

Carebook

CAREBOOK TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED June 30, 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 June 30, 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 August 29, 2022, 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, 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 under International Financial Reporting Standards (“**IFRS**”) in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”) and interpretations of the IFRS Interpretations Committee (“**IFRIC**”). 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, the overall value of the Company’s multi-year contracts 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 and other 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 29, 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. ("**Pike**") 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. In connection with the Continuance, the Company adopted (1) the By-Law No. 2021-1 with respect to the transaction of the business and affairs of the Company, (2) a Forum Selection By-Law, and (3) an Advance Notice By-Law (collectively, the "**By-Laws**").

At the Company's annual general and special meeting of holders of common shares of the Company held on June 29, 2022 (the "**Meeting**"), shareholders were asked to consider, and if thought fit, to pass an ordinary resolution to approve and confirm the By-Laws. At the Meeting, such resolution was adopted without modification by a simple majority of the votes cast by shareholders present at the Meeting or represented by proxy.

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. 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 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 June 30, 2022

- Revenue for the quarter ended June 30, 2022 was \$2,335 compared to \$1,139 for the quarter ended June 30, 2021, an increase of 105% which was primarily driven by the acquisitions of InfoTech in Q2 2021 and CoreHealth in Q3 2021. Revenue generated in the quarter ended June 30, 2021 was 28% from the employer vertical and 72% from the pharmacy vertical, whereas revenue generated in the quarter ended June 30, 2022 was 25% pharmacy and 75% employer.
- Net loss for the quarter ended June 30, 2022 was \$2,435 compared to \$2,851 for the quarter ended June 30, 2021, a decrease of 14.6% year-over-year. While the acquisitions of InfoTech and of CoreHealth increased operating expenses for the quarter ended June 30, 2022, this was more than offset by the incremental revenue and cost synergies that were implemented following the acquisitions.

- **Record New Contracts Booked**

During the quarter, Carebook booked a record \$5,000 in new sales ranging from one to five years in length. 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 as well as significant additional work within the pharmacy sector.

- **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' capabilities.

- **Largest Single Contract received By CoreHealth**

On June 15, 2022, CoreHealth announced it had received its largest single contract ever from a U.S. based global leader in employee benefits offering services to more than one million plan participants. The \$2,900 multi-year contract contemplates the migration of all plan participants to the CoreHealth platform over the next 36 months. CoreHealth's solution was selected after a competitive process because of the phenomenal capabilities of its technology to offer flexible, configurable, and scalable solutions that are above all easy to integrate.

- **Expansion of Statement of Work with Major Pharmacy Client**

On July 13, 2022, Carebook announced a significant new order under its pharmacy solution agreement with its major pharmacy client. The additional statement of work ("**SOW**") expanding the scope under the agreement was signed in June 2022 and is worth an incremental \$1,500 over a one-year term, representing an increase of 83% in pharmacy contract value for Carebook.

Carebook has completed the expansion of its existing team for the solution, nearly doubling capacity to deliver on the continued development of its robust, customer-facing platform.

- **CoreHealth Announces METRO Inc. Partnership**

Subsequent to the quarter end, CoreHealth announced, on August 29, 2022, a binding agreement with Metro Inc. (TSX: MRU) ("**Metro**"), a food and pharmacy leader in Québec and Ontario, for the provision of digital health and well-being solutions. The agreement provides a unique opportunity for CoreHealth to showcase the flexibility of its platform as it adapts to new markets and continues to deliver solutions that improve health and wellbeing. CoreHealth will be supporting Metro's transformational initiatives in the industry, promoting the health and well-being of Canadians.

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**").
 - An amendment to the Credit Facility was entered into on August 4, 2021 and a second one on December 1, 2021. Those amendments were primarily administrative in nature
 - On April 7, 2022, the Company entered into an amendment to the Credit

Facilities. Under the amendment, the Lenders 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 a mandatory repayment of \$1,000 which took place on June 15, 2022, and further repayments at a rate of \$1,000 annually, payable in equal monthly installments ("**Monthly Installments**"). Under the Amendment, the maturity date of the Term Loan Facility was extended to November 30, 2022 and the applicable margin on each of the Credit Facilities was also increased to 9.0%.

