Carebook

CAREBOOK TECHNOLOGIES INC.

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 June 30, 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 August 18, 2021, is intended to improve the interpretation of the Company's unaudited interim condensed consolidated financial statements for the three- and six-month periods ended June 30, 2021 and 2020 (the "**Financial Statements**"). This MD&A should be read in conjunction with the Financial Statements and the audited annual consolidated financial statements of the Company for the year ended December 31, 2020 (the "**2020 Audited Financial Statements**") and their accompanying notes.

Carebook was formerly known as Pike Mountain Minerals Inc. ("**Pike**") up to the completion of the three-cornered amalgamation described in Note 18 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 management discussion and analysis of Carebook 2020, but reflecting the equity instruments of Pike as a result of the RTO (as defined hereinafter). As a result, comparative information included herein from the three and six months ended June 30, 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 statements regarding Carebook, its subsidiaries and their businesses, including regarding the potential synergies from the acquisitions of InfoTech and CoreHealth (each as defined below), the future growth prospects of the Company, results of operations, performance, and business prospects and opportunities of the Company, the future international expansion of Carebook, the Company's applications for Class II medical devices in Canada, U.S. 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 (such as InfoTech and CoreHealth); and the ability of

Carebook to successfully integrate and consolidate acquired businesses (such as InfoTech and CoreHealth).

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 the use of proceeds of completed financings; 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; 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 experience and expertise of the Company's management and employees, and the attraction and retention of these key personnel; capital investment by the Company's customers; customer project implementations; liquidity; current global financial conditions; implementation of the Company's commercial strategic plan; level of indebtedness and inability to generate sufficient cash to service debt, changes in creditworthiness and the potential increase in the cost of capital; potential product liabilities and other lawsuits to which the Company may be subject; foreign currency fluctuations; interest rate changes; 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 August 18, 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

Our core is science. Our solutions are accessible. Our mission is to empower people.

Carebook's family of powerful, highly engaging, customer centric digital solutions empower pharmacies, employers, and insurers to enable their customers, employees, and insurees to take control of their health journeys, every step of the way. Carebook is the connector to a new model of healthcare and currently serves over 3.5 million license holders around the world.

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., 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.". Refer to the Company's Listing Application dated September 28, 2020 and filed on SEDAR under the Company's profile at www.sedar.com for further information about the RTO.

Based in Montreal and led by a world-class team and board of directors with extensive global business and healthcare industry experience, Carebook's core is science and technology, its philosophy is people-first, and its goal is accessible, connected health for everyone.

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 its platform with leading technology and accretive acquisitions. Carebook identified two leading companies, InfoTech and CoreHealth, with both companies offering robust products and software platforms, strong management teams and blue-chip client bases.

Acquisition of InfoTech: On April 6, 2021, Carebook completed the acquisition of InfoTech Inc. ("**InfoTech**"), doing business as Wellness Checkpoint®. InfoTech is a recognized global leader in health and productivity risk management. InfoTech's proprietary software platform Wellness Checkpoint, IP and metrics are supported by advanced analytics and focus on employees' physical health, mental health and well-being, and their impact on work and business effectiveness.

Since its initial release in 1990, Wellness Checkpoint has evolved into a global web-based service used by many Global Fortune 500 companies in over 100 countries and is translated into 26 languages (and counting). Representative clients include multinational companies in the financial, technology, pharmaceutical, manufacturing and resources sectors, many of whom are long-term clients.

This transaction marks Carebook's initial entry into the C$37B employer market[1]. Since the closing of the acquisition in April 2021, 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.

Acquisition of CoreHealth: On August 9, 2021, Carebook announced the closing of its acquisition of all of the issued and outstanding securities of CoreHealth Technologies Inc. ("**CoreHealth**"), an industry leading company providing a technology platform that powers health and wellness programs for major corporations and organizations around the world. CoreHealth's platform powers health and wellness programs for corporate wellness companies, major insurers, human resources consulting firms, employee assistance program providers, health systems, population health management providers, group benefits brokers, health coaching providers and large employers.

Based in Kelowna, British Columbia, CoreHealth has been providing its all-in-one platform that brings an organization's corporate wellness program into one place for more than 15 years. Its technology is flexible, configurable, and scalable and is highly desirable due to its ability to engage participants. Health and wellness providers use the CoreHealth platform to deliver programs to their users. CoreHealth has revenue of over $3 million and serves over 2 million license holders around the world. Clients include major insurance providers, employee assistance program providers, health systems, population health management providers, benefit brokers, health coaching providers and large employers.

The Company financed the cash portion of its acquisition of CoreHealth using the net proceeds from the closing of the Company's recent private placement financing, the Offering (as defined herein), for aggregate gross proceeds of $11,280, as announced on August 5, 2021. For further details on the acquisition of CoreHealth, refer to the Company's material change report dated July 9, 2021, which is available under the Company's profile on SEDAR at www.sedar.com.

The majority of Carebook's revenues for the period covered by this MD&A were generated in Canada and in the United States, with some revenue generated in Europe, Latin America and Asia. Virtually all of the Company's assets are held in Canada. Carebook operates in one single reporting segment.

