used in) investing activities:			
Proceeds from disposal of marketable securities		-	633,777
Cash from lease improvement allowance			72,418
Purchase of property, plant and equipment		363,606	(195,869)
Investment in guaranteed investment certificate			(60,000)
Cash generated from (used in) investing activities		363,606	450,326
Cash flows generated from financing activities:			
Proceeds from issuance of convertible debt, net of issuance costs	18	3,984,956	5,549,373
Cash from recapitalization			646,330
Loan received from Roosevelt prior to Transaction			250,000
Share cancellation			(283,235)
Payment for lease obligation	14	(65,275)	(146,267)
Loan Proceeds		27,356	450,000
Cash generated from financing activities		3,947,037	6,466,201

Increase in cash and cash equivalents	(115,732)	(316,055)
Effect of exchange rates on cash and cash equivalents	(2,246)	(4,376)
Cash and cash equivalents, beginning of the period	78,742	637,560
Cash and cash equivalents, end of the period	(39,236)	317,129

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 Nine Months Ended September 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 Nine Months Ended September 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 September 30, 2022, the Company had a deficit of \$47,589,515 (December 31, 2021 - \$39,558,051), including a net loss of \$2,293,861 and \$6,787,179 for the three and nine months ended September 30, 2022 (2021 – \$2,376,281 and \$8,788,363)

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 Financial Reporting 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 November 15, 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 Nine Months Ended September 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 Nine Months Ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)**

5. Restricted Cash

As at September 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

	September 30, 2022	December 31, 2021
Trade receivables	95,538	196,709
Harmonized Sales Tax receivable	129,277	216,072
Less expected credit losses	(9,457)	(8,859)
Total Trade and other receivables	215,358	403,922

7. Inventories

Inventories are comprised of the following:

	September 30, 2022	December 31, 2021
Finished Goods	183,929 ^{††}	266,927
Work in Progress	605,071	418,021
Total Inventories	789,000	684,948

Inventory related to sales recognized as cost of goods sold for the three and nine months ended on September 30, 2022 amounted to \$409,789 and \$730,7722 (2021 - \$62,270 and \$237,302).

^{††} 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	(216,899)
Foreign exchange	132,136
September 30, 2022	306,667

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

9. Property, Plant & Equipment

December 31, 2021	171,019
Additions	75,265
Less depreciation	(107,128)
Foreign exchange	(882)
September 30, 2022	138,274

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 September 30, 2022	72,094,396		30,260,087

11. Share-based payments

During the three and nine months ended September 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 - \$18,489 and \$967,432) 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	-
Add: Options issued less forfeitures	556,267
Issued and outstanding options as at September 30, 2022	4,970,220

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 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:

	September 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	49,085	-
Closing right of use asset	1,464,883	1,415,798
Accumulated depreciation		
Opening accumulated depreciation	(408,457)	(479,415)
Depreciation for the period	(79,516)	(212,795)
Termination of lease	-	426,399
Foreign exchange	-	(611)
Closing accumulated depreciation	(487,973)	(266,423)
Right of use assets, net	976,909	1,149,375

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

Lease liabilities		
Opening Lease Liability	1,022,066	776,867
Accretion during the year	-	77,636
Principal payments	(145,047)	(224,936)
New leases	-	607,305
Foreign exchange	99,890	(99)
Closing lease liabilities	976,909	1,236,773
Current portion	233,416	233,416
Non-Current portion	858,308	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 nine months ended September 30, 2022, the Company incurred \$115,890 (\$146,057 in 2021) and \$265,984 (\$442,684 in 2021) of office expense, respectively. Office expense declined by \$176,700 or 39.9% 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 nine months ended September 30, 2022, the Company incurred \$346,092 (\$456,610 in 2021) and \$1,377,244 (\$906,130 in 2021) of professional fees, respectively. Professional fees were \$471,114 or 52.0% 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 nine months ended September 30, 2022, the Company received \$313,449 (\$199,997 in 2021) and \$709,401 (\$861,253 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 Nine Months Ended September 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 September 30, 2022, a 5% increase/decrease in the US/CAD exchange rate would result in an increase/decrease in net loss of \$24,342.

