CloudMD Software & Services Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

DATED November 29, 2021

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INTRODUCTION

This Management's Discussion and Analysis (**"MD&A"**) for CloudMD Software & Services Inc. (**"CloudMD"** or the **"Company")** is dated and based on information available to management as of November 29, 2021. This MD&A is prepared in accordance with Form 51-102F1, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2021 and 2020, and the consolidated financial statements and accompanying notes for the year ended December 31, 2020. These documents, along with additional information about the Company, including the Annual Information Form dated April 28, 2021 (**"AIF")**, are available under the Company's profile on SEDAR at www.sedar.com.

The financial data contained in this MD&A and in the unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the three and nine months ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) and are stated in Canadian dollars, unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A contains statements that constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, the **"forward-looking statements"**). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. 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 in this MD&A include but are not limited to statements regarding the following:

- the Company's goals, objectives and growth strategies;
- requirements for additional capital;
- government regulation;
- disputes or claims;
- currency fluctuations;
- 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; and
- management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts (including in respect of the MindBeacon Transaction (as defined below)).

By their very nature, 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, but are not limited to: failure to manage growth; reliance on key personnel; reliance on physicians and other health care professionals; ongoing impact of COVID-19 and other general risks and uncertainties related to natural disasters, pandemics or other catastrophic events; inability to leverage technology; use of open source software; competition; revenue risk; infrastructure risk; potential for software system, database or network related failures or defects; cybersecurity risks; confidentiality of personal and health information; general healthcare regulation; reliance on strategic partnerships; disruption due to acts of God; reliance on internet access; changes in technology; acquisitions and integration of new businesses; difficulty in forecasting; market for telemedicine, telehealth and the virtual delivery of other services; response to evolving needs; reputational risk; protection of brand; protection of intellectual property; vulnerability of customers; litigation; conflicts of interest; reliance on third parties; volatile market price for the Company's common shares; ongoing costs and obligations related to investments in infrastructure, growth, operations and regulatory compliance; uncertainty of liquidity and capital requirements; additional financing; internal controls; dividend risk; and global economy risk, as well as those risk factors included in this MD&A and elsewhere in the Company's public disclosure. 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. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and 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 expressly required by applicable securities law.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management of the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

RISK FACTORS

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our actual results could differ materially from the results contemplated in this MD&A due to a number of important factors. The foregoing risks and uncertainties are not exhaustive and does not necessarily include all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

The information in this MD&A should be read carefully in conjunction with the risks and uncertainties detailed in the "*Forward-Looking Statements*" section of this MD&A and in the AIF, which is available under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks actually occur, alone or in combination, our business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Company's operating performance and financial position. These non-GAAP financial measures are provided to enhance the user's understanding of the Company's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of the Company's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters and years. Details of such non-GAAP financial measures and how they are derived are provided below as well as in conjunction with the discussion of the financial information reported.

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-GAAP measures differently, and our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the unaudited condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2021 and 2020, and the consolidated financial statements and the accompanying notes for the year ended December 31, 2020.

EBITDA

EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. EBITDA referenced herein relates to earnings before interest, taxes, depreciation and amortization. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating income (loss) of the business. Please refer to "*Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA*" for a detailed reconciliation.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted EBITDA referenced herein relates to earnings before interest; taxes; depreciation; amortization; share-based compensation; financing-related costs; acquisition-related and integration costs, net; litigation costs and loss provision; and change in fair value of contingent consideration. This measure does not have a comparable IFRS measure and is used by the Company to evaluate its cash operating income (loss) of the business, adjusted for factors that are unusual in nature or factors that are not indicative of the operating performance of the Company. Please refer "*Overall Performance and Discussion of Operations – EBITDA and Adjusted EBITDA*" for a detailed reconciliation.

Gross Profit

Gross Profit is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross Profit referenced herein relates to revenues less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the business.

Adjusted Cash Expenses

Adjusted Cash Expenses is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Adjusted Cash Expenses referenced herein is defined as expenses before depreciation of property and equipment, amortization of intangible assets, share-based compensation, financing-related costs, acquisition-related and integration costs, and litigation costs. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Financing-Related Costs

Financing-related costs is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Financing-related costs referenced herein is defined as expenses incurred in relation to the Company's equity offerings, including its brokered private placements and short form prospectus offerings, and debt financing. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Acquisition-Related and Integration Costs

Acquisition-related and integration costs is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Acquisition-related and integration costs referenced herein is defined as expenses incurred in relation to the Company's corporate development, business acquisition and integration activities. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Litigation Costs

Litigation costs is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Litigation costs referenced herein is defined as expenses incurred to attend to the ongoing litigation matters as further described in Litigation and Other Contingencies section. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash expenses for ongoing business operations.

Working Capital

Working Capital is a non-GAAP financial measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Working Capital as referenced herein is defined as current assets less current liabilities. This measure does not have a comparable IFRS measure and is used to provide investors with an alternative understanding of the Company's core operating results and trends.

BUSINESS OVERVIEW

CloudMD is an innovator in the delivery of healthcare services for individuals using a comprehensive personalized approach to support their mental, physical, and social issues. The Company's innovation comes from our ability to engage healthcare providers with productivity tools and personalized care plans that focus on health outcomes, supported through a connected care system that can engage and empower the individual in their care plan. The Company offers care pathways using technology as an accelerator for access to care through modalities of in-person, telephonic, e-mail and virtual. The Company is building one, centralized and connected healthcare platform that addresses all points of a patient's care, with a whole-person, patient-focused approach to delivery. This, coupled with a coordinated team-based approach, will result in better access to care and improved healthcare outcomes. Our operations are aligned between three revenue-generating divisions: Enterprise Health Solutions (**"EHS"**), Digital Health Solutions, and Clinics & Pharmacies. The capabilities in these divisions have been aligned operationally to serve the needs of our customers. This enables innovation in the delivery of service, adoption of technology, and the ability to scale the organization with continued revenue growth.

The Company offers healthcare providers with productivity technology solutions to medical clinics (including CloudMD-owned clinics) across North America and has developed proprietary technology that delivers quality healthcare through the combination of connected primary care clinics, telemedicine and an artificial intelligence-enabled patient portal. The Company currently services a combined ecosystem of over 500 clinics, almost 4,000 licensed practitioners and 8.5 million patient charts across North America. The Company's patient-centric approach has been well received and the Company will continue to look for ways to improve healthcare access by leveraging its technology to ensure we deliver on the Company's value proposition of innovation in the delivery of healthcare.

