Cloud DX Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2022 and 2021

BACKGROUND

This Interim MD&A for Cloud DX Inc. for the Three and Nine Months Ended September 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 Nine Months Ended September 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 September 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 Nine Months Ended September 30, 2022.

The date of this Interim MD&A is **November 15, 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 September 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 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 Sept 30		Nine Months Ended Sept 30	
	2022	2021	2022	2021
	$	$	$	$
Revenue	492,390	124,619	1,071,878	776,413
Cost of sales	409,789	62,270	730,772	237,302
Gross profit	**82,601**	**62,349**	**341,106**	**539,111**
Gross profit margin	16.8%	50.0%	31.8%	69.4%
Operating expenses net of depreciation, amortization and share based compensation	(2,558,075)	(2,454,374)	(7,336,938)	(6,874,879)
Adjusted EBITDA	**(2,475,473)**	**(2,208,845)**	**(6,995,832)**	**(7,103,479)**
Foreign currency translation gain/(loss)	(4,584)	-	(6,044)	-
Share based compensation	-	(18,485)	-	(967,432)
Government funding and grant income	313,449	-	709,401	-
Fair value loss	-	(1,848)	-	(77,345)
Gain on marketable securities	-	4,958	-	207,887
Listing expenses	(8,877)	-	(16,245)	-
EBITDA	**(2,175,485)**	**(2,224,220)**	**(6,308,720)**	**(7,940,369)**
Depreciation & amortization	(124,223)	(114,755)	(369,009)	(285,858)
Interest	(164,323)	(37,306)	(279,620)	(562,136)
Income taxes	-	-	-	-
Net loss	**(2,464,031)**	**(5,061,918)**	**(6,957,349)**	**(8,788,363)**
Other comprehensive income/(loss)	-	71,745	-	51,518
Comprehensive loss	**(2,464,031)**	**(2,304,536)**	**(6,957,349)**	**(8,736,845)**
Basic and diluted loss per share	(0.03)	(0.03)	(0.10)	(0.16)

Revenue and Gross Profit

For the three months ended September 30, 2022 and 2021, overall revenue increased by $367,771 or 295.1%. Subscription revenue increased 77.4% from $93,308 to $165,499, while Product revenue increased $162,207 or 380.8%. The Company's Gross profit margin increased by $190,422 or 305.4% compared to the same period last year. The gross margin decreased from 50.0% to 16.8% period over period due to a write-down on inventory.

The Company is beginning to see the impact from several new customer contracts that have been signed in recent months. Additional sales have come from new customers such as Essex-Windsor EMS, Guelph Paramedic Service, Niagara Health, Oxford County and Peterborough County.

Increased Product revenues reflect shipments of Connected Health Kits to customers who signed contracts in Q2 2022. Substantial Product revenue is recorded in Deferred revenue as some Q2 orders are still in the fulfillment process as of September 30, 2022.

Professional and other revenue were higher by $133,373 or -1,181.9% due to the delay in recognizing revenue from prior period, completed projects.

	Three Months Ended Sept 30,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	165,499	93,308	72,191	77.4
Product Revenue	204,803	42,596	162,207	380.8
Professional Services	122,088	(11,285)	133,373	(1,181.9)
Other	-	-	-	-
Total Revenue	**492,390**	**124,619**	**367,771**	**295.1**
Cost of Goods Sold	409,789	62,270	347,519	558.1
Gross Profit	**82,601**	**62,349**	**20,252**	**32.5**
Gross Profit %	16.8%	50.0%		(33.3)

For the nine months ended September 30, 2021, overall revenue was higher by $295,465 or 38.1% due to a significant increase in product sales and higher subscription revenues. Subscription revenue increased by $16,619 or 4.8% thanks to the impact of new contracts realizing new sales from Guleph Paramedic Services and Peterborough County. Product sales were higher by $226,459 or 73.3% period over period as Connected Health Kits were shipped to customers such as Oxford County and Peterborough County who signed contracts in Q2 2022. Additional sales were realized from existing customers such as Hamilton Health Sciences and Yukon Health & Social Services.

Professional and other income were $52,388 or 43.6% higher 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 37.6% in gross margin from 69.4% to 31.8% 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. An inventory write-down in the current quarter contributed to the lower margin primarily.

