

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

CloudMD Software & Services Inc. (the “Company”)
810 – 789 West Pender Street
Vancouver, British Columbia
V6C 1H2

Item 2 Date of Material Change

November 18, 2020

Item 3 News Release

The news release was disseminated on November 19, 2020 by way of the facilities of GlobeNewswire. Copies were also forwarded to the applicable Securities Commissions via SEDAR.

Item 4 Summary of Material Change

The Company announced that it has closed the previously announced acquisition of Re:Function Health Group Inc.

Item 5.1 Full Description of Material Change

Please see the attached news release for a full description of the material change.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 5 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 6 Omitted Information

Not applicable.

Item 7 Executive Officer

Essam Hamza, Chief Executive Officer
Telephone: (604) 687-2038

Item 9 Date of Report

November 19, 2020



CloudMD Closes Acquisition of Re:Function, a Profitable Rehabilitation Clinic Network

\$5.8 million in revenue and over 19% EBITDA

Vancouver, BC, November 19, 2020 - CloudMD Software & Services Inc. (TSXV: DOC, OTCQB: DOCRF, Frankfurt: 6PH) (the “**Company**” or “**CloudMD**”), a telehealth company revolutionizing the delivery of healthcare to patients, is pleased to announce that it has closed the previously announced acquisition of Re:Function Health Group Inc. (“**Re:Function**”), a leading rehabilitation clinic network, with 8 clinics and 37 specialists and allied health professionals.

Dr. Essam Hamza, CEO of CloudMD commented, “*We are excited to close the acquisition of Re:Function and have already started working with the entire team. Through strategic M&A, we have acquired a number of already successful standalone healthcare solutions that combined, will create one transformative platform that emphasizes whole-person care. The integration of these solutions is already very much underway and already showing early beneficial results. I am extremely proud of our team for their diligence and focus in building the solid foundation which has enabled CloudMD to be a leader in the space.*”

Re:Function is a state-of-the-art rehabilitation company built by like-minded health professionals offering superior patient focused care, with a longitudinal approach to healthcare delivery. Re:Function provides assessments for enterprise clients, insurers and corporations for long-term disability claims and return to work outcomes. CloudMD will integrate its telemedicine solutions throughout the clinics, layering on additional allied health and specialist functions to the platform. The practice is made up of four key rehabilitation pillars, **Re:Build** (physiotherapy), **Re:Think** (counselling), **Re:View** (medlegal consulting) and **Re:Tool** (vocational rehabilitation), and a team of specialists including: Occupational Therapists, Physiotherapists, Kinesiologists, Psychologists, Psychiatrists and Counsellors.

The acquisition will be immediately accretive to CloudMD as the Re:Function group of clinics generated approximately \$5.8 million in revenues with earnings before interest, taxes, depreciation and amortization (EBITDA) margins exceeding 19% over the last fiscal year ending January, 2020.

Re:Function’s principle Directors, Ralph Cheesman and Mike Smith, both Occupational Therapists, will be joining CloudMD to lead the continued expansion of allied health services across North America, and together will provide a multidisciplinary, team-based approach to treatment.

Terms of Agreement

In consideration for the purchase of 100% of the outstanding securities of Re:Function, CloudMD has agreed to pay shareholders aggregate consideration of C\$8,000,000 payable as follows: (i) C\$3,000,000 in cash, subject to a working capital adjustment; (ii) C\$3,500,000 in shares of the Company; and (iii) a performance-based earnout of C\$1,500,000, which is payable in shares of the Company in annual issuances over a period of three years. All shares issued pursuant to the acquisition are issued at a deemed price of C\$0.88 per share and are priced by calculating the ten-day volume weighted average trading price of the Company's shares for the 10 trading days prior to the execution of the binding term sheet executed on August 21, 2020. The shares will be subject to certain contractual restrictions on trading for a period of thirty months from the date of issuance.

About Re:Function Health Group

Re:Function is a state-of-the-art rehabilitation company built by like-minded health professionals offering superior patient focused care, with a longitudinal approach to healthcare delivery. The practice is made up of four key rehabilitation pillars, Re:Build (physiotherapy), Re:Think (counselling), Re:View (medlegal consulting) and Re:Tool (vocational rehabilitation), and a team of specialists including: Occupational Therapists, Physiotherapists, Kinesiologists, Psychologists, Psychiatrists and Counsellors. For more information visit www.refunction.ca

About CloudMD Software & Services

CloudMD is digitizing the delivery of healthcare by providing a patient centric approach, with an emphasis on continuity of care. The Company offers SAAS based health technology solutions to healthcare providers across North America and has developed proprietary technology that delivers quality healthcare through a holistic offering including hybrid primary care clinics, specialist care, telemedicine, mental health support, educational resources and artificial intelligence (AI). CloudMD currently services a combined ecosystem of over 500 clinics, almost 4000 licensed practitioners and 8 million patient charts across North America.

ON BEHALF OF THE BOARD OF DIRECTORS

"Dr. Essam Hamza, MD"
Chief Executive Officer

FOR ADDITIONAL INFORMATION CONTACT:

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Forward Looking Statements

This news release contains forward-looking statements that are based on CloudMD's expectations, estimates and projections regarding its business and the economic environment in

which it operates, including with respect to its business. Although CloudMD believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. These forward-looking statements speak only as of the date on which they are made, and CloudMD undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances, unless otherwise required to do so by law.

Non-GAAP and Non-IFRS Measures

This press release refers to “EBITDA” and “EBITDA margins” which are non-GAAP and non-IFRS financial measures that do not have a standardized meaning prescribed by GAAP or IFRS. The Company’s presentation of these financial measures may not be comparable to similarly titled measures used by other companies. These financial measures are intended to provide additional information to investors concerning the Company’s and Re:Function’s performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization and EBITDA margins is defined as EBITDA as a percent of total revenue. EBITDA and EBITDA margins are Non-IFRS measures the Company uses as an indicator of financial health and excludes several items which may be useful in the consideration of the financial condition of the Company and Re:Function, as applicable, including interest expense, income taxes, depreciation, and amortization.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.