Carebook

CAREBOOK TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

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**", "**we**", and "**our**") as at December 31, 2023. 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 March 28th, 2024, is intended to improve the interpretation of the Company's audited annual consolidated financial statements for the years ended December 31, 2023 and 2022 (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**") 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.sedarplus.ca.

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 previously completed or potential future acquisitions, 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 and ability to identify attractive M&A opportunities, the future growth of the digital health market, the overall value of the Company’s multi-year contracts and the impacts of a potential economic downturn 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 continued market demand for the products of Carebook despite a potential economic downturn; the ability of Carebook to successfully execute its international expansion; the ability of Carebook to realize the synergies and benefits of previously completed and potential future acquisitions; and the ability of Carebook to successfully integrate and consolidate previously and subsequently acquired businesses.

Although management of Carebook believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such

expectations will prove to be correct. Carebook cannot guarantee future results, levels of activity, performance, profitability 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: risks related to the failure to obtain regulatory approvals; risks related to the Company's securities such as market volatility in the Company's common shares; dilution of shareholders from future sales of the Company's securities; and market for the Company's common shares; risks related to the Company's current policy current dividend policy; risks related to disclosure controls and procedures and internal controls over financial reporting in connection with the Company's venture issuer status; risks related to the Company's discretion over the use of proceeds of completed financings; risks related to conducting business in a heavily regulated industry; risks related to the use and disclosure of personally identifiable information which is subject to privacy and security regulations; risks related to the immature and volatile digital health market in which the Company operates; risks related to the Company's dependence on certain strategic partners; risks related to information security breaches and disruptions; risks related to growth management and limitations; risks related to additional financing needs and sources; risks related to the development and enhancement of new products; risks related to the competitive environment in which the Company operates; risks related to effectively maintaining, promoting, protection and enhancing the Company's brand and customer service; risks related to international expansion and international operations; risks related to the acquisition and integration of new businesses; risks related to dependence on third party technologies licensed on a non-exclusive basis and dependence on third party services to maintain infrastructure; risks related to errors or defects which could potentially lead to legal action; risks related to the failure to secure research and other grants; risks related to the use of open source software; risks related to the Company's ability to secure and protect intellectual property and other proprietary rights; the risks related to the Company's reliance on a key customer; risks related to director and officer conflict of interests; operating risks and failure to meet expectations of investors or securities analysts; risks related to the experience and expertise of the Company's management and employees, and failure to attract and retain key personnel; risks related to the Company's ability to attract new customers, retain revenue, and increase sales to customers; risks related to capital investment by the Company's customers; risks related to long and unpredictable sales cycles and customer project implementations; risks related to managing capital and liquidity; risks related to the current global financial conditions which could cause a decline in demand for the Company's products; risks related to the implementation of the Company's commercial strategic plan; risks related to the Company's level of indebtedness and inability to generate sufficient cash to service debt, changes in creditworthiness and the potential increase in the cost of capital; risks related to the provisions of debt instruments restricting the Company's ability to pursue business

strategies; risks related to potential product liabilities and other lawsuits to which the Company may be subject; risks related to foreign currency fluctuations and interest rate changes; risks related to technology and regulatory changes; risks related to internal information technology infrastructure and applications; cyber security risks and other such risk factors described herein and in other disclosure documents filed by the Company on SEDAR+ at www.sedarplus.ca.

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. The forward-looking statements herein reflect the Company's expectations as at March 28, 2024, 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.