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 the different solutions offered to these verticals sit either on top of the Carebook core platform that is ever evolving - an innovative and engaging

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

consumer health platform with vital signs measurement capabilities or is provided via one of the different sets of modules and functionalities made available by the two recent acquisitions. 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 below:

- **Pharmacy:** The Carebook for Pharmacy solution offers large pharmacy retailers an all-in-one customer facing digital platform (mobile and web apps) that brings together medication management (fill/refill prescriptions), the ability for individuals, families and caregivers to manage their health information in one spot, comprehensive health assessments and recommendations based on your results to help reduce risk of chronic diseases. The app also connects pharmacy customers to health services and integrates retail services like loyalty programs, rewards and e-commerce. This single point of access experience creates a seamless, connected and consolidated health and wellness experience right in the palm of the customer's hand;

- **Employer:** The Wellness Checkpoint solution offers employers and their employees the most advanced health assessments, habit trackers and challenges. From physical and mental health, lifestyle habits, resilience tests, sleep, and more, the advanced health assessments from Wellness Checkpoint can identify trends and risks within cohorts. Worldwide, there is currently a focus and attention around mental health, and Wellness Checkpoint's new suite of mental health assessments, including psychological well-being, resilience, financial well-being, and stress@work, could not have been more timely;

- **Insurance (and Employers):** The CoreHealth solution is an industry leading platform that powers health and wellness programs. CoreHealth offers Corporate Wellness Providers and Group Benefit Providers a robust technology platform to power programs and engage employees with various interventions like coaching, group challenges, and habit trackers. The technology is flexible, configurable, and scalable, and easy to integrate. It is a true integration hub that enables wellness providers to focus on what they do best while the platform "powers" the delivery.

EXECUTIVE SUMMARY

Operating Highlights

While Carebook's second quarter of 2021 was again focused on product and business development (two key areas that are expected to result in significant and sustained growth going forward), M&A activity provided the highlights of the quarter with the successful completion of (i) the acquisition of InfoTech and its Wellness Checkpoint platform and (ii) the acquisition of CoreHealth which was announced on June 29, 2021 and completed subsequent to the end of the quarter. Refer to the Company's material change reports dated respectively April 15, 2021 and July 9, 2021 (both available on SEDAR) for further details on these acquisitions.

Key to the Company's growth is its focus on global opportunities. Carebook expects that its global footprint will expand significantly, especially given the global strength of InfoTech and CoreHealth. Both InfoTech's Wellness Checkpoint platform and CoreHealth's leading wellness technology platform are highly regarded around the world and are being used by some of the largest and most well-respected companies.

These acquisitions provide Carebook with significant opportunities for growth given the capability to offer a wider range of best-in-class products and the ability to integrate and co-sell solutions making clients more competitive. In addition, on the organic front, there are significant opportunities for growth within the global pharmacy vertical as well as with the Company's innovative scan technology.

Customer, Market & Product Highlights

Pharmacy Vertical

- ***Pharmacy App Update***: The Be Well app for Rexall Pharmacy in Canada on iOS, Android and web was launched in May 2020. The launch and subsequent usage of the app has been a resounding success evidenced by the gains that Rexall is realizing in the marketplace. Users have been responding positively to the platform. As at August 7, 2021, App Store ratings (iOS users) were 4.4/5 stars, and Google Store (Android users) were 4.6/5 stars. During the second quarter of 2021, the Be Well program maintained an average Net Promoter Score of 70%, which is well above industry average.

- ***Launch of Caregiver Solution:*** Innovation has been greatly accelerated over the past year at Carebook. In June 2021, as part of Carebook's Pharmacy platform, the Company announced the launch of its Caregiver Solution as part of its Pharmacy platform. The caregiver feature is integrated into an all-in-one, 360-degree experience that includes medication management, loyalty and rewards integration, health and wellness, communication (push notifications), e-commerce integration, and more. For their people-in-care, caregivers have the ability to fill, refill, and renew prescriptions, log and track health information, view metrics, and encourage adherence.

- ***Medication Adherence Solution Moving Into Testing Phase:*** With a patient-centered, pharmacist-friendly approach, Carebook is evolving its digital solution to improve medication adherence. It is estimated that among patients with chronic illness, approximately 50% do not take medications as prescribed. The cost of non-adherence per person per year has ranged from $5 to $52 (2015 $000s USD)[2]. Carebook's Medication Adherence Solution targets the most common barriers to adherence including low trust in the efficacy or necessity of the medication, forgetfulness, side effects, and more. The solution will offer users the ability to set reminders, to track their i) symptoms, ii) side effects and iii) adherence score, and 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.

- ***Vaccination Tracking:*** Due to the fact that many pharmacies are administering COVID-19 vaccines, it became essential for the patients to track their vaccination records directly from Carebook's Pharmacy Solution. Patients using Carebook's product can now see which vaccine and dose(s) they have received.

- ***Co-Selling Partnership with Microsoft Commercial Marketplace:*** Carebook's Digital Pharmacy Platform is now available on Microsoft's Commercial Marketplace. The Microsoft Commercial Marketplace provides companies with unparalleled exposure to four million monthly active users that shop on the site. With this important listing, Carebook's Pharmacy Solution will be available for purchase and marketed through Microsoft's global sales and partner ecosystem channels.

- ***Building a Solid Sales Infrastructure:*** Carebook is continuing to build a sales team and a structured sales process as a solid foundation for growth. The Company is rapidly building a solid pipeline in the pharmacy vertical, with pharmacy chains as well as resellers (e.g. pharmacy management software vendors and dispensers) to address both retail loyalty and clinical use cases needed in both large chains and independent networks. The Company is focusing on market opportunities in the U.S. as well as Australia, Europe and Latin America.

Employer Vertical

Carebook and InfoTech are currently moving into the second integration phase. Where the first integration phase focused on finding synergies among our teams, processes and products, the second integration phase enables closer collaboration, creates dotted lines for reporting to increase accountability, and speeds up transformation where needed.

