CLOUD DX

Cloud DX Inc.

Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021

BACKGROUND

This MD&A for Cloud DX Inc. for the years ended December 31, 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 consolidated financial statements as at and for the years ended December 31, 2022 and 2021, 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 14, 2023**, the date on which it was approved by the Board of Directors.

This 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.

2022 Highlights

From January 1, 2022 to December 31, 2022, the following developments occurred:

- In Canada the Company executed 17 new commercial contracts and 2 provincial/territorial contract extensions. 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.

- 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.

- The 28 contracts executed in FY2022 exceeded the 12 contracts signed in FY2021, showing an increase in contracts signed of 233%.

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

- Additional events in FY2022 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 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.

<u>AcuScreen™ Cough Analysis (CA) platform</u>

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.

<u>Cloud XR "eXtended Reality" Division and products</u>

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

	Years Ended December 31, 2022 and 2021	
	2022	2021
	$	$
Revenue	1,166,003	782,297
Cost of sales	563,107	491,288
Gross profit	602,896	291,009
Gross profit margin	51.71%	37.20%
Operating expenses net of depreciation, amortization and share based compensation	(9,756,755)	(9,285,506)
Foreign currency translation gain/(loss)	(11,373)	73,315
Share based compensation	(66,429)	(1,018,058)
Government funding and grant income	493,962	1,205,085
Fair value loss	-	(77,463)
Gain on marketable securities	-	208,203
Loss on extinguishment of notes payable	(36,036)	-
Transaction expenses	(18,794)	-
Listing expenses	-	(1,634,321)
EBITDA	(8,792,529)	(10,237,736)
Depreciation & amortization	(498,766)	(407,954)
Interest Expense	(1,599,620)	(709,397)
Income taxes	273,889	98,221
Net loss	(10,617,025)	(11,256,866)
Other comprehensive income/(loss)	(8,077)	(20,872)
Comprehensive loss	(10,625,102)	(11,277,738)
Basic and diluted loss per share	(0.15)	(0.18)

Revenue and Gross Profit

For the years ended December 31, 2022 and 2021, overall revenue was higher by $383,706 or 49.0% due to a significant increase in product sales and higher subscription revenues. Subscription revenue increased by $142,791 or 38.6% due to new contracts realizing new sales from Guelph Paramedic Services and Peterborough County. Product sales were higher by $316,633 or 108.3% 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 lower by $75,718 or 63.1% due to less projects which the Company participated in 2022. 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 14.5% in gross margin from 37.2% to 51.7% 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 is able to obtain the parts that make up product sales recorded in each period.

	Years Ended December 31,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	512,654	369,863	142,791	38.6
Product Revenue	608,977	292,344	316,633	108.3
Professional and Other Revenue	44,372	120,090	(75,718)	(63.1)
Total Revenue	1,166,003	782,297	383,706	49.0
Cost of Goods Sold	(563,107)	(491,288)	(71,819)	14.6
Gross Profit	602,896	291,009	311,887	107.2
Gross Profit %	51.7%	37.2%		14.5

Operating Expenses

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

	Years ended December 31,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	6,285,118	5,737,410	547,708	9.5
Professional fees	1,261,150	1,328,700	(67,550)	(5.1)
Sales, general & administrative	1,087,800	1,044,898	42,902	4.1
Office	724,759	700,617	24,142	3.4
Research & development	397,928	473,881	(75,953)	(16.0)
Amortization & depreciation	498,766	407,954	90,812	22.3
Share-based compensation	66,429	1,018,058	(951,629)	(93.5)
	10,321,950	**10,711,518**	**(389,568)**	**(3.6)**

Operating expenses were lower by $389,568 or 3.6% for the year ended December 31, 2022, primarily due to the Company's reduced share-based compensation of $951,629 (93.5% lower) offsetting the higher outlays for salaries & wages and sales, general & administrative.

Salaries and wages increased by $547,708 or 9.5% 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 slightly lower by $67,550 compared to the same period in 2021.

