Management's Discussion and Analysis

For the Three Months Ended March 31, 2024 and 2023

BACKGROUND

This interim MD&A for Cloud DX Inc. for the three months ended March 31, 2024 and 2023 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 consolidated financial statements as at and for the three months ended March 31, 2024 and 2023, its audited consolidated financial statements at December 31, 2023 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, 2023 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 29, 2024**, 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

Over 90% of American healthcare spending goes to adults with chronic illnesses, with congestive heart failure (CHF - 6.2M adults) and chronic obstructive pulmonary disease (COPD - 16M adults) as the two most prevalent and expensive conditions[1]. WHO mortality and disease burden projections state that COPD will be the third leading cause of death worldwide by 2030.[2]

For COPD and CHF, patients are evaluated by stage, where stage 3 and 4 of either condition are clear targets for Cloud DX monitoring. These are incurable diseases and leading causes of death. Data from sources including the CDC[3] and the American Lung Foundation[4] show that 7M US adults over 65 have late-stage COPD and 1.8M have an under 5-year mortality rate. For CHF[5], there are 6.2M adults diagnosed, with 2.7M having <5 years mortality[6] - a total market of 13.2M adults >65 (Medicare beneficiaries) of whom 4.5M are within 5 years of death from these conditions.

Current RPM insurance reimbursement is about $1,000 CAD/year in the US so these complex chronic disease patients represent a $4.5B available market (the sickest patients, who are most in need of monitoring). In the US in 2020, there were more than 335,000 COPD hospitalizations, 925,000 COPD emergency department visits[7] and 12% of COPD patients admitted[8] ended up in the ICU. Average COPD hospitalization cost is $19,000 USD per exacerbation[9]. COPD represents $7.4B in costs to the system, much of which could have been prevented by prescribing RPM, demonstrating the ROI that led to the creation of the RPM CPT codes in the first place.
A report released in 2023 by Definitive Healthcare[10] noted the very fast scale up of RPM reimbursement in the US. Total claims volumes across 10 CPT codes that pay for RPM rose by 1,294% from January 2019 through November 2022. The report shows that in 2022, the code that pays for RPM equipment (CPT 99454) was billed

500K times (ave $65 ea., total $32.5M); the codes that pay the physician to review the data (CPT 99457-99458) were billed 815K times (ave $45 ea., total $36.7M).

SOURCES

(1) CDC Chronic Disease Prevalence in the US: Sociodemographic and Geographic Variations by Zip Code Tabulation Area, Feb 29, 2024.

(2) Mathers CD, Loncar D. Projections of global mortality and burden of disease from 2002 to 2030. PLoS Med. March 2006

(3) Current Progress of COPD Early Detection: Key Points and Novel Strategies. Int J Chron Obstruct Pulmon Dis. 2023; 18: 1511–1524.

(4) American Lung Association, COPD Trends Brief. https://www.lung.org/research/trends-in-lung-disease/copd-trends-brief

(5) Heart Failure Epidemiology and Outcomes Statistics: A Report of the Heart Failure Society, Journal of Cardiac Failure, Oct 2023

(6) Heart Failure with Preserved, Borderline, and Reduced Ejection Fraction: 5-Year Outcomes, https://www.sciencedirect.com

(7) Boersma P, Black LI, Ward BW. Prevalence of Muldple Chronic Condidons Among US Adults, 2018. Prev Chronic Dis 2020

(8) The rate of ward to intensive care transfer and its predictors among hospitalized COPD patients. BMC Pulmonary Medicine November 2023

(9) 2021 MIPS Cost: Inpatient Chronic Obstructive Pulmonary Disease (COPD) Exacerbation Measure https://mdinteractive.com

(10) Realizing the Potential of Remote patient Monitoring https://www.definitivehc.com/resources/research/remote-patient-monitoring

Offices

The Company's head office is 100-72 Victoria Street South, Kitchener, Ontario, N2G 4Y9 with its US headquarters at 824-20 Jay Street, Brooklyn, New York, 11201.

Key Highlights and Recent Developments

2024 Highlights

From January 1, 2024 to March 31, 2024, the following developments occurred:

Cloud DX continued to experience strong sales growth in the first quarter of 2024, as new clients signed commercial agreements and existing clients extended their contracts and/or expanded their RPM programs.