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

Carebook's acquisition of InfoTech positioned the Company in the fast growing $37B employer market. To most effectively and efficiently grow InfoTech's position in this market, five main strategies have been identified for Wellness Checkpoint:

- ***Provide increased foothold in employer vertical*** - Carebook's sales team is expanding the sales of Wellness Checkpoint to enable more outgoing prospecting and expansion of sales, targeting large employers.
- ***Show traction for targeted offerings*** - Carebook is exploring partnerships where Wellness Checkpoint can serve partners who offer point solutions such as mental health or chronic disease management, by providing a baseline assessment and showing the effectiveness of such solutions over time.
- ***Expansion into small-mid size businesses*** - Carebook is putting together the process, resources and strategy to make the Wellness Checkpoint solution available to small and medium size businesses with quick and affordable onboarding.
- ***Improve user experience and drive sales*** - Carebook is reviewing and enhancing global user experience and design homogeneity with the intent of increasing users' engagement, the conversion rate from prospects to clients and the retention rate of the existing client base.
- ***Activate and leverage data*** - Carebook is putting in place the structure and processes to leverage years of incredibly rich data to support sales, bring insights to its customer base and continue to be sought after thought leaders in the employer space.

- ***Migration to Microsoft Azure:*** Recently, the Wellness Checkpoint health risk assessment service moved onto the Microsoft Azure cloud. This migration will provide enhanced product experience, performance, reliability, scalability, and the best of industry data security and privacy. It will also enable Carebook to co-sell the solution in the market, where clients may use Azure commitments to pay for Wellness Checkpoint.

- ***Closing of Three Important Multi-year Contracts:*** In July 2021, InfoTech signed three important multi-year contracts with multinational corporations. The first contract, entered into with a leading power-management company, is a multi-year renewal that has expanded the services contracted to include the new Well-Being@Work™ suite of modules. The second agreement is a multi-year renewal that includes an expansion to their cornerstone client's global offices and reinforces the multi-language capabilities of the Wellness Checkpoint platform as an attractive market differentiator for multinational companies. The third contract is a multi-year Master Software as a Service Agreement (MSaaS) with a new client, a leading provider of business information services around the globe. These three industry leaders recognize that their most significant and prevalent issues impacting employee well-being and performance are much more than the traditional physical health issues, but are also in the area of mental health and psychological well-being. Wellness Checkpoint provides the data these companies need to make informed decisions to improve the health, well-being and performance of their employees.

- ***Cross-Platform Synergies:*** We are exploring synergies and the potential use of the Carebook core platform including the vitals scanning technology in the employer space.

Scan Technology - Carebook myVitals

- ***Medical Device Accreditation:*** Carebook is seeking accreditation as a Class II medical device in Canada, the U.S. and other markets for its contactless vitals scanning technology. The Company is waiting on validated data sets to meet regulatory agencies' requirements. Studies have been designed to meet the requirements of regulatory agencies and will be conducted upon receipt of the validated data sets. We are expecting results of the studies by the end of 2021 or in the first quarter of 2022.

- ***Carebook myVitals:*** While Carebook is working to get accreditation of its smartphone app known as "Carebook myVitals" as a medical device, the Company is also building a sales pipeline for wellness use cases where medical accreditation is not necessary, and engaging with prospects in pharmacy and non-pharmacy verticals for such use cases, incorporating heart rate, respiration rate, SpO_2 and blood pressure. Such wellness use cases are a building block prior to serving medical use cases in our pharmacy app as well as other verticals.

Commitment to Quality:

- In conjunction with the medical device accreditation process, Carebook is in the process of implementing a Quality Management System 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.
- Carebook's subsidiaries are equally as committed to high standards of data privacy and security. InfoTech has undergone SOC 2 audits and operates in accordance with the AICPA Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality and Privacy. CoreHealth is also ISO 27001 (Information Security Management) certified.
- Collectively, the group follows strict data privacy and security practices that satisfy PIPEDA, HIPAA, and GDPR requirements.

Corporate Culture and Organizational Performance

- **Human Resources:** With the acquisitions of InfoTech and CoreHealth, Carebook has retained key personnel, namely:
    - Zorianna Hyworon, formerly President & CEO of InfoTech, has joined Carebook as Thought Leader, Health & Wellbeing at Work playing an integral part in strategic client relationships, marketing & product.
    - Mike Hicks, formerly COO & General Counsel of InfoTech, has joined Carebook as Managing Director and General Counsel of InfoTech and oversees InfoTech's daily operations.
    - Anne-Marie Kirby, formerly Founder & CEO of CoreHealth, has joined Carebook as Managing Director of CoreHealth and oversees

CoreHealth's daily operations.
  - Jeff Van Dyk, formerly Founder & CTO of CoreHealth, has joined Carebook as CTO of CoreHealth, and will continue to oversee the innovative offering and intelligent design of CoreHealth's platform.

- **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 that offer the nation's best workplaces and forward-thinking human resources policies.

<u>Financing & Corporate Development</u>

- ***DTC Eligibility:*** As of March 2021, the Company's common shares were 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's core platform to enter the U.S. market, establish a U.S. employee base, and expand its brand reach.

- **The Debt Financing:** On April 6, 2021, Carebook secured the following credit facilities from a leading Canadian Schedule 1 bank and one of its affiliates (collectively, the "**Lenders**" and such transaction, the "**Financing**")**:**
    - $7,000 revolving term facility (the "**Revolving Facility**"); and
    - $4,000 non-revolving term loan facility (the "**Term Loan Facility**", and together with the Revolving Facility, the "**Credit Facilities**").
  - As of June 30, 2021, under the conditions of the agreement governing the Credit Facilities (the "**Credit Agreement**"), the Revolving Facility is 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 is 8.0%. As of August 6, 2021, 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 Term Loan Facility will mature on April 6, 2022 and bears interest at CDOR plus a margin of 4.5% 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 Credit Facilities are 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.
- On May 6, 2021, in connection with the Financing, Carebook issued the Lender of the Revolving Facility 417,646 warrants to purchase common shares of the Company at an exercise price of $1.22. Each such warrant will entitle the Lender to purchase, on or before April 6, 2022, one common share of the Company. 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.
- In addition to financing the acquisitions of InfoTech and CoreHealth, Carebook plans to use the proceeds of the Credit Facilities to finance Carebook's working capital needs and for general corporate purposes of the Company.
- Pursuant to the terms of the Credit Agreement, Carebook had undertaken to complete, initially within 120 days following the closing date of the Financing, an offering of securities of the Company in an aggregate amount of up to $11,000 in equity, or a lesser amount dependent on certain events, which offering was completed on August 5, 2021. Please refer to the "$11.3M Equity Offering" section below for additional information.
- The Credit Agreement was amended on August 4, 2021. The majority of the amendments were administrative in nature and included the following changes. First, the Credit Agreement was updated to reflect that the Company would be acquiring CoreHealth. Second, the required amount of equity to raise under the Offering, to finance said acquisition and repay certain indebtedness, increased from up to $11,000 to $11,280, and the timeframe in which to raise said equity was changed from 120 to 122 days following the signature of the Credit Agreement. Finally, the applicable margin on the Revolving Facility remained at 8.00% and will decrease to 3.25% conditional upon the successful completion of a surplus equity injection of $2,720.

