Carebook

CAREBOOK TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTERS ENDED March 31, 2022, and 2021

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, 2022. 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 30, 2022, is intended to improve the interpretation of the Company's unaudited consolidated financial statements for the three-month periods ended March 31, 2022 and 2021 (the "**Financial Statements**"), and should therefore be read in conjunction with said document and its accompanying notes.

BASIS OF PRESENTATION

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, when referring to stock options, warrants or units, 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 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 new financing 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 acquisitions of 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 markets; dependence on strategic partners; information security breaches and disruptions; growth limitations; additional financing and sources; development and enhancement of new products; competitive environment; international expansion; international operations; acquisitions; 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 May 30, 2022, 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 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 Technologies (2020) Inc., formerly known as Carebook Technologies Inc. ("**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. 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.

On January 1, 2021, these three entities were amalgamated pursuant to the BCBCA and the amalgamated entity retained the name "Carebook Technologies Inc."

Effective as of September 15, 2021, the Company continued (the "**Continuance**") out of the jurisdiction of the *Business Corporations Act* (British Columbia) and into the jurisdiction of the *Canada Business Corporations Act* (the "**CBCA**").

The Continuance was approved by the shareholders of the Company at the annual general and special meeting of shareholders held on June 30, 2021. Copies of the governing documents of the Company following the Continuance are available on SEDAR under the Company's profile at www.sedar.com.

The Business of Carebook

Headquartered in Montreal, Canada, Carebook is dedicated to the use of science and technology to provide exceptional health experiences. Led by a world class team and experienced board of directors, the Company has adopted a people-first view of the use of technology in healthcare delivery, and its goal is to create accessible, connected healthcare for everyone.

The Carebook platform connects approximately 3.5 million members to a host of healthcare solutions and providers, empowering these individuals to take control of their own health journeys.

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

On April 6, 2021, Carebook completed the acquisition of InfoTech Inc. (“**InfoTech**”), doing business as Wellness Checkpoint®, a global web-based service used by many Global Fortune 500 companies in over 100 countries that is translated into 26 languages (and counting). 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. Representative clients include multinational companies in the aerospace, financial, food processing, technology, pharmaceutical, manufacturing and resources sectors, many of whom have been utilizing the platform for over ten years.

On August 6, 2021, the Company completed its acquisition of all the issued and outstanding securities of CoreHealth Technologies Inc. (“**CoreHealth**”), an industry leading company providing a technology platform that serves over two million members around the world, by powering health and wellness programs for major corporations and organizations.

Integration of InfoTech and CoreHealth is complete with additional opportunities for expansion and synergies identified as we continue to explore cross selling opportunities. These integration efforts included restructuring to create new efficiencies, redeploying capital and resources towards growing areas of the business, unifying backend processes and technologies, and ensuring all customers have access to the Company’s consolidated comprehensive wellness solutions.

Carebook’s offering can be broken down into two complementary products. The first is platform as a service for employers and wellness providers, and the second is software as a service providing employee health assessments and insights for employers. In the employer vertical, Carebook’s ideal customers are medium to large employers across a variety of industries, as well as key pharmacy clients, who aim to improve their employees’ health, attendance, and productivity. The Company provides these employers with a comprehensive suite of digital health solutions for assessing the underlying health and wellness concerns of their employees and facilitating appropriate solutions. The Company also caters to major pharmacy retailers.

Carebook is constantly seeking to improve the quality of its platform, expand the services that support its platform, and increase the quantity of providers that rely upon its platform to deliver health and wellness solutions to employees.

Our Vertically Integrated Technology Stack

Carebook offers its customers diversified product offerings, dedicated marketing approaches, and tailored features. The primary product offerings include:

- **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 employee cohorts. Employers around the world have realized the need to provide wellness services and mental health supports for their employees. Wellness Checkpoint®'s suite of mental health assessments, including psychological well-being, resilience, financial well-being, and stress@work, offer employers the ability to perform accurate assessments and develop a meaningful understanding of the challenges faced by their employees.

- **The CoreHealth solution** is an industry leading platform that powers health and wellness programs. CoreHealth offers corporate wellness providers and group benefits providers a robust technology platform-as-a-service to power programs and engage employees with various interventions like coaching, self-directed programs, group challenges, and habit trackers. The platform offers over 30 services in the form of APIs including scheduling, teleconferencing, questionnaires, content feeds, messaging and more. These services are offered by an expanding network of direct health and wellness providers and resellers. The technology is flexible, configurable, and scalable, and easy to integrate.

The combination of Wellness Checkpoint®'s assessment tools and CoreHealth's targeted solutions creates a complete, comprehensive digital health platform.

Carebook also 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, health assessments, as well as receive recommendations based on their results to help reduce the risk of chronic diseases, including access to health professional services to support them on their health journey. Individuals also have the ability to purchase products and earn rewards through loyalty program and e-commerce integrations. This single point of access creates a seamless, connected, and consolidated health and wellness experience.

