CAREBOOK TECHNOLOGIES INC.

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2020

BASIS OF PRESENTATION

The following has been prepared for the purposes of providing Management Discussion and Analysis ("**MD&A**") of the consolidated financial and operational condition of Carebook Technologies Inc. ("**Carebook**", the "**Company**", "**us**" and "**our**") as at March 31, 2021. This MD&A is designed to provide the reader with a greater understanding of the financial performance of Carebook, its business strategy and how well it manages risk and capital resources. This MD&A, prepared as of May 19, 2021, is intended to improve the interpretation of the Company's unaudited condensed consolidated interim financial statements for the three-month periods ended March 31, 2021 and 2020 (the "**Financial Statements**"), and should therefore be read in conjunction with said document and its accompanying notes.

Carebook Technologies Inc. was formerly known as Pike Mountain Minerals Inc. ("**Pike**") up to the completion of the three-cornered amalgamation described in the *Reverse Takeover Transaction* section below and Note 17 of the Financial Statements. It was determined, based on IFRS 3 and IFRS 10, that Pike was the accounting acquiree and Carebook Technologies (2020) Inc., formerly known as Carebook Technologies Inc. ("**Carebook 2020**"), was the accounting acquirer since the shareholders of the former Carebook 2020 now control Pike. This MD&A and accompanying Financial Statements were prepared as a continuation of the Financial Statements and MD&A of Carebook 2020, but reflecting the equity instruments of Pike as a result of the RTO. As a result, comparative information included herein from the three months ended March 31, 2020 is solely that of Carebook 2020. For simplicity, transactions undertaken by Carebook 2020, during the first three quarters of 2020, are referred to as being undertaken by the Company. Also for simplicity, for all periods prior to October 1, 2020, references to the Company are references to Carebook 2020, unless the context requires otherwise.

The Financial Statements were prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). All financial information included in this MD&A is presented in thousands of Canadian dollars ("**$000s CAD**"), except share and per share amounts, or unless otherwise indicated. Not applicable ("**N/A**") is used to indicate that the percentage change between the current and comparative figures is not meaningful, or if the percentage change exceeds 1,000%.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the growth, results of operations, performance and business prospects and opportunities of Carebook. All statements other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. These statements are only predictions. As such, undue reliance should not be placed on such forward-looking statements. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believes are appropriate. Forward-looking statements in this MD&A include, but are not limited to the future growth, results of operations, performance and business prospects and opportunities of Carebook, the future international expansion of Carebook, the Company's applications for Class II medical devices in Canada, US and other markets, the Company's M&A strategy, the future growth of the digital health market, and the impacts of the COVID-19 pandemic on the business and operations of Carebook.

These forward-looking statements are based on the beliefs of the management of Carebook as well as on assumptions which management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward- looking statements will prove to be accurate.

Such assumptions and beliefs include, among other things: that Carebook will be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Carebook will be as anticipated; the Company's ability to obtain regulatory approvals; the demand for the technology of Carebook; the continued growth of the digital health market; the ability for Carebook to maintain existing strategic partnerships and attract new partners; the ability for Carebook to obtain and maintain existing financing on acceptable terms; the ability for Carebook to retain skilled management and staff; the ability for Carebook to commercialize its technologies; the impact of the COVID-19 pandemic on the market demand for the products of Carebook; the ability of Carebook to successfully execute its international expansion; the ability of Carebook to realize the synergies and benefits of completed and anticipated acquisitions; and the ability of Carebook to successfully integrate and consolidate acquired businesses.

Although management of Carebook believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Carebook cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of Carebook, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to: failure to obtain regulatory approvals; market volatility in the Company's common shares; dilution of shareholders from future sales of the Company's securities; dividends; market for the Company's common shares; disclosure controls and procedures and internal controls over financial reporting; discretion over use of proceeds; heavily regulated industry; privacy and security regulations; immature and volatile digital health and telehealth market; dependence on strategic partners; information security breaches and disruptions; growth limitations; additional financing and sources; development and enhancement of new products; competitive environment; attracting and retaining key personnel; limited number of customers; international expansion; international operations; acquisition and expansion; dependence on third party technologies; failure to secure research grants; use of open source software; intellectual property and other proprietary rights; public company status; director conflict of interests; operating risks; the Company's management and employees; capital investment by the Company's customers; customer project implementations; liquidity; current global financial conditions; implementation of the Company's commercial strategic plan; credit; potential product liabilities and other lawsuits to which the Company may be subject; additional financing and sources; development of new products; intellectual property and other proprietary rights; foreign currency; interest rates; technology and regulatory changes; internal information technology infrastructure and applications; cyber security; and COVID-19.

This list is not exhaustive of the factors that may affect any of the forward-looking statements regarding Carebook. Forward-looking statements are statements about the future and are inherently uncertain. Actual events or results could differ materially from those projected in the forward-looking statements including as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of Carebook. Some of the important risks and uncertainties that could affect forward-looking statements are described under the heading "Item 21 – Risk Factors" in the Listing Application of the Company dated September 28, 2020 and filed on SEDAR under the Company's profile at www.sedar.com. The forward-looking statements herein reflect the Company's expectations as at May 19, 2021, when the Company's Board of Directors approved this document, and are subject to change after this date. Carebook does not intend, and does not assume any obligation, to update any of the forward-looking statements after the date of this MD&A so as to conform such statements to actual results or to changes in the expectations of Carebook, other than as required by applicable securities law. For all these reasons, readers should not place undue reliance on the forward-looking statements contained herein, as Carebook's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect Carebook's estimates or assumptions prove inaccurate. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

COMPANY OVERVIEW

Carebook is a leading Canadian digital health company offering innovative digital health and virtual care solutions for pharmacies, employers and insurers. Built on a powerful health platform, Carebook creates highly engaging, customer-centric digital solutions to empower businesses and people on their health journey.