- As at June 30, 2022, \$2,917 was outstanding under the Term Loan Facility and \$1,898 was outstanding under the Revolving Facility.
 - Subsequent to the end of the second quarter, but effective July 31, 2022, the Company entered into another amendment to its Credit Facilities with the Lenders. Under the amendment, the maturity date of the Credit Facilities was extended to August 31, 2023, provided that the Company completes a minimum capital raise in the amount of \$1,000, makes a mandatory prepayment of \$250 on the Term Loan Facility and maintains a minimum cash balance financial covenant.
 - The above is a summary of the Credit Facilities and the amendments to the Credit Facilities. This summary is not intended to be complete and is qualified in its entirety by the full text of the Credit Facilities, including each of the amendments described above, a copy of which has been filed or will be filed on the Company's SEDAR profile at www.sedar.com.
- **The Rights Offering and Stand-By Commitment:** On May 17, 2022, Carebook announced the completion of its previously announced rights offering (the "**Rights Offering**")
 - The Rights Offering resulted in the issuance of 17,107,749 common shares of Carebook at a price of \$0.15 per share for gross proceeds to the Company of approximately \$2,570.
 - In accordance with the terms of the stand-by commitment agreement dated April 11, 2022 between the Company and UIL Limited (the "**Stand-by Commitment Agreement**"), the Company also issued 12,892,251 additional common shares to UIL Limited, at a price of \$0.15 per share, for additional gross proceeds to the Company of approximately \$1,930, resulting in the Company receiving aggregate gross proceeds of \$4,500 under the Rights Offering. UIL was also issued 193,383 common share purchase warrants (the "**Stand-by Warrants**") pursuant to the Stand-by Commitment Agreement. Each Stand-by Warrant entitles UIL to purchase one 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.
 - Following closing of the Rights Offering and including the common shares

- issued to UIL Limited pursuant to the Stand-by Commitment Agreement, Carebook now has 77,752,356 common shares issued and outstanding.
- 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.
 - \$1,000 of the net proceeds from the Rights Offering were used to repay indebtedness, and the remainder has been, and will be, used to repay Monthly Installments and for working capital and other general corporate purposes.
- **Stock Option Plan Amendment and By-Laws Adoption:** 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 (i) align the Stock Option Plan with the revised policies of the TSX Venture Exchange ("**TSX-V**") on security based compensation plans, and (ii) 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 Company's annual general and special meeting of holders of common shares of the Company held on June 29, 2022 (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 were also asked to consider, and if thought fit, to pass an ordinary resolution to approve and confirm the By-Laws. At the Meeting, such resolution was adopted without modification by a simple majority of the votes cast by shareholders present at the Meeting or represented by proxy

Refer to the Company's management information circular 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 and the adoption of the By-Laws.

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 June 30,				\$ Change	% Change	
	2022	2021					
		(restated)					
Revenue	\$	2,335	\$	1,139	\$	1,196	105.0%
Gross Profit	\$	2,005	\$	1,042	\$	963	92.4%
Net Loss from Operations	\$	(2,265)	\$	(2,226)	\$	(39)	1.8%
Net Loss	\$	(2,435)	\$	(2,851)	\$	416	-14.6%
Customers (end of period)		90		30		60	200.0%

	Six months ended June 30,				\$ Change	% Change	
	2022	2021					
		(restated)					
Revenue	\$	4,732	\$	2,002	\$	2,730	136.4%
Gross Profit	\$	4,237	\$	1,830	\$	2,407	131.5%
Net Loss from Operations	\$	(3,933)	\$	(4,286)	\$	353	-8.2%
Net Loss	\$	(4,239)	\$	(5,108)	\$	869	-17.0%
Customers (end of period)		90		30		60	200.0%

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 billion¹ 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

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

more prospecting and outbound sales activity targeting large and medium sized employers.

- **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 August 17, 2022, App Store ratings (iOS users) were 4.5/5 stars, and Google Store (Android users) were 4.5/5 stars. During the second quarter of 2022, the Be Well program maintained an average Net Promoter Score of 74%.
- **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 six months ended June 30, 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 a core technology platform 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-and-six months ended June 30, 2022 and 2021. All figures are presented in \$000s CAD except share and per share amounts, when referring to stock options, warrants or units, or unless otherwise specified.

