CloudMD Software & Services Inc.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(unaudited)

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

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Financial Position
(in thousands of Canadian Dollars, except number of shares and per share amounts)
(Unaudited)

	Note	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		**$ 27,506**	$ 45,082
Trade and other receivables	6	**18,332**	24,429
Inventory		**1,489**	3,424
Prepaid expenses, deposits and other		**4,410**	2,427
Net investment in sublease		**-**	20
		51,737	75,382
Assets held for sale	17	**17,201**	-
Total current assets		**68,938**	75,382
Deposits		**113**	238
Investment in joint venture		**-**	407
Property and equipment	7	**7,593**	11,319
Intangible assets	8	**91,827**	85,377
Goodwill	8	**42,938**	139,367
Total assets		**211,409**	$ 312,090
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable, accrued liabilities and other		**$ 20,358**	$ 30,586
Deferred revenue		**2,063**	1,311
Contingent consideration	10	**2,938**	11,807
Contingent liability		**1,200**	1,350
Current portion of lease liabilities	11	**1,858**	1,973
Current portion of long-term debt	9	**1,632**	2,438
		30,049	49,465
Liabilities directly associated with the assets held for sale	17	**10,077**	-
Total current liabilities		**40,126**	49,465
Contingent consideration	10	**531**	6,507
Lease liabilities	11	**3,995**	6,912
Deferred tax liability		**15,974**	17,202
Liability to non-controlling interests		**743**	511
Long-term debt	9	**23,252**	22,130
Total liabilities		**84,621**	102,727
SHAREHOLDERS' EQUITY			
Share capital	13	**303,981**	241,395
Reserves		**13,165**	11,932
Shares under escrow		**596**	596
Contingent shares issuable		**3,774**	8,510
Accumulated other comprehensive loss		**604**	(227)
Deficit		**(196,265)**	(53,634)
Equity attributable to equity holders of the parent		**125,855**	208,572
Non-controlling interest		**933**	791
Total shareholders' equity		**126,788**	209,363
Total liabilities and shareholders' equity		**$ 211,409**	$ 312,090

Litigation and other contingencies *(Note 19)*

Approved and authorized for issuance by the Board of Directors on November 14, 2022.

"Karen Adams"	*"Christopher Cherry"*
Karen Adams, Interim CEO	Christopher Cherry, Audit Committee Chair

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Income
(in thousands of Canadian Dollars, except number of shares and per share amounts)
(Unaudited)

	Note	Three months ended September 30, 2022	Three months ended September 30, 2021 *	Nine months ended September 30, 2022	Nine months ended September 30, 2021 *
Continuing operations					
Revenue	18	**27,505**	28,946	**88,595**	41,943
Cost of sales		**18,023**	18,483	**57,402**	25,628
Gross profit		**9,482**	10,463	**31,193**	16,315
Expenses					
Sales and marketing		**2,218**	2,000	**6,971**	3,989
Research and development		**1,043**	828	**3,618**	1,745
General and administrative		**9,638**	6,932	**29,725**	12,531
Share-based compensation	13	**273**	1,543	**1,295**	4,576
Amortization of intangible assets	8	**2,934**	1,579	**8,260**	2,472
Depreciation of property and equipment	7	**787**	412	**2,379**	938
Financing-related costs		**-**	-	**-**	871
Acquisition-related and integration costs		**1,659**	1,790	**9,232**	5,447
Total expenses		**18,552**	15,084	**61,480**	32,569
Loss before undernoted		**(9,070)**	(4,621)	**(30,287)**	(16,254)
Other income		**282**	162	**483**	336
Gain on fair value of contingent consideration	10	**996**	640	**7,046**	966
Loss on fair value of liability to non-controlling interests		**(64)**	-	**(232)**	-
Loss on sale of investment in joint venture		**(221)**	-	**(221)**	-
Finance costs		**(621)**	(737)	**(1,592)**	(855)
Impairment	8	**(83,910)**	-	**(113,152)**	-
		(83,538)	65	**(107,668)**	447
Net loss before taxes from continuing operations		**(92,608)**	(4,556)	**(137,955)**	(15,807)
Income tax expense		**811**	(407)	**742**	(549)
Net loss for the period from continuing operations		**(91,797)**	(4,963)	**(137,213)**	(16,356)
Discontinuing operations					
Loss after tax for the period from discontinuing operations	17	**(3,054)**	(824)	**(7,500)**	(1,353)
Net loss for the period		**(94,851)**	(5,787)	**(144,713)**	**(17,709)**
Other comprehensive loss					
Item that may be reclassified to income in subsequent periods					
Exchange differences on translation of foreign operations		**521**	90	**831**	(66)
Total comprehensive loss for the period		**(94,330)**	(5,697)	**(143,882)**	(17,775)
Net loss attributable to:					
Equity holders of the Company		**(94,927)**	(5,795)	**(144,855)**	(17,724)
Non-controlling interest		**76**	8	**142**	15
Total comprehensive loss attributable to:					
Equity holders of the Company		**(94,406)**	(5,705)	**(144,024)**	(17,790)
Non-controlling interest		**76**	8	**142**	15
Weighted average number of common shares, basic and diluted		**299,263,577**	232,080,505	**292,352,237**	203,988,419
Loss per share, basic and diluted		**(0.32)**	(0.02)	**(0.49)**	(0.09)

* Comparative information has been re-presented due to discontinued operations and a change in classification. See note 5 and 17.

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(in thousands of Canadian Dollars, except number of shares and per share amounts)
(Unaudited)

	Share capital	Reserves	Shares under escrow	Contingent shares issuable	Accumulated other comprehensive gain/ (loss)	Deficit	Non-controlling interest	Total
Balance, December 31, 2020	**$ 117,418**	**$ 7,277**	**$ 596**	**$ 5,923**	**$ (192)**	**$ (21,404)**	**$ 803**	**$ 110,421**
Shares issued/issuable for business	59,345	-	-	3,416	-	-	-	62,761
Shares issued for investment in joint venture	193	-	-	-	-	-	-	193
Shares issued/issuable for asset purchase	1,471	-	-	190	-	-	-	1,661
Bought deal financing	58,212	-	-	-	-	-	-	58,212
Contingent shares issued	1,537	-	-	(1,034)	-	(503)	-	-
Share issuance costs	(5,244)	1,023	-	-	-	-	-	(4,221)
Exercise of stock options	2,040	(773)	-	-	-	-	-	1,267
Exercise of restricted share units	470	(470)	-	-	-	-	-	-
Exercise of warrants	3,167	(1)	-	-	-	-	-	3,166
Shares issued for services	2,455	-	-	-	-	-	-	2,455
Share-based compensation	-	4,362	-	-	-	-	-	4,362
Other comprehensive loss	-	-	-	-	(66)	-	-	(66)
Net profit/(loss) for the period	-	-	-	-	-	(17,724)	15	(17,709)
Balance, September 30, 2021	**$ 241,064**	**$ 11,418**	**$ 596**	**$ 8,495**	**$ (258)**	**$ (39,631)**	**$ 818**	**$ 222,502**
Balance, December 31, 2021	**$ 241,395**	**$ 11,932**	**$ 596**	**$ 8,510**	**($ 227)**	**$ (53,634)**	**791**	**$ 209,363**
Shares issued/issuable for business combinations	53,176	-	-	-	-	-	-	53,176
Shares returned on sale of investment in joint venture	(86)	-	-	-	-	-	-	(86)
Gain on modification in contingent shares issuable	-	-	-	(2,224)	-	2,224	-	-
Contingent shares issued	2,497	-	-	(2,497)	-	-	-	-
Contingent consideration settled in shares	6,616	-	-	-	-	-	-	6,616
Exercise of stock options	87	(37)	-	-	-	-	-	50
Exercise of warrants	281	(5)	-	-	-	-	-	276
Shares issued for services	15	-	-	(15)	-	-	-	-
Share-based compensation	-	1,275	-	-	-	-	-	1,275
Other comprehensive loss	-	-	-	-	831	-	-	831
Net profit/(loss) for the period	-	-	-	-	-	(144,855)	142	(144,713)
Balance, September 30, 2022	**$ 303,981**	**13,165**	**596**	**3,774**	**604**	**(196,265)**	**933**	**126,788**