Carebook was incorporated on July 11, 2018 under the *Business Corporations Act (British Columbia)* (**"BCBCA"**) under the name Pike Mountain Minerals Inc. On October 1, 2020, the Company (then known as Pike), together with its wholly-owned subsidiary 12235978 Canada Ltd. ("**Subco**"), completed a three-cornered amalgamation with Carebook 2020 to complete a reverse takeover transaction (the "**RTO**"). In connection with the closing of the RTO, the Company changed its name to "Carebook Technologies Inc."

As a result of the RTO, Carebook 2020 became a wholly-owned subsidiary of the Company. Carebook 2020 had a wholly-owned subsidiary named Carebook Technologies (OPS) Inc. On January 1, 2021, these three entities were amalgamated pursuant to the BCBCA and the amalgamated entity retained the name Carebook Technologies Inc.

The entirety of Carebook's revenues for the period covered by this MD&A were generated in Canada, and all its assets were held in Canada. Carebook operated in one single reporting segment. The Company intends to secure customers on a global basis in future periods.

Carebook identifies its customers, end-users and platform capabilities in a series of industry "verticals". These market verticals are (1) Pharmacy, (2) Employer, and (3) Insurance. Each of these verticals are integrated with and sit on top of the Carebook core platform - an innovative and engaging consumer health platform with vital signs measurement capabilities. Carebook is focused on growing each of these verticals both organically and through a disciplined M&A strategy, leveraging the significant global experience of the Company's management team and board members.

Each of the three verticals has diversified product offerings, dedicated marketing approaches and tailored features. The primary product offerings by vertical are described as follows:

- **Pharmacy:** customer engagement and loyalty programs, medication management and a communication platform for healthcare professionals and patients;

- **Employer:** employee self-assessment including COVID-19 survey, vital scan and health guidance as well as an employer dashboard to track employee readiness for work; and

- **Insurance:** remote underwriting, virtual care and personalized health insurance.

EXECUTIVE SUMMARY

Operating Highlights

Carebook's first quarter of 2021 was focused on product and business development, two key areas that are expected to result in significant and sustained growth going forward. Following the extremely successful launch of the Be Well app for the Rexall pharmacy chain, Carebook is continuing to focus on further product development in the pharmacy vertical. Two important developments are its Caregiver Solution and Medication Adherence Solution. The Company is also focused on further developing its applications for its unique scan technology.

Key to the Company's growth is its focus on global opportunities. Carebook expects its global footprint will expand significantly, especially given the global strength of its recently acquired InfoTech (defined below) subsidiary. InfoTech's Wellness Checkpoint platform is highly regarded around the world and is being used by some of the largest and most well respected companies. Details of these developments follow below.

<u>Customer, Market & Product</u>

<u>Pharmacy Vertical</u>

- ***Pharmacy app launch***: The Be Well app for Rexall Pharmacy in Canada on iOS, Android and web was launched in May 2020. The launch has been a resounding success with Rexall publicly applauding Carebook's delivery as well as the gains they are realizing in the marketplace. Users have been responding positively to the platform. As at May 14, 2021, App Store ratings (iOS Users) were 4.4/5 stars, and Google Store (Android Users) were 4.6/5 stars. The Be Well program achieved an average Net Promoter Score of 70%, which is well above industry average.

- ***Caregiver Solution Set for Launch:*** Carebook has been working on new features and experiences to enable the ability for caregivers to manage prescriptions, ensure adherence and log important health information for individuals they assist. The Carebook Pharmacy App will enable caregivers to fill, refill and renew prescriptions, log and track health information, view metrics and encourage adherence. The caregiver component will be offered as part of the Carebook Pharmacy Solution and is set for launch over the next few months.

- ***Medication Adherence Solution Moving Into Testing Phase:*** It is estimated that among patients with chronic illness, approximately 50% do not take medications as prescribed. The cost of non-adherence per person has ranged from $5 to $52 (2015 $000s USD)[1]. With a patient-centered, pharmacist-friendly approach, Carebook is evolving its digital solution to improve medication adherence. It targets the most common barriers to adherence including low trust in the efficacy or necessity of the medication, forgetfulness, side effects, and more. The Medication Adherence Solution will offer users the ability to set reminders, track their i) symptoms, ii) side effects and iii) adherence score, as

[1] Source: Cutler RL, Fernandez-Llimos F, Frommer M, et al 2015

well as to share results with their healthcare team. The solution is moving into the testing phase and is expected to be offered as part of Carebook's Pharmacy Solution in late 2021.

Scan Technology

- ***Carebook myVitals:*** In response to the evolving COVID-19 pandemic[2], Carebook developed an easy-to-use, accessible smartphone app known as "Carebook myVitals" that uses cutting-edge technology (remote photoplethysmography) through a smartphone to provide a powerful app that measures heart rate and oxygen saturation alongside a symptoms checker. Carebook is now developing additional applications for its scanning technology that can be marketed for other use cases. This includes prototyping and validating use cases for the pharmacy vertical by offering pharmacists the ability to capture patient's vitals such as tracking blood pressure, heart rate and oxygen saturation when optimizing medications for high blood pressure and other chronic diseases.