Sales, General & Administrative costs were marginally up by $42,902 or 4.1% 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 $24,142 or 3.4% due to general office and rental costs increasing slightly compared to the prior year. Research and development costs were $75,953 or 16.0% lower, which was due in part to the Company incurring less in grant costs – as grant funding dropped to $457,745 versus $1,205,085 in 2021. Amortization and depreciation were higher by 22.3% or $90,812 compared to 2021 due to the new lease which was entered into in 2021 being depreciated for the full 12 months in 2022.

Other Income and Expenses

	Years Ended December 31,			
	2022	2021	Change	
	$	$	$	%
Fair value loss	-	(77,463)	77,463	NMF
Foreign exchange gain/(loss)	(11,373)	73,315	(84,688)	(115.5)
Interest Expense	(1,599,620)	(709,397)	(890,223)	125.5
Government funding and grant income	493,962	1,205,085	(711,123)	(59.0)
Gain on marketable securities	-	208,203	(208,203)	NMF
Listing expense	-	(1,634,321)	1,634,321	NMF
Loss on extinguishment of notes payable	(36,036)	-	(36,036)	NMF
Transaction Fees	(18,795)	-	(18,795)	NMF
	(1,171,861)	**(934,578)**	**(237,283)**	**25.4**

Other expenses increased by $237,283 or 25.4.5% for the year ended December 31, 2022. Interest expenses were $890,223 or 125.5% higher than in 2021 due to the Company's increased raises of convertible debt. The company also received less government grants during the year.

On the flip side, the Company saved $1,634,321 in listing expenses relative to the same period in 2021, when it incurred one-off listing expenses with its reverse takeover listing.

Statement of Financial Position

	As at			
	December 31, 2022	December 31, 2021	Change	
	$	$	$	%
Total assets	2,306,505	3,222,394	(915,889)	(28.4%)
Total liabilities	13,953,212	4,950,414	9,002,798	181.9%
Shareholders' equity (deficiency)	(11,646,707)	(1,728,020)	(9,918,687)	574.0%
Total liabilities and shareholders' equity (deficiency)	2,306,505	3,222,394	(915,889)	(28.4%)

Total Assets

As of December 31, 2022, total assets were lower by 28.4% or $915,889. It was due mainly to material decreases in non-current assets. Cash decreased by $9,206, while trade receivables was $224,222 or 55.5% lower. Inventory decreased by $90,467 or 13.2% due to inventory write-downs, even though the Company invested in raw materials to facilitate increased product sales, which was largely due to the acquisition of new customer contracts.

There was $151,864 in amortization to intellectual property, and $51,115 and $250,234 decreases to property, plant and equipment and the right of use asset respectively resulted in the overall non-current asset value falling by $432,489 over the year.

Total Liabilities

Meanwhile, total liabilities as of December 31, 2022, increased by $9,002,798 or 181.9% as compared to 2021. A $5,749,621 increase in convertible debt was the primary driver of this increase in total liabilities. Accounts payable increased by $1,946,405 or 126.0%, which involved outstanding amounts owing to suppliers that directly impact services to clients. Deferred income increased by $130,137 or 55.%% due to the revenue recognition treatment of current period sales, which couldn't be recognized as income for 2022. Lastly, the total lease liabilities for the Company dropped by $194,393 or 15.7%

Liquidity and Capital Resources

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

	December 31, 2022	December 31, 2021
	$	$
Cash	69,536	78,742
Restricted Cash	60,060	60,000
Working Capital	(7,062,806)	(978,365)
Current Assets	614,618	1,333,767
Current Liabilities	7,677,424	2,312,132
Working Capital	(7,062,806)	(978,365)

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, 2022. Working capital represents the excess of current assets over current liabilities. The decrease in cash and further weaker working capital was primarily due to the operating cashflow deficit of $6,155,093. Whilst cash provided by financing activities of $6,159,330 offset this and resulted in a decrease of $8,838 in overall cash for the year.

The table below sets forth the cash flows for the years ended December 31, 2022, and 2021:

	Years Ended December 31,			
	2022	2021	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(6,155,093)	(9,180,938)	3,025,845	(33.0)
Investing activities	(13,075)	577,451	(590,526)	(102.3)
Financing activities	6,159,330	8,111,007	(1,951,677)	(24.1)
Increase (decrease) in cash	**(8,838)**	**(492,480)**	**483,643**	**(98.2)**

The Company may be adversely impacted by uncertain market conditions and adverse results from operations. The Company may face challenges due to such factors as the loss of a major customer contract, entry of new competitors or significant changes in healthcare regulations. Should expected revenue growth not materialize, the Company 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 2022 year was flat. This was due to the negative operating cashflow for the year of $6,155,093, which was countered by the Company's financing activities of $6,159,330 from its capital raising initiatives over 2022.