Summary of Quarterly Results

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

	Revenue	(\$000s)	Net Loss	(\$000s)	Basic and diluted
	CAD)		CAD)		loss per share
					(in \$)
June 30, 2022	\$	2,335	\$	(2,435)	\$ (0.04)
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)

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 pharmacy customer. 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. The revenue increase in the second quarter of 2021 is due to the acquisition of InfoTech near the start of that quarter. The increase in revenue in the third quarter of 2021 versus the second quarter of 2021 is due primarily to the acquisition of CoreHealth. The CoreHealth acquisition also resulted in incremental revenue in the fourth quarter of 2021 as the acquisition occurred in August resulting in less than two months of revenue during the third quarter of 2021.

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).

Revenue generated by InfoTech was \$704 in the second quarter of 2022 (\$318 for the second quarter of 2021). The higher revenue in the second quarter of 2022 relative to the second quarter of 2021 is due to a change in revenue recognition following adoption of IFRS 15 on the acquisition date. CoreHealth added \$1,038 of revenue during the second quarter of 2022 (nil for the second quarter of 2021).

Carebook has seen an incremental increase in revenue during the six-month period ending June 30, 2022, not only due to its acquisitions of InfoTech and CoreHealth, but also due to the increase in scope of its contract with its major pharmacy client as of June 2022.

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 attributable to key hires and their related expenses, and costs associated with M&A and related financing of said acquisitions.

During the third quarter of 2020, the Company incurred significant expenses in connection with the RTO. The Company at the time had unsecured convertible debt for a principal amount of \$2,500 which had a maturity date in April 2023 (the "Convertible Debt"). These expenditures in the third quarter of 2020 were partially offset by the gain on the embedded derivative in the Convertible Debt recorded in the third quarter of 2020. Prior to the closing of the RTO, the holder of the Convertible Debt signed a waiver of conversion and consent to prepayment whereby the holder of the Convertible Debt 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 a private placement of units of the Company (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. For more information regarding the Offering, please refer to Note 23 - The Offering of the Company's annual audited consolidated financial statements for the year ended December 31, 2021, a copy of which is available on the Company's SEDAR profile at www.sedar.com.

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 certain warrants issued to certain significant shareholders of the Company. For more information, refer to Notes 15 and 19 of the annual audited consolidated financial statements for the year ended December 31, 2021, a copy of which is available on the Company's SEDAR profile at www.sedar.com.

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, a copy of which is available on the Company's SEDAR profile at www.sedar.com. Additionally, the increase in operating expenses (mainly labour) associated with the acquisitions of InfoTech (second quarter) and CoreHealth (third quarter) contributed to 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 a 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 with related parties (the "**Loan Agreements**")), respectively). Please refer to Note 13 – Borrowings in the Financial Statements for additional information on the Credit Facilities and the Loan Agreements.

In the second quarter of 2022, on a net basis, the Company recovered \$391 of stock option expense following stock option forfeitures in the quarter. While the acquisition of CoreHealth increased operating expenses for the quarter ended June 30, 2022, when compared to the same period of the previous year, this was more than offset by the incremental revenue and cost synergies that were implemented following such acquisition. InfoTech recognized lower revenue amounts during the three months ended June 30, 2021, following their adoption of IFRS 15 on the acquisition date. As for expenses, InfoTech realized nearly a full quarter of costs in the three months ended June 30, 2021.

DISCUSSION OF OPERATIONS

Statements of Comprehensive Loss

For the three months ended June 30, 2022 and 2021:

	Three Months ended June 30,				\$ Change	% Change	
	2022	2021					
			(restated)				
REVENUE	\$	2,335	\$	1,139	\$	1,196	105.0%
Cost of revenue	\$	330	\$	97	\$	233	240.2%
Gross profit	\$	2,005	\$	1,042	\$	963	92.4%
EXPENSES							
Sales and marketing	\$	761	\$	503	\$	258	51.3%
Research and development	\$	2,411	\$	1,641	\$	770	46.9%
General and administrative	\$	1,098	\$	1,124	\$	(26)	-2.3%
Loss from operations	\$	(2,265)	\$	(2,226)	\$	(39)	1.8%
Transaction costs	\$	-	\$	44	\$	(44)	-100.0%
M&A costs	\$	17	\$	308	\$	(291)	-94.5%
Finance costs	\$	290	\$	273	\$	17	6.2%
Net loss before taxes	\$	(2,572)	\$	(2,851)	\$	279	-9.8%
Income tax expense (gain)	\$	(137)	\$	-	\$	(137)	N/A
Net loss	\$	(2,435)	\$	(2,851)	\$	416	-14.6%
Total comprehensive loss	\$	(2,435)	\$	(2,851)	\$	416	-14.6%