- **$11.3M Equity Offering:** On August 5, 2021, the Company completed an offering of 11,280,000 units of the Company (each, a "**Unit**") at a price of $1.00, for aggregate gross proceeds of $11,280 (the "**Offering**"). These Units comprised 11,280,000 common shares of the Company and 5,640,000 warrants to purchase common shares of the Company. Each whole warrant entitles the holder thereof to acquire a common share of the Company at an exercise price of $1.47 per common share of the Company for a period of 24 months from issuance.

  The lead investor in the Offering is UIL Limited ("**UIL**"), a closed-end investment company jointly managed by ICM Investment Management Limited and ICM Limited, which became a "Control Person" of the Company, as such term is defined in the policies of the TSX Venture Exchange ("TSX-V"). In compliance with TSX-V Policy 4.1 – Private Placements, holders of more than 50% of the issued and outstanding common shares of the Company have consented in writing to UIL becoming a "Control Person" of the Company. Certain officers (collectively, the "**Insiders**") of Carebook also subscribed in the Offering for an aggregate of 60,000 Units. As related parties of the Company participated in the Offering, their subscriptions were deemed to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company relied on an exemption from the formal valuation and minority shareholder approval requirements set out in MI 61-101, as the fair market value of the Insider's participation in the Offering does not exceed 25% of the Company's market capitalization calculated in accordance with MI 61- 101.

In connection with the Offering, the agents received, as compensation: (i) cash compensation of $673.8; and (ii) 673,800 broker warrants (the "**Broker Warrants**"), with each Broker Warrant entitling the holder thereof to acquire a common share of the Company at $1.00 for a period of 24 months from issuance. The Company also paid iA Private Wealth Inc. a corporate finance work fee of $50, plus applicable taxes.

The securities issued have a hold period of four months and one day from the closing date of the Offering.

The Company used the net proceeds of the private placement to complete the acquisition of CoreHealth and partially repay the Revolving Facility, and the balance will be used for general corporate and working capital purposes.

For further information about the Offering, refer to the Company's press releases dated June 29, 2021, July 21 and August 5, 2021 as well as the Company's material change report dated July 9, 2021, all of which are available under the Company's profile on SEDAR at www.sedar.com.

- **Stock Option Plan Amendment and Continuance:** On May 18, 2021, the board of directors of the Company approved an amendment to the Stock Option Plan of the Company (the "**Stock Option Plan Amendment**") to increase the maximum number of common shares of the Company that may be issued pursuant to the exercise of options under the Stock Option Plan from 5,500,000 to 6,237,779. At the Company's annual general and special meeting of holders of common shares of the Company held on June 30, 2021 (the "**Meeting**"), a majority of disinterested shareholders present in person or represented by proxy at the Meeting approved the Stock Option Plan Amendment, which was also approved by the TSX-V and is now effective.

  At the Meeting, shareholders also authorized, by way of special resolution, the Company to continue out of the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia) and into the federal jurisdiction under the provisions of the Canada Business Corporations Act at such time as the directors of the Company, in their sole discretion may determine (the "**Continuance**"). The Company intends to apply for a Certificate of Continuance and file Articles of Continuance by September 15, 2021.

  Refer to the Company's management information circular dated May 18, 2021 and filed under the Company's profile on SEDAR on May 31, 2021 for further details on the Stock Option Plan Amendment and the Continuance.

FINANCIAL PERFORMANCE ANALYSIS

The financial information presented in the tables below have been derived from the Financial Statements.

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 $)
June 30, 2021	$ 1,139	$ (2,425)	$ (0.07)
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)	$ (0.07)
December 31, 2019	$ 1,001	$ (742)	$ (0.03)
September 30, 2019	$ 1,092	$ (1,425)	$ (0.12)

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 or 2021. Despite the decrease in revenue commitment of a key customer effective March 2021, the Company's revenue has increased in the second quarter of 2021 due to the acquisition of InfoTech.

During the second quarter of 2021, $318 of recognized revenue was generated by InfoTech and $166 of deferred revenue acquired during the acquisition of InfoTech remains on the balance sheet as at June 30, 2021. Revenue generated by InfoTech is expected to increase incrementally each period, as a result of their adoption of IFRS 15. Software revenue will be recorded ratably over the contract term.

Net Loss

The Company is a start-up that continues to invest in its growth through research and development projects, and strategic M&A. The increase in net loss each quarter is attributed to key hires and their related expenses, and costs associated with M&A and related financing of said acquisitions.

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 12 and 14 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 RTO, 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 forgo its equity conversion option upon completion of the RTO. 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, as the RTO became probable, which triggered the accelerated vesting of employee stock options and a requirement for the employee stock options to be immediately exercised upon completion of the RTO or terminated. However, at the time of the RTO, the life of these fully-vested stock options were extended to their original expiry dates. 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, totaling $111 and $71 respectively, which increased the non-recurring expenses during the quarter.