- ***myVitals for Work pilots:*** In the first quarter of 2021, the Company conducted two pilots in order to build a user centric solution that will meet employee and employer needs. Over 80% of participants found the app easy to use. Feedback and learnings from these pilots are being used for product enhancements.

- ***Medical device accreditation:*** Carebook is seeking accreditation as a Class II medical device in Canada, US and other markets. The Company is waiting on validated data sets to meet regulatory agencies' requirements. Studies of myVitals are to be conducted in collaboration with the Jewish General Hospital (in Montreal, Quebec), the National Research Council of Canada and HITLAB (Human Interface Technology Lab at Columbia Business School), have been designed to meet the requirements of regulatory agencies. They are expected to commence in the second quarter of 2021.

- ***Commitment to quality:***
  - In conjunction with the medical device accreditation process, Carebook is in the process of implementing a Quality Management System ("**QMS**") for medical devices in order to be ISO 9001 and ISO 13485 compliant.
  - In April 2021, Carebook's core platform underwent penetration testing conducted by an independent firm. The firm found that the platform was particularly safe and there were no critical vulnerabilities identified.

Corporate Culture and Organizational Performance

- **Human Resources:** During the first quarter of 2021, Carebook put in place a newly structured leadership team to better position the company for success on a global scale:
      - Limor Elbaz, originally hired as GM for the United States, was promoted to the role of Chief Revenue Officer (CRO). Limor is now

[2] Carebook is not making any express or implied claims that the *myVitals* app product has the ability to effectively detect COVID-19 at this time.

working to build a sales team that can deliver scalable and predictable revenue.
  - Mathieu Lampron, was promoted to Chief Product Officer (CPO) from VP Product. He is overseeing the integration of Carebook's existing product offerings and those of its subsidiaries.
- **Top Employer Montreal 2020 and 2021 -** For the second year in a row, Carebook has been recognized as one of Montréal's Top Employers by Mediacorp Canada Inc., the organizers of the annual Canada's Top 100 employers competition. This special designation recognizes the employers in Greater Montreal that lead their industries in offering exceptional places to work.
- **Canada's Top Small & Medium Employers 2020 and 2021 -** Carebook has once again been recognized as one of Canada's Top Small & Medium Employers by Mediacorp Canada Inc. This editorial competition recognizes the small and medium enterprises (SMEs) that offer the nation's best workplaces and forward-thinking human resources policies.

Reverse Takeover Transaction

- ***Completed RTO Transaction***: On October 1, 2020, the Company (then known as Pike) completed a business combination with Carebook Technologies (2020) Inc. involving a three-cornered amalgamation (the "**Amalgamation**") of the Company (then known as Pike), Carebook 2020, and a wholly-owned subsidiary of the Company which was incorporated under the *Canada Business Corporations Act* for the sole purpose of effecting the Amalgamation. The business combination resulted in, among other things, (i) the reverse takeover of the Company by the former securityholders of Carebook 2020, (ii) the Company changing its name to "Carebook Technologies Inc.", (iii) the entity resulting from the amalgamation of Carebook 2020 and Subco ("Amalco") becoming a wholly-owned subsidiary of the Company, and (iv) the listing of the Company's common shares on the TSX Venture Exchange ("**TSXV**"). These transactions are collectively referred to as the RTO. The common shares of the Company began trading on the TSXV on October 6, 2020 under the symbol "CRBK".

- ***$21,000 Private Placement:*** In connection with the RTO, Carebook 2020 secured private placement financings for aggregate gross proceeds of $21,000 (the "**Transaction**") comprised of: (i) the issuance of 6,932,000 subscription receipts of Carebook 2020 ("**Carebook Subscription Receipts**") at a price of $2.50 per Carebook Subscription Receipt for aggregate gross proceeds of $17,330, which offering was completed on August 7, 2020, (ii) the issuance of 400,000 units of Carebook 2020 ("**Carebook Units**") to certain members of Carebook 2020 management or affiliates thereof at a price of $2.50 per Carebook Unit for aggregate gross proceeds of $1,000, which subscriptions were completed concurrently with the closing of the RTO, and (iii) the issuance of 1,068,000 Carebook Units to certain arm's length investors at a price of $2.50 per Carebook Unit for aggregate gross proceeds of $2,670 which subscriptions were completed concurrently with the closing of the RTO. As part of the Amalgamation, each Carebook Subscription Receipt and each Carebook Unit was exchanged for one common share of the Company and one half of one warrant entitling the holder thereof to acquire a common share of the Company.

More information regarding the RTO can be found at Note 17 of the Financial Statements.

Financing & Corporate Development

- ***DTC Eligibility*** As of March 2021, the Company's common shares are eligible for electronic clearing and settlement through The Depository Trust Company in the United States.

- ***US Subsidiary:*** In March, 2021, the Company incorporated a wholly-owned subsidiary, Carebook Technologies (US), Inc., under the jurisdiction of the state of Delaware. This subsidiary currently holds no assets and has no active operations, but will serve as a way for Carebook to enter the US market, establish a US employee base, and expand its brand reach.

- **Carebook is pursuing a disciplined M&A strategy in parallel with organic growth** to expand in the pharmacy vertical and to open both employer and insurance verticals. One of Carebook's key strategies for growth is to build out our platform with leading technology and accretive acquisitions. Carebook identified two leading companies, InfoTech and Novus Health, with both companies offering robust products and software platforms, strong management teams and blue-chip client bases.