The Company's EHS division provides organizations with physical and mental health navigation and treatment through employee support services. Our innovation in care delivery is focused on one centralized platform that has care pathways built for delivery of treatment to address the health and wellness of their workforce. Following a successful seven month pilot program with Sun Life, this platform is beginning to roll out as part of its group benefit offering. The division's purpose is to help organizations and individuals thrive. The division delivers healthcare services to those who are at work, unable to work and returning to work. The full spectrum of care focuses on triage and assessment with treatment plans designed to provide the right treatment, at the right cost, with the right group benefit plan. Currently, corporations, insurers and advisors have siloed health programs that are costly and ineffective in providing a holistic care plan focused on ease of access, individual needs, and recovery. The Company offers a different care model that uses technology to connect the individual to a comprehensive healthcare plan that covers all mental, physical, and social issues. The Company believes this centralized technology-enabled platform dramatically changes the landscape where employers can now offer one solution that addresses the comprehensive healthcare needs of their workforce and eliminates the need for multiple vendors. Through several strategic, proven acquisitions, the Company believes it is now positioned as a leading provider of holistic comprehensive healthcare for enterprise clients. The combination of these solutions provides one centralized ecosystem focusing on longitudinal care while intending to increase user satisfaction, reduce healthcare costs, decrease wait times, and provide better return to work outcomes.

COMPANY HIGHLIGHTS

The following significant corporate and financial events have taken place during the three months ended September 30, 2021, and up to and including November 29, 2021:

- On September 14, 2021, the Company announced a partnership with 19 new post-secondary institutions across Canada to provide its Aspiria Student Assistance Program and multi-layered mental health resources to over 167,000 additional students.

- On September 28, 2021, the Company announced the appointment of KPMG LLP as the Company's independent auditors to hold office until the end of the next annual general meeting of shareholders.

- On October 5, 2021, the Company announced the appointment of Angel Paravicini as Senior Vice President of Business Development and Customer Success to drive expansion in the United States and globally.

- On October 27, 2021, the Company announced that through one of its subsidiaries, it has received U.S. Patent Approval for its Real Time Intervention Platform which is the technology backbone for CloudMD's comprehensive healthcare platform that addresses all points of a patients care from one, connected platform.

- On November 9, 2021, the Company announced the appointment of Duncan Hannay and Karen Adams to the Board of Directors of CloudMD.

- On November 15, 2021, the Company announced it has entered into a definitive agreement (the **"Arrangement Agreement"**) with MindBeacon Holdings Inc. (**"MindBeacon"**) pursuant to which CloudMD agreed to acquire all of MindBeacon's issued and outstanding common shares for cash and shares of the Company (the **"MindBeacon Transaction"**). MindBeacon is one of North America's leading clinically-validated internet-based cognitive behavioural therapy (**"iCBT"**) solutions. See "*Subsequent Event*" for additional details of the MindBeacon Transaction.

- On November 29, 2021, the Company announced it has partnered with Sun Life to expand the seven month pilot program and start rolling out its Mental Health Coach as part of Sun Life's Group Benefits offering. Findings from the pilot include (1) 89% of those experiencing depression and 91% of those experiencing anxiety noticed 'major improvements' (2) 82% said they would recommend the service based on their own experience and (3) 46% increase in plan members utilizing their mental health benefits for the first time.

PRODUCTS AND SERVICES

The Company categorizes its revenues under three divisions: (1) Clinics & Pharmacies; (2) Digital Health Solutions; and (3) EHS (Enterprise Health Solutions).

Clinics & Pharmacies

The Company currently operates a series of hybrid medical and rehabilitation clinics located in British Columbia and Ontario, including telemedicine services. The Company is focused on providing healthcare services, with the support of doctors, within the context of publicly accessible healthcare services that are reimbursed by the applicable health authorities. To the extent there are services rendered by the Company that are not eligible for reimbursement, such services are charged directly to patients and/or third parties.

The Company's strategy for Clinics & Pharmacies is to continue leveraging the medical practitioners and pharmacists regionally, while expanding patient support programs in the U.S. and Canada through the acquisition of Rxi, which was completed in Q2 2021. We will continue to expand our relationships with clinics and nurse practitioners to deliver care.

Medical Clinics

CloudMD operates a network of inter-connected, high-tech medical clinics in British Columbia and Ontario. The medical clinics provide full-service family practice and patient care at these facilities, including telemedicine visits. CloudMD's clinic network includes over 100 medical practitioners and services over 500,000 patients directly.

Pharmacies / CloudMD on Demand

CloudMD operates two pharmacies based in the Greater Vancouver Region in British Columbia. The pharmacies' primary source of revenue is the retailing of prescription drugs, over-the-counter drugs, and other front store items. In addition to product retailing, the pharmacies provide clinical services such as medication reviews and compounding services.

We have also partnered with pharmacy chains in specific geographical regions in Canada to provide on-demand virtual care kiosks in pharmacy consultation rooms which allows customers to see a licensed doctor for prescription refills and to diagnose non-emergency conditions, such as colds and flu, skin conditions, urinary tract infection, dizziness, fever and headache. The Company also offers on-demand telemedicine links through CloudMD on Demand which can be white-labeled into any website or e-commerce platform providing direct access to a doctor.

Patient Support Programs

CloudMD offers patient support programs that create navigation and support for holistic disease management and clinical treatment outcomes for complex health issues. Our pharmaceutical logistic services include drug distribution, patient navigation assistance, a preferred pharmacy network of over 500 pharmacies and real-time universal disease management software. In Q2 2021, the Company acquired Rxi, obtaining the new capability of offering patient support programs for those with specialty high-cost drugs. Using technology, we can create engagement, monitor a patient, and distribute drugs through a seamless experience.

Digital Health Solutions

Digital Health Solutions are offered on a subscription or license to use basis. The solutions are sold to companies, insurers, clinics and pharmacies (including those owned by CloudMD) who use our technology to create connectivity, and improve the healthcare practitioner, client and user experience while creating efficiencies in administration.