For the six months ended June 30, 2022 and 2021:

	Six Months ended June 30,				\$ Change	% Change	
	2022	2021					
			(restated)				
REVENUE	\$	4,732	\$	2,002	\$	2,730	136.4%
Cost of revenue	\$	495	\$	172	\$	323	187.8%
Gross profit	\$	4,237	\$	1,830	\$	2,407	131.5%
EXPENSES							
Sales and marketing	\$	1,638	\$	978	\$	660	67.5%
Research and development	\$	4,093	\$	3,087	\$	1,006	32.6%
General and administrative	\$	2,439	\$	2,051	\$	388	18.9%
Loss from operations	\$	(3,933)	\$	(4,286)	\$	353	-8.2%
Transaction costs	\$	-	\$	155	\$	(155)	-100.0%
M&A costs	\$	17	\$	378	\$	(361)	-95.5%
Finance costs	\$	562	\$	289	\$	273	94.5%
Net loss before taxes	\$	(4,512)	\$	(5,108)	\$	596	-11.7%
Income tax expense (gain)	\$	(273)	\$	-	\$	(273)	N/A
Net loss	\$	(4,239)	\$	(5,108)	\$	869	-17.0%
Total comprehensive loss	\$	(4,239)	\$	(5,108)	\$	869	-17.0%

Revenue analysis

Revenue for the three months ended June 30, 2022 was \$2,335, compared to \$1,139 for the three months ended June 30, 2021, an increase of \$1,196 or 105.0% which is driven principally by the acquisitions of InfoTech and CoreHealth, and also by the work related to the signing of the additional SOW in the pharmacy vertical in June 2022.

Revenue generated in the quarter ended June 30, 2022 was 25% from the pharmacy vertical and 75% from the employer vertical.

Revenue for the six months ended June 30, 2022 was \$4,732, compared to \$2,002 for the six months ended June 30, 2021, an increase of \$2,730 or 136.4% which is driven principally by the acquisitions of InfoTech and CoreHealth.

Total comprehensive loss analysis

Total comprehensive loss was \$2,572 for the three months ended June 30, 2022, compared to a loss of \$2,851 for the three months ended June 30, 2021, a decrease of \$279 or 9.8%. The variance is driven mostly by non-routine M&A costs in 2021.

The loss from operations increased by 1.8% year over year from \$2,226 in the three months ended June 30, 2021 to \$2,265 in the three months ended June 30, 2022 as increased revenues from the acquisitions were offset by increased costs from the acquisitions.

In the first six months of 2022, the comprehensive net loss was \$4,239, compared to \$5,108 in the same period of 2021. The variance is driven mostly by a lower loss from operations and lower non-routine costs related to transactions costs and M&A in 2021 which were partially offset by higher finance costs in 2022.

The loss from operations decreased by 8.2% year over year from \$4,286 in the six months ended June 30, 2021 to \$3,933 in the six months ended June 30, 2022 as increased revenues from the acquisitions were only partially offset by increased costs from the acquisitions.

While the acquisitions generated additional operating expenses due to the increase in headcount, these costs were generally offset by the increase in revenue generated from the same acquisitions and some costs were eliminated following such acquisitions.

Non-routine transaction and M&A expenses occurred during the first half of 2021. Those expenses did not occur to the same extent during the same period of 2022. Additionally, finance costs increased substantially from the first half of 2021 to the first half of 2022, mainly because of the increase in borrowing, driven by the financings needed to complete the acquisitions of InfoTech and CoreHealth and also due to an increase in interest rates applicable to the Company's outstanding debt during the

period – see Note 13 of the Financial Statements for details on the six months ended June 30, 2022.

