CLOUD DX

Cloud DX Inc.

Management's Discussion and Analysis

For the Three Months ended March 31, 2023 and 2022

BACKGROUND

This Interim MD&A for Cloud DX Inc. for the three months ended March 31, 2023 and 2022 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 months ended March 31, 2023 and 2022, its audited consolidated financial statements at December 31, 2022 and its Annual Information Form found on SEDAR www.sedar.com. The Company prepares its annual consolidated financial statements in accordance with 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 3 of the December 31, 2022 consolidated financial statements for further information. All dollar figures stated herein are expressed in Canadian dollars ($ or CAD), unless otherwise specified.

The date of this MD&A is **May 26, 2023**, 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 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. Connected Health has been validated for 12 different virtual care use cases. Typical Cloud DX customers include academic medical institutions, large hospitals and provincial health authorities in Canada, and physician practices and hospitals in the United States.

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

Principal Products and Services

Cloud DX Connected Health Kits typically include our proprietary 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.

First Quarter 2023 Highlights

From January 1, 2023 to March 31, 2023, the following developments occurred:

Cloud DX delivered strong sales growth in the first quarter of 2023, as new clients signed commercial agreements and existing clients extended their contracts and/or expanded their RPM programs. The Company also announced new IP protections and completed the first tranche of a $5,500,000 CAD private placement.

SALES: The Company executed **15 commercial contracts** or contract extensions to March 31st, 2023, compared to 28 agreements announced during FY2022. In particular:

- 3 new contracts were announced for remote patient monitoring (RPM) products and services with Canadian hospitals, including 2 agreements negotiated as part of our partnership with Medtronic Canada. One hospital customer is the largest Cardiac Centre in Canada.
- We announced 2 contract extensions with our long-running Provincial Health Department customers. Provincial deployments of remote patient monitoring grow by the addition of new use cases and new locations providing RPM within the Province.
- Cloud DX continues to succeed in the Paramedic Long Term Care sector in Ontario, signing 5 agreements with Paramedic services across the province. 4 of these contracts were extensions and increases executed by existing customers, reflecting both increased demand for remote monitoring services and the high satisfaction levels of our customers.
- 4 new agreements were announced with 2 Family Health Teams (FHTs) in Ontario, for use cases that include Diabetes Management and Palliative Care. The fact that each customer expanded their program within weeks of enrolling the first patients demonstrates the positive impact of Cloud DX technology for these use cases.
- The Company has recently focused on a specific vertical market segment in the United States – Concierge Medicine providers. These primary care clinics deliver best-in-class care to a smaller group of patients, all of whom pay an annual fee for additional services and preferred access. There are over 5,000 Concierge practices identified in the US. In Q1 we announced the first contract with a Concierge Medicine practice in this segment, based in Chicago IL.

PATENTS: The Company announced new patents on 2 of its innovations in the field of digital bio-signal analysis using machine learning and deep learning algorithms.

- The US patent granted on March 27th, 2023, describes Cloud DX software's ability to detect and interpret high-frequency bio-signals to determine medication ingestion, and predict adherence to medication prescriptions, adverse medication interactions, and medication efficacy using

Generative AI models.

- Meanwhile, the new Canadian patent granted on March 23rd, 2023, describes Cloud DX software's ability to collate and display myriad health metrics including vital signs, medical images, physician notes, medications, behavioral cues etc. in a hand-free, heads up augmented reality user interface as initially described in this Cloud XR 'medical metaverse' news release from 2022. Cloud XR technology is also protected by US patent 10,642,046.

FUNDRAISE: Cloud DX announced a private placement of up to 39,285,714 units of the Corporation (the "Units") at a price of $0.14 per Unit for aggregate gross proceeds of up to $5,500,000 CAD.

- Each Unit is comprised of one common share in the capital of the Corporation and one Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of $0.21 per Common Share for a period of three years subject to accelerated expiry if, at any time, the closing price of the Corporation's Common Shares is greater than $0.42 per Common Share for 20 consecutive trading days.

- On March 15th, 2023, the Company announced the closing of the first tranche of the private placement of units of the Corporation for aggregate gross proceeds of $2,601,884. The remaining tranches were expected to close by March 31st, 2023. That closing has been delayed, and subject to TSX approval is now expected at another date later in 2023 to be announced by the Company in due course.

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" Division 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 Q2-2022. 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.