The accompanying notes are an integral part of these condensed interim consolidated unaudited financial statements

CLOUDMD SOFTWARE & SERVICES INC.
Condensed Interim Consolidated Statements of Cash Flow
(in thousands of Canadian Dollars, except number of shares and per share amounts)
(Unaudited)

		Nine months ended		
		September 30, 2022		**September 30, 2021**
Operating activities				
Net loss for the period	**$**	**(144,713)**	$	(17,709)
Adjustments for				
Interest expense on lease liabilities		**306**		211
Interest expense on long term debt		**1,424**		764
Deferred tax expense		**(1,496)**		302
Amortization of intangible assets		**8,829**		2,848
Depreciation of property and equipment		**3,177**		1,843
Share-based compensation		**1,295**		4,576
Shares issued for services		**-**		2,455
Loss on sale in investment in joint venture		**221**		-
Unrealized foreign exchange loss (gain)		**265**		(1)
Impairment loss		**120,000**		-
Share in profits of joint venture		**(6)**		(9)
Interest income from net investment in sublease		**(22)**		(4)
Gain in fair value of liability to non-controlling interests		**232**		-
Loss on in fair value of contingent consideration		**(7,046)**		(966)
Net change in non-cash working capital		**(4,654)**		(10,347)
Net cash used in operating activities		**(22,188)**		(16,037)
Investing activities				
Acquisition of businesses, net of cash acquired		**12,163**		(67,214)
Payment of contingent consideration		**(1,183)**		-
Dividends received from joint venture		**26**		-
Investment in joint venture		**-**		(181)
Cash received on sale of joint venture		**77**		-
Payments received from net investment in sublease		**124**		119
Purchase of intangible assets		**(1,632)**		(494)
Disposal of property and equipment		**24**		-
Purchase of property and equipment		**(234)**		(537)
Net cash provided by (used in) investing activities		**9,365**		(68,307)
Financing activities				
Shares issued for cash		**-**		58,212
Share issuance costs		**-**		(4,221)
Proceeds from exercise of stock options		**50**		1,267
Proceeds from exercise of warrants		**276**		3,166
Proceeds from long-term debt, net of financing costs		**467**		23,633
Payment of long-term debt		**(3,226)**		(2,143)
Payment of lease liabilities		**(2,325)**		(1,527)
Payment of line of credit		**-**		(2)
Net cash (used in) provided by financing activities		**(4,758)**		78,385
Net decrease in cash and cash equivalents		**(17,581)**		(5,959)
Cash and cash equivalents, beginning of period		**45,082**		59,714
Effect of foreign exchange on cash and cash equivalents		**5**		(70)
Cash and cash equivalents, end of period	**$**	**27,506**	$	53,685

Supplemental cash flow information (*Note 14*)

The accompanying notes are an integral part of these condensed interim consolidated unaudited financial statements

1. CORPORATE INFORMATION

CloudMD Software & Services Inc. ("CloudMD" or "the Company") is a publicly traded company listed on the TSX Venture Exchange ("TSXV") under the trading symbol DOC, and is incorporated under the laws of British Columbia, Canada. The Company's corporate office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3EH. These condensed interim unaudited consolidated financial statements comprise the Company and its subsidiaries.

CloudMD is a healthcare services provider that uses a comprehensive personalized approach to support an individual's mental, physical, and social issues. CloudMD has a complete health ecosystem that connects all points of the healthcare journey through one centralized platform.

2. 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") and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2021. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. 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.

These financial statements were authorized for issue by the Board of Directors on November 14, 2022.

b) Basis of Consolidation

The condensed interim unaudited consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at September 30, 2022. All inter-company transactions and balances have been eliminated on consolidation.

The condensed interim unaudited consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries for the three and nine months ended September 30, 2022, and 2021. As at September 30, 2022, the Company owned 34 subsidiaries that are wholly-owned or controlled by virtue of a management services agreement, based in Canada and the USA, and one majority-owned subsidiary in the USA. (87.5% owned by the Company).

c) 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, 2021 apart from the below:

Government grants

Government grants, such as investment tax credits ("ITCs") or below-market interest rate loans, are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as a reduction of the related asset.

d) 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, 2022, but they did not have an impact on the condensed interim consolidated financial statements of the Company.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same accounting policies and methods of computation are followed in the condensed unaudited consolidated interim financial statements as compared with the most recent audited annual financial statements, apart from those described below:

Consolidation of entities

The Company considers that it controls Farvolden Psychology Professional Corporation ("ProfCo") acquired as part of the MindBeacon acquisition, in respect of all matters other than matters relating to the practice of psychology and psychotherapy, by virtue of a management services agreement, even though it does not own any of the voting rights or securities of ProfCo.

The Company evaluates all relevant facts and circumstances in assessing whether it has power over ProfCo, a key determinant of control, including assessing its rights, and the potential voting rights, contained in the management services agreement. In addition, the Company assesses its exposure, or rights, to variable returns and its ability to use its power over ProfCo to affect the amount of its returns. These evaluations are complex and involve judgment. Judgment is required to determine whether the Company has the right to make decisions that control the relevant activities of ProfCo, and thus the ability to impact its economic returns. Management must assess which activities most significantly affect the economic performance of ProfCo and whether it has control over these activities. Judgment is also required to determine if the Company has power through potential voting rights. The Company makes an evaluation of whether its potential voting rights, through a call option to purchase all the outstanding shares of ProfCo for a nominal amount, are substantive. The Company evaluates whether the call option is in-the-money, whether it has the financial ability to exercise its option and whether the option is currently exercisable.

The Company has made the assessment that it has substantive rights, including the ability to control relevant activities, through the management services agreement. In addition, the Company has assessed that the management services agreement provides it with potential voting rights. The judgments made by management with respect to consolidation of entities can significantly impact the assets and liabilities, equity, income, expenses, and cash flows of the Company. Management performs ongoing reassessments of whether there are changes in the facts and circumstances that could impact the Company's ability to control, and therefore consolidate, ProfCo.

