CLOUD DX

Cloud DX Inc.

Management's Discussion and Analysis

For the Three Months Ended March 31, 2022 and 2021

BACKGROUND

This Interim MD&A for Cloud DX Inc. for the Three Months Ended March 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 interim consolidated financial statements as at and for the Three Months Ended March, 2022 and 2021, its audited consolidated financial statements at December 31, 2021 and its Annual Information Form found on SEDAR www.sedar.com. The Company prepares its interim unaudited consolidated financial statements and annual consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with international interpretations of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") – see note 2 of the March 31, 2022 unaudited condensed interim consolidated financial statements for further information. All dollar figures stated herein are expressed in Canadian dollars ($ or CAD), unless otherwise specified. Prior to the Transaction (see below), the functional currency utilized by Cloud DX, Inc. was USD; see Note 23 of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2022.

The date of this Interim MD&A is **May 30, 2022**, the date on which it was approved by the Board of Directors.

This Interim MD&A contains forward-looking statements. See Forward-Looking Statements below for further information.

COMPANY OVERVIEW

Cloud DX is a Health Canada licensed, FDA registered medical device manufacturer and software developer that offers a complete "end-to-end" virtual healthcare platform called Cloud DX Connected Health™. The Company has developed and cleared through regulatory agencies a family of proprietary medical devices, each of which collects multiple vital signs. Cloud DX customers purchase Connected Health™ in order to remotely monitor patients with a variety of conditions including serious chronic illnesses such as chronic obstructive pulmonary disease ("COPD") and congestive heart failure ("CHF"), as well as patients recovering from surgery and COVID-19 patients outside of hospitals. Typical Cloud DX customers include academic institutions, large hospitals and provincial health authorities in Canada, and physician practices and hospitals in the United States.

Cloud DX is focused on offering the best possible virtual care experience. By manufacturing proprietary vital sign devices, the Company 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

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 March 31, 2022 the following developments occurred:

- The Company executed 14 new commercial contracts and 2 provincial/territorial contract extensions. In the United States, the sales team signed contracts with large clinical practices in Massachusetts and Pennsylvania, while partner Maxwell Telecare signed contracts with 5 physician practices in Illinois and Indiana.

- In Canada, notable contracts include a unique arrangement with Equitable Life to deploy Cloud DX Connected Health™ to members with critical illness insurance. The first Medtronic Canada – Cloud DX hospital contract was signed with St Mary's Hospital in Kitchener ON. The Company won an RFP to supply Connected Health™ kits and services to Peterborough County Paramedic Service for community remote patient monitoring, as then also signed agreements with two other County Paramedic Services in Ontario, and part of an ongoing program to use remote patient monitoring to help patients stay in their communities as an alternative to long term care.

- The number of contracts executed in Q1 2022 (14 contracts) has already exceeded the number contracts signed in all of FY2021 (12 contracts).

- Additional events in Q1 that are of interest to investors includes the granting of a 7th US patent ‘‘System And Method Of Determining Respiratory Status From Oscillometric Data” granted March 15, 2022. The Company received notices of awards of non-dilutive funding from Ontario Centre for Innovation (OCI), New Brunswick Health Research Foundation (NBHRF) and the Natural Sciences and Engineering Research Council of Canada (NSERC).

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

Product Development Pipeline

The Company has several products, protected by granted and pending patents, at various stages of development for future roll out, including:

1. Pulsewave PAD 2A wrist cuff health monitor
2. Vitaliti™ continuous vital sign monitor
3. AcuScreen Cough Analysis smartphone app and artificial intelligence platform
4. 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 expects to spend approximately $3.5M from August 2020 to December 2022 to complete the PAD-2A calibration project with a $1.7M financial co-investment from the Next Generation Manufacturing Supercluster ("NGEN"). Project costs are 50% funded by NGEN, including the production of the first 2,000 PAD-2A units and the project is expected to bring PAD-2A into full commercialization in early 2023.

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 mid-2022. Prototype devices will attract a fee for use during the PHRI studies and since there are several other projects that are funding the Company's efforts to bring Vitaliti to commercialization. Vitaliti is protected by US patents 10,893,837 and 10.022,053, as well as 3 pending US patents.