Cost of revenue

The cost of revenue for the six months ended June 30, 2022 was \$495 compared to \$172 in the same period of 2021. The increase of \$323 (187.8%) is attributable to the expenses incurred to support clients in the employer vertical that were generated by the acquisitions of InfoTech and CoreHealth.

Expense analysis

Total operating expenses for the three months ended June 30, 2022 were \$4,270 compared to \$3,268 incurred in the same period of 2021, an increase of \$1,002. The increase in operating expenses was attributed to the additional headcount from the acquisition of CoreHealth.

Operating expenses for the six months ended June 30, 2022 were \$8,170 compared to \$6,116 for the same period in 2021, an increase of \$2,054. The increase in operating expenses was attributed to the additional headcount from the acquisitions of InfoTech and CoreHealth.

Variances in operating expenses are further broken down by function below.

Sales & marketing expenses

Sales & marketing expenses increased on the three months ended June 30, 2022 to a total of \$761 compared to \$503 for the same period of 2021. The increase is driven mainly by labour costs derived from the acquisition of CoreHealth as the headcount increased. During the quarter, following employee terminations in the sales and marketing department, the Company incurred \$63 in severance costs, which were more than offset by a \$245 stock option expense recovery following forfeitures recognized in the quarter.

For the six months ended June 30, 2022, sales and marketing expenses increased to \$1,638, compared to \$978 for the same period in 2021. The increase is driven mainly by labour costs derived from the acquisitions of InfoTech and CoreHealth as the headcount increased. Likewise, during the six-month period ended June 30, 2022, following employee terminations in the sales and marketing department, the Company incurred \$63 in severance costs, which were more than offset by a \$245 stock option expense recovery following forfeitures recognized in the first half of the year.

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 of the date of the preparation of the Financial Statements, the Company was able to determine that the deferred purchase price payable to the sellers of CoreHealth to Carebook would reach \$1,000, which resulted in the acceleration by \$116 of the post-acquisition remuneration recorded as a sales and marketing expense in the quarter ended June 30, 2022.

Research & development expenses

During the three-month period ended June 30, research and development costs were \$2,411 and \$1,641 in 2022 and 2021, respectively.

Research and development expenses increased by \$1,006 from \$3,087 in the first half of 2021 to \$4,093 in the first half of 2022.

In the three- and six- month periods ended June 30, 2022 the increase is mainly due to an increase of depreciation & amortization 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 ended December 31, 2021, a copy of which is available on the Company's SEDAR profile at www.sedar.com).

In the three- and six- month periods ended June 30, 2022, following employee terminations in the research and development department, the Company incurred \$26 in severance costs.

Research and development costs are primarily for hosting and software licenses used across the businesses' research and development departments and have also increased, in the three-month period ended June 30, 2022 due to the acquisition of CoreHealth, and in the six-month period ended June 30, 2022, due to the InfoTech and CoreHealth acquisitions.

General & administrative expenses

During the second quarter of 2022, general and administrative expenses totaled \$1,098 compared to \$1,124 in the same period of 2021. During the quarter, following employee terminations in the general and administrative department, the Company incurred \$48 in severance costs, which were more than offset by a \$260 stock option expense recovery following forfeitures recognized in the quarter. General and administrative expenses for the first half of 2022 were \$2,439 compared to \$2,051 during the same period of 2021. The main drivers of the \$388 increase were professional fees, general and administrative expenses, and depreciation, partially offset by a stock-based compensation recovery. During the six-month period ended June 30, 2022, following employee terminations in the general and administrative department, the Company incurred \$254 in severance costs, which were more than

offset by a \$285 stock option expense recovery following forfeitures recognized in the first half of the year.

Other expenses

The Company maintained higher borrowing balances on its Credit Facilities and Loan Agreements during the first half of 2022, compared to the first half of 2021. Combined with higher interest rates, this resulted in higher finance costs during the first half of 2022, compared to the first half of 2021.

There have been few M&A and transaction costs incurred during the first half of 2022, while M&A and transaction costs totaled \$378 and \$155, respectively, during the same period of 2021. These non-routine expenses incurred during the first half 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 six-months ended June 30, 2021 would have been as follows:

	June 30, 2021
Revenue	\$ 4,321
Net Loss	\$ (6,290)

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, a copy of which is available on the Company's SEDAR profile at www.sedar.com, for more information on the acquisitions of InfoTech and CoreHealth.