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

4. BUSINESS COMBINATIONS

On January 14, 2022, the Company acquired all of the issued and outstanding Common Shares of MindBeacon Holdings Inc. ("MindBeacon"), one of North America's leading providers of digital mental health care. The acquisition received all required approvals and the transaction closed on that date. Under the terms of the agreement, shareholders of MindBeacon received 2.285 common shares of CloudMD for each common share of MindBeacon and $1.22 of cash per share. Total consideration paid was $29,271 in cash and 54,820,958 common shares of CloudMD.

The purchase price for this acquisition is provisional, and is as follows:

		Provisional
Purchase price:		
Fair value of common shares issued	$	53,176
Cash consideration		29,271
Total consideration paid	**$**	**82,447**
Allocated as follows:		
Cash and cash equivalents	$	41,434
Trade and other receivables		3,916
Prepaid expenses, deposits and other		2,010
Property and equipment		1,127
Customer Relationship		760
Brand		1,000
Non-compete agreement		950
Software		16,860
Accounts payable, accrued liabilities and other		(6,051)
Deferred revenue		(677)
Deferred tax liability		(265)
Lease liabilities		(866)
Long-term debt		(1,648)
Total net assets acquired	$	**58,550**
Goodwill acquired	$	**23,897**

The net assets recognised in the September 30, 2022 financial statements are based on a provisional assessment of their fair value. Management continues to gather relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired and liabilities assumed. As such the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable property, plant, and equipment, intangible assets and the allocation of goodwill.

From the date of acquisition, MindBeacon contributed $18,775 of revenue and $5,972 to net loss for the period. If the combination had taken place at the beginning of the year, revenue from MindBeacon would have been $19,745 and net loss for the Company would have been $7,938. The expenses in MindBeacon include certain acquisition and integration related costs and shared services costs in support of the broader CloudMD organization.

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

The Company acquired interests in the following companies during the nine months ended September 30, 2021. The valuation of these companies has been completed, and the purchase price allocation is final.

		Humanacare	Medical Confidence	IDYA4	Aspiria	RXI	Vision Pros	CMD	Oncidium
		(1)	(2)	(3)	(4)	(5)		(6)	(7)
		Final	Final	Final	Final	Final	Final	Final	Final
Purchase price:									
Fair value of common shares issued	$	5,237	1,903	7,817	866	3,397	9,229	1,471	30,896
Cash consideration		6,126	2,337	5,843	855	2,342	25,655	250	31,028
Contingent shares issuable		1,205	317	1,401	493	-	-	191	-
Contingent consideration		-	375	156	-	68	-	-	15,620
Total consideration paid	**$**	**12,568**	**4,932**	**15,217**	**2,214**	**5,807**	**34,884**	**1,912**	**77,544**
Allocated as follows:									
Cash and cash equivalents	$	-	161	1,771	85	631	180	-	1,198
Trade and other receivables		672	287	868	147	2,077	99	-	9,970
Inventory		-	-	-	-	43	2,226	-	-
Prepaid expenses, deposits and other		14	10	-	14	6	28	-	1,506
Property and equipment		320	44	-	159	160	770	-	4,061
Customer relationships		4,225	647	1,051	1,673	3,636	-	904	36,870
Brand		1,279	-	-	197	-	11,250	-	-
Software		-	2,943	1,953	-	591	-	126	3,400
Non-compete agreement		311	-	-	57	-	-	-	-
Accounts payable, accrued liabilities and other		(297)	(314)	(607)	(523)	(3,205)	(8,324)	-	(13,161)
Deferred revenue		(301)	-	-	(28)	-	(331)	-	-
Deferred tax liability		(1,472)	(936)	-	(390)	(598)	(3,016)	-	(6,884)
Lease liabilities		(291)	-	-	(147)	(115)	(43)	-	(3,680)
Long-term debt		(262)	(56)	(402)	(40)	-	(60)	-	-
Total net assets acquired	**$**	**4,198**	**2,786**	**4,634**	**1,204**	**3,226**	**2,779**	**1,030**	**33,280**
Goodwill acquired	**$**	**8,370**	**2,146**	**10,583**	**1,010**	**2,581**	**32,105**	**882**	**44,264**

(1) The contingent shares issuable represents two earn-out revenue milestone payments for the years ending December 31, 2021, and December 31, 2022. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on January 11, 2021, and the number of common shares issuable based on management's best estimate of future revenue results. The contingent shares issuable could be higher or lower depending on the related future revenue outcome.

(2) The contingent consideration and contingent shares issuable represent two earn-out revenue milestone payments for the years ending December 31, 2021, and December 31, 2022. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future revenue results. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on January 15, 2021, and the number of common shares issuable based on management's best estimate of future revenue results. The contingent consideration and contingent shares issuable could be higher or lower depending on the related future revenue outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.

(3) The contingent consideration and contingent shares issuable represent two earn-out revenue milestone payments for the years ending December 31, 2021, and December 31, 2022. Preliminary valuation of the contingent consideration was calculated using the expected cash outflow based on management's best estimate of future

revenue results. Preliminary valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on March 22, 2021, and the number of common shares issuable based on management's best estimate of future revenue results. The contingent consideration and contingent shares issuable could be higher or lower depending on the related future revenue outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.

(4) The contingent shares issuable represents an earn-out revenue milestone payment for the year ending December 31, 2021. Valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on April 1, 2021 and the number of common shares issuable based on management's best estimate of future revenue results.

(5) The contingent consideration represents two earn-out profitability milestone payments for the years ending December 31, 2021 and December 31, 2022. Valuation of the contingent consideration was calculated using the closing price of the Company's common shares on May 11, 2021 and the number of common shares issuable based on management's best estimate of future profitability results. The contingent consideration could be higher or lower depending on the related future profitability outcome. The contingent consideration is reviewed and remeasured on a quarterly basis.

(6) The contingent shares issuable represents two earn-out revenue milestone payments for the years ending December 31, 2021 and December 31, 2022. Valuation of the contingent shares issuable was calculated using the closing price of the Company's common shares on December 20, 2020 and the number of common shares issuable based on management's best estimate of future revenue results. The contingent shares issuable could be higher or lower depending on the related future revenue outcome.

(7) The contingent consideration represents three revenue and three profitability earn-out milestone payments for the years ending December 31, 2021, and time-based payments for the year ending December 31, 2022, and December 31, 2023. The contingent consideration can be settled, at the Company's discretion, using cash or common shares issuable at $2.30. Valuation of the contingent consideration was calculated using the expected cash outflow using Monte Carlo method. The contingent consideration is reviewed and remeasured on a quarterly basis. The terms of the contingent consideration were modified May 2022, see Note 10.