- **InfoTech Inc. (Employer Vertical) Acquisition:** On April 6, 2021 Carebook announced the closing of its acquisition of InfoTech Inc., an industry-leading B2B enterprise Software-as-a-Service (SaaS) company, doing business as Wellness Checkpoint® ("**InfoTech**"). This transaction marks Carebook's initial entry into the C$37B employer market[3]. Since the closing of the acquisition in April, Carebook has been working closely with the InfoTech team to optimize potential growth opportunities for the combined companies focusing on InfoTech's global footprint and exceptionally strong relationship with its customer base and Carebook's highly engaging, customer-centric digital solutions.
    - InfoTech, founded by Zorianna Hyworon and based in Winnipeg, Manitoba, is a recognized global leader in health and productivity risk management.
    - InfoTech developed the first online, interactive health risk assessment, Wellness Checkpoint. Wellness Checkpoint has grown to serve close to one million employees and has evolved into a multilingual, web-based service used by many Fortune 500 companies in over 100 countries.
    - Delivered as an online, multilingual (26 languages and counting), global hosted Software as a Service, Wellness Checkpoint seamlessly integrates into the business fabric of health, benefits, HR and risk management. Representative clients include multinational companies in the financial, technology, pharmaceutical, manufacturing and resources sectors, many of whom are long-term clients. InfoTech's significant international client base will contribute to the growth of Carebook's global footprint.
    - The total purchase price for the acquisition was $14,000 on a cash free and debt free basis, consisting of a combination of $9,000 in cash and $5,000 in common shares of Carebook at a price of $1.21 per share. The purchase price is subject to customary post-closing adjustments for working capital,

[3] *Source: Grand View Research, Corporate Wellness Market Size, February 2020*

transaction expenses and net debt, and a holdback to secure against potential post-closing indemnification claims. The cash portion of the purchase price for the acquisition of InfoTech was financed by an $11,000 debt financing (the "**Financing**") with a leading Canadian Schedule 1 bank and one of its affiliates (together, the "**Lenders**").

- **The Financing:** On April 6, 2021, Carebook secured the following credit facilities from the Lenders**:**
    - ■ $7,000 revolving term facility (the "**Revolving Facility**"); and
    - ■ $4,000 non-revolving term loan facility (the "**Term Loan Facility**", and together, the "Credit Facilities").
  - ○ Under the conditions of the agreement governing the Credit Facilities (the "**Credit Agreement**"), the Revolving Facility will be available for a one year committed term, renewable annually, and bears interest at CDOR plus a variable margin for Canadian variable rate loans. The initial margin will be 8.0% and will be reduced to 4.50% after completion of certain milestones, and further reduced to 3.25% from completion of the Offering (as defined below). The Revolving Facility is subject to a borrowing base equal to six times the monthly recurring revenues of Carebook and its subsidiaries, minus all amounts which could give rise to a claim which ranks or is capable of ranking in priority to the Lenders' security or otherwise in priority to any claim by the Lenders for repayment of any amounts owing under the Credit Agreement. The amount available under the Revolving Facility will be decreased to $4,000 upon the earlier of: (i) August 6, 2021 and (ii) completion of the Offering.
  - ○ The Term Loan Facility will mature on April 6, 2022 and bears interest at CDOR plus a margin of 4.50% for Canadian variable rate loans and was drawn to complete the acquisition of InfoTech. Borrowings under the Credit Facilities may be in either Canadian dollars or U.S. dollars at Carebook's election. Interest on the Credit Facilities is payable monthly in arrears.
  - ○ The Financing is secured by a first-ranking security interest in all of the present and future property and assets of the Company and certain of its subsidiaries. In connection with the Financing, Carebook has issued the Lenders 417,646 warrants to purchase common shares of the Company. Each such warrant will entitle the Lenders to purchase, on or before April 6, 2022, one common share of the Company at an exercise price of $1.22. The warrants, and the common shares of the Company issuable upon exercise of the warrants, will be subject to a restriction on resale for a period of 4 months and 1 day following the issuance of the warrants. The warrants were approved by the TSXV and issued on May 6, 2021.
  - ○ In addition to financing the acquisition of InfoTech, Carebook plans to use the proceeds of the Financing to finance Carebook’s working capital needs and for general corporate purposes of the Company.
  - ○ Pursuant to the terms of the Credit Agreement, Carebook has undertaken to complete, within 120 days following the closing date of the Financing, an offering of common shares of the Company (the "**Offering**") in an aggregate amount of up to $11,000 in equity, or a lesser amount dependent on certain events.

- **Novus Health (Insurance Vertical) Letter of Intent:** On November 19, 2020, Carebook announced that it had entered into a letter of intent to acquire Health Care Services International Inc., doing business as Novus Health ("**Novus Health**"). Novus Health is Canada's leading provider of health navigation programs and integrated health and wellness management solutions for insurers, financial institutions and employers. Carebook continues its due diligence related to the transaction. There is no assurance that a definitive agreement in respect of this transaction will materialize.

FINANCIAL PERFORMANCE ANALYSIS

The financial information presented in the tables below have been derived from the Company's interim financial statements prepared in accordance with IFRS for the three months ended March 31, 2021 and 2020. All figures are presented in $000s CAD unless otherwise specified.