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	Contractual payments due			
		Total	Less than 1 year	1-3 years	After 3 years
Trade payables and accrued liabilities	\$ 4,127,610	4,127,610	\$ 4,127,610	\$ –	\$ –
Lease liabilities	1,091,724	1,091,724	233,416	724,618	133,690
Loans Payable	521,779	450,000	-	191,659	258,341
Convertible Debt	5,276,545	5,276,545	105,733	5,170,812	-
Total	11,017,658	10,945,879	4,466,759	6,087,089	392,031

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 September 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 Nine Months Ended September 30, 2022 and 2021
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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 \$325,579 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 Nine Months Ended September 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 September 30, 2022 is \$1,030,000.

Consulting

During the three and nine months ended September 30, 2022 the Company has recorded an expense associated with consulting fees and wages to directors and officers and their wholly owned companies of \$246,467 and \$611,163 respectively (2021 - \$252,881 and \$1,146,193).

There was related party interest of nil for the three and nine months ended September 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 nine months ended September 30:

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

	3 months 2022	3 months 2021	9 months 2022	9 months 2021
Contractor expense for services	\$42,167	\$77,315	\$130,167	\$280,492
Wages	186,300	136,063	426,997	396,658
Share-based payments expense	-	6,503	-	436,043
Directors' fees	18,000	33,000	54,000	33,000
Total key management compensation	\$246,467	\$252,881	\$611,163	\$1,146,193

19. Revenue from contracts with customers

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

	3 months 2022	3 months 2021	9 months 2022	9 months 2021
Canada	\$329,479	\$90,167	\$787,836	639,262
United States	40,844	34,452	161,790	137,151
Total	\$370,323	\$124,619	\$949,626	\$776,413

20. Supplementary cash flow information

Changes in working capital for the Nine Months ended September 30, 2022 and 2021:

	2022	2021
Trade and other receivables	\$190,670	\$66,463
Prepaid expenses and deposits	(\$20,510)	(22,298)
Inventories	(\$111,201)	(41,687)
Contract assets	(\$50,963)	(6,478)
Accounts payables and accrued liabilities	\$2,542,152	(492,960)
Deferred income	(\$331,048)	(105,582)
Advances from related parties	\$192,987	(217,634)
Total change in working capital	\$2,412,086	(820,176)

**Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 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 1.3707 (2021 - 1.2394) as at the period end and the statement of operations items were translated using an average rate for the period of 1.3319 (2021 - 1.1.2217).

22. Subsequent events

Private Placement

- October 11, 2022. announce its intention to complete a non-brokered private placement of up to 1,800 secured convertible debentures (the "Convertible Debentures") at a price of \$1,000 per Convertible Debenture for aggregate gross proceeds of up to \$1,800,000 (the "Offering").

The Debentures will mature on the date that is 18 months from the date of issuance (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 Debenture is convertible, at the election of the holders, into common shares in the capital of the Corporation ("Common Shares") at a conversion price of C\$0.16 per Common Share (the "Conversion Price") at any time prior to the Maturity Date. The Debentures will be secured against all present and after-acquired personal property of the Corporation, pursuant to a general security agreement.

Other news

- October 25, 2022. The Company and Medioh, a leader in care device and inventory management to support scaling deployment, have announced a new partnership to optimize digital health inventory for clinics and hospitals. The partnership will allow Cloud DX to offer its customers the ability to expand their reach and breadth of services by offering an RPM platform that is currently one of the most widely used in North America.
- November 8, 2022. The Company announced \$5.2 million CAD of co-investment from the Digital Supercluster, through Innovation, Science and Economic Development Canada to create the Continuous Connected Patient Care (CCPC) digital platform. The project will be led by Medtronic and include expertise and technology from a consortium of partners, including Excelar Technologies, Providence Health Care's St. Paul's Hospital, Providence Health Care Ventures, Simon Fraser University, 3D Bridge Solutions Inc, and StarFish Medical (as a Medtronic sub-contractor).