The following describes the solutions available to healthcare practitioners:

ClinicAid, Juno EMR and Benchmark Systems

CloudMD's billing and electronic medical records (**"EMR"**) solutions are offered across North America to over 500 clinics and almost 4,000 licensed practitioners. ClinicAid and Benchmark Systems offers billing solutions that increase productivity and efficiency. Our integrated EMR software solutions increase efficiencies for clinicians from primary care to multi-specialties.

MyHealthAccess

CloudMD's patient portal enables online appointments booking and virtual care visits. The platform works with our EMR to provide healthcare providers and primary care clinics with a user-friendly application. The user experience allows patients to book appointments real time 24/7 and message clinical staff.

The following solutions are marketed to governments, hospitals, and organizations interested in using technology as a binary way of creating engagement and connected care through a unified platform. The solutions can be used to follow care pathways, monitor individuals, create engagement through education, and connect to specific healthcare services through a unified platform. EHS (Enterprise Health Solutions) uses this technology to connect individuals to healthcare solutions and in our Clinics and Pharmacies to improve the care experience.

Health and Wellness Platform

CloudMD's real time intervention platform is the foundation of our Complete Health Platform. This technology is being integrated within CloudMD to connect all of our services for individuals and provides our clinicians referrals directly from the platform. We also license this software to companies who are looking to create a connected patient-focused platform. This platform has been used within the U.S. government to provide access to substance abuse and opioid treatment.

Education

CloudMD has an award-winning iMD platform providing peer-reviewed educational resources, trusted and used by healthcare professionals to provide factual, medical information that promotes positive patient behaviour in all health sectors. This platform is used by our clinics and pharmacies and is integrated into our EHS offerings. The intuitive platform provides a robust digital library and consultative visual component which is available on any digital device. The platform has access to over 7.5 million patients and is currently being used by over 10,000 healthcare professionals and other users including: 3,800 doctors, 2,000 pharmacies, 140 hospitals, and 150 specialty clinics. In addition, it has partnerships with over 30 global pharmaceuticals companies, 18 digital healthcare integration providers, Health Canada and over 60 healthcare associations in North America. The robust medical library already has over 80,000 patient-friendly images, brochures and videos covering 2,100 health conditions, which includes the medical Mayo Clinic library.

Vision Care

CloudMD recently acquired an online eyewear platform, known as VisionPros, providing contact lenses and eyeglasses to customers across North America. VisionPros offers customers all of the leading brands of contact lenses and has its own line of eyeglasses and sunglasses called KIND Eyewear. For over 10 years, VisionPros has donated funding, equipment, and medical personnel to bring the gift of sight to people in need in underdeveloped countries. EHS uses this technology to support insurers and organizations in the delivery of eyewear for employees.

EHS (Enterprise Health Solutions)

EHS' revenue is generated through two pricing models:

- Subscription-based pricing model using a price per member per month with an average contractual term of 3 years; and
- Per-case billing model at an agreed upon rate for services that are used in disability management, occupational health, and other employer services.

The foundation of the EHS division is delivering programs that address mental, physical, and social issues experienced by employees and their family members through available insurance solutions. These programs can be available on a stand-alone basis or through a comprehensive, digitally connected platform for corporations, insurers, and advisors to better manage the health and wellness of their employees and customers.

Through several strategic acquisitions, CloudMD is now positioned as a leading provider to the employer healthcare market with our unique comprehensive ability to offer services that address the rising benefit costs of organizations. CloudMD's proprietary Comprehensive Integrated Health Platform addresses all points of a patient's care including triage, assessment and navigation which reduce healthcare costs, decrease wait times, and provide better return to work outcomes. CloudMD's team-based, whole-person approach to healthcare aims to engage patients and clients, empower doctors and mental health practitioners, while leveraging technology to connect the entire health ecosystem and provide longitudinal care. CloudMD's capabilities include:

Mental Health Support Solutions (EFAP /Mental Health Coaching)

CloudMD's leading Mental Health Support solutions uses our proprietary digital platform to provide triage, assessment and case management of mental wellbeing and mental health disorders. Our nurse navigation-led solution includes personalized care plans, access to online educational resources, healthcare system navigation, and comprehensive case management to support an individual's emotional, physical, and mental wellbeing toward improved outcomes and effective return to function. Our Mental Health Support solutions focus on a multi-modality support model to drive individual choice on the appropriate care pathways for their situation that includes in-person, telephonic or virtual support solutions. Our Mental Health Support solution is effective across the healthcare continuum and includes services that address crisis, episodic, short-term, long term, chronic and specialized services such as trauma, substance use and addictions.

Healthcare Navigation

The cornerstone of our EHS division is our healthcare navigators who become advocators and advisors as individuals access treatment for return to function. The nurse navigators provide knowledge, clinical expertise and utilize relationships with over 55,000 physician specialists and therapists to manage complex disability and healthcare situations. The solutions are utilized by a wide range of customers including employers, individuals, disability case managers, life and health insurers, and property and casualty insurers. Proven results include a 20% reduction in benefit and disability costs, 6-month reduction in disability duration (on average), access to treatment 220 days sooner (on average), improved employee satisfaction (reported by 75% of clients) and 420% return on investment or greater in payroll savings due to reduced illness-related absences.

Rehabilitation and Assessments

Employers, insurance companies and lawyers rely on our national integrated network of medical practitioners across Canada who perform independent medical assessments, return to work support, functional capacity evaluations, rehabilitation support, job demand analysis, etc. These services are delivered virtually, on-demand and on-site. Our network of our 2,000 specialists support individuals in understanding mental and physical health issues with a focus on return to function. Our recent acquisition of Oncidium Inc. ("**Oncidium**") included a new software platform, iAssess, that enables workflow management, practitioner engagement and margin expansion in the delivery of services. This proprietary platform will be used in all of enterprise health network management over time.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Absence Management and Occupational Health

Through the acquisition of Oncidium, which was completed on June 25, 2021, CloudMD has one of Canada's leading health management companies with clients from several of Canada's Fortune 500 companies. Oncidium's services focus on reducing occupational absences by delivering solutions that improve the health and wellness of employees. Oncidium's services include solutions that support absentee management, short-term and long-term disability, workers' compensation claims management, mental health assessment and evaluation services that focus on prevention, accommodation, and recovery. Oncidium's services are delivered virtually, on-demand and on-site through its network of over 1,000 healthcare professionals, assessors and medical centers nationally.