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

During the nine months ended September 30, 2022, the Company finalized the purchase price allocation and adjusted the values for the contingent consideration, intangible assets, goodwill, and deferred taxes pursuant to the acquisition agreements. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

Provisional Allocation	**Humanacare**	**Medical Confidence**	**IDYA4**	**Aspiria**	**RXI**	**VisionPros**	**CMD**	**Oncidium**
Cash and cash equivalents	-	161	1,771	85	631	180	-	1,198
Trade and other receivables	672	287	868	147	2,077	99	-	9,984
Inventory	-	-	-	-	43	2,226	-	-
Prepaid expenses, deposits and other	14	10	-	14	6	28	-	1,506
Property and equipment	320	44	-	159	160	770	-	4,061
Customer relationships	4,225	647	1,051	1,673	3,519	-	904	36,870
Brand	1,279	-	-	197	-	11,250	-	-
Software	-	2,943	1,953	-	593	-	126	3,400
Non-compete agreement	311	-	-	57	-	-	-	-
Accounts payable, accrued liabilities and other	(297)	(314)	(607)	(523)	(3,205)	(9,124)	-	(13,083)
Deferred revenue	(301)	-	-	(28)	-	(331)	-	-
Deferred tax liability	(1,472)	(936)	-	(390)	(598)	(3,016)	-	(10,136)
Lease liabilities	(291)	-	-	(147)	(115)	(43)	-	(3,680)
Long-term debt	(262)	(56)	(402)	(40)	-	(60)	-	-
Goodwill	8,370	2,146	10,583	1,010	2,696	45,550	882	45,865

Adjustments	**Humanacare**	**Medical Confidence**	**IDYA4**	**Aspiria**	**RXI**	**VisionPros**	**CMD**	**Oncidium**
Trade and other receivables	-	-	-	-	-	-	-	(14)
Customer relationships	-	-	-	-	117	-	-	-
Software	-	-	-	-	(2)	-	-	-
Accounts payable, accrued liabilities and other	-	-	-	-	-	800	-	(78)
Deferred tax liability	-	-	-	-	-	-	-	3,252
Goodwill	-	-	-	-	(115)	(13,445)	-	(1,601)

Final	**Humanacare**	**Medical Confidence**	**IDYA4**	**Aspiria**	**RXI**	**VisionPros**	**CMD**	**Oncidium**
Cash and cash equivalents	-	161	1,771	85	631	180	-	1,198
Trade and other receivables	672	287	868	147	2,077	99	-	9,970
Inventory	-	-	-	-	43	2,226	-	-
Prepaid expenses, deposits and other	14	10	-	14	6	28	-	1,506
Property and equipment	320	44	-	159	160	770	-	4,061
Customer relationships	4,225	647	1,051	1,673	3,636	-	904	36,870
Brand	1,279	-	-	197	-	11,250	-	-
Software	-	2,943	1,953	-	591	-	126	3,400
Non-compete agreement	311	-	-	57	-	-	-	-
Accounts payable, accrued liabilities and other	(297)	(314)	(607)	(523)	(3,205)	(8,324)	-	(13,161)
Deferred revenue	(301)	-	-	(28)	-	(331)	-	-
Deferred tax liability	(1,472)	(936)	-	(390)	(598)	(3,016)	-	(6,884)
Lease liabilities	(291)	-	-	(147)	(115)	(43)	-	(3,680)
Long-term debt	(262)	(56)	(402)	(40)	-	(60)	-	-
Goodwill	8,370	2,146	10,583	1,010	2,581	32,105	882	44,264

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

5. EXPENSES BY NATURE FOR CONTINUING OPERATIONS

	Three months ended		Nine months ended	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
Cost of sales	**$ 16,906**	$ 17,361	**$ 56,252**	$ 24,488
Wages and employee benefits	**9,767**	7,140	**29,287**	12,566
Professional fees	**1,991**	1,674	**10,106**	6,834
Share-based compensation	**273**	1,543	**1,295**	4,576
Office and administration	**2,161**	2,273	**6,304**	3,452
Marketing and advertising	**1,254**	1,356	**3,679**	2,133
Amortization of intangible assets	**2,934**	1,579	**8,260**	2,472
Depreciation of property and equipment	**787**	412	**2,379**	938
Others	**502**	229	**1,320**	738
Total	**$ 36,575**	$ 33,567	**$ 118,882**	$ 58,197

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, $1,057 have been reclassified from general and administrative expense to cost of sales.

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6. TRADE AND OTHER RECEIVABLES

The following table shows the details of the Company's trade and other receivables:

	September 30, 2022	**December 31 2021**
Trade receivables	**$ 17,177**	$ 17,263
Other receivables	**1,535**	7,466
Allowance for doubtful accounts	**(380)**	(300)
Total	**$ 18,332**	$ 24,429

The Company evaluates credit losses on a regular basis based on the aging and future collectability of its receivables. As at September 30, 2022 and December 31, 2021, the Company recognized expected credit losses of $380 (2021 - $300), which has been netted against trade and other receivables. The expected lifetime credit loss provision for our trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information as required.

7. PROPERTY AND EQUIPMENT

For the nine months ended September 30, 2022, the Company acquired assets with a cost of $2,225, disposed of assets with a cost of $24 and foreign exchange gain of $277. During the nine months ended September 30, 2022, the Company subleased a portion of it's leased premise, as a result there was a reduction in the right of use asset of $540. For the nine months ended September 30, 2022, property plant and equipment also increased due to the acquisition of MindBeacon by $1,127 (Note 4).

Due to the planned sale of certain legal entities (see Note 17), the Company valued the entities at fair value less cost to sell. As a result an impairment loss of $90 was recognized in the three months and nine months ended September 30, 2022. Assets with a carrying amount of $3,524 were transferred to held-for-sale (Note 17) (2021 - nil).

For the three and nine months ended September 30, 2022, the Company recorded depreciation expense on continuing operations of $787 and $2,379 (2021 – $412 and $938) within expenses. For nine months ended September 30, 2022, the company recorded depreciation expense on discontinued operations of $798.

8. GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

During the nine months ended September 30, 2022 the Company added $23,897 in goodwill related to the Mindbeacon acquisition (see note 4).

Due to the planned sale of certain legal entities (see Note 17), the Company valued the entities at fair value less cost to sell. As a result, $1,021 (2021 – nil) of goodwill impairment loss was recognized in the three and nine months ended September 30, 2022. The remaining goodwill of $4,755 were transferred to held-for sale (2021 – nil).

September 30, 2022 – Impairment testing

As at September 30, 2022, the Company's carrying amount of the net assets of the entity exceeded its market capitalization, which is an indicator of impairment. As a result, the Company assessed each of its CGUs and groups of CGUs for indicators of impairment, and where identified, performed an impairment test. The Company assessed the recoverable amount of the following CGU's:

- Enterprise Health Solutions ("EHS") CGU
- IDYA4 CGU
- IMD CGU
- VisionPros CGU

The recoverable amount of the CGUs was based on its value in use covering a five-year cash flow projection based on management's estimate of future operating results. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at September 30, 2022, was determined similarly to the December 31, 2021, goodwill impairment test. For our September 30, 2022 impairment testing, the following key assumptions were used:

- Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as managements expectations of market development. Estimated cash flows are primarily driven by forecasted revenue. Compared to our December 31, 2021 testing we reduced our estimated future cash flows used in the impairment assessment, including revenues, margin, and capital expenditures to reflect our best estimates at this time. The average annual revenue growth rate for CGUs tested ranged from 8.9% to 34.6%.

- Discount rate: We updated the discount rate which increased compared to our previous annual impairment testing reflecting, in part, higher interest rates and market volatility. The discount rate used in our September 30, 2022 testing ranged from 12.5% to 13.5%. The discount rate reflected appropriate adjustments relating to market risk and specific risk factors for the specific CGU.
- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation and projected industry growth. For the September 30, 2022 impairment testing, cash flows have been extrapolated beyond the five using a 3.5% growth rate.
- Tax Rate: The tax rates used in determining future cash flows were those substantively enacted at the respective valuation date.