Summary of Quarterly Results

The table below presents revenue, net loss, and net loss per share for the last eight quarters:

	Revenue ($000s CAD)		Net Loss ($000s CAD)		Basic and diluted loss per share (in $)	
March 31, 2021	$	863	$	(1,880)	$	(0.06)
December 31, 2020	$	844	$	(5,533)	$	(0.18)
September 30, 2020	$	865	$	(1,632)	$	(0.13)
June 30, 2020	$	857	$	(2,910)	$	(0.23)
March 31, 2020	$	965	$	(818)	$	(0.04)
December 31, 2019	$	1,001	$	(742)	$	(0.03)
September 30, 2019	$	1,092	$	(1,425)	$	(0.12)
June 30, 2019	$	1,076	$	(589)	$	(0.05)

Revenue

Carebook's contract with its key customer renews annually in March. The decrease in revenue in the first and second quarters of 2020 reflects the change in planned revenue commitment related to this contract. Additionally, the development of a web-based solution during the first nine months of 2019 did not recur in 2020.

Net Loss

The Company is a start-up that continues to invest in its growth through research and development projects. The increase in net loss each quarter is attributed to key hires and their related expenses.

In the third quarter of 2019 there was a spike in non-cash expenses, notably the loss on embedded derivatives for the Convertible Debt described in Notes 11 and 13 of the Financial Statements, following an equity raise in the same quarter.

During the third quarter of 2020, the Company incurred significant expenses in connection to the RTO. These expenditures were partially offset by the gain on the embedded derivative recorded in the third quarter of 2020. Prior to the closing of the Transaction, the convertible debt holder signed a waiver of conversion and consent to prepayment whereby the convertible debt holder agreed to be repaid the principal and accrued interest in cash and forego its equity conversion option upon completion of the Transaction. This resulted in the acceleration of the depreciation of the debt to its face value and a reversal of the embedded derivative gain to nil.

The Company recognized stock option expenses in the second quarter of 2020, in anticipation of the RTO, which triggered the accelerated vesting of employee stock options, and at the time of the RTO, the life of these stock options were extended to their original expiry date. Additional stock options were also granted to the directors and employees of the Company and were partially expensed in the fourth quarter of 2020.

In connection with the RTO, the Company incurred $1,457 in professional fees and other transaction costs, which led to an increase in non-recurring expenses in the latter half of 2020. In addition, the Company recognized a $2,523 reverse acquisition expense in the fourth quarter of 2020.

In the first quarter of 2021, the Company recorded $234 of stock option expenses related to the options granted in the fourth quarter of 2020. There were also transaction and M&A costs related to the acquisition of InfoTech and other potential acquisitions, and the Financing, totalling $111 and $71 respectively, which increased the non-recurring expenses during the quarter.

DISCUSSION OF OPERATIONS

Statements of Comprehensive Loss

For the three months ended March 31, 2021 and 2020:

		2021		2020		$ Change	% Change
REVENUE	$	863	$	965	$	(102)	-10.6%
Cost of revenue	$	74	$	53	$	21	39.3%
Gross profit	**$**	**789**	**$**	**912**	**$**	**(123)**	**-13.5%**
EXPENSES							
Sales and marketing	$	476	$	192	$	284	147.5%
Research and development	$	1,069	$	992	$	77	7.7%
General and administrative	$	926	$	486	$	440	90.5%
Loss from operations	**$**	**(1,682)**	**$**	**(758)**	**$**	**(924)**	**121.8%**
Loss (gain) on embedded derivatives	$	-	$	(69)	$	69	-100.0%
Transaction costs	$	111	$	-	$	111	N/A
M&A costs	$	71	$	-	$	71	N/A
Finance costs	$	16	$	129	$	(113)	-87.7%
Net loss	**$**	**(1,880)**	**$**	**(818)**	**$**	**(1,061)**	**129.7%**
Total comprehensive loss	**$**	**(1,880)**	**$**	**(818)**	**$**	**(1,061)**	**129.7%**

Revenue analysis

Revenue for the three months ended March 31, 2021 was $863, compared to $965 for the three months ended March 31, 2020, a decrease of $102 or 10.6%. For these periods, Carebook's total revenue was driven almost entirely by the pharmacy vertical. The decrease in revenue is attributable to a change in planned revenue commitments in March of 2020 and 2021 related to the development work for a key customer.

Total comprehensive loss analysis

Total comprehensive loss was $1,880 for the three months ended March 31, 2021, compared to a loss of $818 for the three months ended March 31, 2020, an incremental loss of $1,061, or 129.7%. The variance between periods is attributable to labour and employee benefits as the Company increased its staffing levels in pursuit of and in preparation for revenue growth in future periods, which also included increases in sales and marketing related spending. The company also recorded stock-based compensation in the first quarter of 2021, which contributed to the incremental loss year over year. Finally, the company incurred non-routine expenses related to the Financing and M&A activities.

Cost of revenue

The cost of revenue for the three months ended March 31, 2021 was $74 compared to $53 in the same period of 2020. The increase of $21 or 39.3% is attributed to an increase in client support costs due to additional headcount and annual salary increases.

Expense analysis

Total operating expenses for the three months ended March 31, 2021 were $2,470 compared to $1,670 for the three months ended March 31, 2020 for an increase of $800, or 47.9%. The increase in expenses was driven by a higher headcount, stock-based compensation, professional fees and an increase in software development costs.

Labour and employee benefits increased by $605 or 47.5%. The increase in labour and employee benefits is the result of headcount increasing by 10 during 2020 to 49 employees and annual salary increases in January 2021. The change in headcount was driven by adding software developers and key sales personnel to support the Company’s growth objectives. These costs have been allocated to their respective functions.