SALES: The Company announced 11 contracts for Connected Health products and services. Renewing customers included 3 hospitals, 2 primary care clinics, 2 family health teams, 5 community paramedic services, the Canadian Lung Health Foundation and a Provincial health department. Including orders for new Connected Health Kits and projected annual recurring revenues, completed renewals are expected to generate $1.25 million revenue, of which $410,000 is expected to flow in 2024.

As of May 30, 2024 Cloud DX has now announced 26 new contracts, renewals or purchase orders valued at over $14 million since January 1, 2024, along with new customers VHA Home HealthCare, Sanrai International and Ottawa Hospital Research Institute, and British Columbia Provincial Health Services Authority.

FINANCING: The Company continued to raise capital to expand operations and meet the working capital requirements of newly signed sales contracts:

On March 19, 2024, the Company announced certain convertible debenture holders (the "Creditors") have agreed to convert an aggregate principal amount of $3,187,000, prior to the applicable maturity date, into common shares in the capital of the Company (the "Common Shares"). As consideration for such early conversion of the convertible debentures, the Company has agreed to accelerate an aggregate of $180,585 of interest from the applicable maturity date to the date on which the convertible debentures are converted.

On April 8, 2024, the Company announced a non brokered private placement (the "Private Placement") for gross proceeds of up to $2,800,000 through the issuance of up to 23,333,334 units (each, a "Unit") of the Company at a price of $0.12 per Unit. The Company reserves the right to oversubscribe the Private Placement by up to $500,000, pursuant to which the Company may sell an additional 4,166,667 Units, should there be significant additional demand. Each Unit shall consist of one common share (a "Common Share") in the capital of the Company and one transferable share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of $0.18 per share until 36 months following closing.

PATENTS: To date in 2024, the Company has announced 1 new patent in the field of systems and methods for monitoring medication effectiveness. The US patent, 11,872,053 was granted on January 16, 2024.

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 .

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.

Going Concern

These 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 March 31, 2024, the Company had a deficit of $62,741,007 (December 31, 2023 – $60,520,690). During the three months ended March 31, 2024, the Company incurred a net loss of $2,220,317 and negative operating cashflows of $690,098 (March 31, 2023 – net loss of $2,701,680 and negative operating cashflows of $1,437,284 respectively). As at March 31, 2024, the Company's current liabilities exceeded its current assets by $16,205,637 (December 31, 2023 – $13,953,034).

The Company's ability to continue as a going concern is dependent upon its ability to raise either equity and debt financing and on the ability to sell patient monitoring hardware and software and obtain profitable operations.

The Company will need both the continued support of its existing lenders, and to raise significant additional financing either equity issuances, additional debt financings, and/or sales of assets in order to be able to meet both its existing and future obligations.

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 financial statements do not include any adjustments that would be necessary if the going concern assumption were not appropriate. Failure to continue as a going concern would require adjustments to assets and liabilities, the reported revenues and expenses, and balance sheet classifications used, which could differ materially from the going concern basis. Hence such adjustments would be material to the financial reporting of the Company.

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.

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.

Selected Consolidated Financial Information

	March 31 2024	March 31 2023
Revenue	**$ 702,558**	$ 568,006
Cost of sales	**37,946**	179,081
Gross profit	**664,612**	388,925
Gross profit margin	**94.60%**	68.47%
Operating expenses net of depreciation, amortization and share based compensation	**(1,772,168)**	(2,473,212)
Foreign exchange gain/(loss)	**393**	(182)
Share-based compensation	**(10,366)**	-
Government funding and grant income	**48,968**	80,887
Transaction fees and listing expense	**(18,092)**	(2,180)
EBITDA	**(1,086,652)**	(2,005,762)
Amortization & depreciation	**(106,565)**	(126,338)
Interest expense	**(1,027,109)**	(569,581)
Net loss	**(2,220,317)**	(2,701,681)
Other comprehensive income (loss):		
Foreign exchange translation adjustment	**(15,273)**	40,425
Comprehensive loss	**(2,235,590)**	(2,661,256)
Basic and diluted loss per share	**$ (0.02)**	$ (0.04)

Revenue and Gross Profit

For the three months ended March 31, 2024 and 2023, overall revenue was higher by $134,552 or 23.7% mainly due to a significant increase in subscription and professional services revenue. During the period, the Company announced 16 new contracts, renewals or purchase orders valued at over $4 million since January 1, 2024, along with new customers VHA Home HealthCare, Sanrai International and Ottawa Hospital Research Institute.