The carrying amount of the EHS CGU was determined to be higher than its recoverable amount of $94,541 and impairment loss of $62,796 was recognized. The entire impairment loss was allocated to goodwill, reducing the goodwill balance to $34,966.

The carrying amount of the IDYA4 CGU was determined to be higher than its recoverable amount of $5,033 and impairment loss of $9,827 was recognized. The entire impairment loss was allocated to goodwill, reducing the goodwill balance to $755.

The carrying amount of the IMD CGU was determined to be higher than its recoverable amount of $6,091 and impairment loss of $7,243 was recognized. The entire impairment loss was allocated to goodwill, reducing the goodwill balance to $2,401.

The carrying amount of the VisionPros CGU was determined to be higher than its recoverable amount of $8,381 and impairment loss of $4,045 was recognized. The impairment loss was allocated to goodwill in the amount $3,272 reducing the goodwill balance to nil, and to intangible assets in the amount of $773 reducing the intangible assets in the VisionPros CGU to $10,477.

Following the impairment loss recognised in the aforementioned CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment. The Benchmark CGU was not tested for impairment because there were no impairment indicators for that CGU at September 30, 2022. The Company intends to complete its annual impairment testing as at December 31, 2022.

June 30, 2022 – Impairment testing

As at June 30, 2022, the Company's carrying amount of the net assets of the entity exceeded its market capitalization, which is an indicator of impairment. As a result, the Company assessed each of its CGUs and groups of CGUs for indicators of impairment, and where identified, performed an impairment test. Following the Settlement Agreement with the former owners of Vision Pros, in part due to the supplier issues which necessitated the negotiation and signing of new supplier agreements and their impact on the Company's financial projections during the six months ended 30 June 2022 (see Note 19), the Company assessed the recoverable amount of the CGU.

The carrying amount of the CGU was determined to be higher than its recoverable amount of $7,511 and an impairment loss of $28,833 was recognised. The impairment loss was allocated fully to goodwill, reducing the goodwill included in the Vision Pro's CGU to $3,272. The recoverable amount of the CGU was based on its value in use covering a five-year cash flow projection based on management's estimate of future operating results. The present value of the expected cash flows was determined by applying a suitable discount rate, which was 12%. The discount rate reflected appropriate adjustments relating to market risk and specific risk factors for the specific CGU.

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at June 30, 2022, was determined similarly to the December 31, 2021, goodwill impairment test. Following the impairment loss recognised in the Vision Pros CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment.

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

During the six months ended June 30, 2022, the Company observed financial performance in its RXI business that was below budget as costs in the business were rising. As a result, the Company assessed the recoverable amount of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of $2,000 and an impairment loss of $3,778 was recognised. The impairment loss was allocated to goodwill in the amount of $2,579 reducing the goodwill in the RXI CGU to nil, and to intangible assets in the amount of $1,199 reducing the intangible assets in the RXI CGU to $2,479. Following the impairment loss recognised in the RXI CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment. There was also an impairment loss of $408 recognized for a miscellaneous other receivable related to RXI which was determined to be uncollectible.

(b) Intangible assets

For the nine months ended September 30, 2022, the Company acquired assets with a cost of $1,632, intangible assets also increased due to the acquisition of MindBeacon by $19,570 (Note 4) and foreign exchange gain of $348.

Due to the planned sale of certain legal entitles (see Note 17), the Company valued the entities at fair value less cost to sell. As a result an impairment loss of $1,959 was recognized against intangible assets in the three and nine months ended September 30, 2022. Assets with a carrying amount of $2,340 were transferred to held-for-sale (Note 17) (2021 - nil).

For the three and nine months ended September 30, 2022, the Company recorded amortization expense on continuing operations of $2,934 and $8,260 (2021 – $1,579 and $2,472) within expenses. For the nine months ended September 30, 2022, the Company recorded amortization expense on the discontinued operations of $569.

During 2022, the Company conducted a review of its technology platforms, which resulted in changes in the expected usage of certain platforms. The platforms, which management had previously intended to use for 10 years, is now expected to be used in 5 to 8 years. As a result, the expected useful life of the technology platform decreased. The effects of these changes were applied to these financial statements prospectively starting on January 1, 2022.

9. LONG TERM DEBT

	Interest Rate	Maturity	September 30, 2022	December 31, 2021
Fixed interest rate bank loans(1)	3.20%	October 31, 2026	**$ 134**	$ 156
	3.35%	October 31, 2026	**1,126**	1,313
	6.22%	November 1, 2026	**136**	116
	3.97%	October 31, 2026	**109**	158
Variable interest rate bank loans	Prime +2.00%(2)	June 30, 2024	**21,091**	22,635
	Prime +1.00%(3)	April 30, 2023	**44**	100
Interest free loans				
Federal Economic Development Agency loan(4)			**2,154**	-
CEBA Loan			**90**	90
Balance			**24,884**	24,568
Current portion			**1,632**	2,438
Long-term portion			**$ 23,252**	$ 22,130

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

(1) The fixed interest rate bank loans are secured by first ranking security interest over all property of CloudMD and certain subsidiaries for a maximum guarantee amount of $3,414.
(2) As at September 30, 2022, the interest rate for the variable interest rate bank loan was 7.45%.
(3) As at September 30, 2022, the interest rate for the variable interest rate bank loan was 6.45%.
(4) MindBeacon entered into a contribution agreement with the Federal Economic Development Agency for Southern Ontario for up to $4,000 in interest free loans to support its transition into a digital mental health platform provider, with the objective of growing recurring revenue by offering its platform as a service to customers in global markets. The loan is repayable over a period of five years, beginning January 2024.

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;
(2) Term Facility of $49,000; and,
(3) Additional term facility of $10,000 subject to lender approval.

The Facilities mature 3 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 up until August 2022. The fair value of the long-term debt approximates its carrying value.

As at September 30, 2022, the Company was in compliant with all financial covenants.

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

10. CONTINGENT CONSIDERATION AND CONTINGENT SHARES ISSUABLE

The following table shows a reconciliation of the contingent consideration liability:

Contingent consideration, December 31, 2021	**18,314**
Payment of contingent consideration	(7,799)
Change in fair value	(7,046)
Contingent consideration, September 30, 2022	**3,469**
Current portion	2,938
Long-term portion	**$ 531**

Contingent consideration is comprised of earn-out payments due to sellers of acquired entities for meeting certain EBITDA or revenue conditions over a period of up to 3 years following the date of the acquisition.

The fair value of contingent consideration is considered a Level 3 financial instrument and was determined primarily using Monte-Carlo simulations and other pricing methodologies, dependent on the facts of the respective acquisitions. The fair value determination of the contingent consideration required management to make significant estimates and assumptions related to future cash flows of the acquired businesses, volatility rates and with respect to the selection of the discount rates. These reflect the Company’s own judgements about the assumptions market participants would use in pricing the assets and liabilities. The significant unobservable inputs used to measure the contingent consideration using the Monte Carlo model are expected cash flows and the risk adjusted discount rate. For contingent consideration estimated using a probability weighted approach, the significant unobservable inputs are the probability that the milestone will be achieved, the expected cash flows, and the risk adjusted discount rate.