In the second quarter of 2021, the Company's net loss increased due to non-routine expenses related to the acquisitions of InfoTech and CoreHealth, financing costs associated with the Credit Facilities and the Offering, and non-cash items such as the grant of stock options to directors, officers and employees of the Company. In addition, the net loss was driven by Carebook recognizing InfoTech's full operating costs during the period, but only being able to recognize a portion of the revenue that would have been recognized under IFRS 15, but was already recognized under ASPE in prior periods.

DISCUSSION OF OPERATIONS

Statements of Comprehensive Loss

For the three months ended June 30, 2021 and 2020:

	Three months ended June 30,			
	2021	2020	$ Change	% Change
REVENUE	$ 1,139	$ 857	$ 281	32.7%
Cost of revenue	$ 97	$ 54	$ 43	80.2%
Gross profit	**$ 1,041**	**$ 803**	**$ 238**	**29.7%**
EXPENSES				
Sales and marketing	$ 503	$ 682	$ (179)	-26.3%
Research and development	$ 1,215	$ 1,271	$ (56)	-4.4%
General and administrative	$ 1,124	$ 1,647	$ (523)	-31.7%
Loss from operations	**$ (1,800)**	**$ (2,797)**	**$ 996**	**-35.6%**
Loss (gain) on embedded derivatives	$ -	$ (15)	$ 15	N/A
Transaction costs	$ 44	$ -	$ 44	N/A
M&A costs	$ 308	$ -	$ 308	N/A
Finance costs	$ 273	$ 128	$ 145	113.1%
Net loss	**$ (2,425)**	**$ (2,910)**	**$ 484**	**-16.6%**
Total comprehensive loss	**$ (2,425)**	**$ (2,910)**	**$ 484**	**-16.6%**

For the six months ended June 30, 2021 and 2020:

	Six months ended June 30,			
	2021	2020	$ Change	% Change
REVENUE	$ 2,002	$ 1,822	$ 179	9.8%
Cost of revenue	$ 171	$ 103	$ 68	65.8%
Gross profit	**$ 1,831**	**$ 1,719**	**$ 112**	**6.5%**
EXPENSES				
Sales and marketing	$ 979	$ 871	$ 108	12.4%
Research and development	$ 2,284	$ 2,215	$ 69	3.1%
General and administrative	$ 2,051	$ 2,188	$ (137)	-6.3%
Loss from operations	**$ (3,482)**	**$ (3,555)**	**$ 73**	**-2.0%**
Loss (gain) on embedded derivatives	$ -	$ (84)	$ 84	N/A
Transaction costs	$ 155	$ -	$ 155	N/A
M&A costs	$ 379	$ -	$ 379	N/A
Finance costs	$ 289	$ 257	$ 32	12.4%
Net loss	**$ (4,305)**	**$ (3,728)**	**$ (577)**	**15.5%**
Total comprehensive loss	**$ (4,305)**	**$ (3,728)**	**$ (577)**	**15.5%**

Revenue analysis

Revenue for the three months ended June 30, 2021 was $1,139, compared to $857 for the three months ended June 30, 2020, an increase of $281 or 32.7% which is driven by the acquisition of InfoTech. In 2020, Carebook's total revenue was driven almost entirely by the pharmacy vertical, but the acquisition of InfoTech in the second quarter of 2021 marks the Company's first revenues from the employer vertical.

Revenue for the six months ended June 30, 2021 was $2,002 compared to $1,822 for the same period in 2020, an increase of $179 or 9.8%. The six-month increase is not as high as the three-month increase in revenue due to a change in the revenue commitment of a key customer effective March 2021.

Total comprehensive loss analysis

Total comprehensive loss was $2,425 for the three months ended June 30, 2021, compared to a loss of $2,910 for the three months ended June 30, 2020, an improvement of $484. During the second quarter of 2020, the Company recorded $2,113 of stock-based compensation expense. This was partially offset by a grant totaling $415 during the same period, but it contributed to the elevated net loss for the period. In the second quarter of 2021, Carebook added the operating costs of InfoTech and there were non-routine transactions related to M&A and financing, but the overall impact was slightly offset by the acquired revenue during the period.

In the first six months of 2021, the comprehensive net loss was $4,305 compared to $3,728 in 2020. The variance is driven by non-routine costs related to M&A and financing.

Cost of revenue

The cost of revenue for the three months ended June 30, 2021 was $97 compared to $54 in the same period of 2020. The increase of $43 or 81.5% is attributed to an increase in client support costs due to additional headcount to support the clients of the group.

Expense analysis

Total operating expenses for the three months ended June 30, 2021 were $2,842 compared to $3,600 for the three months ended June 30, 2020 for a decrease of $758 or 21.1%. During the second quarter of 2020, the Company recorded $2,113 of stock based compensation due to accelerated vesting of existing stock options triggered by the upcoming RTO and the extension to their original expiry date. This expense was non-recurring in the second quarter of 2021, but the Company did incur considerable expenses related to an increase in headcount relative to the prior year period, the operating expenses acquired through the acquisition of InfoTech, and professional fees. These expenses were in part offset by the capitalization of development during the quarter and the receipt of a $48 grant.

Operating expenses for the six months ended June 30, 2021 and 2020 were relatively stable, $5,313 and $5,274 respectively. In 2020, the driving contributor to the net loss was the non-recurring stock based compensation expense of $2,113 recorded during the second quarter of 2020. In 2021, there was some stock based compensation that contributed to the net loss, but there was also additional headcount, salary increases and an increase in professional fees related to being a public company that drove up operating expenses. The impact of these increased expenses during the first half of 2021 was offset by the capitalization of certain development work and the receipt of R&D grants during the period.

Variances in operating expenses will be further broken down by function, below.