Consolidated Highlights for the Quarter Ended March 31, 2022

	Three months ended March 31,			
	2022	2021	$ Change	% Change
Revenue	$ 2,397	$ 863	$ 1,534	177.8%
Gross Profit	$ 2,233	$ 789	$ 1,444	183.0%
Net Loss from Operations	$ (1,668)	$ (2,059)	$ 391	-19.0%
Net Loss	$ (1,803)	$ (2,257)	$ 454	-20.1%

- Revenue for the quarter ended March 31, 2022 was $2,397 compared to $863 for the quarter ended March 31, 2021, an increase of 177.8% year-over-year, driven by the acquisitions of InfoTech completed in Q2 2021 and CoreHealth completed in Q3 2021.
- Net loss for the quarter ended March 31, 2022 was $1,803 compared to $2,257 for the quarter ended March 31, 2021, a decrease of 20.1% year-over-year. While the acquisitions of InfoTech and CoreHealth increased operating expenses for the quarter ended March 31, 2022, this was more than offset by the incremental revenue and cost reductions that were implemented as of November 1, 2021. This positive impact was partially offset by an increase in finance costs.

- **LifeLabs**

On January 10, 2022, Carebook announced that they will be working with LifeLabs, Canada's largest community medical laboratory network, to deliver valuable insights to LifeLabs' MyCareCompass customers through integration with Carebook's CoreHealth digital platform. This multi-year licensing agreement will deliver even greater value to LifeLabs' customers, empowering them to conveniently manage their healthcare through MyCareCompass. The CoreHealth assessment tool is an innovative solution that can integrate with existing digital systems to provide a greater understanding of immediate and long-term health care needs of users. Through integration with LifeLabs' free and secure MyCareCompass portal, over six million users will have access to personalized insights from the CoreHealth solution. These easily accessible insights are critical in supporting better healthcare outcomes for customers.

Subsequent Events

- **Appointment of new Chief Financial Officer ("CFO")**

On May 26, 2022, Carebook announced the appointment of Mr. Olivier Giner as the new CFO of the Company, effective as of June 1, 2022.

- **Air Canada**

On April 25, 2022, Carebook announced a contract with Air Canada for the inclusion of the Carebook CoreHealth platform in its employee portals.

Air Canada is using Carebook's CoreHealth total well-being platform to connect their employees to a comprehensive suite of leading health and wellness programs, content and solutions. CoreHealth's platform is easy to use and highly configurable giving Air Canada the ability to deliver specific wellness programming to meet the individual needs of their employees. The CoreHealth solution builds upon the current organizational understandings provided by Carebook's Wellness Checkpoint® assessment tool which has been in use with Air Canada since 2017. When coupled together, these two leading solutions offer Air Canada an unparalleled opportunity to curate relevant programming that will help improve the health and wellness of all Air Canada employees. Air Canada will be one of the first world-class employers to benefit from the combined power of Carebook's integrated assessment and wellness solutions, and provides the company with an international showcase for its solutions capability.

- **Contract Awards**

The Air Canada contract highlights a record period for Carebook with regards to new orders received. Carebook has booked $6,400 in new sales ranging from two to five years in length since November 1, 2021. These contracts, from a diverse base of clients located in the U.S. and Canada, provide confirmation of the success of Carebook's strategy and renewed focus on the fast-growing employer vertical.

- **Rights Offering and Stand-by Commitment Agreement**

On April 11, 2022, the Company announced an offering of rights (the "**Rights Offering**") to holders of its common shares of record at the close of business on April 19, 2022. Pursuant to the Rights Offering, each holder of common shares received one transferable right (a "**Right**") for each common share held. Every 1.5917452 Rights entitled a holder to purchase one (1) common share at a price of $0.15 per common share. The Rights Offering expired at 5:00 pm (Eastern Time) on May 12, 2022 and was completed on May 17, 2022, The Rights Offering resulted in the issuance of 17,107,749 common shares of Carebook at a price of $0.15 per share for proceeds to the Company of approximately $2,570.

In accordance with the terms of the stand-by commitment agreement (the "**Stand-by Commitment Agreement**") dated April 11, 2022 between the Company and UIL Limited ("**UIL**"), the Company issued 12,892,251 additional common shares to UIL, at a price of $0.15 per share, for additional proceeds to the Company of approximately $1,930, resulting in the Company receiving aggregate proceeds of $4,500 under the Rights Offering. UIL was also issued 193,383 common share purchase warrants (the "**Warrants**") pursuant to the Stand-by Commitment Agreement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.16 per share at any time within 24 months of their issuance.

Additional details on the Rights Offering are included in the Rights Offering circular, which was, together with the Rights Offering notice, filed under Carebook's profile on SEDAR at www.sedar.com.