	Nine Months Ended Sept 30,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	363,982	347,363	16,619	4.8
Product Revenue	535,425	308,966	226,459	73.3
Professional Services	50,729	120,084	(69,355)	(57.8)
Other	121,743	-	121,743	-
Total Revenue	**1,071,878**	**776,413**	**295,465**	**38.1**
Cost of Goods Sold	730,772	237,302	493,470	208.0
Gross Profit	**341,106**	**539,111**	**(198,005)**	**(36.7)**
Gross Profit %	31.8%	69.4%		(37.6)

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 Sept 30,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	1,674,589	1,476,804	197,785	13.4
Professional fees	346,092	456,610	(110,518)	(24.2)
Sales, general & administrative	277,506	265,198	12,308	4.6
Office	115,890	146,057	(30,167)	(20.7)
Research & development	143,998	109,705	34,293	31.3
Amortization & depreciation	124,223	114,755	9,468	8.3
Share-based compensation	-	18,485	(18,485)	NMF
	2,682,298	2,587,614	94,684	3.7

Operating expenses increased by $94,684 or 38.3% in the three-month period ended September 30, 2022, which was driven by higher salaries and wages, sales, general & administrative and research and development relative to the same period in 2021.

Due to the hiring of key sales, technology and fulfillment employees during Q3 2022, salaries and wages increased by $197,785 or 13.4% in the period.

Professional fees were $110,518 or 24.2% lower due to advisory support around corporate initiatives and the 2021 year-end audit, which did not occur in the same period in 2022. Sales, General & Administrative costs rose by $12,308 or 4.6% due inflationary pressures around general business expenses.

Office expenses declined by $30,167 or 20.7% thanks to cost savings with most employees working from home due to the post COVID-19 work environment. Research and development costs were $34,293 or 31.3% higher due to the Company's investment in research grant costs associated with the NBHRF (New Brunswick Health Research Foundation) Strategic Initiative Grant programme. Amortization and depreciation were 8.3% or $9,468 higher compared to the same September 2021 quarter due to the recording of new right-of-use leasing assets for office space.

	Nine Months Ended Sept 30,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	4,613,646	4,325,535	288,111	6.7
Professional fees	1,377,244	906,130	471,114	52.0
Sales, general & administrative	736,465	872,195	(135,730)	(15.6)
Office	265,984	442,684	(176,700)	(39.9)
Research & development	343,598	328,335	15,263	4.6
Amortization & depreciation	369,009	285,858	83,152	29.1
Share-based compensation	-	967,432	(967,432)	MNF
	7,705,947	8,128,169	(422,221)	(5.2)

Operating expenses were lower by $422,221 or 5.2% in the nine-month period ended September 30, 2022, primarily thanks to the Company cost saving initiatives around reduced outlays on office, share-based compensation, and sales, general & administrative.

Salaries and wages increased by $288,111 or 6.7% 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 $471,114 higher compared to the same period in 2021.

Sales, General & Administrative costs decreased by $135,730 or 15.6% reflecting lower costs due to most employees working from home, and efficiencies in administration.

Office expenses were lower by $176,700 or 39.9% thanks to less costs required to support existing customers. Research and development costs were $15,263 or 4.6% higher, which was due in part to the NBHRF grant costs. Amortization and depreciation were higher by 29.1% or $83,152 compared to the first nine months of 2021 due to the recording of new right-of-use leasing assets for office space.

Other Income and Expenses

	Three Months Ended Sept 30,			
	2022	2021	Change	
	$	$	$	%
Foreign exchange gain/(loss)	(4,584)	(14,843)	10,259	(69.1)
Interest expense	(164,323)	(37,306)	(127,017)	340.5
Government funding and grant income	313,449	199,997	113,451	56.7
Fair value gain/(loss)	-	(1,848)	1,848	NMF
Gain/(loss) on marketable securities	-	4,958	(4,958)	NMF
Listing expense	(8,877)	(1,974)	(6,903)	349.7
	135,665	148,984	(13,319)	(8.9)

Other income overall was lower by $13,319, from 148,984 in 2021 to $135,665 in the period ended September 30, 2022, due to the increased interest expense with its convertible debt, which was countered by revenue recognition and cash receipt of NGEN government funding from the Government of Canada.

Foreign exchange losses in 2022 were $10,259 lower compared to the 2021 losses of $14,843. Interest expense was $127,017 higher in the September 2022 quarter compared to 2021 due to the additional debt raises over the quarter.

	Nine Months Ended Sept 30,			
	2022	2021	Change	
	$	$	$	%
Foreign exchange gain/(loss)	(6,044)	5,359	(11,403)	(212.8)
Interest expense	(279,620)	(562,136)	282,516	(50.3)
Government funding and grant income	709,401	861,253	(151,852)	(17.6)
Fair value gain/(loss)	-	(77,345)	77,345	NMF
Gain/(loss) on marketable securities	-	207,887	(207,887)	NMF
Listing expense	(16,245)	(1,634,323)	1,618,079	(99.0)
	407,493	(1,199,305)	1,606,798	(134.0)

Other expense improved by $1,606,798 or 134% in the nine months ended September 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 $1,618,079 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 $11,403 in the foreign exchange loss from a $5,359 gain in 2021 to a $6,044 loss in 2022.