Subscription revenue increased by $51,691 or 23.7%. The new contract with Population Health Research Institute (PHRI) partly contributed to this increase in sales. Existing, additional sales from Ottawa Hospital, Norfolk Paramedic Services, Guelph Paramedic Service, Peterborough County, Oxford County, Alberta Health Services and Kingston Health Sciences Centre further contributed to the increase in subscription revenue for the period.

Product sales were lower by $230,750 or 72.8% or March 31, 2024 period over period as less Connected Health Kits were shipped. Product sales came from new customers such as Medtronic, Beausoleil Family Health Centre, PHRI and Northumberland County who had signed contracts in 2023. Additional sales were realized from existing customers such as Hamilton Health Sciences, Ottawa Hospital, Southlake Regional Health Centre and Norfolk Paramedic Services.

Professional and other income increased by $313,611 or 941.3% due to more projects which the Company participated in 2024 compared to 2023. Typically, Professional Services revenue fluctuates from period to period based on the duration of contracts for those services. The bulk of revenue for the year to date came from PHRI, Southlake Regional Health Centre, and new customers such as OTO.Coach Inc and Northumberland County.

In addition, the bigger percentage of Subscription and Professional Services revenue in the Revenue mix, which attract a higher margin, combined, attributed to the overall increase of 26.6% in gross margin from 68% to 95% period over period. Typically, gross margin for Connected Health products and services vary based on the mix of Products (hardware) vs Services (subscriptions and/or Professional Services, higher margin) and the cost the Company can source the parts that make up product sales recorded in each period.

	Three Months Ended March 31,			
	2024	**2023**	**$**	***Change %***
Subscription Revenue	**$ 269,360**	$ 217,669	$ 51,691	*23.75*
Product Revenue	**86,269**	317,019	(230,750)	*(72.79)*
Professional and Other Revenue	**346,929**	33,318	313,611	*941.27*
Total Revenue	**702,558**	568,006	134,552	*23.69*
Cost of Goods Sold	**(37,946)**	(179,081)	141,135	*(78.81)*
Gross Profit	**664,612**	**388,925**	**275,687**	**70.88**
Gross Profit %	**95%**	68%	$ -	*26.60%*

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,			
	2024	**2023**	**$**	***Change %***
Salaries & wages	**$ 1,023,441**	$ 1,674,575	$ (651,134)	*(38.9)*
Professional fees	**387,645**	336,848	50,797	*15.1*
Sales, general & administrative	**169,660**	299,470	(129,810)	*(43.4)*
Office	**174,542**	143,651	30,891	*21.5*
Research & development	**27,247**	18,668	8,579	*46.0*
Amortization & depreciation	**106,555**	126,338	(19,783)	*(15.7)*
	$ 1,889,090	$ 2,599,550	$ (710,460)	*(27.3)*

Operating expenses were lower by $710,460 or 27.3% for the period ended March 31, 2024, primarily as a result of the Company's concerted cost cutting over the last twelve months around salaries & wages; sales, general & administrative; and research & development.

Salaries and wages decreased by $651,134 or 38.9% during the period, due to the Company's streamlined headcount of 39 in 2024 as compared to last year's FTE number of 57. Professional fees, paying consultants for support around corporate initiatives, capital raisings and year-end audit, were higher by $50,797 compared to the 2023 financial year.

Sales, General & Administrative costs were substantially lower by $129,810 or 43.4% owing to material cost decreases connected with the Company's IT subscriptions to service patient customers, insurance premiums, and general and administrative costs with servicing customers.

Office expenses crept up by $30,891 or 21.5% due to incremental, inflationary-adjusted increases to periodic subscriptions of software and other business licenses. Research and development costs were materially lower by $8,579 or 46.0% due to the Company incurring less in grant costs. Cloud DX Inc. only received $48,968 in government grant funding income for the three months ended March 31, 2024 as compared to $80,887 for the same period last year. Amortization and depreciation were lower by 15.7% or $19,783 in the current period relative to last year because of marginally lower net asset values associated with the Company's tangible assets as at March 31, 2024.