AcuScreen™ Cough Analysis (CA) platform

AcuScreen™ CA is a mobile application and machine-learning model that can detect the presence of certain respiratory diseases using a patient's cough signature. This remarkable application is currently undergoing clinical testing in Maputo, Mozambique to determine its accuracy in the screening and detection of active tuberculosis (TB). On November 3rd, 2021, the Company announced that preliminary results from those tests had recently been presented at the 52nd Annual Union World Conference on Lung Health. The principal investigator in the study, Dr Celso Khosa of the Instituto Nacional de Saúde (INS) in Maputo stated that "*data shows that AcuScreen acoustic cough analysis and symptom detection exceeds the World Health Organization requirements for a community-based triage system for tuberculosis"*. These findings clear the way for the Company to begin discussions with various parties to license AcuScreen™ for eventual deployment as a primary screening tool for TB in high-burden countries. AcuScreen is protected by US patents 9,526,458 and 10,485,449, under an exclusive, global license to Cloud DX from Speech Technology and Applied Research Corporation of Bedford MA.

Cloud XR "eXtended Reality" Division and products

On February 3rd, 2022, Cloud DX announced a new eXtended Reality (XR) division to launch 3D holographic bedside applications for hospitals. Cloud XR's Virtual Clinician Assistant™ software offers healthcare teams an immersive real-time 3D holographic clinical experience. This ground-breaking solution combines the patented, award-winning VITALITI™ vital sign monitor with Microsoft's Hololens 2 or Apple's ARKit. The development of the Virtual Clinical Assistant application along with additional

integration to hospital record systems is supported by a total of $220,000 CAD in non-dilutive R&D funding from Ontario Centre for Innovation (OCI) and NSERC to date. The Virtual Clinician Assistant is protected by US patent 10,642,046 and further pending US and international patents.

Selected Consolidated Financial Information

	Three Months Ended March 31, 2022 and 2021	
	2022	2021
	$	$
Revenue	337,263	302,844
Cost of sales	200,186	155,212
Gross profit	137,077	147,632
Gross profit margin	40.6%	48.7%
Operating expenses net of depreciation, amortization and share based compensation	(2,243,722)	(1,765,706)
Adjusted EBITDA	(2,106,645)	(1,618,074)
Foreign currency translation gain/(loss)	112	(2,818)
Share based compensation	-	(48,325)
Government funding and grant income	84,991	487,083
Fair value loss	-	269,861
Gain on marketable securities	-	171,204
Listing expenses	(5,720)	-
EBITDA	(2,027,262)	(741,069)
Depreciation & amortization	(122,126)	(67,952)
Interest	(55,642)	(259,420)
Income taxes	-	-
Net loss	(2,205,030)	(1,068,441)
Other comprehensive income/(loss)	-	(6,780)
Comprehensive loss	(2,205,030)	(1,075,221)
Basic and diluted loss per share	(0.03)	(0.02)

Revenue and Gross Profit

For the three months ended March 31, 2022 and 2021, overall revenue increased by $34,419 or 11.4%. Subscription revenue increased 31.9% from $65,758 to $86,708. The higher Product sales recorded contributed to the increased overall cost of sales, which saw the gross margin decrease from 48.7% to 40.6% period over period. In addition, professional and other revenue were lower by $73,606 or 76.0% due to the delay in recognizing revenue from such completed projects. Product revenue increased $87,076 or 62.1%. The Company's Gross profit margin decreased by $10,555 or 7.1%

	Three Months Ended March 31,			
	2022	2021	Change	
	$	$	$	%
Subscription Revenue	86,708	65,758	20,950	31.9
Product Revenue	227,321	140,245	87,076	62.1
Professional Services	23,235	96,841	(73,606)	(76.0)
Total Revenue	**337,263**	**302,844**	**34,419**	**11.4**
Cost of Goods Sold	(200,186)	(155,212)	44,974	29.0
Gross Profit	137,078	147,632	(10,555)	(7.1)
Gross Profit %	40.6%	48.7%		(8.1)