On May 27, 2022 the Company entered into an amendment agreement of the original Oncidium Share Purchase Agreement to the effect of amending future contingent consideration payments. Under the original terms, the contingent consideration was based on future revenue and profitability outcome. Under the amended terms, the contingent consideration is based on future revenue and a time-based earnout. The Company has attributed $1,199 to the change in consideration due to the extinguishment of the Share Purchase Agreement and has included the amount in 'Changes in fair value of contingent consideration' in the consolidated statements of net loss and comprehensive loss. The contingent consideration represents two time-based and future revenue based payments for the years ending December 31, 2022, and December 31, 2023. The contingent consideration can be settled, at the Company's discretion, using cash or common shares issuable at $2.30.

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

On March 29, 2022, the Company entered into an amendment agreement of the original iMD Share Purchase Agreement to the effect of amending future contingent consideration shares issuable. Under the original terms, the contingent shares issuable were based on future revenue and profitability outcome. Under the amended terms, the contingent shares issuable is time-based earnout. As a result of the amendment, the Company has attributed $1,832 to change in contingent shares issuable and has included the amount in 'Contingent shares issuable' in the statement of changes in equity.

On May 18, 2022, the Company entered into an amendment agreement of the original Re:Function Share Purchase Agreement to the effect of amending future contingent consideration shares issuable. Under the original terms, the contingent shares issuable were based on future revenue and profitability outcome. Under the amended terms, the contingent shares issuable is time-based earnout. As a result of the amendment, the Company has attributed $392 to change in contingent shares issuable and has included the amount in 'Contingent shares issuable' in the statement of changes in equity.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for as equity. Contingent consideration that is classified as a liability is re-measured at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss under 'Change in fair value of contingent consideration'.

11. LEASES

The Company leases various office, clinic, and pharmacy spaces for its operations. The Company also subleases certain excess space to a third party.

As a lessee

The following is a continuity schedule of the Company's lease liabilities:

Balance, December 31, 2021	**8,885**
Additions	2,698
Additions from business combinations	866
Interest expense on lease liabilities	306
Transferred to assets held for sale (note 17)	(4,577)
Lease payments	(2,325)
Balance, September 30, 2022	**5,853**
Current portion	1,858
Long-term portion	**$ 3,995**

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

The following is a breakdown of contractual undiscounted cash flows for lease liabilities by maturities as at September 30, 2022:

	September 30, 2022
Less than one year	$ 2,088
One to five years	3,903
More than five years	1,474
Total	**$ 7,465**

12. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors, members of the senior executive team, close family members, and enterprises which are under common control or 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.

The following is a summary of remuneration of key management and Board of Directors:

	Three months ended		**Nine months ended**	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
Cash-based compensation	**$ 769**	$ 615	**$ 3,559**	$ 1,505
Stock-based compensation	**228**	1,311	**824**	2,805
Total	**$ 997**	$ 1,926	**$ 4,383**	$ 4,310

During the three and nine months ended September 30, 2022, the Company paid $616 and $2,364 (September 30, 2021 - $670 and $1,254) for services acquired and the cost of facility sharing, and the Company received $196 and $375 (September 30, 2021 – $396 and $677) for services acquired for projects subcontracted to a company controlled by key management of one the Company's subsidiaries for IT development service. At September 30, 2022, there was an amount payable of $789 (December 31, 2021 - $675) and amount receivable of $292 (December 31, 2021 - $383). These services were paid for the development of one of the Company's key operational platforms.

During the three and nine months ended September 30, 2022, the Company paid $36 and $95 (September 30, 2021 - $75 and $144) to a company which owns 12.5% of one of the Company's subsidiaries. The payments made related to continued enhancement of one of our CMR related technologies.

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

13. SHARE CAPITAL

(a) Authorized: unlimited common shares without par value

(b) Issued and outstanding

The following is a summary of share capital activities:

	Number of common shares	Share capital
Balance, December 31, 2021	**226,704,789**	**241,395**
Shares issued for business combinations	54,820,961	53,176
Shares returned on sale of investment accounted under equity method	(44,444)	(86)
Contingent shares issued	2,731,212	2,497
Contingent consideration settled in shares	8,529,280	6,616
Exercise of stock options	100,000	87
Exercise of warrants	372,289	281
Shares issued for services	74,468	15
Balance, September 30, 2022	**293,288,555**	**$ 303,981**

(c) Bought deal financing

	Type	Shares issued	Exercise price	Gross proceeds	Share issuance costs	Agent warrants issued [1]	Exercise price
March 2021	Bought deal	21,560,000	$ 2.70	$ 58,212	$ 5,244	1,509,200	$ 2.70

[1] Each warrant is exercisable to acquire one common share of the Company for a period of 2 years from the closing date of the offering.

(d) Agent's warrants

The following is a summary of agent's warrants activities during the nine months ended September 30, 2022:

	Agents' Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2021	**3,349,634**	**$ 2.28**
Exercised	(21,738)	0.48
Expired	(731,946)	1.30
Balance outstanding, September 30, 2022	**2,595,950**	**$ 2.57**

(e) Shares under trading restrictions

As at September 30, 2022, the Company has issued 14,658,193 common shares that were subject to trading restrictions (December 31, 2021 - 33,986,312).

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

(f) Escrow Shares

As at September 30, 2022, the Company has 14,658,193 common shares held in escrow (December 31, 2021 – 33,986,312).

Escrow shares will be released as follows:

- 125,620 shares on January 29, 2023.
- 352,493 shares on October 30, 2022.
- 795,454 shares on November 18, 2022, and the same amount released every six months thereafter until the last 795,454 shares are released on May 18, 2023.
- 473,963 shares on February 11, 2023.
- 777,832 shares on March 22, 2022, and the same amount released every six months thereafter until the last 777,841 shares are released on September 22, 2023.
- 92,105 shares on October 1, 2022, and the same amount released every six months thereafter until the last 92,106 shares are released on October 1, 2023.
- 251,046 shares on January 11, 2023.
- 3,304,289 shares on December 25, 2022, and the same amount released every six months thereafter until the last 3,304,583 shares are released on Dec 25, 2023.
- 39,668 shares on January 31, 2022, and the same amount released every six months thereafter until the last 39,676 shares are released on January 31, 2024.