Stock-based compensation totalled $234 during the three months ended March 31, 2021, compared to $0 in 2020. The stock-based compensation booked for the options granted to employees and directors of Carebook in the fourth quarter of 2020 has been allocated to the respective functions.

Professional fees in the three months ending March 31, 2021 increased by $95 or 52.9%. The increase was driven by audit-related expenses, which have increased as a result of becoming a public company.

Software development costs also increased by $67 or 58.2% during the first quarter of 2021. The costs have increased over the last 12 months due to headcount and additional tools being used by the team. These costs are expected to stabilize for the remainder of 2021.

Sales & Marketing Expenses

The Company has made considerable investments in sales and marketing, including hiring two new sales executives in the fourth quarter of 2020, establishing a presence in international markets through digital advertising, and revamping its website and sales assets. As a result, sales and marketing expenditures increased by $284 or 147.5% from $192 in the first quarter or 2020 to $476 in 2021.

Research & Development Expenses

Research and development expenses remained relatively stable when comparing the three months ending March 31, 2021 and 2020. This is because while the company increased its software development expenses by $77, it also began capitalizing a portion ($377, net of amortization) of its development costs during the first quarter of 2021, which offset the additional labour costs.

General & Administrative Expenses

For the three months ended March 31, 2021 and 2020, general and administrative expenses were $926 and 486, respectively. This represents an increase of $440 or 90.5%. The increase in expenses was driven by an increase in the stock based compensation expense related to the administrative function of the Company, which includes those granted to Carebook's directors and officers, management fees for the CFO whose term began in Q2 2020, and professional services. The Company also incurred costs related to the implementation of an ERP system during the first quarter of 2021.

Other expenses

In the first quarter of 2021, the Company incurred $111 in transaction costs and $71 in M&A costs. These non-recurring expenses relate to the Financing and the acquisition of InfoTech, and due-diligence for other potential acquisitions.

There was a decrease of $113 or 87.7% in finance costs, as the Company had no outstanding debt as at March 31, 2021. The finance costs of $16 in the period are related to the right-of-use of the Company's leased office space. In the comparative period of 2020, the Company had $129 in finance costs, of which $70 was interest on its then outstanding Convertible Debt, $41 was interest on the term note, $16 was related to leased offices, and $2 was interest expense on the term loan.

Refer to Notes 11 and 13 of the Financial Statements for more information on the Company's borrowings and financial instruments.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Analysis

	Three-Months Ended March 31, 2021	Three-Months Ended March 31, 2020	$ Change	% Change
Cash flows generated from (used for):				
Operating activities	$ (2,090)	$ (612)	$ (1,478)	241.5%
Investing activities	$ (392)	$ (5)	$ (387)	N/A
Financing activities	$ (24)	$ 899	$ (922)	N/A
Net increase (decrease) in cash and cash equivalents	$ (2,505)	$ 282	$ (2,787)	N/A
Cash and cash equivalents - beginning of period	$ 3,628	$ 117	$ 3,511	N/A
Cash and cash equivalents - end of period	**$ 1,123**	**$ 399**	**$ 724**	**181.6%**

Operating activities

Net cash used for operating activities totaled $2,090 for the three months ended March 31, 2021, compared to a use of $612 for the same period of 2020, an additional use of $1,478 or 241.5%. The increase is attributed to non-recurring expenses in connection with the Financing and M&A activities, an increase in labour and employee benefits, and an increase in fees for professional services.

Investing activities

Net cash used for investing activities for the three months ended March 31, 2021 was $392, compared to $5 in the corresponding period of 2020, an increase of $387, due the Company capitalizing certain development costs.

Financing activities

Cash used in financing activities for the Company's leases totaled $24 in the first quarter of 2021, compared to a generation of $899 in cash, in the corresponding period of 2020. The cash generated in 2020 was driven by the issuance of advances due to related parties and the issuance of a term loan - both of which were repaid in the fourth quarter of 2020.

Contractual Obligations

In the normal course of business, the Company has various contractual obligations. The following table provides a summary of Carebook's future contractual commitments specifically related to the lease arrangements associated with its office space:

	Payments due by period as at March 31, 2021: Less than 1 year	2-3 years	4-5 years	After 5 years
Contractual obligations	$ 127	$ 389	$ 284	$ 177

Capital Resources

	March 31, 2021		December 31, 2020		$ Change		% Change
Shareholders' equity	$	5,204	$	6,841	$	(1,636)	-23.9%
Total debt	$	-	$	-	$	-	N/A

Carebook's capital resources as at March 31, 2021 and December 31, 2020 consisted entirely of shareholders' equity. The Company repaid all of its indebtedness during the fourth quarter of 2020 and did not take on new debt financing in the first quarter of 2021.

Carebook has obtained $11,000 in debt financing in April 2021. Pursuant to the terms of the Credit Agreement, Carebook has undertaken to complete, within 120 days following the closing date of the Financing, an offering of common shares of the Company in an aggregate amount of up to $11,000 in equity, or a lesser amount dependent on certain events. The proceeds from the equity offering will be used, in part, to reimburse a portion of the Revolving Facility. The Company plans to use the remainder of the proceeds from the equity offering for acquisitions, working capital and general corporate purposes of the Company.

Refer to Notes 11, 16 and 19 of the Financial Statements for more information.