Prior to the Rights Offering, UIL beneficially owned or exercised control or direction over, directly or indirectly, 14,220,200 common shares, representing 29.8% of the issued and outstanding common shares. UIL also owned, or had direction or control over 5,500,000 warrants to purchase common shares. Following completion of the Rights Offering, UIL owns, exercises control or has direction over, directly or indirectly, 36,046,167 common shares, representing approximately 46.4% of the currently issued and outstanding common shares, as well as 5,693,383 warrants to purchase common shares.

In addition, prior to the Rights Offering, SAYKL, a company controlled by Dr. Sheldon Elman, Chair of the Company and Stuart M. Elman, director of the Company, beneficially owned or exercised control or direction over, jointly with its affiliates, 17,366,330 issued and outstanding common shares, representing 36.4% of the issued and outstanding common shares. Following completion of the Rights Offering, SAYKL beneficially owns or exercises control or direction over, directly or indirectly, 24,032,996 common shares, representing 30.9% of the issued and outstanding common shares. SAYKL and its affiliates also own or exercise control or direction over 330,000 common shares issuable upon exercise of stock options and 2,617,214 common share purchase warrants.

Each of UIL and SAYKL is a "related party" of the Company under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") because it exercises control and direction over more than 10% of the issued and outstanding Common Shares. The Rights Offering was not subject to the related party transaction rules under MI 61-101 based on a prescribed exception related to rights offerings.

The Company intends to use the net proceeds of the Rights Offering to repay indebtedness, for working capital and for general corporate purposes.

Financing & Corporate Development

- **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**").
    - On April 7, 2022, the Company entered into an amendment to the Credit Facilities. Under the amendment, the Lenders have agreed to provide the Company with (i) a $3,000 demand revolving facility and (ii) a $4,000 non-revolving term loan facility, subject to mandatory repayment as described below. Moreover, the maturity date of Term Loan Facility has been extended to November 30, 2022, provided that the Company must make a mandatory prepayment of $1,000 on the Term Loan Facility no later than May 31, 2022,

which was subsequently extended to June 15, 2022 at the request of the Company's lenders, after which the outstanding amount under the Term Loan Facility will be $3,000. As at the date hereof, the Term Loan Facility has been fully drawn and the Company accessed less than $300 of the Revolving Facility, so a balance of approximately $2,700 is available. The applicable margin on each of the Credit Facilities has also been increased to 9.0%, effective as of April 7, 2022. For more information on the Credit Facilities, please see Carebook's annual audited consolidated financial statements for the year ended December 31, 2021 and the accompanying MD&A.

- **Stock Option Plan Amendment:** On May 18, 2022, 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 6,237,779 to 13,995,424. At the annual general and special meeting of shareholders scheduled for June 29, 2022 (the "**Meeting**"), a majority of disinterested shareholders present in person or represented by proxy at the Meeting will vote on the Stock Option Plan Amendment, which was conditionally approved by the TSX-V.

  Refer to the Company's Management Information Circular with respect to the Meeting dated May 18, 2022 and filed under the Company's profile on SEDAR on May 27, 2022 for further details on the Stock Option Plan Amendment.

Key Performance Indicators

Carebook monitors the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Key performance indicators may be calculated in a different manner than similar key performance indicators used by other companies.

	Three months ended March 31,			
		2022		2021
Revenue	$	2,397	$	863
Gross Profit	$	2,233	$	789
Net Loss from Operations	$	(1,668)	$	(2,059)
Customers		96		2

Targeted Growth Strategy

Carebook's growth strategy seeks to capitalize on a rapidly evolving digital healthcare landscape. The Company's strategy focuses on accelerating organic customer expansion by delivering a continuously improving suite of comprehensive employee wellness solutions. These solutions leverage our unique approach to customer engagement, experienced customer service team, existing infrastructure, and solid reputation.

Carebook's acquisitions of InfoTech and CoreHealth establish the Company as a leader in the provision of digital health and wellness with customers across the globe. Carebook is delivering on its stated objective to be the connector to a new model of healthcare. With the integration of these acquisitions substantially completed late in 2021, the Company can now offer a wide range of best-in-class health and wellness assessments and solutions to add depth to its offerings targeting employers and insurers. Both InfoTech's Wellness Checkpoint® platform and CoreHealth's leading wellness technology platform are used by global businesses of significant size, providing considerable market recognition and validation. The combination of these solutions allows Carebook to offer employers not only the means to assess and understand their employees' health challenges, but also to provide specific, targeted, and customized solutions to improve employee health, wellness, and productivity.

The Company complements this organic strategy by seeking out accretive acquisitions and partnerships that improve the accessibility, quality, and functionality of its comprehensive solutions, surrounding ecosystem, and supporting services. Carebook has adopted a disciplined approach towards exploring strategic M&A opportunities in order to grow its reach in other markets and offer new services to its customer base, while maintaining a focus on its organic growth. Carebook has also started the expansion of its partnership catalog of third-party solution providers who can be connected through the CoreHealth portals to employers; thus expanding the basis of Carebook's offerings and capturing more value.