(g) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, at any point in time is 10% of the outstanding shares at the time shares are reserved for issuance as a result of the grant of an option, less any common shares reserved for issuance under share compensation arrangements other than the Company's restricted share unit plan. Stock options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The following is a summary of activities in the Company's incentive stock option plan:

	Number of Stock Options	Weighted Average Exercise Price
Balance outstanding, December 31, 2021	**10,161,750**	**1.33**
Granted	695,000	0.50
Exercised	(100,000)	0.50
Cancelled/Forfeited	(651,750)	1.27
Expired	(556,250)	1.07
Balance outstanding, September 30, 2022	**9,548,750**	**1.28**

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

As at September 30, 2022, the Company had the following stock options outstanding and exercisable:

			Options outstanding			Options exercisable		
Range of exercise prices			**Number of options outstanding**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price**	**Number of options exercisable**		**Weighted average exercise price**
$0.00	to	$0.50	3,392,500	2.98	$	0.49	2,962,500	$	0.49
$0.51	to	$1.00	1,825,000	2.09		0.73	1,825,000		0.73
$1.01	to	$1.50	400,000	2.91		1.38	400,000		1.38
$1.51	to	$2.00	1,167,500	3.78		1.79	915,000		1.81
$2.01	to	$2.50	2,658,750	2.74		2.38	2,326,250		2.38
$2.51	to	$3.00	105,000	3.04		2.56	105,000		2.56
			9,548,750	**2.84**	**$**	**1.28**	**8,533,750**	**$**	**1.27**

The following weighted average assumptions were used in calculating the fair value of stock options granted during the period using the Black-Scholes model:

	Period ended	
	2022	**2021**
Expected option life	**10 years**	5 years
Risk-free interest rate	**3.15%**	0.43%-1.11%
Dividend yield	**0%**	0%
Volatility rate	**60%**	59-60%
Forfeiture rate	**0%**	0%

(h) Restricted Share Units ("RSU")

The Company has adopted a restricted share unit ("RSU") plan (the "RSU Plan"), which provides that the Board of Directors of the Company may, from time to time, award RSUs in its discretion to directors, employees, and consultants to the Company. The aggregate number of Common Shares reserved for issuance under the RSU Plan, together with any other security-based compensation arrangements, at any point in time may not exceed 10% of the issued and outstanding Common Shares within a 12-month period. RSUs awarded under the RSU Plan can have a maximum term of 10 years from the award date. Vesting terms will be determined at the time of the award by the Board of Directors.

The following is a summary of activity in the Company's RSU plan:

	Number of Restricted Share Units
Balance outstanding, December 31, 2021	581,250
Granted	780,750
Expired	(243,750)
Balance outstanding, September 30, 2022	**1,118,250**

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

(i) Deferred Share Units ("DSU")

Effective May 1, 2021, the Company adopted a cash-settled DSU plan for its independent directors (the "DSU Plan"), which provides that the Board of Directors may, from time to time, award DSUs in its discretion to the independent directors. All DSUs granted vest immediately and are credited to each independent directors' account and are recorded under accounts payable, accrued liabilities and other.

The following is a summary of activity in the Company's DSU plan:

	Number of Deferred Share Units
Balance outstanding, December 31, 2021	140,000
Issued	40,000
Balance outstanding, September 30, 2022	**180,000**

(j) Share-based compensation

The Company's share-based compensation for the three and nine months ended September 30, 2022, and 2021 was as follows:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Stock options	**$ 83**	$ 1,077	**$ 731**	$ 3,650
RSUs	**190**	364	**544**	712
DSUs	**-**	102	**20**	214
Total share-based compensation expense	**$ 273**	**1,543**	**$ 1,295**	**$ 4,576**

14. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021
Cash	**$ 14,408**	$11,893
Cash equivalents	**13,098**	33,189
Total	**$ 27,506**	**$ 45,082**

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

(b) Other cash flow information

	Nine months ended	
	September 30, 2022	**September 30, 2021**
Change in non-cash working capital		
Trade and other receivables	**$ 5,533**	$ (9,157)
Inventory	**947**	(12)
Prepaid expenses, deposits and other	**(197)**	(869)
Accounts payable, accrued liabilities and other	**(11,012)**	(682)
Deferred revenue	**75**	373
	$ (4,654)	$ (10,347)
Non-cash investing and financing activities		
Shares issued for acquisition of HumanaCare	**-**	5,237
Shares issued for acquisition of IDYA4	**-**	7,817
Shares issued for acquisition of Medical Confidence	**-**	1,903
Shares issued for investment in joint venture	**-**	193
Shares issued for asset acquisition	**-**	1,471
Shares issued for acquisition of Aspiria	**-**	866
Shares issued for acquisition of Rxi	**-**	3,397
Shares issued for acquisition of VisionPros	**-**	9,229
Shares issued for acquisition of Oncidium	**-**	30,896
Shares issued for acquisition of MindBeacon	**53,176**	-
Shares issued for services	**-**	2,455
Issuance of agent warrants as share issuance costs	**-**	1,023
Other cash flow information		
Cash received for interest	**$ 207**	$ 166
Cash paid for interest	**(1,234)**	(315)
Cash paid for income taxes	**(140)**	(257)

15. 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..

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 for both the near-term and the upcoming four quarters.

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

16. 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, long-term debt, and liability to noncontrolling interest. 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, accrued liabilities and other 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, 2022, the Company had $18,332 (December 31, 2021 – $24,429) of trade and other receivables, net of an allowance for doubtful accounts of $380 (December 31, 2021 - $300).

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.

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

As at September 30, 2022

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 20,358	$ -	$ -	$ 20,358
Contingent consideration	2,938	531	-	3,469
Lease liability	2,088	3,903	1,474	7,465
Long-term debt	3,034	22,582	681	26,297
	$ 28,418	**$ 27,016**	**$ 2,155**	**$ 57,589**

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

As at December 31, 2021

	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and other	$ 30,586	$ -	$ -	$ 30,586
Contingent consideration	11,807	6,507	-	18,314
Lease liability	2,259	6,543	964	9,766
Long-term debt	3,063	22,706	-	25,769
	$ 47,715	**$ 35,756**	**$ 964**	**$ 84,435**

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, 2022, the Company had variable rate borrowing rate loans amounting to $20,265 (December 31, 2021 – $22,735). With all other variables held constant, a 1% increase in the interest rate would have increased net loss by approximately $101 (September 30, 2021 – $114) for the nine months ended September 30, 2022. 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.

The Company's exposure to foreign currency risk at the end of reporting period is as follows:

(Denominated in USD)	**September 30, 2022**	**December 31, 2021**
Financial assets		
Cash	1,803	2,034
Trade and other receivables	3,510	2,924
Financial liabilities		
Accounts payable and accrued liabilities	2,675	1,711
Net exposure to foreign currency risk	**$ 2,638**	**$ 3,247**

Sensitivity to foreign currency risk

The impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date. For the nine months ended September 30, 2022, the change in USD to CAD currency rate of 5% will have an impact of $167 before tax (September 30, 2021 – $195).

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

17. DISCONTIUNED OPERATIONS

In September 2022, management committed to a plan to sell the following legal entities:

- South Surrey Medical Clinic (within the Clinic Services & Pharmacies segment)
- Healthvue Ventures Limited (within the Clinic Services & Pharmacies segment)
- Cloverdale Pharmacy Ltd. (within the Clinic Services & Pharmacies segment)
- Steveston Health Centre Ltd. (within the Clinic Services & Pharmacies segment)
- RX Infinity Inc., RXI Pharmacy Inc. & RXI Health Solutions (collectively "RXI" and within the Clinic Services & Pharmacies segment)
- Cloud Practice Inc. (within the Digital Health Solutions segment)

The above entities also represent the entirety of the Clinic Services & Pharmacies segment. Efforts to sell the disposal group have started and sales are expected to be completed by the first quarter of 2023. Premier Podiatry, a component within the Clinic Services & Pharmacies segment was disposed in October 2021 and was not previously classified as held-for-sale or as a discontinued operation. The comparative profit and loss from the component has been re-presented to show the discontinued operation separately from continuing operation.