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 $108 or 12.4% from $871 in the first half of 2020 to $979 in 2021.

That being said, the sales and marketing expenses for the second quarter of 2021 decreased by $179 compared to 2020. While there was an increase in headcount and investment in marketing in the second quarter of 2021, the impact was offset by the forfeiture of an employee's fully vested stock options during the quarter.

Research & development expenses

Research and development expenses remained relatively stable when comparing the six months ending June 30, 2021 and 2020. This is because while the Company increased its software development expenses by $69, it also began capitalizing a portion ($803, net of amortization) of its development costs during the first half of 2021, which offset the additional labour costs associated with Carebook's headcount and the addition of the InfoTech team.

During the three-month period ended June 30, research and development costs were $1,215 and $1,271 in 2021 and 2020, respectively. Labour and employment benefits nearly doubled during the quarter due to the acquisition of InfoTech's R&D team, but there was a reduction of $565 in stock based compensation expenses that offset the increased headcount.

General & administrative expenses

General and administrative expenses for the first half of 2021 decreased by $137 or 6.3% compared to the same period in 2020. While the Company's headcount has grown and professional fees have increased in the period, the $1,036 of stock based compensation allocated to the general & administrative function of the Company in the second quarter of 2020 was non-recurring.

During the second quarter of 2021, general and administrative expenses totaled $1,124 compared to $1,647 in the same period of 2020. Professional fees remained fairly stable when comparing the two periods, but the legal fees incurred in 2020 for contract negotiations were replaced with public company audit fees and related tax work. Labour and employee benefits, rent, and administrative expenses increased due to the acquisition of InfoTech. However, the overall decrease in general and administrative expenses of $523 is driven primarily by the non-recurring stock based compensation expense recorded in the second quarter of 2020.

Other expenses

In the first half of 2021, the Company incurred $155 in transaction costs and $379 in M&A costs. These non-recurring expenses relate to the Financing, the Offering, and the acquisitions of InfoTech and CoreHealth. The Company has also incurred $289 in finance costs, primarily in relation to interest expenses paid on the Credit Facilities.

Refer to Notes 12 and 14 of the Financial Statements for more information on the Company's borrowings and financial instruments.

PRO-FORMA IMPACT OF BUSINESS COMBINATION WITH INFOTECH:

The Company completed the acquisition of InfoTech on April 6, 2021. The Financial Statements include the financial results of InfoTech from April 6, 2021 through June 30, 2021. If the business combination between Carebook and InfoTech had been completed on January 1, 2021, the Company's consolidated revenues for the six-month period ended June 30, 2021 would have been as follows:

Impact of Business Combination (pro forma)	June 30, 2021
Revenue	2,883
Net Loss	-4,326

The Company is providing pro forma information as the acquisition of Infotech reduces the comparability of period over period figures. The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a six-month period. However, pro forma information does not account for synergies or historical transactions and is not necessarily indicative of the (loss) profit that the Company would have realized if the acquisition had actually occurred on January 1, 2021, nor of the (loss) profit that may be achieved in the future.

To determine the Company's pro forma consolidated revenues and (loss) profit if InfoTech had been acquired on January 1, 2021, the Company:

- calculated the amortization of other acquired intangible assets based on the fair value arising from initial recognition of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements; and
- calculated the revenues according to the fair value of deferred revenues at the acquisition date.

The Company estimates that the pro forma revenue would have increased by $400 to $500, for the three-months ended June 30, 2021, had InfoTech's revenue been recognized under IFRS 15 in the twelve months prior to the acquisition rather than under ASPE. Prior to the acquisition, InfoTech recognized approximately 80% of license revenue at the time it was invoiced, with approximately 20% being recorded as deferred revenue. Following the adoption of IFRS 15, effective as of the closing of the acquisition on April 6, 2021, license revenue is recognized ratably over the term of the agreement. The impact to the Company's net loss is a similar amount for the quarter because InfoTech's costs for the period were not materially impacted by the differences in revenue recognition before and after the acquisition.

Refer to Note 3 of the Financial Statements for more information on the acquisition of InfoTech.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Analysis

Cash flow for the three months ended June 30, 2021 and 2020:

	Three-Months Ended June 30, 2021	Three-Months Ended June 30, 2020	$ Change	% Change
Cash flows generated from (used for):				
Operating activities	$ (1,052)	$ (565)	$ (487)	86.1%
Investing activities	$ (8,334)	$ (9)	$ (8,325)	N/A
Financing activities	$ 9,506	$ 286	$ 9,220	N/A
Net increase (decrease) in cash and cash equivalents	$ 120	$ (289)	$ 408	N/A
Cash and cash equivalents - beginning of period	$ 1,123	$ 399	$ 724	181.5%
Cash and cash equivalents - end of period	**$ 1,243**	**$ 110**	**$ 1,133**	**N/A**

Cash flow for the six months ended June 30, 2021 and 2020:

	Six-Months Ended June 30, 2021	Six-Months Ended June 30, 2020	$ Change	% Change
Cash flows generated from (used for):				
Operating activities	$ (3,142)	$ (1,177)	$ (1,964)	166.8%
Investing activities	$ (8,726)	$ (14)	$ (8,713)	N/A
Financing activities	$ 9,483	$ 1,185	$ 8,298	700.2%
Net increase (decrease) in cash and cash equivalents	$ (2,385)	$ (7)	$ (2,379)	N/A
Cash and cash equivalents - beginning of period	$ 3,628	$ 117	$ 3,511	N/A
Cash and cash equivalents - end of period	**$ 1,243**	**$ 110**	**$ 1,133**	**N/A**

Operating activities

Net cash used for operating activities totaled $3,142 for the six months ended June 30, 2021, compared to a use of $1,177 for the same period of 2020, an additional use of $1,964 or 166.8%. The increase is attributed to non-recurring expenses in connection with the Financing and M&A activities, depreciation and amortization, and interest expenses related to the Credit Facilities. The incremental increase in operating expenses also contributes to the additional use relative to the prior year period, which was triggered by an increase in labour and employee benefits, and an increase in fees for professional services.