Customer, Market & Product Highlights

Employer Vertical

Carebook's acquisitions have positioned the Company to serve the $37 billion[1] global corporate wellness market for employers. To grow the Company's position effectively and efficiently within this market, five main strategies have been identified for the integrated comprehensive solution:

- **Provide increased foothold in the employer vertical** – Carebook's sales team is expanding the sales of the integrated end-to-end solution offered by merging the Wellness Checkpoint® and CoreHealth offerings and engaging in more prospecting and outbound sales activity targeting large and medium sized employers.

[1] Source: Grand View Research, Corporate Wellness and Market Size, 2021-2028; Research and Markets, Global Corporate Wellness Market Analysis 2018-2019 & Outlook to 2023

- **Show traction for targeted offerings** – Carebook is exploring partnerships where Wellness Checkpoint® and CoreHealth can showcase their integrated offerings and combine them with providers and resellers who offer complete health and wellness solutions for the workplace.
- **Product standardization** – Carebook is reviewing its offerings to increase its ability to offer standard product suites to employers to accelerate their decisions and shorten the current sales cycle for our solutions.
- **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 its significant data sets to support sales efforts and enhance its offerings through critical partnerships and strategic alliances that offer solutions to the employee wellness challenges that are most commonly experienced by large and medium sized employers.

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 enables Carebook to reduce some of its productivity and collaboration costs.

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 success and users have been responding positively to the platform. As at April 2, 2022, App Store ratings (iOS users) were 4.5/5 stars, and Google Store (Android users) were 4.6/5 stars. During the first quarter of 2022, the Be Well program maintained an average Net Promoter Score of 75%.

- **Change in Contract Scope:** Effective October 2021, and in accordance with the terms of their agreement, Carebook's major pharmacy client reduced the scope of work for their ongoing multi-year contract. This reduction resulted in a run rate of approximately $1,600 in revenue per year. As of March 1, 2022, the scope of work and resulting revenue was increased slightly and has the potential to increase further.

- ***Launch of Caregiver Solution:*** In June 2021, 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:*** With a patient-centered, pharmacist-friendly approach, Carebook is evolving its digital solution to improve medication adherence. 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 offers 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 first phase of our medication adherence solution, the medication reminders module, is ready and is now part of our pharmacy offering (iOS and Android).

- ***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 vaccines and doses they have received.

COVID-19

While the Company cannot predict the effect and ongoing COVID-19 pandemic, management does not expect the pandemic will impair the Company's ability to meet financial and other reporting disclosure requirements on a timely basis. The pandemic has created different impacts on each section of the Company's business:

- Within the employer vertical, restrictions on travel have led to delays within the Company's typical sales process. However, the stress caused by the pandemic has increased employers' recognition of the importance of mental health, which has in turn led to increased interest in the Company's offerings.
- Within the pharmacy vertical, the pandemic led to some disruption to the Company's business development and global expansion initiatives, partially restricting the sales process, which resulted in fewer than expected sales in 2021 and the quarter ended March 31, 2022.

In general, COVID-19 has accelerated the adoption of technology across both the global and Canadian healthcare systems, which the Company expects will increase demand for digital healthcare solutions.

OUTLOOK

The digital health market is being driven by a comprehensive transformation in how patient care is being delivered and 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.

While Carebook's origins lie within the pharmacy vertical, the company believes the employer and insurance markets provide the greatest opportunity for growth. Carebook plans to pursue and capture additional share of these markets through customer acquisition and product improvement. Carebook continues to leverage its medical and engagement expertise across its core technology platforms to address these opportunities.

From a foundation of health expertise and a core, "people-first" philosophy, Carebook offers turnkey, modular, connected systems that can be white-labeled to increase revenue, engagement, and health outcomes. Following the acquisitions and successful integrations of InfoTech and CoreHealth, Carebook has created a comprehensive health and wellness solution for employers and their employees, as well as a complementary supporting ecosystem of services. Carebook can now provide **both** the assessment and reporting of employee health and wellness challenges as well as curate a specific and targeted set of solutions that are uniquely configured for each employer to help improve the health and wellbeing of its employees.

The Company's approach for the pharmacy vertical has been to develop a tailored digital platform which can then be rebranded and offered to multiple clients on a global basis. The pharmacy solutions offer prescription fill and refill capabilities alongside loyalty and customer management software. As pharmacists have been asked to provide more frontline healthcare services, Carebook can offer pharmacists more tools to enable a deeper understanding of the health concerns faced by their clients as well as an expanding set of health modules and partnerships to truly enable pharmacists to build lasting connections and value to their end customers.

Carebook continues to consider acquisitions that provide an opportunity to enhance its offerings and the development of their surrounding ecosystem. However, the Company does not anticipate maintaining the pace of acquisition demonstrated in 2021.

FINANCIAL PERFORMANCE ANALYSIS

The financial information presented in the tables below has been derived from the Company's Financial Statements and their accompanying notes, prepared in accordance with International Financial Reporting Standards ("**IFRS**") for the three months ended March 31, 2022 and 2021.