LIQUIDITY AND CAPITAL RESOURCES

The cash flow for the quarter ended June 30, 2022 was driven mainly by the impacts of the operating activities and the payment of a holdback that occurred during the quarter, the completion of the Rights Offering and the repayment of \$1,000 of the Term Loan Facility during the quarter. This resulted in an overall cash use of \$689 during the second quarter ended June 30, 2022.

The cash flow for the first half of 2022 was driven by the same factors.

Cash Flow Analysis

Cash flow for the three months ended June 30, 2022 and 2021:

	Three months Ended June 30,				\$ Change	% Change	
	2022		2021				
Cash flows generated from (used for):			Restated				
Operating activities	\$	(2,321)	\$	(1,509)	\$	(812)	53.8%
Investing activities	\$	(463)	\$	(7,878)	\$	7,415	-94.1%
Financing activities	\$	2,095	\$	9,507	\$	(7,412)	-78.0%
Net increase (decrease) in cash and cash equivalents	\$	(689)	\$	120	\$	(809)	N/A
Cash and cash equivalents - beginning of period	\$	1,067	\$	1,123	\$	(56)	-5.0%
Cash and cash equivalents - end of period	\$	378	\$	1,243	\$	(865)	-69.6%

Cash flow for the six months ended June 30, 2022 and 2021:

	Six months Ended June 30,				\$ Change	% Change	
	2022		2021				
Cash flows generated from (used for):			Restated				
Operating activities	\$	(2,389)	\$	(3,976)	\$	1,587	-39.9%
Investing activities	\$	(580)	\$	(7,893)	\$	7,313	-92.7%
Financing activities	\$	1,892	\$	9,483	\$	(7,591)	-80.1%
Net increase (decrease) in cash and cash equivalents	\$	(1,077)	\$	(2,385)	\$	1,308	-54.8%
Cash and cash equivalents - beginning of period	\$	1,455	\$	3,628	\$	(2,173)	-59.9%
Cash and cash equivalents - end of period	\$	378	\$	1,243	\$	(865)	-69.6%

Operating activities

Net cash used for operating activities totaled \$2,321 and \$1,509 during the quarters ended June 30, 2022 and 2021, respectively.

Net cash used for operating during the six months ended June 30, 2022 for operating activities was \$2,389 compared to \$3,976 in 2021. The Company expects that use of cash from operations will decrease relative to 2021 due to the combined operational synergies of the Company after the acquisitions of InfoTech and CoreHealth, and cost reduction strategies implemented during the fourth quarter of 2021.

Investing activities

Net cash used for investing activities for the quarter ended June 30, 2022 was \$463, compared to \$7,878 for the quarter ended June 20, 2021.

Net cash used for investing activities for the first six months of 2022 was \$580, compared to \$7,893 in the corresponding period of 2021.

There was a substantial decrease in cash used in investing activities as there were no acquisitions closed in the first half of 2022, and only the payment of working capital adjustments and holdback that are smaller in size whereas InfoTech was acquired in April 2021.

Financing activities

Cash from financing activities totaled \$1,892 during the first six months ended June 30, 2022, compared to \$9,483 in 2021. Cash generated from financing activities was \$2,095 in the second quarter of 2022 compared to \$9,507 in the second quarter of 2021.

During the quarter ended June 30, 2021, the Company generated \$9,507 from borrowings under the Credit Facilities, and during the second quarter of 2022, the Company completed the Rights Offering, which was partially offset by the repayment of \$1,000 in principal under the Term Loan Facility, and the repayment of the Monthly Installments under the same facility.

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, 2022		
	Less than 1 year	1-5 years	After 5 years
Contractual obligations	\$ 179	\$ 633	\$ 142

Capital Resources

	June 30, 2022	December 31, 2021	\$ Change	% Change
Shareholders' equity	\$ 6,798	\$ 6,413	\$ 385	6.0%
Total debt	\$ 5,787	\$ 8,000	\$ (2,213)	-27.7%

Carebook's capital resources as at June 30, 2022 consisted of shareholders' equity and debt financing. While the equity portion was in line with the capital resources for December 31, 2021, the debt portion has decreased.