Net cash used for operating activities totaled $1,052 and $565 during the quarters ended June 30, 2021 and 2020, respectively. The increase in cash used for operations is primarily driven by the additional headcount and operating expenses, and costs incurred related to financing and M&A.

Investing activities

Net cash used for investing activities for the six months ended June 30, 2021 was $8,726, compared to $14 in the corresponding period of 2020, an increase of $8,713, due the Company's investment in InfoTech and the capitalization of development.

The investment in InfoTech was the primary source of the $8,334 of cash used for investing during the quarter ended June 30, 2021, and the remainder was driven by the capitalization of development activities. This is an increased use of 8,325 relative to the same period of 2020. This is because the Company had only invested in property, plant & equipment throughout 2020.

Financing activities

Cash generated from financing activities totaled $9,483 in the first half of 2021 compared to $1,185 in 2020. The cash generated in 2021 is from the Credit Facilities, and in 2020 from advances due to related parties and the issuance of a term loan, both of which were repaid in the fourth quarter of 2020.

During the quarter ended June 30, 2021, the Company generated $9,506 from financing activities. As mentioned above, this cash is from the issuance of the Credit Facilities. In the same period of 2020, cash from financing activities totaled $286.

Cash generated from financing activities is greater during the second quarter of 2021 rather than the first half of 2021 due to a cash use from financing activities, primarily for the payment of lease liabilities, during the first quarter of 2021.

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 June 30, 2021		
	Less than 1 year	**1-5 years**	**After 5 years**
Contractual obligations	$ 132	$ 679	$ 141

Capital Resources

	June 30, 2021		December 31, 2020		$ Change		% Change
Shareholders' equity	$	7,850	$	6,840	$	1,011	14.8%
Total debt	$	10,000	$	-	$	10,000	N/A

Carebook's capital resources as at June 30, 2021 consisted of shareholders' equity and debt financing, while it consisted entirely of shareholders' equity as at December 31, 2020. The Company had repaid all of its indebtedness during the fourth quarter of 2020, but entered into the Credit Agreement of up to $11,000 in April 2021 in order to finance the acquisition of InfoTech and for working capital needs. As at June 30, 2021, the Company had drawn $4,000 from the Term Loan Facility and $6,000 from Revolving Facility.

Since then, the Company completed an Offering of $11,280 which was used to partially repay the Revolving Facility, finance the cash portion of the acquisition of CoreHealth, and the balance will be used for working capital and general corporate purposes of the Company.

Refer to Notes 13, 18 and 20 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 June 30, and the debt and equity financing for the periods ending June 30 were as follows:

	As At June 30,			
	2021		2020	
Cash				
Cash and cash equivalents	**$**	**1,243**	**$**	**110**
	Six-Months Ended June 30,			
	2021		**2020**	
Other sources of funding:				
Debt financing	$	10,000	$	1,125
Equity investments	$	-	$	-
Total other sources	**$**	**10,000**	**$**	**1,125**

As at June 30, 2021, the Company has incurred $10,000 in debt financing from the $11,000 Credit Facility related to the Financing of the InfoTech acquisition. Since then, the Company completed an $11,280 private placement and repaid certain indebtedness. As of the date hereof, the Company's outstanding debt is $7,000 - $4,000 on the Term Loan Facility and $3,000 on the Revolving Facility.

Capital expenditures

Currently, capital expenditures are financed through cash generated from financing. 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 CoreHealth, and continues to invest in the ongoing development and enhancements to its digital platform including entering the employer and insurance verticals.

Debt financing

Carebook obtained $11,000 in debt financing in April 2021. In April 2021, the Company drew $4,000 from the Term Loan Facility and $5,000 from the Revolving Facility in order to finance the cash consideration portion of the acquisition of InfoTech, related M&A and transactions costs, and for general corporate and working capital purposes.

The intended use of the proceeds and their actual use are as follows:

	Intended		Actual		$ Variance		% Variance
InfoTech acquisition	$	8,000	$	7,899	$	(101)	-1.3%
M&A and transaction costs	$	500	$	521	$	21	4.2%
Working capital	$	500	$	580	$	80	16.0%
	$	9,000	$	9,000			

In June 2021, the Company drew an additional $1,000 from the Revolving Facility such that indebtedness at June 30, 2021 was $10,000. An additional $1,000 was drawn from the Revolving Facility in August 2021, prior to the Offering.

Pursuant to the terms of the Credit Agreement, Carebook had undertaken to complete, within 120 days following the closing date of the Financing, an offering of securities of the Company in an aggregate amount of up to $11,000 in equity, or a lesser amount dependent on certain events. Following the amendment to the Credit Agreement extending the deadline from 120 to 122 days, the Company completed the Offering of $11,280, which closed on August 5, 2021.

The Company financed its acquisition of CoreHealth using a portion of the net proceeds from the closing of the Offering, with the balance intended to be used to partially repay indebtedness, and for general corporate and working capital purposes.

The intended use of funds from the Offering is as follows:

	Intended
CoreHealth acquisition	$ 4,850
M&A and transaction costs	$ 1,300
Repayment of indebtedness	$ 4,000
Working capital	$ 1,130
	$ 11,280

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 June 30,			
	2021	2020	$ Change	% Change
Current assets	$ 2,478	$ 172	$ 2,305	N/A
Current liabilities	$ 12,980	$ 5,423	$ 7,557	139.3%
Total working capital (deficit)	**$ (10,502)**	**$ (5,251)**	**$ (5,252)**	**100.0%**

As at June 30, 2021, the Company had a working capital deficit of $10,502, compared to a deficit of 5,251 as at June 30, 2020. The decrease in working capital of $5,252 was due to the $10,000 of debt financing incurred during the second quarter of 2021 in order to finance the acquisition of InfoTech and for general corporate purposes.