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, 2022	$	2,397	$	(1,803)	$	(0.04)
December 31, 2021	$	1,934	$	(11,685)	$	(0.24)
September 30, 2021	$	1,799	$	(3,299)	$	(0.07)
June 30, 2021	$	1,139	$	(2,425)	$	(0.07)
March 31, 2021	$	863	$	(2,257)	$	(0.07)
December 31, 2020	$	844	$	(5,533)	$	(0.18)
September 30, 2020	$	865	$	(1,632)	$	(0.07)
June 30, 2020	$	857	$	(2,910)	$	(0.23)

Revenue

Prior to the acquisitions of InfoTech and CoreHealth, the Company's revenue was nearly entirely generated from its multi-year agreement with its key customer. Carebook's statement of work with its key customer is updated annually in March. Despite a contractual decrease in revenue commitment of this customer in March 2021 and in October 2021, Carebook has seen an incremental increase in revenue during the second, third, and fourth quarters of 2021 due to its acquisitions of InfoTech and CoreHealth.

Revenue generated by InfoTech was $661 in the first quarter of 2022 (nil for the first quarter of 2021). CoreHealth added $1,224 of revenue during the first quarter of 2022 (nil for the first quarter of 2021).

Except due to lost customers, recurring revenue generated by these acquisitions is expected to increase incrementally for the first four full quarters following the respective acquisitions due to a change in revenue recognition following their adoption of IFRS 15 on the acquisition date.

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.

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. This non-recurring stock-based compensation expense resulted in a significant increase in the Company's net loss for that period.

During the third quarter of 2020, the Company incurred significant expenses in connection with 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.

In the fourth quarter of 2020, the Company issued stock options to its directors and employees of the Company, which were partially expensed during the quarter. In addition, 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. The Company also 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 and third quarters 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 and CoreHealth'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 Accounting Standards for Private Enterprises prior to the acquisitions.

In addition, during the third quarter of 2021, the Company incurred a warrant expense of $569. This was driven by a two-year extension of the life of the Principal Replacement Warrants. For more information, refer to Notes 15 and 19 of the annual audited consolidated financial statements for the year ended December 31, 2021 .

In the fourth quarter of 2021, the net loss increased mainly due to the recognition of $7,170 in goodwill impairment for the acquisition of the legacy Carebook platform in 2016 and the acquisition of InfoTech's Health Risk Assessment business, as disclosed in Note 11 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Additionally, the increase in operating expenses (mainly labour) associated with the acquisitions of InfoTech (second quarter) and CoreHealth (third quarter) contributed for the increase in net loss.

In the first quarter of 2022, the Company recorded $122 of stock option expense related to the options granted in past periods. While the acquisitions of InfoTech and CoreHealth increased operating expenses for the quarter ended March 31, 2022 when compared to the same period of the previous year, this was more than offset by the incremental revenue and additional reductions in operating expenses as a result of cost-reduction strategy that was implemented as of November 1, 2021. This positive impact was partially offset by an increase in finance costs due to the financings that occurred in the second and fourth quarters of 2021 (Credit Facilities and Loan Agreements, respectively).

DISCUSSION OF OPERATIONS

Statements of Comprehensive Loss

For the quarters ended March 31, 2022 and 2021:

	Quarters ended March 31,						
		2022		2021		$ Change	% Change
REVENUE	$	2,397	$	863	$	1,534	177.8%
Cost of revenue	$	164	$	74	$	90	121.6%
Gross profit	**$**	**2,233**	**$**	**789**	**$**	**1,444**	**183.0%**
EXPENSES							
Sales and marketing	$	876	$	476	$	400	84.0%
Research and development	$	1,683	$	1,446	$	237	16.4%
General and administrative	$	1,342	$	926	$	416	44.9%
Loss from operations	**$**	**(1,668)**	**$**	**(2,059)**	**$**	**391**	**-19.0%**
Transaction costs	$	-	$	111	$	(111)	-100.0%
M&A costs	$	-	$	71	$	(71)	-100.0%
Finance costs	$	272	$	16	$	256	N/A
Net loss before taxes	**$**	**(1,940)**	**$**	**(2,257)**	**$**	**317**	**-14.0%**
Income tax expense (gain)	$	(137)	$	-	$	(137)	N/A
Net loss	**$**	**(1,803)**	**$**	**(2,257)**	**$**	**454**	**-20.1%**
Total comprehensive loss	**$**	**(1,803)**	**$**	**(2,257)**	**$**	**454**	**-20.1%**

Revenue analysis

Revenue for the quarter ended March 31, 2022 was $2,397, compared to $863 for the quarter ended March 31, 2021, an increase of $1,534 or 177.8% which is driven by the acquisitions of InfoTech and CoreHealth ($1,885), offset by a reduction of $350 in revenue related to the pharmacy vertical as this line of businesses faced challenges during 2021 because of the COVID-19 pandemic, which led to some disruption to the Company's business development and global expansion initiatives directly related to the pharmacy vertical, partially restricting the sales process, which resulted in fewer than expected sales in 2021 and first quarter of 2022.