SELECTED FINANCIAL INFORMATION

The following table highlights key financial information for the three and nine months ended September 30, 2021, as compared to the prior comparable periods:

Selected Financial Information	**Three months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**	**Nine months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**
Revenue	$ 39,162	$ 3,359	$ 35,803	1066%	$ 63,596	$ 9,205	$ 54,391	591%
Cost of sales	(25,866)	(2,100)	(23,766)	1132%	(41,152)	(5,792)	(35,360)	610%
Gross profit [1]	13,296	1,259	12,037	956%	22,444	3,413	19,031	558%
Gross profit %	*34.0%*	*37.5%*			*35.3%*	*37.1%*		
Expenses	17,138	3,918	13,220	337%	37,803	10,001	27,802	278%
Loss before other items	(3,842)	(2,659)	(1,183)	44%	(15,359)	(6,588)	(8,771)	133%
Other items and taxes	(387)	(65)	(322)	495%	(320)	(527)	207	-39%
Non-controlling interest	8	-	8	100%	15	-	15	100%
Net comprehensive loss attributable to equity holders of the Company	(4,237)	(2,724)	(1,513)	56%	(15,694)	(7,115)	(8,579)	121%
Adjusted EBITDA [1]	$ 807	$ (1,321)	$ 2,128	-161%	$ (1,481)	$ (3,443)	$ 1,962	-57%

(1) Gross profit and Adjusted EBITDA are non-GAAP measures as described in the Non-GAAP Financial Measures section of this MD&A.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Revenue

The following table provides a summary of our revenues by category:

Revenue	**Three months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**	**Nine months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**
Clinics & pharmacies	$ 9,553	$ 2,900	$ 6,653	229%	$ 19,928	$ 7,860	$ 12,068	154%
Digital health solutions	10,039	459	9,580	2087%	16,471	1,345	15,126	1125%
Enterprise health solutions	19,570	-	19,570	100%	27,197	-	27,197	100%
Total revenue	**$ 39,162**	**$ 3,359**	**$ 35,803**	**1066%**	**$ 63,596**	**$ 9,205**	**$ 54,391**	**591%**

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Total revenue for the three and nine months ended September 30, 2021 increased by $35,803 or 1,066% and $54,391 or 591% over the prior comparable periods, respectively. The increase in overall revenue was primarily attributable to the Company 14 acquisition that the Company completed in the last 12 months.

Clinics & Pharmacies revenues increased to $9,553 and $19,928 for the three and nine months ended September 30, 2021, respectively, primarily due to acquisitions. Acquisition growth was led by the acquisition of a patient support program business which was completed on May 11, 2021. Organically, Clinics and Pharmacies revenues for the three months ended September 30, 2021 were flat over the same year-ago period as the increased virtual visits through the CloudMD app in British Columbia and Ontario were offset by a decrease in revenues from the Company's regional pharmacies.

Digital Health Solutions revenues increased to $10,039 and $16,471 for the three and nine months ended September 30, 2021, respectively, primarily due to acquisitions, including VisionPros, IDYA4, Benchmark Systems and iMD. In addition to growth from business acquisitions, Digital Health Solutions revenues for the three months ended September 30, 2021 grew 26% organically over the same year-ago period new product features and enhancements made available on the Company's digital platforms, including a partnership with Canada Health Infoway (**"Infoway"**) to integrate Infoway's national e-prescribing service, PrescribeIT®, with CloudMD's Juno EMR software.

EHS (Enterprise Health Solutions) revenues increased to $19,570 and $27,197 for the three and nine months ended September 30, 2021, respectively, due to acquisitions. In 2021, the Company signed new multi-year contracts and experienced strong customer adoption of the Company's new Comprehensive Integrated Health Platform.

The following table provides a summary of our revenues by territory:

Revenue	**Three months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**	**Nine months ended September 30, 2021**	**2020**	**Variance ($)**	**(%)**
Canada	$ 31,737	$ 3,359	$ 28,378	845%	$ 51,513	$ 9,205	$ 42,308	460%
United States	7,425	-	7,425	100%	12,083	-	12,083	100%
Total revenue	**$ 39,162**	**$ 3,359**	**$ 35,803**	**1066%**	**$ 63,596**	**$ 9,205**	**$ 54,391**	**591%**

Revenues earned in Canada for the three and nine months ended September 30, 2021 increased by $28,378 or 845% and $42,308 or 460% over the prior comparable periods, respectively. The increase in overall revenues was primarily attributable to the Company's acquisitions completed in the last 12 months.

Revenues earned in U.S. for the three and nine months ended September 30, 2021 represented 19% of total revenues. The increase is attributable to the acquisition of U.S. businesses, including the Company's online eyewear platform, where the majority of revenues are earned in the United States. The Company expects the proportion of revenues earned in the United States to increase due to its U.S. expansion plans, including the MindBeacon Transaction.

Gross Profit

Gross profit for the three and nine months ended September 30, 2021 increased by $12,037 or 956% and $19,031 or 558% over the prior comparable periods, respectively, as a result of the increase in total revenue, primarily attributable to business acquisitions and organic growth.

The gross profit percentage was 34.0% and 35.3% for the three and nine months ended September 30, 2021, as compared to 37.5% and 37.1% for the same year-ago periods, respectively. The decrease in overall gross profit percentage for the three months ended September 30, 2021 was primarily due to revenue mix, where the Company's online eyewear platform and patient support programs, currently lower-margin businesses, represented approximately 32.0% of revenues for the three months ended September 30, 2021. The Company expects its gross profit percentage to increase in the future due to ongoing efforts to integrate its acquisitions and increase its operational efficiency, and completion of the MindBeacon Transaction, which is expected to produce a higher gross profit percentage.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

Expenses

Expenses	Three months ended September 30, 2021	Three months ended September 30, 2020	Variance ($)	Variance (%)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Variance ($)	Variance (%)
Expenses, as reported	$ 17,138	$ 3,918	$ 13,220	337%	$ 37,803	$ 10,001	$ 27,802	278%
Non-cash expenses:								
Share-based compensation	(1,543)	(559)	(984)	176%	(4,576)	(1,508)	(3,068)	203%
Depreciation and amortization	(1,083)	(262)	(821)	313%	(2,601)	(673)	(1,928)	286%
Cash expenses	14,512	3,097	11,415	369%	30,626	7,820	22,806	292%
Non-operating expenses:								
Financing-related costs [(1)]	-	(245)	245	-100%	(871)	(505)	(366)	72%
Acquisition-related and integration costs [(1)]	(1,802)	(190)	(1,612)	848%	(5,474)	(310)	(5,164)	1666%
Litigation costs [(1)]	(37)	(64)	27	-42%	(83)	(467)	384	-82%
Adjusted cash expenses [(1)]	**$ 12,673**	**$ 2,598**	**$ 10,075**	**388%**	**$ 24,198**	**$ 6,538**	**$ 17,660**	**270%**

(1) Financing-Related Costs, Acquisition-Related and Integration Costs, Litigation Costs and Adjusted Cash Expenses are non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

Total expenses for the three and nine months ended September 30, 2021 increased by $13,220 or 337% and $27,802 or 278% over the prior comparable periods, respectively.