Non-IFRS Measures

The Company prepares its Annual Financial Statements in accordance with IFRS. However, the Company considers certain non-IFRS financial measures as useful additional information to assess its financial performance. These measures, which it believes are widely used by investors, securities analysts and other interested parties to evaluate its performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "EBITDA".

EBITDA

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is a non-IFRS measure of financial performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS, and may be different from non-IFRS financial measures used by other companies. Company management defines EBITDA as follows: IFRS Net income (loss) adding back accretion and interest expenses (including amortization of deferred financing fees), income taxes and amortization.

Management believes EBITDA is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items.

Selected Consolidated Financial Information

	Three Months Ended March 31, 2023 and 2022	
	2023	2022
	$	$
Revenue	568,006	337,263
Cost of sales	(179,081)	(200,186)
Gross profit	388,925	137,077
Gross profit margin	68.5%	40.6%
Operating expenses net of depreciation, amortization and share based compensation	(2,473,212)	(2,243,722)
Foreign currency translation gain/(loss)	(181)	112
Share based compensation	-	-
Government funding and grant income	80,887	84,991
Fair value loss	-	-
Gain on marketable securities	-	-
Loss on extinguishment of notes payable	-	-
Transaction expenses	(2,180)	(5,720)
EBITDA	(2,005,761)	(2,027,262)
Depreciation & amortization	(126,338)	(122,126)
Interest Expense	(569,581)	(55,642)
Income taxes	-	-
Net loss	(2,701,680)	(2,205,030)
Other comprehensive income/(loss)	40,425	-
Comprehensive loss	(2,661,255)	(2,205,030)
Basic and diluted loss per share	(0.04)	(0.03)

Revenue and Gross Profit

For the three months ended March 31, 2023 and 2022, overall revenue was higher by $230,743 or 68.4% due to a significant increase in product sales and higher subscription revenues. Subscription revenue increased by $130,961 or 151.0% due to new contracts realizing new sales from Guelph Paramedic Services and Peterborough County. Product sales were higher by $89,698 or 39.5% period over period as Connected Health Kits were shipped to customers such as Essex, Oxford County and Peterborough County who signed contracts in 2022. Additional sales were realized from existing customers such as Hamilton Health Sciences and Yukon Health & Social Services.

Professional and other income were higher by $10,083 or 43.4% due to more projects which the Company participated in in the first quarter of 2023. Typically, Professional Services revenue fluctuates from period to period based on the duration of contracts for those services.

The larger proportion of Product revenue sales in the Revenue mix, which attract a higher margin, combined, resulted in an overall increase of 27.9% in gross margin from 40.6% to 68.5% period over period. Typically, gross margin for Connected Health products and services fluctuates based on the mix of Products (hardware) vs Services (subscriptions and/or Professional Services, higher margin) and the cost the company can obtain the parts that make up product sales recorded in each period. Furthermore, there was a change in accounting policy, which resulted in a material portion of direct operating expenses being reallocated from cost of sales to operating expenses in March 2023. Hence the reason for the material increase in gross margin.

	Three Months Ended March 31,			
	2023	2022	Change	
	$	$	$	%
Subscription Revenue	217,669	86,708	130,961	151.0
Product Revenue	317,019	227,321	89,698	39.5
Professional and Other Revenue	33,318	23,235	10,083	43.4
Total Revenue	**568,006**	**337,263**	**230,743**	**68.4**
Cost of Goods Sold	(179,081)	(200,186)	21,105	(10.5)
Gross Profit	388,925	137,078	251,847	183.7
Gross Profit %	68.5%	40.6%		27.9

Operating Expenses

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

	Three Months Ended March 31,			
	2023	2022	Change	
	$	$	$	%
Salaries & wages	1,674,575	1,377,256	297,319	21.6
Professional fees	336,848	441,417	(104,569)	(23.7)
Sales, general & administrative	299,470	246,496	52,974	21.5
Office	143,651	96,183	47,468	49.4
Research & development	18,668	82,371	(63,703)	(77.3)
Amortization & depreciation	126,338	122,126	4,212	3.4
	2,599,550	**2,365,848**	**233,702**	**9.9**

Operating expenses were higher by $233,702 or 9.9% for the period ended March 31, 2023, mainly due to the Company's reduction in professional fees, research & development partly offsetting the higher outlays for salaries & wages, office and sales, general & administrative.

Salaries and wages increased by $297,319 or 21.6% 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 lower by $104,569 compared to the same period in 2022.