Revenue generated during the first quarter of 2021 was entirely from the pharmacy vertical, whereas revenue generated in the quarter ended March 31, 2022 was 21% from the pharmacy vertical and 79% from the employer vertical.

Total comprehensive loss analysis

Total comprehensive loss was $1,803 for the quarter ended March 31, 2022, compared to a loss of $2,257 for the first quarter of 2021, a decrease of $454, or 20.1%.

The loss from operations decreased by 19.0% year over year from $2,059 in the first quarter of 2021 to $1,668 in 2022. While the acquisitions generated additional operating expenses due to the increase in headcount and other expenses, these costs were more than offset by the increase in revenue generated from the same acquisitions and cost reduction measures taken during the fourth quarter of 2021.

Non-routine transaction and M&A expenses occurred during the first quarter of 2021. Those expenses did not occur during the same period of 2022. Additionally, Finance Costs increased from $16 in the first quarter of 2021 to $272 during the same period of 2022, mainly because of the increase in Borrowing, driven by the financings needed to complete the acquisitions of InfoTech and CoreHealth – see Note 13 of the Financial Statements.

Cost of revenue

The cost of revenue for the quarter ended March 31, 2022 was $164 compared to $74 in the same period of 2021. The increase of $90 (121.6%) is attributed to the expenses incurred to support clients in the employer vertical.

Expense analysis

Total operating expenses for the first quarter of 2022 were $3,901 compared to $2,848 incurred in the same period of the previous year, an increase of $1,053. The increase in operating expenses was attributed to the additional headcount and other expenses from the acquisitions, partially offset by a decrease in labour costs related to the pharmacy vertical. Variances in operating expenses will be further broken down by function, below.

Sales & marketing expenses

Sales & Marketing expenses increased on the first quarter of 2022 to a total of $876, driven mainly by labour costs derived from the acquisitions of InfoTech and CoreHealth as the headcount increased, partially offset by a decrease in labour costs related to the pharmacy vertical. In addition, a portion of the earnout and deferred purchase price of CoreHealth is contingent upon the continued employment of the sellers of CoreHealth to Carebook, who are a part of the sales and marketing department and is treated under IFRS 2 as post-acquisition remuneration. As a result, sales and marketing expenditures increased by $400 from $476 in the first quarter of 2021 to $876 in 2022.

Research & development expenses

Research and development expenses increased by $237 from $1,446 in the first quarter of 2021 to $1,683 in 2022, mainly due to an increase of Depreciation & Amortization ($457) and was driven by the amortization of intangible assets related to intangible assets acquired such as trademarks, capitalized development, and technology. These intangible assets are being amortized over a period between 6 and 10 years (see Note 3 Business Combination of the Company's annual audited consolidated financial statements for the year end December 31, 2021). The increase in research and development was partially offset by a decrease in labour expenses ($282) as a direct result of the reduction in headcount of research and development associated with the pharmacy vertical.

Research and development costs increased by $48 in the first quarter of 2022 compared to the first quarter of 2021 from $184 to $232. These costs are primarily for hosting and software licenses used across the businesses' research and development departments and have increased due to the headcount increase from the acquisitions.

General & administrative expenses

General and administrative expenses for the first quarter of 2022 were $1,342 compared to $926 during the same period of 2021. The main drivers of the $416 increase were the increased labour and employee benefit costs associated with additional headcount from acquisitions, as well as severance and other termination expenses related to certain employees that left the company during the first quarter of 2022. Additionally, professional fees were higher when compared to the first period of 2021, as the company incurred considerably more professional fees since becoming a public company in October 2020, mainly related to audit and general securities laws compliance. Stock option expenses for general and administrative employees were lower in the first quarter of 2022 relative to 2021 by $151 primarily due to stock option grants in connection with the RTO, which completed their vesting during 2021 therefore no expenses related to those options were recognized during the first quarter of 2022.

Other expenses

There have been no M&A and Transactions costs incurred during the first quarter of 2022, while M&A and Transactions costs totaled $71 and $111, respectively, during the same period of 2021. These non-routine expenses incurred during the first quarter of 2021 relate to actions regarding M&A opportunities, in particular the acquisition of InfoTech and debt financing for this acquisition.

PRO-FORMA IMPACT OF BUSINESS COMBINATIONS WITH INFOTECH AND COREHEALTH:

The Company completed the acquisition of InfoTech on April 6, 2021 and the acquisition of CoreHealth on August 6, 2021. Had Carebook completed the acquisitions of InfoTech and CoreHealth on January 1, 2021, the Company's consolidated revenues and net loss for the quarter ended March 31, 2021 would have been as follows:

	March 31, 2021
Revenue	2,250
Net Loss	(2,964)

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business for the quarter. 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 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 and CoreHealth had been acquired on January 1, 2021, the Company calculated the revenues according to the fair value of contract liabilities at the acquisition date.