The Company defines Adjusted Cash Expenses as expenses excluding non-cash expenses and non-operating expenses. Adjusted cash expenses for the three and nine months ended September 30, 2021 increased by $10,075 or 388% and $17,660 or 270% over the prior comparable periods, respectively. The increase for the quarter was primarily due to the Company’s acquisitions in the past 12 months, and higher staffing costs due to an expanded workforce to support the Company’s growth strategy.

Operational Expenses	Three months ended September 30, 2021	Three months ended September 30, 2020	Variance ($)	Variance (%)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Variance ($)	Variance (%)
Sales and marketing	$ 2,530	769	$ 1,761	229%	$ 5,453	$ 2,285	$ 3,168	139%
Research and development	1,196	394	802	204%	2,921	1,154	1,767	153%
General and administrative	8,984	1,499	7,485	499%	15,907	3,566	12,341	346%
Operational expenses	**$ 12,710**	**$ 2,662**	**$ 10,048**	**377%**	**$ 24,281**	**$ 7,005**	**$ 17,276**	**247%**

<u>Sales and Marketing</u>
Sales and marketing expenses for the three and nine months ended September 30, 2021 increased by $1,761 or 229% and $3,168 or 139% over the prior comparable periods, respectively. The increase is attributable to additional expenses assumed from businesses acquired in the last 12 months. In the period, we focused our sales and marketing activities on sales resources, marketing collateral, website design and multiproduct sales to penetrate the market and sell additional solutions to existing customers.

<u>Research and Development</u>
Research and development expenses for the three and nine months ended September 30, 2021 increased by $802 or 204% and $1,767 or 153% over the prior comparable periods, respectively. The increase is primarily attributable to additional expenses assumed from businesses acquired in the last 12 months. In the period, we focused our research and development activities on new product development activities, including our new Comprehensive Integrated Health Platform where we completed a successful seven month pilot program with Sun Life, who is now rolling it out as part of its group benefit offering .

<u>General and Administrative</u>
General and administrative expenses for the three and nine months ended September 30, 2021 increased by $7,485 or 499% and $12,341 or 346% over the prior comparable periods, respectively. This increase is primarily attributable to additional

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

expenses from businesses acquired in the last 12 months; additional staffing costs to augment the Company's infrastructure; higher audit fees to support the Company's growth strategy; and investments to data privacy and security.

Financing-Related Costs

Financing-related costs for the three months ended September 30, 2021 was $nil, as there were no financing activities in the period. Financing-related costs for the nine months ended September 30, 2021 were $871, which include expenses incurred in relation to the debt financing for Oncidium in June 2021 and a bought deal prospectus offering in March 2021. Eligible costs that were directly attributable to the debt financing have been recorded as a reduction in long-term debt on its statement of financial position.

Acquisition-Related and Integration Costs

Acquisition-related and integration costs for the three and nine months ended September 30, 2021 increased to $1,802 and $5474. Acquisition-related and integration costs include expenses incurred in relation to the Company's corporate development, business acquisition and integration activities. For the three months ended September 30, 2021, the Company identified and executed on $1,500 in annual cost savings resulting from ongoing integration activities. The Company completed 14 acquisitions in the last 12 months.

Net Comprehensive Loss Attributable to Equity Holders of the Company

Total net comprehensive loss attributable to equity holders of the Company for the three and nine months ended September 30, 2021 was $4,237 and $15,694, compared to $2,724 and $7,115 for the same year-ago periods, respectively. The increase in net comprehensive loss attributable to equity holders of the Company was primarily due to additional expenses incurred to support the Company's growth strategy, exceeding its increased revenue and gross profit for the periods.

EBITDA and Adjusted EBITDA

EBITDA for the three and nine months ended September 30, 2021 was a loss of $1,935 and $11,519 compared to a loss of $2,379 and $6,233 for the same year-ago periods, respectively.

Adjusted EBITDA for the three and nine months ended September 30, 2021 was $807 and a loss of $1,481, compared to a loss of $1,321 and $3,443 for the same year-ago periods, respectively.

The following table provides a reconciliation of net loss for the periods to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Variance ($)	Variance (%)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Variance ($)	Variance (%)
Net comprehensive loss, attributable to equity holders of the Company	**$ (4,237)**	**$ (2,724)**	**$ (1,513)**	**56%**	**$ (15,694)**	**$ (7,115)**	**$ (8,579)**	**121%**
Add:								
Interest and accretion expense	774	64	710	1109%	974	190	784	413%
Income taxes	143	19	124	653%	298	19	279	1468%
Deferrred tax expense	302	-	302	100%	302	-	302	100%
Depreciation and amortization	1,083	262	821	313%	2,601	673	1,928	286%
EBITDA(1) for the period	**(1,935)**	**(2,379)**	**444**	**-19%**	**(11,519)**	**(6,233)**	**(5,286)**	**85%**
Share-based compensation	1,543	559	984	176%	4,576	1,508	3,068	203%
Financing-related costs	-	245	(245)	-100%	871	505	366	72%
Acquisition-related and integration costs, net	1,802	190	1,612	848%	5,474	310	5,164	1666%
Litigation costs and loss provision	37	64	(27)	-42%	83	467	(384)	-82%
Change in fair value of contingent consideration	(640)	-	(640)	100%	(966)	-	(966)	-100%
Adjusted EBITDA(1) for the period	**$ 807**	**$ (1,321)**	**$ 2,128**	**-161%**	**$ (1,481)**	**$ (3,443)**	**$ 1,962**	**-57%**