Sales, General & Administrative costs were marginally up by $52,974 or 21.5% reflecting small cost increases associated with the Company's IT subscriptions to service patient customers, insurance premiums, and general and administrative costs with servicing customers.

Office expenses were up by $47,468 or 49.4% due to general office and rental costs increasing slightly compared to the prior year. Research and development costs were $63,703 or 77.3% lower, which was due in part to the Company incurring less in grant costs – as grant funding was slightly less for the March 2023 quarter at 80,887 (84,991 in March 2022). Amortization and depreciation were higher by 3.4% or $4,212 compared to the same period in 2022 due to slightly higher net asset values of the Company's tangible assets in 2023.

Other Income and Expenses

	Three Months Ended March 31,			
	2023	2022	Change	
	$	$	$	%
Fair value loss	-	-	-	-
Foreign exchange gain/(loss)	(181)	(112)	(59)	48.1
Interest Expense	(569,581)	(55,642)	(513,939)	923.7
Government funding and grant income	80,887	84,991	(4,104)	(4.8)
Listing expense	-	-	5,720	NMF
Transaction Fees	(2,180)	(5,720)	(3,540)	(61.9)
Other income/(expenses)	-	(1,974)	1,974	NMF
	(491,054)	**21,533**	**(512,587)**	**(2,380.5)**

Other expenses increased by $512,587 or 2,380.5% for the three months ended March 31, 2023. Interest expenses were $513,939 or 923.7% higher than in the same period in 2022 due to the Company's increased quantum of convertible debt, which has been raised since March 31, 2022.

On the flip side, the Company earned $4,104 or 4.8% less in government fund income as compared to the March 2022 quarter.

Statement of Financial Position

	As at			
	March 31, 2023	December 31, 2022	Change	
	$	$	$	%
Total assets	2,641,481	2,306,505	334,976	14.5
Total liabilities	14,388,179	13,953,212	434,967	3.1
Shareholders' equity (deficiency)	(11,746,698)	(11,646,707)	(99,991)	(0.9)
Total liabilities and shareholders' equity (deficiency)	2,641,481	2,306,505	334,976	14.5

Total Assets

As of March 31, 2023, total assets were higher by 14.5% or $334,976 due mainly to the purchase of intellectual property in non-current assets. Cash increased by $18,925, while trade receivables was $245,453 or 137.1% higher. Inventory decreased by $11,254 or 6.1% due to higher product sales, which was largely due to the acquisition of new customer contracts.

There was a purchase of intellectual property for $235,544, and $15,615 and $71,647 decreases to property, plant and equipment and the right of use asset respectively resulted in the overall non-current asset value increasing by $109,859 over the quarter.

Total Liabilities

Meanwhile, total liabilities as of March 31, 2023, increased by $434,967 or 3.1% as compared to 2022-year end. A $982,100 increase in accounts payable was the primary driver of this increase in total liabilities, which were outstanding amounts owing to suppliers that directly impact services to clients. Deferred income increased by $47,821 or 13.1% due to the revenue recognition treatment of current period sales, which couldn't be recognized as income for 2022. Convertible debt increased by $358,095.

Lastly, these increases were partially countered by an $863,752 decrease to related party loans and advances from related parties, which were converted to equity. Total lease liabilities for the Company dropped by $88,941 or 11.9%.

Liquidity and Capital Resources

The table below sets out the Company's cash, restricted cash and working capital as of March 31, 2023, and December 31, 2022.

	March 31, 2023	December 31, 2022
	$	$
Cash	88,461	69,536
Restricted Cash	60,060	60,060
Working Capital	(6,780,593)	(7,062,806)
Current Assets	839,735	614,618
Current Liabilities	7,620,328	7,677,424
Working Capital	(6,780,593)	(7,062,806)

The Company had $60,060 of restricted cash held as collateral against a corporate credit card program. The funds are invested in a cashable Guaranteed Investment Certificate account which matures on May 2, 2023. Working capital represents the excess of current assets over current liabilities. Cash and the working capital deficit remained steady. The operating cashflow deficit was $1,437,284, and the investing cashflow was $236,828. Whilst cash provided by financing activities was $1,693,038, which offset these other deficits and resulted in a small increase of $18,927 in overall cash for the year.