Other Income and Expenses

	Three Months Ended March 31,			
	2024	**2023**	**Change**	**Change %**
Foreign exchange gain/(loss)	**$ 393**	$ (181)	$ 574	(317.13)
Interest Expense	**(1,027,109)**	(569,581)	(457,528)	80.33
Government funding and grant income	**48,968**	80,887	(31,919)	(39.46)
Transaction fees and listing expense	**(18,092)**	(2,180)	(15,912)	729.92
	$ (995,840)	$ (491,055)	$ (504,785)	102.80

Other expenses were higher by $504,785 or 102.8% for the period ended March 31, 2024. Interest expense was $457,528 or 80.3% higher at $1,027,109 than in 2023 due to the Company raising over $6.7 million in convertible debt over the last twelve months, which materially increased the Company's debt interest cost for the period. The other major change for the period was government funding. The Company only received $48,968 in government grants for the three-month period ending March 31, 2024 ($80,887 in 2023).

The Company's Transaction fees and listing expense increased by $15,912 to $18,092 relative to the same period in 2023 ($2,180) due to a higher volume of TSXV exchange private placement and capital raising charges with the various tranches of capital raised in 2024.

Statement of Financial Position

	As At			
	March 31 2024	**December 31 2023**		***Change %***
Total assets	**$ 1,833,728**	$ 2,041,518	$ (207,790)	*(10.18)*
Total liabilities	**21,818,019**	19,851,580	1,966,439	*9.91*
Shareholders' equity (deficiency)	**(19,984,291)**	(17,810,062)	(2,174,229)	*12.21*
Total liabilities and shareholders' equity (deficiency)	**$ 1,833,728**	$ 2,041,518	$ (207,790)	*(10.18)*

Total Assets

As of March 31, 2024, total assets decreased by $207,790 or 10.2%. Current assets decreased by December 31, 2023, which was largely due to the $125,945 decrease in cash at bank. There was a slight decrease in prepaid expenses to $55,161 ($64,137 in 2023) and contract assets dropped to $nil ($27,877 in 2023).

The decrease in non-current assets of $207,790 was caused by the Company's termination of the old Brooklyn lease in favour of a new, lower value lease, which was to the Company's benefit and reduced the value of the right-of-use asset. Further, the Company reported lower net value of $47,850 ($56,259 in 2023) for property, plant and equipment; and the intangible assets value decreased to $303,030 ($334,380 in 2023).

Total Liabilities

Meanwhile, total liabilities as of March 31, 2024, increased by $1,966,439 or 9.9% as compared to 2023-year end. The major drivers were a $375,771 increase in accounts payable, and an increase of $839,773 in convertible debt the Company raised over the first quarter of 2024. Loans from related parties increased by $783,485 for the period, as did advances from related parties which experienced a $101,758 increase.

Certain liabilities decreased as of March 31, 2024. Lease liabilities dropped by $52,620 partly due to the reduced lease liability negotiated for the Company's Brooklyn location. The loan payable decreased by $124,762 as the Company made the monthly principal repayment on its FedDev loan.

Liquidity and Capital Resources

The table below sets out the Company's cash, restricted cash and working capital as of March 31, 2024 and 2023.

	March 31, 2024	December 31, 2023
Cash	**$ 134,948**	$ 259,893
Restricted Cash	**60,060**	60,060
Working Capital	**(16,205,637)**	(13,953,034)
Current Assets	**721,506**	835,471
Current Liabilities	**16,927,143**	14,788,505
Working Capital	**$ (16,205,637)**	$ (13,953,034)

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 matured on May 2, 2023, and rolled over for another 12 months. Working capital represents the excess of current assets over current liabilities. Cash decreased and the working capital deficit increased over the period. The operating cashflow deficit was $690,098, which was partly offset by the positive financing cashflow of $564,153. The Company realized a decrease of $125,945 in overall cash for the period due to higher interest expense on convertible debt and lower financing cashflows from the issuance of units and inflows from loans.

The table below sets forth the cash flows for the three months ended March 31, 2024, and 2023:

	Three Months Ended March 31,			
	2024	2023	Change	%
Cash from (used) in				
Operating activities	**$ (690,098)**	$ (1,437,284)	$ 747,186	*(51.99)*
Investing activities	**-**	(236,828)	236,828	*(100.00)*
Financing activities	**564,153**	1,693,039	(1,128,886)	*(66.68)*
Increase (decrease) in cash	**$ (125,945)**	$ 18,927	$ (144,872)	*(765.42)*

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 seeking additional financing through the sale of equity securities and/or through debt.

Cash

The Company's cash used in operating activities during the period ending March 31, 2024 resulted in a $690,098 deficit. This was primarily caused by the Company continuing to fund sales expansion and service customers due to operating expenses. The deficit was countered by the Company's ongoing financing activities of $564,153 from related party loans over the first quarter in 2024.