(1) EBITDA and Adjusted EBITDA are non-GAAP measures as described in the Non-GAAP Financial Measures section of this MD&A.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

SUMMARY OF QUARTERLY RESULTS

The following tables provides a summary of the Company's financial results for the eight most recently completed quarters:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020 (1)	Q2 2020 (1)	Q1 2020 (1)	Q4 2019
Revenue	$ 39,162	$ 15,659	$ 8,775	$ 5,810	$ 3,359	$ 2,790	$ 3,057	$ 2,443
Gross profit	$ 13,296	$ 5,557	$ 3,591	$ 2,346	$ 1,259	$ 1,031	$ 1,124	$ 1,062
Gross profit %	34.0%	35.5%	40.9%	40.4%	37.5%	37.0%	36.8%	43.5%
Net comprehensive loss, attributable to equity holders of the Company	$ (4,237)	$ (6,150)	$ (5,307)	$ (5,224)	$ (2,724)	$ (2,768)	$ (1,623)	$ (1,474)
Adjusted EBITDA	$ 807	$ (720)	$ (1,542)	$ (1,516)	$ (1,321)	$ (1,293)	$ (830)	$ (603)
EPS, basic and diluted	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.04)	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.02)
Cash and cash equivalents	$ 53,685	$ 60,880	$ 99,220	$ 59,714	$ 33,950	$ 13,787	$ 2,760	$ 1,696

(1) Gross profit for the period from Q4 2020 to Q3 2020 have been retrospectively updated for the reclassification of certain expenses within its Statement of Net Loss and Comprehensive Loss.

The growth in the Company's quarterly revenue is attributable to business acquisitions and organic growth. In the past eight quarters, the Company completed 16 acquisitions.

The demand for services within our clinics and pharmacies, and certain services within the EHS division that employ a per-case billing model is subject to seasonal fluctuations. This is attributable to lower patient and consumer visits and engagement in the summer months.

In 2020, the Company reclassified certain expenses within its Statement of Net Loss and Comprehensive Loss to cost of sales, which resulted in an overall decrease in gross profit and gross profit percentage as compared to 2019. The Company's underlying gross profit remains healthy and robust, and its net loss and Adjusted EBITDA remains unchanged as a result of the reclassification.

In each quarter from Q1 2020 to Q1 2021, the Company raised gross proceeds from the issuance of common shares.

OUTLOOK

CloudMD is creating innovation in the delivery of healthcare services, by leveraging technology to improve access to care leading to better health outcomes. Through its team-based, patient-centric approach, CloudMD provides one, connected platform for patients, healthcare practitioners, and enterprise clients to address whole-person, coordinated care. The Company has a multi-pronged growth strategy which focuses on organic growth, accretive mergers and acquisitions and leveraging assets across all divisions.

The Company's long term growth will be largely driven by: (1) continuing to integrate all its proprietary health technology solutions into its ecosystem, including the recently announced proposed acquisition of MindBeacon; (2) realizing cost savings and cross-selling opportunities to new and existing customers across CloudMD; (3) winning new customers with its unique healthcare offering and providing meaningful data driven outcomes; and (4) continuing to execute on its defined expansion strategy across North America and globally.

CloudMD has proven out its integration strategy and by leveraging its proprietary technology, has successfully integrated all its recent acquisitions into one connected platform. In respect of the recently announced proposed acquisition of MindBeacon, CloudMD has already identified cost savings of approximately $2,000 and cross-sell synergies and has started to plan the integration of MindBeacon's synergistic healthcare solutions into its mental health services offerings. In addition, the Company believes there are an additional $2,000 in potential synergies available over time through integration of MindBeacon and its other acquisitions.

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CloudMD's proprietary Comprehensive Integrated Health Platform continues to see impressive adoption rates within the Enterprise Health Solutions division, and the Company has onboarded 560,000 employees and family members on the platform who are receiving individualized care. CloudMD has achieved positive client outcomes including a Net Promoter Score of 80, 98% satisfaction rate and 164 new clients added in the third quarter.

CloudMD continues to win new clients and customers including Sun Life and other large organizations in retail, transportation, and financial sectors with its industry-leading approach that delivers important outcomes that measure the patient success and engagement of its connected platform.

The technology that underpins the platform is scalable and the Company will continue looking at opportunities to expand its unique offering to clients across North America and globally. CloudMD has built an experienced sales team, and with the recent addition of Angel Paravicini, expects to drive sales and business development to open new distribution channels and attract new clients in the United States.

Upon close of the proposed acquisition of MindBeacon, CloudMD will have a strong balance sheet with over $60,000 in cash and cash equivalents. The Company will continue to deploy capital towards a robust pipeline of accretive, synergistic acquisitions, focused on products, capabilities, clinical specialties, and technologies that are highly scalable and rapidly growing.

CloudMD will continue to focus on delivering meaningful shareholder value by executing on its growth strategy through the continued integration of its comprehensive healthcare offering, winning new business and clients with its unique, Comprehensive Integrated Health Platform, expansion of its scalable product across new geographies including the United States, and strategic capital allocation to drive its rapid growth.

FINANCIAL POSITION

	As at		
	September 30, 2021	**December 31, 2020**	**Variance**
Cash and cash equivalents	$ 53,685	$ 59,714	-$ 6,029
Trade and other receivables	22,261	2,012	20,249
Inventory	3,405	729	2,676
Prepaid expenses, deposits and other	3,132	758	2,374
Net investment in sublease	59	154	(95)
Current assets	**82,542**	**63,367**	**19,175**
Accounts payable and accrued liabilities	27,535	3,453	24,082
Deferred revenue	1,589	888	701
Contingent consideration	14,919	136	14,783
Contingent liability	1,350	1,350	-
Current portion of lease liabilities	2,139	1,170	969
Current portion of long-term debt	2,408	619	1,789
Current liabilities	**49,940**	**7,616**	**42,324**
Working capital (1)	**$ 32,602**	**$ 55,751**	**$ (23,149)**

(1) Working Capital is a non-GAAP measure as described in the Non-GAAP Financial Measures section of this MD&A.