In August 2021, the Company completed the Offering, raising aggregate proceeds of $11,280, of which a portion was used for partially repaying their current liabilities and for general working capital needs. This, combined with planned revenue growth in the business, is expected to improve the overall working capital position of the Company.

Outstanding Share Data

The authorized share capital of Carebook consisted of an unlimited number of common shares and an unlimited number of preferred shares. As at June 30, 2021, the following securities of Carebook were issued and outstanding:

(1) 34,963,149 common shares;
(2) 4,598,534 options to purchase common shares; and
(3) 7,885,499 warrants to purchase common shares.

As at the date hereof, the following securities of the Company are issued and outstanding (including securities issued upon closing of the Offering and the acquisition of CoreHealth):

(1) 47,752,356 common shares;
(2) 4,594,034 options to purchase common shares; and
(3) 14,199,299 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 17 of its Financial Statements.

Related party transactions that took place during the first half 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 half of 2021, total expenses related to the services of the CFO were $96, with $48 being incurred during the second quarter of 2021. In April 2021, this agreement was extended for an additional six months.

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, upon closing of the RTO, beneficially owned or had 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, at that time, 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.

In July 2021, the Company agreed to extend for an additional two-year period the expiry date of 2,156,265 common share purchase warrants expiring July 29, 2021 owned by MedTech Investment L.P. an entity controlled by Dr. Sheldon Elman and Stuart M. Elman (the "**Principal Warrants**"), each a director of the Company. The Principal Warrants will therefore expire on July 29, 2023. All other terms and conditions of the Warrants remain unchanged, including the exercise price of $1.2429 per common share.

Certain officers (collectively, the "**Insiders**") of Carebook subscribed in the Offering for an aggregate of 60,000 Units (defined below). As related parties of the Company participated in the Offering, their subscriptions were deemed to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company relied on an exemption from the formal valuation and minority shareholder approval requirements set out in MI 61-101, as the fair market value of the Insiders' participation in the Offering does not exceed 25% of the Company's market capitalization calculated in accordance with MI 61-101. More information on the Offering can be found at Note 21 - Subsequent Events.

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 Financial Statements.

CHANGES IN ACCOUNTING POLICIES

No significant changes were made to the Company's accounting policies during the second quarter of 2021.

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 implemented measures to identify, monitor and, to a certain extent, mitigate such risks and uncertainties. Such measures include, among others, creating and marketing viable software products for sale and distribution, the supervision by the board of directors and management of the Company, 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 such customer 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 of directors 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow risk. This risk is partially offset by cash and cash equivalents earning interest at variable market rates.

Financial assets and liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company is not currently exposed to significant risk with respect to financial assets and liabilities due to their short-term maturities.

With respect to floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in the reference rates such as CDOR or LIBOR, the rate of bankers' acceptances and the Canadian prime rate.

During 2020, the Company's interest rate risk arose principally from the Term Note. In 2021, the interest rate risk stems from the Credit Facilities.

All other things being equal, a reasonably possible 1.0% increase in the interest rate applicable to the daily balances of the Credit Facilities and Term Note would have had a negative impact of $23 and $12 in the Company's loss for the six months ended June 30, 2021 and 2020, respectively. A 1.0% decrease in the interest rate would have had the opposite impact on the Company's net loss.

Foreign exchange risk

In 2020, the Company had minimal risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. However, since the acquisition of InfoTech, the Company is faced with risk attributable to revenue invoiced and collected in U.S. dollars. 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 June 30, 2021 or 2020.

Foreign exchange rate sensitivity

The Company is exposed to changes in currency exchange rates on certain of the Company's operating transactions, when revenue and expense transactions are denominated in a currency other than the Canadian dollar, the Company's functional currency. With the acquisition of InfoTech, the Company has an increased exposure to the U.S. dollar. A hypothetical 10% strengthening (weakening) of the U.S. dollar in relation to the Canadian dollar from June 30, 2021 levels would have had an impact of +/- $69 on net loss.

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 7 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. During the quarter, the Company entered into debt financing which included a condition that the Company raise $11,000 in capital by August 4, 2021 should it wish to proceed with a specific acquisition. In August 2021, the Credit Agreement was amended such that the Company was required to raise $11,280 by August 6, 2021 and complete the acquisition of CoreHealth. The Company met this capital raise obligation through the Offering and the Acquisition, both of which are described in Note 21 of the Financial Statements.

The reader is cautioned that the foregoing list of risks is not exhaustive. Readers are encouraged to review and carefully consider the risk factors discussed under the heading "*Note 15 – Risk Management*" of the Financial Statements. In addition, a discussion of the risks and uncertainties to which Carebook is subject is presented in the section entitled "Risk Factors" of the Company's Listing Application dated September 28, 2020 and filed on SEDAR under the Company's profile at www.sedar.com. See also the section entitled "Forward-Looking Statements" starting 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, involve 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 and Financial Statements.

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 COVID-19 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 half 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. Carebook has identified significant opportunities for growth within the global pharmacy vertical as well as with its innovative scan technology.

- Following the closing on April 6, 2021 of the acquisition of InfoTech, Carebook has been building a roadmap for the employer vertical and assessing 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 several quarters.

- With the announcement of the closing of the acquisition of CoreHealth on August 9, 2021, Carebook will assess further opportunities for integration and co-selling based on CoreHealth's industry leading technology platform that powers health and wellness programs for major corporations and organizations around the world.

- 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. There is no guarantee that sufficient or appropriate acquisition opportunities will be available to the Company, that financing will be available on acceptable terms or that, once acquired, new businesses will be successfully integrated into the Company's operations.