Statement of Financial Position

	As at			
	September 30, 2022	December 31, 2021	Change	
	$	$	$	%
Total assets	2,824,469	3,222,394	(397,925)	(12.3)
Total liabilities	11,097,268	4,950,414	6,146,854	124.2
Shareholders' equity (deficiency)	(8,272,799)	(1,728,020)	(6,544,779)	378.7
Total liabilities and shareholders' equity (deficiency)	2,824,469	3,222,394	(397,925)	(12.3)

Total Assets

Total assets as of September 30, 2022, were lower by 12.3% from total assets at December 31, 2021 predominantly due to the $293,179 or 15.5% decrease in non-current assets. Cash decreased by $117,978, while trade receivables were $188,564 or 46.7% lower. Inventory rose by $104,052 or 15.2% as the Company invested in raw materials to facilitate increased product sales, which are largely due to the acquisition of new customer contracts.

Further write-downs of $87,969 to intellectual property, and a $172,466 decrease in the right of use asset resulted in the overall non-current asset value falling by $293,179 from December 2021 to September 2022.

Total Liabilities

Total liabilities, as of September 30, 2022, increased by $6,146,854 or 124.2% from total liabilities at December 31, 2021 primarily due to fund raising in the form of convertible debentures with $2,690,500 in gross proceeds in the nine months to September 30, 2022. Accounts payable increased by $2,583,119 or 167.2%, whilst deferred income fell by $148,315 or 63.2% 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 $145,047 or 14.5%.

Liquidity

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

	September 30, 2022	December 31, 2021
	$	$
Cash	(39,236)	78,742
Restricted Cash	60,060	60,000
Current Assets	1,229,021	1,333,767
Current Liabilities	4,742,568	2,312,132
Working Capital Deficiency	(3,513,547)	(978,365)

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%. 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 $2,760,629 for the nine months ended September 2022 – as compared to the $6,466,201 in 2021.

Even though the Company saved $2,806,208 in operating cashflow, overall, it still experienced a decrease of $200,323 in cash over the two periods.

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

	Nine Months Ended September 30,			
	2022	2021	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(4,426,374)	(7,232,582)	2,806,207	(38.8)
Investing activities	363,605	450,326	(86,721)	19.3
Financing activities	3,947,037	6,466,201	(2,519,164)	(39.0)
Increase (decrease) in cash	(115,732)	(316,055)	200,322	(63.4)

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

Cash

The cash used in operating activities during the nine months ended September 2022 improved by 38.8% or $2,806,208 as compared to the prior comparative period. The decrease in spend is primarily attributed to reduced expenditures as the Company better manages spend and didn't have one-off costs as were the case in 2021.

Off Balance Sheet Arrangements and Contractual Obligations

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

The Company leases real property for its office locations. Two leases are included in the right of use asset and lease obligations for the Kitchener, Ontario and Brooklyn, New York offices as of September 30, 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	
	September 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	
	September 30, 2022	December 31, 2021
Options	4,970,220	4,413,953
Warrants	14,203,797	10,788,894
Total Diluted Shares	91,268,413	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 September 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 nine months ended September 30, 2022, the Company granted 556,267 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.

On January 27, 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.

It subsequently issued an additional 260 units (March 18, 2022) and 180 units (April 14, 2022); these units are made up of the same C$1,000 Debenture and 1,430 common share purchase warrants.

The Company issued 348,286 broker warrants at a conversion of $0.35 as part of its January 27, 2022. It issued subsequent 37,142 broker warrants on March 18, 2022 at a $0.35 conversion, and 41,142 broker warrants on April 14, 2022 also at a $0.35 conversion. On July 6, 2022, the Company issued 138,333 broker warrants at a $0.15 conversion. Finally, the Company issued vanilla 1,960 unit debentures at a $01.5 conversion on July 6, 2022.

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 September 30, 2022, and the date of this MD&A, the Company had 4,970,220 stock options and 14,203,797 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 Nine Ended September 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 September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
	$	$	$	$
Contractor expenses for services	42,167	77,315	130,167	280,492
Wages	147,117	136,063	348,554	396,658
Share-based benefits	-	6,503	-	436,043
Directors' fees	18,000	33,000	54,000	33,000
	207,284	**252,881**	**532,720**	**1,146,193**

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.