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For the nine months ended September 30, 2021, working capital decreased to $32,602 compared to $55,751 at the beginning of the period. The decrease is primarily due to completing nine acquisitions in 2021, which reduced the Company's cash position and increased its contingent consideration. The decrease was partially offset by a bought deal prospectus offering in March 2021 resulting in gross proceeds of $58,212. The ability to raise capital through the equity markets is pivotal to our growth strategy, which enables the Company to pursue further acquisitions and invest in growth drivers.

Other than cash, net investment in sublease and contingent liability, all other current assets and current liabilities increased primarily due to assets obtained and liabilities assumed related to the acquisitions completed in the nine months ended September 30, 2021.

Contingent liability relates to the ongoing litigation matters as further described in the Litigation and Other Contingencies section of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended			Nine months ended		
	September 30, 2021	**September 30, 2020**	**Variance**	**September 30, 2021**	**September 30, 2020**	**Variance**
Cash provided by / (used in):						
Net cash used in operating activities	$ (5,428)	$ (1,716)	$ (3,712)	$ (10,698)	$ (4,282)	$ (6,416)
Net cash used in investing activities	(783)	(378)	(405)	(73,636)	(551)	(73,085)
Net cash (used in)/provided by financing activities	(1,024)	22,257	(23,281)	78,375	37,087	41,288
(Decrease) increase in cash and cash equivalents	(7,235)	20,163	(27,398)	(5,959)	32,254	(38,213)
Cash and cash equivalents, beginning of period	60,880	13,787	47,093	59,714	1,696	58,018
Foreign currency translation	40	-	40	(70)	-	(70)
Cash and cash equivalents, end of period	**$ 53,685**	**$ 33,950**	**$ 19,735**	**$ 53,685**	**$ 33,950**	**$ 19,735**

The Company had cash and cash equivalents of $53,685 at September 30, 2021 compared to $33,950 at September 30, 2020. During the three months ended September 30, 2021, the Company had cash outflows from operations of $5,429 compared to cash outflows of $1,716 in the same year-ago period. The increase in cash used in operating activities was primarily due to one-time expenditures incurred in connection with the acquisitions completed near the end of June 2021, an increase in expenses from businesses acquired, and ongoing litigation costs.

Cash used in investing activities during the three months ended September 30, 2021 was $783 compared to $378 for the same year-ago period. The increase in cash used in investing activities was mainly due to the purchase of intangible assets, property and equipment.

Cash used in financing activities during the three months ended September 30, 2021 was $1,024 compared to cash provided by financing activities of $22,257 for the same year-ago period. The change in cash related to financing activities was primarily due to proceeds from the issuance of common shares in the same year-ago period which was not repeated in the current period.

Debt financing
Effective June 25, 2021, the Company, through its subsidiary Oncidium, established credit facilities of up to $62,000 (the **"Facilities"**) comprised of the following:

(1) Revolver Facility of $3,000; and,
(2) Term Facility of $59,000.

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The Facilities mature three years from the date the funds are drawn. Interest accrues daily on advances at the applicable Canadian Dealer Offered Rate (CDOR) plus a margin of between 2.0% and 3.5% dependent upon certain financial ratios. The fair value of the debt approximates its carrying value.

As at September 30, 2021, the Company was in compliance with all financial covenants.

The debt is secured by a first-ranking security interest on all of Oncidium's present and after-acquired assets.

Future capital requirements

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of securities, the percentage ownership of current shareholders may be reduced, and such securities may have rights, preferences, or privileges senior to those of the holders of the Company's common shares. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

USE OF PROCEEDS

The Company anticipated that it would use the net proceeds from its bought deal prospectus offerings, private placements and debt financing for future acquisitions, working capital and general corporate purposes. The following table sets out the original proposed use of net proceeds and actual uses of net proceeds up to September 30, 2021. To date, the Company continues to proceed towards its original business objectives for such funds.

		Proposed use	**Proposed use of net proceeds**	**Actual use of net proceeds**
Private placement	March 20, 2020	Working capital	$ 2,644	$ 2,644
Bought deal financing	June 2, 2020	Working capital	3,367	3,367
		Acquisition purposes	10,266	10,266 (1)
Bought deal financing	September 1, 2020	Working capital	1,577	1,577
		Acquisition purposes	17,521	17,521 (2)
Bought deal financing	November 9, 2020	Acquisition purposes	34,548	34,548 (3)
Bought deal financing	March 9, 2021	Acquisition purposes	53,990	26,942 (4)
Debt financing	June 25, 2021	Acquisition of Oncidium	23,633	23,633

(1) Acquisition of South Surrey Medical Clinic Inc., Snapclarity, Benchmark, Premier Podiatry LLC, iMD and Re:Function (partial)
(2) Acquisition of Re:Function (remainder), HumanaCare, Medical Confidence, Canadian Medical Directory, West Mississauga Medical Ltd., IDYA4 and Aspiria (partial)
(3) Acquisition of Aspiria (remainder), Rxi, VisionPros and Oncidium (partial)
(4) Acquisition of Oncidium (remainder), and remaining amount for future use.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize shareholder value. The Company's capital is comprised of equity and long-term debt, net of cash and cash equivalents. The Company manages the capital structure and adjusts in response to changes in economic conditions and the risk characteristics of the underlying assets. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

There were no changes to the Company's approach in its management of capital during the period.

The Company is subject to certain financial covenants in its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

FINANCIAL INSTRUMENTS

The Company's principal financial assets include cash and cash equivalents, and trade and other receivables. The Company's principal financial liabilities comprise of accounts payable and accrued liabilities, contingent consideration, contingent liability and long-term debt. The main purpose of these financial liabilities is to finance the Company's operations.

The carrying values of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of long-term debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. There were no transfers between levels of the fair value hierarchy.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, and trade and other receivables. To manage credit risk, cash and cash equivalents are held only with reputable and regulated financial institutions.

The Company provides credit to its customers in the normal course of operations. The Company minimizes its credit risk associated with its trade and other receivables by performing credit evaluations on customers, maintaining regular and ongoing contact with customers, routinely reviewing the status of individual trade and other receivables balances and following up on overdue amounts. Further, trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of collections.