Sources of funding

Prior to the RTO, which was completed on October 1, 2020, the Company had financed its development operations and met its capital requirements primarily through revenue from customers, debt financing and equity investments. The details of cash balances as at March 31, and the debt and equity financing for the periods ending March 31 were as follows:

	As At March 31,			
	2021		2020	
Cash				
Cash and cash equivalents	**$**	**1,123**	**$**	**399**
	Three-Months Ended March 31,			
	2021		**2020**	
Other sources of funding:				
Debt financing	$	-	$	775
Equity investments	$	-	$	-
Total other sources	**$**	**-**	**$**	**775**

As at March 31, 2021, all outstanding debts were repaid, using proceeds from the Transaction. As of the date hereof, the Company has incurred $9,000 in debt from the $11,000 Credit Facility related to the Financing of the InfoTech acquisition. Details of the financing can be found above, under the heading *“Executive Summary - Financing & Corporate Development - The Financing* or Note 19 of the Financial Statements.

Capital expenditures

Capital expenditures are financed from cash from operations. Carebook expects that capital expenditures related to the development of its technology and service offerings, recruitment of personnel and expansion of office premises will increase over the next 12 months, as the Company has acquired InfoTech and continues to invest in the ongoing development and enhancements to its digital platform including entering the employer and insurance verticals.

Debt financing

Carebook has obtained $11,000 in debt financing in April 2021. Pursuant to the terms of the Credit Agreement, Carebook has undertaken to complete, within 120 days following the closing date of the Financing, an offering of common shares of the Company in an aggregate amount of up to $11,000 in equity, or a lesser amount dependent on certain events.

The funds from the Offering will be used to repay a portion of the Financing, finance acquisitions, related transaction costs, and support working capital requirements. Combined with the cash on hand, financing, and its planned revenue, the Company is expected to have sufficient capital resources to meet its planned growth, to fund development activities and meet all of its working capital requirements and planned capital expenditures for the next twelve months.

STATEMENTS OF FINANCIAL POSITION

Working Capital

	As At March 31,			
	2021	2020	$ Change	% Change
Current assets	$ 1,690	$ 444	$ 1,246	280.8%
Current liabilities	$ 1,388	$ 4,962	$ (3,573)	-72.0%
Total working capital (deficit)	**$ 302**	**$ (4,518)**	**$ 4,820**	**N/A**

As at March 31, 2021, the Company had a positive working capital of $302, compared to a working capital deficit of $4,518 as at March 31, 2020. The increase in working capital of $4,820 was due to the $21,000 private placement equity raise in relation to the RTO net of the Secondary and subsequent repayment of all outstanding debt, which significantly reduced the current liabilities of the Company.

Outstanding Share Data

The authorized share capital of Carebook consisted of an unlimited number of common shares and an unlimited amount of preferred shares. As at March 31, 2021, the following securities of Carebook were issued and outstanding:

(1) 30,522,098 common shares;
(2) 3,426,658 options to purchase common shares; and
(3) 7,920,379 warrants to purchase common shares.

As at the date hereof, the following securities of the Company are issued and outstanding:

(1) 34,654,330 common shares;
(2) 3,426,658 options to purchase common shares; and
(3) 8,338,025 warrants to purchase common shares.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

RELATED PARTY TRANSACTIONS

The Company discloses information on its related party transactions, as defined in *IAS 24, Related party disclosures*, in Note 16 of its Financial Statements.

Related party transactions that took place during the first quarter of 2021 were concluded in the normal course of its operations.

As of the date hereof, there are no outstanding related-party transactions. All amounts due to related parties have been repaid.

RELATED PARTY AGREEMENTS

The Company entered into a Consultancy Services Agreement with a related party for the services of its CFO as an independent contractor. In the first quarter of 2021, total expenses related to the services of the CFO were $48.

On July 15, 2020, the Company entered into a Reseller Agreement with a related party, pursuant to which such related party granted the Company a non-exclusive license to integrate a software development kit available for resale by such related party into applications, products, and services provided by the Company to its third party customers and to market, sell, and distribute such applications, products and services.

In connection with the RTO, the Company entered into a Registration Rights Agreement and an Investors Rights Agreement with a related party who, at closing of the RTO, beneficially owns or has control or direction over 16,702,334 common shares of the Company and principal warrants to acquire an additional 2,974,740 common shares of the Company, representing approximately 53.6% of the issued and outstanding common shares of the Company on a non-diluted basis (and approximately 40.6% on a fully-diluted basis). Under the Investors Rights Agreement and Registration Rights Agreement, and subject to the terms and conditions, such related party was granted, among other things, (i) certain director nomination, subscription rights and other shareholder rights, and (ii) the right to require the Company to qualify its common shares for distribution by way of a secondary offering prospectus, and to include its common shares in any qualification or registration of the Company's common shares under applicable securities laws.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described in detail in Note 2 of the Company's 2020 Audited Financial Statements and updated in Note 2 of the Company's interim financial statements.

CHANGES IN ACCOUNTING POLICIES

In the first quarter of 2021, the Company began capitalizing its development costs, as it met the six criteria required under IAS 38.

Please refer to Note 2 of the Company's Financial Statements for more information regarding the Company's significant accounting policies and changes.

RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties in carrying out its activities. Carebook has measures in place to identify, monitor and, to a certain extent, mitigate such risks and uncertainties. Such measures include, among others, creating and marketing a viable software product for sale and distribution, the work performed by the Board and management levels, as well as the enforcement of numerous policies and procedures. Additional risks not currently known or that the Company currently believes are immaterial may also impair its business, results of operations, financial condition and liquidity.