This MD&A contains financial outlook information about the Company's prospective results of operations, production and production efficiency, commercialization, revenue and cash on hand, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. The financial outlook contained in this MD&A was approved by management as of the date of this MD&A and is provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any financial outlook contained in this MD&A, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the financial outlook contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Financial Outlook Assumptions

Our financial outlook is based on a number of assumptions, including assumptions related to inflation, changes in interest rates, consumer spending, foreign exchange rates and other macroeconomic conditions; our major revenue streams remaining in

line with our expectations; customers adopting our solutions at an average contract value at or above that of our planned levels; our ability to price our products in line with our expectations and to achieve suitable margins; our ability to achieve success in the continued expansion of our product lines and solutions; continued success in additional product adoption and user base expansion throughout our customer base; our ability to derive the benefits we expect from the acquisitions we have completed; our ability to attract and retain key personnel required to achieve our plans; our expectations regarding the costs, timing and impact of our cost reduction initiatives; our ability to manage customer churn and churn rates remaining at planned levels. Our financial outlook does not give effect to the potential impact of acquisitions that may be announced or closed after the date hereof. Our financial outlook, including the various underlying assumptions, constitutes forward-looking information and should be read in conjunction with the cautionary notice on forward-looking statements above. Many factors may cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by such forward-looking information.

Cautionary Note Regarding Non-IFRS Measures, non-IFRS Ratios and Key Performance Indicators

This MD&A makes reference to certain non-IFRS measures and key performance indicators. These measures are not standardized financial measures under IFRS as issued by the IASB and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including "EBITDA" and "Adjusted EBITDA" and non-IFRS ratios including "Adjusted EBITDA Margin". This MD&A also makes reference to "Annual Recurring Revenue" or "ARR", and "Number of Clients", which are key performance indicators used in our industry. These non-IFRS and other financial measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. These non-IFRS measures, non-IFRS ratios and key performance indicators are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors, and other interested parties frequently use non-IFRS measures, non-IFRS ratios and key performance indicators in the evaluation of issuers. The Company's management also uses non-IFRS measures, non-IFRS ratios and key performance indicators in order to facilitate operating performance comparisons from period to period, to prepare annual operating

budgets and forecasts, and to determine components of management and executive compensation. The key performance indicators used by the Company may be calculated in a manner different than similar key performance indicators used by other companies.

Non-IFRS Measures[1] and Non-IFRS Ratios

"EBITDA" is defined as net income or loss before income tax expenses, finance costs, M&A costs, other income, and depreciation and amortization.

"Adjusted EBITDA" is defined as EBITDA adjusted for non-recurring M&A and other transaction costs, certain non-recurring costs (or savings), share-based compensation, foreign exchange loss (gain), property and equipment impairment, intangible asset and goodwill impairment, changes in fair value of warrants or changes in fair value of contingent consideration. Adjusted EBITDA provides management with a useful supplemental measure in evaluating the performance of our operations and provides better transparency into our results of operations. Adjusted EBITDA indicates our ability to generate profit from our operations prior to considering our financing decisions and costs of consuming intangible and capital assets.

"Adjusted EBITDA Margin" is calculated as Adjusted EBITDA divided by revenue for the relevant period.

Key Performance Indicators

"Annual Recurring Revenue" or "ARR" represents contracted software and services revenues that are expected to have a duration of more than one year, and is equal to the annualized value of contracted recurring revenue from all clients on our platforms at the date being measured. Contracted recurring revenue is revenue generated from clients who are, as of the date being measured, party to contracts with Carebook that are contributing to revenue in the calendar month of the date being measured, and also include revenue from clients who are, as of the date being measured, party to contracts with Carebook that are to contribute to revenue within a year of the date being measured. ARR provides a consolidated measure by which we can monitor the longer-term trends in our business.

"Number of Clients" is defined as the number of clients at the end of any particular period and for which revenue was still being recognized at the end of the period. For greater certainty, a client is only accounted for once, although different products and multiple orders might contribute towards revenue recognition within a quarter or the year. While the client metric is not an IFRS or non-IFRS financial measure, and,

[1] For a reconciliation of the non-IFRS financial measures see "Non-IFRS Measures and Reconciliation of Non-IFRS Measures EBITDA and Adjusted EBITDA".

therefore, does not appear in, and cannot be reconciled to a specific line item in the Company's interim condensed consolidated financial statements, we believe that the number of client metric is a useful metric for investors.