Refer to Note 3 of the annual audited consolidated financial statements for the year ended December 31, 2021 for more information on the acquisitions of InfoTech and CoreHealth.

LIQUIDITY AND CAPITAL RESOURCES

The cash flow for the quarter ended March 31, 2022 was driven mainly by the impacts of the acquisitions and debt financings that occurred during the second, third and fourth quarters of 2021. This resulted in an overall cash use of $388 during the first quarter ended March 31, 2022.

Cash Flow Analysis

Cash flow for the quarters ended March 31, 2022 and 2021:

	Three months Ended March 31,			
	2022	2021	$ Change	% Change
Cash flows generated from (used for):				
Operating activities	$ (68)	$ (2,467)	$ 2,399	-97.2%
Investing activities	$ (117)	$ (15)	$ (102)	680.0%
Financing activities	$ (203)	$ (24)	$ (179)	745.8%
Net increase (decrease) in cash and cash equivalents	$ (388)	$ (2,505)	$ 2,117	-84.5%
Cash and cash equivalents - beginning of period	$ 1,455	$ 3,628	$ (2,173)	-59.9%
Cash and cash equivalents - end of period	$ 1,067	$ 1,123	$ (56)	-5.0%

Operating activities

Net cash used during the quarter ended March 31, 2022 for operating activities was $68 compared to $2,467 in 2021. The decreased usage is driven by changes in non-working capital items during the period due to the acquisitions of InfoTech and CoreHealth, and the combined operations of the three entities.

The Company expects that use of cash from operations will decrease in 2022 relative to 2021 due to the combined operational synergies of the Company after the acquisitions and cost reduction strategies implemented during the fourth quarter of 2021.

Investing activities

Net cash used for investing activities for the first quarter of 2022 was $117, compared to $15 in the corresponding period of 2021, an increase of $102, driven by the payment of the adjustment relating to working capital payable associated with the acquisition of InfoTech ($88) and for the capitalization of development costs associated with CoreHealth ($29).

Financing activities

Cash used in financing activities totaled $203 during the quarter ended March 31, 2022, compared to $24 in 2021. The cash consumed in the first quarter of 2022 is derived from the payment of interest associated with the debt financings that occurred in 2021 (Credit Facilities and Loan Agreements).

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, 2022		
	Less than 1 year	1-5 years	After 5 years
Contractual obligations	$ 179	$ 640	$ 177

Capital Resources

	March 31, 2022	December 31, 2021	$ Change	% Change
Shareholders' equity	$ 4,929	$ 6,413	$ (1,484)	-23.1%
Total debt	$ 8,000	$ 8,000	$ 0	N/A

Carebook's capital resources as at March 31, 2022 consisted of shareholders' equity and debt financing, which is in line with the capital resources for December 31, 2021.

No changes related to debt occurred during the first quarter of 2022.

Please refer to Note 13 of the Financial Statements for more information on the Company's total debt.

Sources of funding

The Company finances its development operations and meets its capital requirements primarily through revenue from customers, debt financing and equity investments.

There were no debt or equity financings for the three months ended March 31, 2022 and 2021. On May 17, 2022, the Company completed its Rights Offering, which resulted in proceeds to the Company of $4,500. See "Subsequent Events – Rights Offering and Stand-by Commitment Agreement" for more information.

The details of cash balances as at March 31 were as follows:

	As at March 31,	
	2022	2021
Cash		
Cash and cash equivalents	$ 1,067	$ 1,123

As at March 31, 2022 and December 31, 2021 the Company's outstanding debt was $8,000; $4,000 from the Term Loan Facility, $3,000 from the Revolving Facility, and $1,000 from the Loan Agreements.

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 and recruitment of personnel will be ongoing 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.

Debt financing

No debt financing activities took place during the first quarter of 2022.

In April 2022, the Company entered into an agreement with the Lenders to amend its Credit Facilities. See "Subsequent Events – Financing & Corporate Development" for more information.

STATEMENTS OF FINANCIAL POSITION

Working Capital

	As At March 31,			
	2022	2021	$ Change	% Change
Current assets	$ 2,516	$ 1,690	$ 826	48.9%
Current liabilities	$ 14,349	$ 1,388	$ 12,961	933.8%
Total working capital (deficit)	$ (11,833)	$ 302	$ (12,135)	N/A

As at March 31, 2022, the Company had a working capital deficit of $11,833, compared to a working capital of $302 as at March 31, 2021. The reduction in working capital of $12,135 is driven by the $7,000 outstanding on the Credit Facilities, accrued liabilities related to the acquisitions of InfoTech and CoreHealth for the holdbacks and the current portion of the deferred purchase price for CoreHealth, and an increase in contract liabilities.