Risks related to the Company's Operations

Dependence on key customer

The Company has a significant commercial relationship with a key customer in the pharmacy vertical and considers them as an anchor client. As such, the Company may place more reliance on this client than it would on other clients. If for any reason this key customer experiences financial difficulties or finds it difficult to obtain sufficient financing to fund its own operations, there is no assurance that they will be able to continue the relationship with Carebook. These risks may be intensified during an economic downturn.

Information systems and data

The integrity, reliability and security of information in all forms are critical to the Company's daily and strategic operations. Despite the Company's efforts to create security barriers, the Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks, security breaches and/or technological malfunctions affecting the Company or its products or services can result in, among other things, litigation, governmental audits or investigations, financial penalties or losses, unauthorized release of customer information or confidential information, loss of confidence in the Company's products and services and significant reputational risk, each of which could adversely affect its business, financial condition and results of operations.

Qualified and key personnel

The success of the Company is dependent on its workforce and its ability to recruit and retain key personnel in a competitive work environment. The experience and expertise of the Company's Board and management team including business development, and its skilled product development and technical personnel are critical to successfully executing its business strategy.

Risks related to the Company's liquidity, capital resources and financial position

Market risk

Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments held by the Company and that are subject to variable rates will fluctuate, or the cash flows associated with such instruments will be impacted due to changes in market interest rates.

The Company has repaid all of its indebtedness following the completion of the RTO. As such, as at March 31, 2021, there was no interest rate risk.

Foreign exchange risk

The Company has minimal risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. The Company manages its exposure to currency fluctuations by monitoring its level of cash in foreign currencies. Management did not hedge these exposures as at March 31, 2021.

Credit risk

Credit risk pertains to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk with financial institutions, key customers and other parties as a result of cash-in-bank and customer trade receivables arising from the Company's operating activities. The maximum exposure to credit risk at the reporting date was the carrying value of each class of financial asset as described in

Note 6 of the Financial Statements. The Company did not hold any collateral as security.

Liquidity risk

The capital structure of the Company includes shareholders' equity (deficit) and borrowings. Management's overriding objectives when managing capital are to have sufficient liquidity to meet the Company's liabilities when due, safeguard the business as a going concern, and create value through market growth and future returns. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. As at March 31, 2021 the Company was not subject to any externally imposed capital requirements.

The reader is cautioned that the foregoing list is not exhaustive of the factors that may affect the Company's forward-looking statements. The Company's business is subject to certain risks and uncertainties. Readers are encouraged to review and carefully consider the risk factors discussed under the heading "*Note 14 – Risk Management*" of the Financial Statements. In addition, a discussion of the risks to which Carebook is subject is presented in the section entitled "Risk Factors" of the Company's Listing Application dated September 28, 2020. In addition to the risk factors discussed in the Listing Application, which is available on SEDAR at www.sedar.com. See the section entitled "Forward-Looking Statements" on page 2 of this MD&A for a discussion of risks associated with forward-looking statements.

The acquisition of any of the securities of the Company is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Shareholders should evaluate carefully the risk factors associated with the Company's securities described in the Listing Application, along with the risk factors described elsewhere in this MD&A.

OUTLOOK

- The digital health market is growing rapidly, driven by a comprehensive transformation in how patient care is being delivered (accelerated, in part, by the global pandemic), and an evolution in the application of digital solutions to a broader set of customers and industries. In particular, the pharmacy industry has a need for innovation in the area of digital transformation making it ripe for disruption and new entrants. Carebook leverages its medical and engagement expertise across a core technology platform in order to address these opportunities. The Company began by focusing on the pharmacy vertical by securing an anchor customer and is now expanding that base platform to serve the employer, and insurance markets. From a foundation of health expertise and a core, "people-first" philosophy, Carebook offers turn-key, modular, connected systems that can be white-labeled to increase revenue, engagement, and health outcomes.

- The Company has remained operationally stable during the COVID-19 pandemic, with minimal impact on current revenue and employees. The Company's principal customer, which is in the pharmacy vertical, has not been broadly affected by COVID-19 in a manner that would negatively impact the Company. The pandemic caused some disruption to the Company's business development and global expansion initiatives for the pharmacy vertical, restricting the sales process which has resulted in fewer than expected sales in 2020 and the first quarter of 2021. However, the pandemic has also brought opportunities for a greater use of technology (e.g.: e-scheduling for vaccinations, virtual consultation and medication reviews) in the pharmacy market with pharmacies and pharmacists playing a wider role in primary care. Therefore, notwithstanding any additional changes in the general economic environment due to the pandemic, the overall financial impact on the Company is expected to be a positive one. While the Company cannot predict with certainty the effect and ongoing spread of COVID-19, management does not expect it will impact the Company's ability to meet financial and other reporting disclosure requirements on a timely basis.

- Carebook is currently building a growing pipeline of opportunities as it relates to the pharmacy, employer and insurance verticals. The Company's approach for the pharmacy vertical and other verticals is similar. Its focus has been to develop a tailored digital platform by vertical, which can then be rebranded and offered to multiple clients on a global basis.

- Following the closing on April 6, 2021 of the acquisition of InfoTech, Carebook will be promptly building a roadmap for the employer vertical and assess how Carebook's core solution can add value to InfoTech's existing employer vertical offering. At the same time, the companies have identified opportunities that could accelerate their combined growth over the next 12 months.

- Carebook continues to explore strategic M&A opportunities with a disciplined approach in order to grow its reach in other markets while continuing to propel its organic growth.