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." Refer to the other disclosure documents filed by the Company on SEDAR+ under the Company's profile at www.sedarplus.ca for further information about the RTO.

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

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 September 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 , 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 platforms connect approximately 4.6 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.

Pharmacy Vertical

Carebook's initial line of business was focused on the pharmacy vertical. In 2018, Carebook was selected by a global leader in health supply chain and pharmacy, as its partner for a digital pharmacy and loyalty solution. This foundational partner in the pharmacy vertical remains a major client of Carebook and this relationship has led Carebook to develop a leading pharmacy management, loyalty and engagement product that appeals to major pharmacy retailers.

Today Carebook 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.

Employer Vertical

On April 6, 2021, Carebook formally entered the employer vertical, with 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 continued its expansion in the employer vertical with its acquisition of CoreHealth Technologies Inc. ("**CoreHealth**"), an industry leading company providing a technology platform that serves over three 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.

The solutions offered by Infotech and CoreHealth in the employer vertical are complementary. While Infotech's software as a service provides employee health assessments and insights for employers, the CoreHealth platform as a service solution for employers and wellness providers integrates health data inputs, health assessments and tailored well-being programs to create a unique experience for end users. 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.

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. The advanced health assessments from Wellness Checkpoint® can identify trends and risks within employee cohorts for different physical and mental health areas, including lifestyle habits, psychological well-being, stress levels, sleep patterns, and more.

Employers around the world have realized the need to provide wellness services and mental health support for their employees. Wellness Checkpoint®'s suite of mental health assessments 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 for corporate wellness providers and group benefits providers. CoreHealth offers a robust platform-as-a-service technology 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, 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.

Consolidated Highlights for the Year Ended December 31, 2023

- Revenue for the year ended December 31, 2023 was $12,255 compared to $9,254 for the year ended December 31, 2022, an increase of 32% driven by strong organic growth in the pharmacy vertical and an increase in license revenue from CoreHealth offset by a decrease in license revenue at Infotech. Revenue in the year ended December 31, 2023, was contributed 63% from the employer vertical and 37% from the pharmacy vertical.
- Loss from operations for year ended December 31, 2023, was $2,535 compared to $6,237 incurred in the same period of 2022, an improvement of $3,702 or 59%.
- Adjusted EBITDA(2) loss for the year ended December 31, 2023 was $(1,140) compared to an Adjusted EBITDA(2) loss of $(4,094) for the year ended December 31, 2022, an improvement of $2,954 over the same period in 2022.
- Adjusted EBITDA Margin(2) was (9)% in the year ended December 31, 2023, compared to (44)% in the year ended December 3, 2022, and represented a meaningful improvement.
- Net loss for the year ended December 31, 2023 was $3,315 , an improvement of $14,503 compared to $17,818 for the year ended December 31, 2022, which

[2] Non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Refer to the Sections "Non-IFRS Measures and Non-IFRS Ratios" and "Non-IFRS Measures and Reconciliation of Non-IFRS Measures EBITDA and Adjusted EBITDA" of this MD&A for an explanation of the composition and usefulness of this non-IFRS financial measure, as well as a quantitative reconciliation to the most directly comparable IFRS measure.

included a non-cash impairment of goodwill and intangible assets for a total of $12,582.
- ARR[3] was $12,114 as of December 31, 2023 compared to $8,513 as of December 31, 2022, an increase of 42% over the same date in 2022.