The table below sets forth the cash flows for the three months ended March 31, 2023, and 2022:

	Three Months Ended March 31,			
	2023	2022	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(1,437,284)	(1,359,778)	(77,506)	5.7
Investing activities	(236,828)	110,168	(346,996)	(315.0)
Financing activities	1,693,038	1,520,976	172,062	(11.3)
Increase (decrease) in cash	**18,927**	**271,366**	(252,440)	(93.0)

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 will 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 first quarter of 2023 was flat. This was due to the negative operating cashflow of $1,437,284 and negative investing cashflow of $236,828, which was countered by the Company's financing activities of $1,693,038 and its capital raising initiatives in 2023.

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 March 31, 2023. Other contractual operational commitments are limited to 12 months.

	Contractual payments due			
	Total	Less than 1 year	1-3 years	After 3 years
Trade payables and accrued liabilities	$ 4,472,996	$ 4,472,996	$ -	$ -
Lease liabilities	976,320	310,604	558,641	107,076
Loans from related parties	56,728	56,728	-	-
Advances from related parties	97,715	97,715	-	-
Loan payable	500,000	83,330	299,988	116,682
Convertible debt principal	8,525,000	1,990,000	6,535,000	-
Convertible debt interest payments	1,525,590	621,400	904,190	-
Total	**16,154,350**	**7,632,773**	**8,297,819**	**223,758**

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
	March 31, 2023	December 31, 2022
Common Shares	90,679,274	72,094,396
Total Shares issued and outstanding	90,679,274	72,094,396

Additionally, the Company has issued the following securities:

		As at
	March 31, 2023	December 31, 2022
Options	3,006,969	3,006,969
Warrants	32,935,126	14,350,248
Total Diluted Shares	126,621,369	89,451,613

For additional information on issued and outstanding share capital please refer to notes 5, 12, 13 and 17 of the audited consolidated financial statements for the year ended December 31, 2022.

Options and warrants

For the three months ended March 31, 2023, the Company closed the first tranche of the private placement (the "Private Placement") of units of the Corporation (the "Units") for aggregate gross proceeds of $2,601,884. Investors subscribed for 18,584,878 Units at a price of $0.14 per Unit for aggregate gross proceeds of $2,601,884. Each Unit comprised one Common Share and one Warrant. The Units will be subject to a four-month hold period.

As of March 31, 2023, the Company had 3,006,969 (3,006,969 in 2022) stock options and 32,935,126 (14,350,248 in 2022) 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. Further details on these obligations may be found in the unaudited condensed interim Consolidated Financial Statements for the three months ended March 31, 2023 and 2022.

During the three months ended March 31, 2023, 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 March 31,			
	2023	2022	Change	
	$	$	$	%
Contractor expenses for services	25,500	41,252	(15,752)	(38.2%)
Wages	157,791	91,645	66,146	72.2%
Directors' fees	9,000	33,000	(24,000)	(72.7%)
	192,291	165,897	(134,037)	(41.1%)

Subsequent events

- As of April 1, 2023, the Company is in default on a convertible debenture quarterly interest payment which was due on March 31, 2023 for the aggregate amount of $103,734. The Company is working with the debenture Trustee Odyssey Trust Company to cure the default in a reasonable period of time.

- Subsequent to March 31, 2023 the Company has embarked on a rightsizing of its business overheads, which involved a reduction in certain operating expenses. Specifically, the Company is reducing spending on salaries & wages, professional fees, office expenses and certain software fees. Once completed, these adjustments are intended to reduce the Company's monthly operating costs without impeding its ability to deliver products and services to customers.

- On May 1st, 2023, the Company announced that due to a short delay in finalizing the 2022 year-end financial audit, the Corporation's auditors did not anticipate completing the Corporation's annual audited financial statements and Management Discussion and Analysis (MD&A) for the financial year ended December 31, 2022 on the filing deadline of May 1, 2023.

- Auditors stated that the delay in filing the 2022 financial statements and MD&A on time was due to unforeseen delays in obtaining third party information and confirmations as required. As a result, the Corporation applied for and received a management cease trade order ("MCTO") from the applicable securities regulatory authorities giving the auditors until May 30th, 2023 to complete the 2022 filings.

- Cloud DX completed and filed the audited financial statements and Management Discussion and Analysis (MD&A) for the financial year ended December 31, 2022 on **May 15th, 2023.** The management cease trade order was automatically lifted on or about May 18th, 2023. The Company is in full compliance with all reporting obligations as of this date.

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; and
- 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.