Off Balance Sheet Arrangements and Contractual Obligations

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

The Company leases real property for its office locations. Two leases are included in the right of use asset and lease obligations for the Kitchener, Ontario and Brooklyn, New York offices as of December 31, 2022. 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	$ 3,490,896	$ 3,490,896	$ -	$ -
Lease liabilities	1,178,736	366,276	705,384	107,076
Loans from related parties	1,151,880	1,151,880	-	-
Advances from related parties	267,333	267,333	-	-
Loan payable	500,000	58,331	199,992	241,677
Convertible debt principal	8,525,000	1,990,000	6,535,000	-
Convertible debt interest payments	1,404,665	201,500	1,203,165	-
Total	**16,518,510**	**7,526,216**	**8,643,541**	**348,753**

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

Additionally, the Company has issued the following securities:

		As at
	December 31, 2022	December 31, 2021
Options	4,979,316	4,413,953
Warrants	14,350,248	10,788,894
Total Diluted Shares	91,423,960	86,477,042

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, 2021.

Options and warrants

For the year ended December 31, 2022, the Company granted 565,363 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 1,575 units (the "Units") of the Corporation at a price of $1,000 per Unit, for gross proceeds of $1,575,000 (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 on January 27, 2022, 37,142 broker warrants on March 18, 2022, and 41,143 broker warrants on April 14, 2022, all at a $0.35 exercise price. The Company also issued 138,333 broker warrants on July 6, 2022, at a $0.15 exercise price and 115,000 broker warrants on November 25, 2022, at a $0.16 exercise price. Finally, the Company issued vanilla 1,990 C$1,000 Debentures at a $0.15 conversion on July 6, 2022, and vanilla 2,328 C$1,000 Debentures at a $0.16 conversion on November 25, 2022.

As of December 31, 2022, the Company had 4,605,274 (4,413,953 in 2021) stock options and 14,350,248 (10,788,894 in 2021) 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 Consolidated Financial Statements for the years ended December 31, 2022 and 2021.

During the twelve months ended December 31, 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:

	Years Ended December 31,			
	2022	2021	Change	
	$	$	$	%
Contractor expenses for services	155,667	817,000	(661,333)	(80.9%)
Wages	496,769	524,307	(27,538)	(5.3)
Share-based benefits	10,870	458,127	(447,257)	(97.6)
Directors' fees	2,000	51,000	49,000	(96.1)
	665,306	1,326,127	(660,821)	(49.8)

Subsequent events

- On January 20, 2023, the Company announced a private placement financing of up to 17,857,142 units of the Corporation (the "Units") at a price of $0.14 per Unit for aggregate gross proceeds of up to $2,500,000 (the "Offering"), and a Concurrent Placement (as defined below) of Units for aggregate gross proceeds of up to $3,000,000 with lead orders from certain directors for 10,442,857 Units ($1,462,000). Each Unit will be comprised of one common share in the capital of the Corporation (a "Common Share") and one Common Share purchase warrant (a "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 following the closing date of the Offering, subject to accelerated expiry as described herein.

- On March 15, 2023, the Company announced the closing of 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.

- In connection with the closing of the first tranche of the Private Placement, investors subscribed for 18,584,878 Units at a price of $0.14 per Unit for aggregate gross proceeds of $2,601,884, including conversion of related party loans payable of $1,277,199 for 9,122,855 Units and $201,000 for 1,435,714 for an asset purchase from Speech Technology and Applied Research Corp. The Common Shares and Warrants comprising the Units will be subject to a four month hold period.

- Insiders of the Corporation subscribed for 12,942,028 Units for aggregate gross proceeds of $1,811,884. Their participation in the Private Placement constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101").

- In April 2023, the Company embarked on a rightsizing of its business overheads, which involved a reduction in certain operating expenses.

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.