As at September 30, 2021, the Company had $22,261 (December 31, 2020 – $2,012) of trade and other receivables, net of an allowance for doubtful accounts of $283 (December 31, 2020 – $157).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The current assets reflected on the statement of financial position are highly liquid.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

The maturity profile of the Company's financial liabilities, based on contractual undiscounted payment at each reporting date is:

As at September 30, 2021

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 27,535	$ -	$ -	$ 27,535
Contingent consideration	15,045	18,725	-	33,770
Long-term debt	2,940	23,393	6	26,339
	$ 45,520	**$ 42,118**	**$ 6**	**$ 87,644**

As at December 31, 2020

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 3,453	$ -	$ -	$ 3,453
Contingent consideration	145	-	-	145
Long-term debt	619	1,969	58	2,646
	$ 4,217	**$ 1,969**	**$ 58**	**$ 6,244**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Company is exposed to interest rate risk and foreign currency risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At September 30, 2021, the Company had variable rate borrowing rate loans amounting to $23,253 (December 31, 2020 – $608). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $116 (2020 – $3) for the nine months ended September 30, 2021. There would be an equal and opposite impact on net loss with a 1% decrease in the interest rate.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

At September 30, 2021, the Company held net monetary assets in United States dollar (USD) equal to $3,896 (December 31, 2020 – $545). The Company estimates the impact of a 5% change in the Canadian dollar exchange rate on its net monetary assets to be $195 (December 31, 2020 – $35).

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements other than short-term lease agreements.

RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and enterprises which are controlled by these individuals. The below transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Remuneration of key management and Board of Directors:

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Cash-based compensation	**$ 333**	$ 204	**$ 1,176**	$ 521
Share-based compensation	**1,311**	231	**2,559**	644
Total	**$ 1,644**	$ 435	**$ 3,735**	$ 1,165

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

(b) Significant accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended December 31, 2020, except for the following, which were adopted by the Company for the annual period beginning on January 1, 2021.

Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Company.

Unrealized gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in those entities.

Deferred Share Units ("DSUs")

DSUs are accounted for as cash-settled share-based payment transactions whereby the cost of the DSUs is measured initially at fair value based on the closing price of the Company's common shares preceding the day the DSUs are granted. The fair value of the DSUs is recognized as a liability in the statement of financial position and as a share-based compensation expense in the statement of net loss and comprehensive loss. The liability is remeasured to fair value based on the market price of the Company's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in share-based compensation expense in the statement of net loss and comprehensive loss.

(c) New standards, interpretations and amendments adopted by the Company

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments to existing standards are effective from January 1, 2021, but they are not expected to have an impact on the condensed interim consolidated financial statements of the Company.

LITIGATION AND OTHER CONTINGENCIES

(a) During the three months ended June 30, 2020, Gravitas Securities Inc. (**"Gravitas"**) commenced an arbitration alleging breach of the terms of a right of first refusal in connection with an offering which was in the form of a bought deal equity financing underwritten by a syndicate of other investment banks in May 2020, and was completed on June 2, 2020 (the **"June 2020 Financing"**). During the three months ended September 30, 2020, Gravitas amended its claims for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on September 22, 2020 (the **"September 2020 Financing"**). During the three months ended June 30, 2021, Gravitas amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on March 12, 2021 (the **"March 2021 Financing"**). The total claims are in excess of $6,850 plus unspecified damages associated with the value of share purchase warrants that were issued in connection with the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing, plus interest and costs. The Company disputes the claims with respect to each of the June 2020 Financing, the September 2020 Financing, and the March 2021 Financing entirely. The claims are currently subject to arbitration proceedings which the Company is defending, and the arbitration is scheduled to proceed to a final hearing in April 2022. The Company is of the view that its defense to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Gravitas claims succeed is $1,200 and therefore an accrual for that amount as a contingent liability has been recorded.

(b) On September 29, 2020, Snapclarity was named as a defendant to an action commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity and companies such shareholder purports to control (the **"Plaintiff"**) (the **"Action"**). The nature of the Action involves various intellectual property, wrongful dismissal, unpaid invoices, defamation, and other related issues raised by the Plaintiff. The Plaintiff seeks payment of at least $928 plus costs and interest as well as non-monetary relief. Snapclarity disputes the claim in its entirety. The Company is of the view that its defenses to the claims will prevail without liability to the Company; however, an estimate of the liability to the Company should the Plaintiff's claims succeed is $150 and therefore an accrual for that amount as a contingent liability has been recorded.

On December 21, 2020, Snapclarity was named as a respondent to an application commenced in the Ontario Superior Court of Justice by a former shareholder of Snapclarity (the **"Applicant"**) (the **"Application"**). In the Application, the Applicant purports to exercise the Applicant's dissent rights under s. 190(5) of the CBCA. The Applicant also seeks an order fixing the fair value of the Applicant's shares in Snapclarity and requiring Snapclarity to pay the value of the shares together with costs and interest. The Applicant has claimed that the fair value of the Applicant's shares totals at least $1,850. Snapclarity disputes this claim. On February 23, 2021, Snapclarity filed a Notice of Motion for an order converting the Application into an Action and consolidating the actions. The Applicant has not responded to the Notice of Motion as of this date.

In the Action, Snapclarity sought an injunction enjoining the former shareholder from, among other things, competing against Snapclarity. The injunction was not granted and Snapclarity must pay costs of $150 to the former shareholder as a result.

(Expressed in thousands of Canadian Dollars, except number of shares and per share amounts)

SUBSEQUENT EVENT

On November 14, 2021, the Company entered into the Arrangement Agreement with MindBeacon pursuant to which the Company agreed to acquire all of MindBeacon's issued and outstanding common shares. MindBeacon is one of North America's leading clinically-validated iCBT solutions. Under the terms of the Arrangement Agreement, each common share of MindBeacon will be exchanged for $1.22 cash and 2.285 common shares of CloudMD, with the total consideration expected to be up to approximately $29,683 in cash and up to approximately 55.59 million common shares of CloudMD. Closing of the transaction is subject to a number of customary closing conditions, including approval by at least two-thirds of the votes cast at a special meeting of MindBeacon's shareholders, as well as court and regulatory approval. The MindBeacon shareholder meeting is expected to be held on or about January 10, 2022 and, subject to the satisfaction or waiver of the other closing conditions, closing is expected to occur shortly thereafter, on or about January 14, 2022.

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	As at	
Issued and outstanding	**November 29, 2021**	**September 30, 2021**
Common shares	231,470,129	231,470,129
Stock options	10,186,750	10,325,500
Restricted share units	680,000	680,000
Warrants	11,571,041	11,571,041
Total	**253,907,920**	**254,046,670**