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,			
	2022	2021	Change	
	$	$	$	%
Salaries & wages	1,377,256	1,137,814	239,442	21.0
Professional fees	441,417	349,815	91,602	26.2
Sales, general & administrative	246,496	116,215	130,281	112.1
Office	96,183	91,518	4,665	5.1
Research & development	82,371	70,344	12,027	17.1
Amortization & depreciation	122,126	67,952	54,174	79.7
Share-based compensation	-	48,325	(48,325)	MNF
	2,365,848	1,881,983	483,865	25.7

Operating expenses increased $483,865 or 25.7% in the period ended March 31, 2022, mainly due to the Company focusing on implementing new sales infrastructure, including new employees to support scaling of this business. Due to the hiring of key sales, technology and fulfillment employees during the March 2022 quarter, salaries and wages increased by $239,442 or 21.0%. Sales, General & Administrative costs increased by $130,281 or 112.1% as the company added infrastructure to address sales expansion. Office expenses were $4,665 or 5.1% higher thanks to costs to support new customer contracts. Whilst research and development were $12,027 or 17.1% higher due to continued costs incurred with the PAD2A product roll-out. Amortization and depreciation were 79.7% or $54,174 compared to the same March 2021 quarter due to the existence of the new right-of-use leasing assets.

Other Income and Expenses

	Three Months Ended March 31,			
	2022	2021	Change	
	$	$	$	%
Foreign exchange gain/(loss)	112	(2,818)	2,930	(104.0)
Interest expense	55,642	259,420	203,778	(78.6)
Fair value loss	-	269,861	(269,861)	NMF
Government funding and grant income	84,991	487,083	(402,092)	(82.6)
Gain on marketable securities	-	171,204	(171,204)	NMF
Listing expense	(5,720)	-	(5,720)	NMF
Other income/(expenses)	(1,974)	-	(1,974)	NMF
	23,740	665,910	642,170	(96.4)

Other income overall was lower by $642,170 from $665,910 in 2021 to $23,740 in the period ended March 31, 2022, which was due to the gain from the sale of Novo Healthnet shares in the corresponding period in 2021. Furthermore, Foreign exchange gains in 2022 were $2,930 was higher compared to the 2021 losses of $2,818. Government funding contributed $402,092 less in 2022 to the other income/expense total due primarily to the launch of fewer eligible government programs in the period compared to March 31, 2021.

Statement of Financial Position

	As at			
	March 31, 2022	December 31, 2021		Change
	$	$	$	%
Total assets	3,511,837	3,222,394	289,443	9.0
Total liabilities	7,533,017	4,950,414	2,582,603	52.2
Shareholders' equity (deficiency)	(4,021,180)	(1,728,020)	(2,293,160)	132.7
Total liabilities and shareholders' equity (deficiency)	3,511,837	3,222,394	289,443	9.0

Total Assets

Total assets as of March 31, 2021, were higher by 9.0% from total assets at December 31, 2021 predominantly due to the $407,817 or 30.6% increase in current assets. Cash increased by $271,568, whilst trade receivables was $258,840 higher. This was offset by the investment in inventory decreasing $131,014 or 23.7% due to product sales.

Total Liabilities

Total liabilities as of March 31, 2021 increased by $2,582,603 or 52.2% from total liabilities at December 31, 2021 primarily due to the convertible debenture raising of $1,575,000 in gross proceeds. Accounts payable increased by $725,349 or 47%, and deferred income rose by $182,733 or 77.9% due to the revenue recognition treatment of new sales, which couldn't be recognized as income for the period. Whilst the total lease liabilities for the Company dropped $65,275 or 5.3%.

Liquidity

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

	March 31, 2022	December 31, 2021
	$	$
Cash	350,310	78,742
Restricted Cash	60,000	60,000
Current Assets	1,741,584	1,333,767
Current Liabilities	3,377,117	2,312,132
Working Capital Deficiency	(1,635,533)	(978,365)

The Company had $60,000 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 overall working capital was primarily due to cash provided by financing activities of $8,140,872 which was partially offset by cash used in operating activities of $9,213,448 and investing activities of $570,458.