Other than the recently received funds from the Rights Offering, the Company does not expect its working capital position to improve in the short-term as the Company will need to secure additional equity or debt financing to settle acquisition related liabilities, fund its operations, and reimburse the Credit Facilities.

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 March 31, 2022 and December 31, 2021, the following securities of Carebook were issued and outstanding:

	March 31, 2022	December 31, 2021
Common shares	47,752,356	47,752,356
Options to purchase common shares	5,794,494	5,926,577
Warrants to purchase common shares	14,173,660	14,173,660

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

(1) 77,752,356 common shares;
(2) 5,697,494 options to purchase common shares; and
(3) 13,949,397 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 18 of its Financial Statements.

Related party transactions that took place during the first quarter of 2022 were concluded in the normal course of its operations.

RELATED PARTY AGREEMENTS

In June, 2020, the Company entered into a twelve-month agreement with a related party for the services of their CFO. During the quarter ended March 31, 2022, total expenses related to the services of the CFO were $49. In April 2021, this agreement was extended for an additional six months, and was subsequently extended through May 2022. The Company expects to incur $32 from April 2022 through May 2022 for these services.

In connection with the RTO, the Company entered into a Registration Rights Agreement and an Investors Rights Agreement with MedTech Investment L. P.

(“**MedTech**”) an entity controlled by Dr. Sheldon Elman and Stuart M. Elman, each a director of the Company. Under the Investors Rights Agreement and Registration Rights Agreement, and subject to the terms and conditions, MedTech 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.

OTHER RELATED PARTY TRANSACTIONS

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 (the “**Principal Warrants**”). 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. This resulted in a change in the fair value of the Principal Warrants, which was expensed in the third quarter of 2021.

Certain officers (collectively, the "**Insiders**") of Carebook subscribed in the Offering for an aggregate of 60,000 units as described in Note 23 of the annual audited consolidated financial statements for the year ended December 31, 2021. 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 in Note 23 of the annual audited consolidated financial statements for the year ended December 31, 2021 .

On December 22, 2021, the Company entered into the Loan Agreements with investors, UIL and SAYKL, for a total of $1,000 in aggregate gross proceeds.

Under the Rights Offering, UIL and SAYKL subscribed for 8,933,716 and 6,666,666 common shares, respectively. Moreover, as disclosed in the “Rights Offering and Stand-by Commitment Agreement” section, the Company entered into a Standby-Commitment Agreement with UIL resulting in the Company having issued 12,892,251 additional common shares to UIL, at a price of $0.15 per share, for additional proceeds to the Company of approximately $1,930, resulting in the Company receiving aggregate proceeds of $4,500 under the Rights Offering. UIL was also issued 193,383 common share purchase warrants pursuant to the Stand-by Commitment Agreement. Each Warrant entitles UIL to purchase one (1) common share at a price of $0.16 per share at any time within 24 months of their issuance.

Each of UIL and SAYKL is a "related party" of the Company under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") because it exercises control and direction over more than 10% of the issued and outstanding Common Shares. The Rights Offering was not subject to the related party transaction rules under MI 61-101 based on a prescribed exception related to rights offerings.

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 annual audited consolidated financial statements for the year ended December 31, 2021 .

CHANGES IN ACCOUNTING POLICIES

No significant changes were made to the Company's accounting policies during the first quarter of 2022.

Please refer to Note 2 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021 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. This risk has been partially mitigated by the acquisitions of InfoTech and CoreHealth because this key customer went from representing 99% of revenues to approximately 21% for the quarter ended 2022.

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 the first quarter of 2021, the Company did not have interest rate risk. In the first quarter of 2022, the interest rate risk stemmed from the Credit Facilities and the Loan Agreements.

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 Loan Agreements would have had a negative impact of $21 in the Company's loss for the quarter ended March 31, 2022 (nil for the quarter ended March 31, 2021).

Foreign exchange risk

In the first quarter of 2021, the Company had minimal risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. However, since the acquisitions of InfoTech and CoreHealth, 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 March 31, 2022 or 2021.

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 acquisitions of InfoTech and CoreHealth, 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 the first quarter of 2022 levels would have had an impact of +/- $67 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 15 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. In April 2021, the Company secured 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 (the "**Offering**") and complete the acquisition of CoreHealth. The Company met this capital raise obligation through the Offering described in Note 23 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. In December 2021, the Company entered into the $1,000 Loan Agreements to meet its ongoing liquidity needs. The Company continues to monitor its liquidity and has undergone significant cost reductions to ensure the business continues to operate as a going concern.

As discussed in "Subsequent Events – Financing & Corporate Development", in April, 2022, the company entered into an agreement with the Lenders to amend its Credit Facilities. Under the amendment, the Company must make a mandatory prepayment of $1,000 on the Term Loan Facility no later than June 15, 2022. The Company intends to use the funds raised as part of the Rights Offering to comply with such terms of the amendment.

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 16 – 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 and involves 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 carefully evaluate 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 the Financial Statements.