A debt repayment occurred during the second quarter of 2022, as the Company repaid \$1,000 under the Term Loan Facility. Furthermore, beginning in June 2022, the Company started repaying the principal outstanding under the Term Loan Facility, which is to be repaid at a rate of \$1,000 per year, in equal Monthly Installments.

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

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 Rights Offering was completed during the second quarter of 2022, which, together with the Stand-By Commitment, generated gross proceeds of \$4,500 for the Company.

The details of cash balances as at June 30 are as follows:

	June 30, 2022	December 31, 2021
Cash		
Cash and cash equivalents	\$ 378	\$ 1,455

As at June 30, 2022, the Company's outstanding debt was \$5,787; \$2,917 from the Term Loan Facility, \$1,870 from the Revolving Facility, and \$1,000 from the Loan Agreements. At such date, \$1,130 was still available to be drawn under the Revolving Facility. Please refer to Note 13 – Borrowings in the Financial Statements for additional information on the Credit Facilities and 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

A debt repayment occurred during the second quarter of 2022, as the Company repaid \$1,000 under the Term Loan Facility. Furthermore, beginning in June 2022, the Company started repaying the principal outstanding under the Term Loan Facility, which is to be repaid at a rate of \$1,000 per year, in equal Monthly Installments.

STATEMENTS OF FINANCIAL POSITION

Working Capital

	June 30, 2022	December 31, 2021	\$ Change	% Change
Current assets	\$ 2,538	\$ 3,256	\$ (718)	-22.1%
Current liabilities	\$ 12,950	\$ 13,456	\$ (506)	-3.8%
Total working capital (deficit)	\$ (10,412)	\$ (10,200)	\$ (212)	2.1%

As at June 30 2022, the Company had a working capital deficit of \$10,412, compared to a working capital deficit of \$10,200 as at December 31, 2021. The working capital deficit is driven by the amount 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 consists of an unlimited number of common shares and an unlimited number of preferred shares. As at June 30, 2022, and as at the date hereof, the following securities of Carebook were issued and outstanding:

- (1) 77,752,356 common shares;
- (2) 5,509,509 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 second quarter of 2022 were concluded in the normal course of its operations.

RELATED PARTY AGREEMENTS

The Company entered into a twelve-month agreement with a related party for the services of their CFO. In April 2021, this agreement was extended for an additional six months, and was subsequently extended through May 2022. During the quarter ended June 30, 2022, total expenses related to the services of the CFO were \$37.

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 Principal 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 (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 23 - the Offering.

As disclosed in the "Capital Resources" section, in December 2021, the Company entered into the Loan Agreements with investors, SAYKL and UIL for a total of \$1,000 in aggregate gross proceeds.

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.

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 2021 Annual Audited Financial Statements.

CHANGES IN ACCOUNTING POLICIES

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

Please refer to Note 2 of the Company's 2021 Annual Audited 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. 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 25% 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 second quarter of 2021, and in the second quarter of 2022, the interest rate risk stemmed from the Credit Facilities and from 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 \$17 in the Company's loss for the quarter ended June 30, 2022 (\$23 for the quarter ended June 30, 2021).

Foreign exchange risk

Since the acquisitions of InfoTech in second quarter of 2021 and CoreHealth in the third quarter of 2021, 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, 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 second quarter of 2022 levels would have had an impact of +/- \$116 on net loss (\$69 for similar measure at the end of the second quarter of 2021).

Credit risk

Credit risk pertains to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk with financial institutions, key customers and other parties as a result of cash-in-bank and customer trade receivables arising from the Company's operating activities. The maximum exposure to credit risk at the reporting date was the carrying value of each class of financial asset as described in Note 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 and complete the acquisition of CoreHealth. The Company met this capital raise obligation through the Offering described in Note 23 of the Annual Audited Financial Statements. 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 section "Debt Financing", in April 2022, the company entered into an agreement with the Lenders to amend its Credit Facilities. Under the amendment, the Company had to make a mandatory prepayment of \$1,000 on the Term Loan

Facility which was paid in June 2022, and further repayments at a rate of \$1,000 annually, payable in equal Monthly Installments. 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 17 – 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 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.