The table below sets forth the cash flows for the three months ended March 31, 2022, and 2021:

	Three Months Ended March 31,			
	2022	2021	Change	
	$	$	$	%
Cash from (used) in				
Operating activities	(1,359,778)	(1,672,136)	312,358	18.7
Investing activities	110,168	528,185	(418,018)	(79.1)
Financing activities	1,520,976	738,854	782,122	105.9
Increase (decrease) in cash	271,408	(405,097)	676,463	167.0

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 may be required to seek additional financing through the sale of equity securities and/or through debt.

Cash

The cash used in operating activities during the year ended December 2021 increased by 161.1% as compared to the prior comparative period. The increase is primarily attributed to additional expenditures as the Company prepares itself for growth; a significant component of these additional expenditures are associated with a net increase of 11 FTEs between December 31, 2020 and December 30, 2021. Additionally, there was significant one-time cash outlay associated with the Qualifying Transaction.

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, 2022. Other contractual operational commitments are limited to 12 months.

Issued and Outstanding Share Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares of which the following common shares are issued and outstanding:

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

* after giving effect to the 22.3783 exchange ratio of the qualifying transaction

Additionally, the Company has issued the following securities:

	As at	
	March 31, 2022	December 31, 2021
Options	4,538,490	4,413,953
Warrants	10,790,324	10,788,894
Total Diluted Shares	86,477,042	86,477,042

For additional information on share data please refer to notes 5, 13 and 14 of the unaudited condensed interim consolidated financial statements for the Three Months Ended March 31, 2022, and 2021 and notes 9 and 10 the audited consolidated financial statements for the year ended December 31, 2021.

Options and warrants

During the three months ended March 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.

During the three months ended March 31, 2022, the Corporation issued 1,555 units (the "Units") of the Corporation at a price of $1,000 per Unit, for gross proceeds of $1,555,000 (the "Offering"). Each Unit is comprised of (i) a C$1,000 principal amount unsecured convertible debenture (each, a "Debenture") and (ii) 1,430 common share purchase warrants of the Corporation (each, a "Warrant"). The Debentures will mature on the date that is 36 months from the date of closing of the Private Placement (the "Maturity Date") and shall bear interest at a simple rate of 10% per annum.

In addition to the Units sold under the Private Placement, the Corporation also issued 20 Units on a non-brokered private placement basis for additional gross proceeds of $20,000.

As of March 31, 2022, and the date of this MD&A, the Company had 4,538,490 stock options and 10,790,324 warrants outstanding.

Related party transactions

The Company's related parties are comprised of current or former members of the board and executive team of the Company.

During the Three Months Ended March 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:

	Three months ended March 31	
	2022	2021
	$	$
Contractor expenses for services	41,252	178,177
Wages	91,645	133,717
Share-based benefits	-	22,025
Directors' fees	33,000	-
	165,897	333,919

FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking statements and forward-looking information as defined under applicable Canadian securities laws. Forward-looking statements in this MD&A include but are not limited to

- currency fluctuations,
- requirements for additional capital,
- Government regulation,
- environmental risks,
- disputes or claims,
- the funds available to the Company and the use of such funds;
- the ability of the Company to operate as a going concern
- the healthcare industry in Canada and the United States
- the Company's goals, objectives and growth strategies,
- improving the patient experience,
- operational efficiency and overall care performance,
- the intention to be an active acquirer within the healthcare services and digital health marketplaces,
- management's beliefs, plans, estimates, and intentions,
- anticipated future events, results, circumstances, performance or expectations that are not historical facts.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others; the actual results of current activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, failure of equipment or processes to operate as anticipated, accidents, delays in obtaining government approvals or financing, risks relating to the integration of acquisitions and to international operations. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and should specifically consider various factors, including but not limited to the risk outlined under the heading "Risk Factors" in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent

with these forward-looking statements. Any forward-looking statements represent our estimates only as of the date of the MD&A and should not be relied upon as representing our estimates as of any subsequent date. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.