The results of the entities held-for-sale and other discontinued operations for the periods are presented below:

	Three months ended September 30		**Nine months ended September 30**	
	2022	**2021**	**2022**	**2021**
Revenue	**$ 10,713**	$ 10,236	**$ 31,303**	$ 21,653
Expenses	**11,079**	10,920	**32,333**	22,850
Operating income	**(366)**	(684)	**(1,030)**	(1,197)
Finance costs	**(48)**	(37)	**(138)**	(119)
Impairment (note 7 & 8)	**(3,070)**	-	**(6,848)**	-
Other income	**19**	(65)	**89**	14
Loss before tax from discontinuing operations	**(3,465)**	(786)	**(7,927)**	(1,302)
Tax (expense)/benefit	**411**	(38)	**427**	(51)
Loss after tax for the period from discontinuing operations	**(3,054)**	(824)	**(7,500)**	(1,353)
Loss per share from discontinuing operations	**$ (0.01)**	$ (0.00)	**$ (0.03)**	$ (0.01)

As at September 30, the disposal groups comprised of assets of $17,201 less liabilities of $10,077, detailed as below:

	As at September 30, 2022
Accounts receivable	4,077
Prepaid expenses	228
Inventory	989
Deposits	125
Net investment in sub-lease	1,163
Property and equipment	3,524
Goodwill and intangible assets	7,095
Accounts payable and accrued liabilities	(5,438)
Deferred tax liability	(62)
Lease liability	(4,577)
	7,124

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

The net cash flows generated/(incurred) by the disposal groups are, as follows:

	For the nine months ended	
	September 30, 2022	**September 30, 2021**
Operating	$ (1,198)	$ 2,524
Financing	(750)	(855)
Investing	66	(27)
Net cash inflow/(outflow)	$ (1,882)	$ 1,642

18. SEGMENTED INFORMATION

The Company has two operating segments and the Company's chief operating decision-maker is the Chief Executive Officer.

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 the Company) who use our technology to create connectivity, and improve the healthcare practitioner, client and user experience while creating efficiencies in administration.

Enterprise Health Solutions

Enterprise Health Solutions provides organizations with physical and mental health navigation and treatment through employee support services. Revenues within this division is earned 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 demand for 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 and around the holiday season at the end of the year. In addition, in our IDYA4 business, revenues tend to be higher in the fourth quarter of the year in-line with U.S. government budget spend. This information is provided to allow for better understanding of the results; however, management has concluded that this is not "highly seasonal" in accordance with IAS 34.

A breakdown of revenue and cost of sales for each operating segment for the three and nine months ended September 30 2022 and 2021 is as follows:

Three months ended September 30, 2022	**Digital Health Solutions**	**Enterprise Health Solutions**	**Corporate**	**Total**
Total segment revenue	$ 6,115	$ 21,818	$ -	$ **27,933**
Inter-segment revenue	(428)	-	-	**(428)**
Revenue from external customers	5,687	21,818	-	**27,505**

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

Three months ended September 30, 2021		**Digital Health Solutions**		**Enterprise Health Solutions**		**Corporate**		**Total**
Total segment revenue	$	9,849	$	19,570	$	-	$	**29,419**
Inter-segment revenue		(473)		-		-		**(473)**
Revenue from external customers		9,376		19,570		-		**28,946**

Nine months ended September 30, 2022		**Digital Health Solutions**		**Enterprise Health Solutions**		**Corporate**		**Total**
Total segment revenue	$	17,010	$	72,327	$	-	$	**89,337**
Inter-segment revenue		(742)		-		-		**(742)**
Revenue from external customers		16,268		72,327		-		**88,595**

Nine months ended September 30, 2021		**Digital Health Solutions**		**Enterprise Health Solutions**		**Corporate**		**Total**
Total segment revenue	$	15,479	$	27,197	$	-	$	**42,676**
Inter-segment revenue		(733)		-		-		**(733)**
Revenue from external customers		14,746		27,197		-		**41,943**

A geographic breakdown of revenue for each operating segment for the three and nine months ended September 30, 2022 and 2021 is as follows:

	Three months ended				**Nine months ended**			
Revenue		**September 30, 2022**		**September 30, 2021**		**September 30, 2022**		**September 30, 2021**
Canada	$	**21,645**	$	21,545	**$**	**71,725**	$	30,080
United States		**5,860**		7,401		**16,870**		11,863
Total	**$**	**27,505**	$	28,946	**$**	**88,595**	$	41,943

Total assets and total liabilities for each segment and geographic region is not information that is provided to and reviewed by the CODM.

19. LITIGATION AND OTHER CONTINGENCIES

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”). In May 2022, Gravitas amended its claim for damages to include commissions and damages arising from an additional bought deal equity financing which was completed on November 9, 2020 (the “November 2020 Financing”). The total claims are in excess of $9,458 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, the November 2020 Financing, and the March 2021 Financing, plus interest and cost. The Company disputes the claims with respect to the June 2020 Financing, the September 2020 Financing, the November 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 some time between the fourth quarter of 2022 and the second quarter of 2023. 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.

During nine months ended September 30, 2022, the Company finalized the review and settlement of the VisionPros acquisition. Prior to reaching a settlement, management's concerns on issues with VisionPros resulted in the Audit Committee undertaking the review of the Company's acquisition of VisionPros, with the assistance of independent legal counsel and financial advisors. As a result of that review, recommendations were made to CloudMD's Board of Directors that the Company proceed with settlement negotiations with the former owners of VisionPros (the "Sellers"). The settlement agreement (the "Settlement Agreement") between the Company and the Sellers was unanimously endorsed by CloudMD's Board of Directors. Pursuant to the terms of the Settlement Agreement, the holdback amounts of $3,000 and 1,090,909 common shares of the Company that were held in escrow as part of the original acquisition of VisionPros were released to CloudMD rather than the Sellers. Additionally, another 4,909,091 of the common shares of the Company issued to the Sellers on the closing of the acquisition were returned to CloudMD. All common shares returned to CloudMD were cancelled upon receipt. Furthermore, the Company will not be required to make any future performance based earnout payments or other payments to the Sellers. The Company also obtained confirmation that certain trade payables of VisionPros in the approximate amount of $800 will now be the responsibility of the Sellers, who have indemnified CloudMD for any such payments. Finally, the Sellers agreed to pay $350 in cash to the Company. The reduction in the purchase price related to the Settlement Agreement was $12.6 million. No other payments will be made by either party to the other in connection with the acquisition of VisionPros and full releases will be exchanged by the parties. During the three months ended September 30, 2022 the Company received the holdback amount of $3,000 and the $350 in cash.

20. SUBSEQUENT EVENTS

On October 11, 2022, the Company announced the sale of South Surrey Medical Clinic, Healthvue Ventures Limited and Cloud Practice Inc. to Well Health Technologies Corp. for approximately $5,750 in cash. Subject to satisfying of the closing conditions, closing of the transaction is expected in fourth quarter of 2022.

On October 31, 2022, the Company announced the sale of Cloverdale Pharmacy Ltd. and Steveston Health Centre Ltd. to Neighbourly Pharmacy Inc. for approximately $3,800 in cash. Subject to satisfying of the closing conditions, closing of the transaction is expected in fourth quarter of 2022.