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, 2024. 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	$ **4,731,671**	$ 4,731,671	$ -	$ -
Lease liabilities	**486,780**	246,947	239,833	-
Advances from related parties	**432,683**	432,683	-	-
Loans from related parties	**806,806**	806,806	-	-
Loan payable	**506,092**	274,410	231,682	-
Convertible debt principal	**14,612,446**	10,142,085	4,419,361	-
Total	**$ 21,525,478**	**$ 16,634,602**	**$ 4,890,876**	**$ -**

Issued and Outstanding Share Capital

	As at March 31, 2024	December 31, 2023
Common Shares	**93,472,400**	93,132,434
Total Shares issued and outstanding	**93,472,400**	93,132,434

Additionally, the Company has issued the following securities:

	As at March 31, 2024	December 31, 2023
Options	**6,051,982**	**6,051,982**
Warrants	**14,350,248**	14,340,248
Total Diluted Shares	**113,874,630**	113,524,664

For additional information on issued and outstanding share capital please refer to note 10 of the audited consolidated financial statements for the year ended December 31, 2023.

Options and warrants

Options

On March 15, 2023, the Company issued 18,585,145 Units at a price of $0.14 per Unit for aggregate gross proceeds of $2,601,921 in additional share capital from the first tranche of the private placement. On June 20, 2023, the Company issued 1,802,856 additional Units in the second tranche at a price of $0.14 per Unit for aggregate gross proceeds of $252,400. As part of the issuance costs for the first tranche, the Company issued 259,621 broker warrants valued at $11,604 and a paid $36,347 of finders' fee.

The 340,335 shares for debt service related to an employee who took part of their salary in the form of shares during the 2023 year.

The share capital as at December 31, 2023 included cash proceeds of $695,437, conversion of related party loans of $1,811,884 ($nil in 2022 - see Note 17), employee shares for debt of $35,000 and acquisition of intangible asset of $201,000 (see Note 7).

Warrants

On September 8, 2023, the Company issued 3,546 $1,000 convertible debentures for total gross proceeds of $3,546,000. As part of commission for financing convertible debentures, the Company issued 169,600 broker warrants having an exercise price of $0.10 per share and a term of 3 years.

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, 2024 and 2023.

During the three months ended March 31, 2024, 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:

		March 31, 2024		March 31, 2023		Change	%
Contractor expenses for services	**$**	**25,500**	$	25,500	$	-	-
Wages		**110,263**		157,791		(47,528)	*(30.12)*
Directors' fees		**9,000**		9,000		-	-
	$	**144,763**	$	192,291	$	(47,528)	*(24.72)*

Subsequent events

On April 8, 2024, the Company announced a non-brokered private placement (the "Private Placement") for gross proceeds of up to $2,800,000 through the issuance of up to 23,333,334 units (each, a "Unit") of the Company at a price of $0.12 per Unit. The Company reserves the right to oversubscribe the Private Placement by up to $500,000, pursuant to which the Company may sell an additional 4,166,667 Units, should there be significant additional demand. Each Unit shall consist of one common share (a "Common Share") in the capital of the Company and one transferable share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of $0.18 per share until 36 months following closing. On May 27, 2024 the Company announced that the closing date for the private placement had been extended until June 28, 2024.

On April 9, 2024, the Company announced the execution on March 26, 2024 of new Master Deployment Agreements for Cloud DX RPM Services with Beausoleil First Nation Paramedic Service and an Ontario County Paramedic Service. These agreements have a term of 24 months; including the purchase of products, subscriptions and bundled services. On April 18, 2024, the Company renewed a 24-month Master Deployment Agreement with the Guelph Wellington City of Guelph Paramedic Services. The aggregate value of these contracts is approximately $380,000.

On May 21, 2024 the Company announced the terms of the Remote Patient Monitoring Agreement for Cloud DX RPM Services with the British Columbia Provincial Health Services Authority (BC-PHSA), initially announced on May 7, 2024. On May 17, 2024 BC-PHSA posted the Award of the contract at BCBid.gov.ca, with a value of $9,412,277.06. The contract has a term of 36 months with 2 extensions. The average contract value of each individual patient subscription is expected to be approximately $1,520 CAD per year which covers the cost of the Connected Health Kit prescribed to each patient, software, and connectivity. Certain additional fees, including customizations and integrations can be added on an as-needed basis..