Equity and Debt Financing During the Years Ended December 31, 2023 and 2022

The Company was successful raising equity and convertible debt to pay outstanding obligations due to the Company's creditors, for working capital and for general corporate purposes. Below is a summary of the Company's equity and debt financings during the years ending December 31, 2023 and 2022:

Equity Private Placements:

- On March 8th, 2023, the Company announced the closing of a non-brokered private placement of units at $0.10 per unit with UIL Limited ("**UIL**"), for $1,250 in gross proceeds (the "**UIL Private Placement**"). The UIL Private Placement resulted in the issuance of 12,500,000 Common Shares and 187,500 Common Share purchase warrants, with each warrant entitling UIL to acquire one Common Share for $0.15 on or before March 8th, 2025.
- On May 23rd, 2023, the Company announced the closing of an additional non-brokered private placement of units at $0.10 per unit with PML, an affiliate of UIL, for an additional $1,250 in gross proceeds (the "**PML Private Placement**" and together with the UIL Private Placement, the "**Private Placements**"). The PML Private Placement. resulted in the issuance of 12,500,000 Common Shares and 187,500 Common Share purchase warrants, with each warrant entitling PML to acquire one Common Share for $0.15 on or before May 23rd, 2025.
- The net proceeds from the Private Placements were used to pay outstanding obligations due to the Company's creditors. for working capital and for general corporate purposes.
- Following the closing of the Private Placements, Carebook had 102,752,356 common shares issued and outstanding.

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.

[3] ARR is a key performance indicator for the Company. For more information, please refer to the "Key Performance Indicators" section of this MD&A

- In accordance with the terms of the stand-by commitment agreement dated April 11, 2022 (the "**Stand-by Commitment Agreement**") between the Company and UIL, the Company also issued 12,892,251 additional common shares to UIL, 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.sedarplus.ca.

Convertible Debt:

$2.0M Convertible Debt

- The Company entered on September 28, 2022 into amended and restated loan agreements (the "**$2.0M Convertible Debt Agreements**") with each of SAYKL and UIL Under the $2.0M Convertible Debt Agreements, the Company agreed with SAYKL and UIL to amend the terms of the previously existing loan agreements in order to (i) provide an additional $1,000 to the Company, bringing the aggregate principal amount outstanding to SAYKL and UIL to $2,000 as at the date hereof, and (ii) add a conversion into common shares feature at a conversion price of $0.175 per common share (the "**$2.0M Convertible Debt**").
- Interest on the principal amount outstanding under the $2.0M Convertible Debt Agreements will be payable quarterly at a rate of CDOR + 10%, and the $2M Convertible Debt Agreements will mature on December 22, 2026. The obligations of the Company under the $2.0M Convertible Debt Agreements are subordinated to the Company's obligations under its existing Credit Facilities.
- To secure the Company's obligations under the $2.0M Convertible Debt Agreements, the Company has agreed to grant to each of SAYKL and UIL a security interest and hypothec in all of the property and undertaking of the Company, subordinated to the security interests granted by the Company to the Lenders.
- The net proceeds from the $2.0M Convertible Debt Agreements were used to repay in part the Term Loan Facility, and for working capital and general corporate purposes.
- The transaction also enabled the Company to satisfy the condition imposed by the Lenders that the Company complete a minimum capital raise in the amount of $1,000 by September 30, 2022.
- Additional information relating to the $2.0M Convertible Debt Agreements can be found in the material change report filed by the Company on October 4, 2022, a copy of which is available on the Company's SEDAR+ profile at www.sedarplus.ca.

$2.5M Convertible Debt

- The Company entered on December 15, 2022 into loan agreements (the "**$2.5M Convertible Debt Agreements**") with each of MT Sidecar, L.P. ("**MT Sidecar**", a limited partnership controlled by a director of the Company) and UIL. Under the $2.5M Convertible Debt Agreements, MT Sidecar and UIL agreed to provide $2,500 to the Company.
- The $2.5M Convertible Debt Agreements included a conversion feature, under which MT Sidecar and UIL have the right, at their sole option, at any time up and until the maturity date, to convert the principal sum outstanding in whole or in part to common shares at a price of $0.15 per common share (the "**$2.5M Convertible Debt**")
- Interest on the principal amount outstanding under each of the $2.5M Convertible Debt Agreements will accrue at a rate of CDOR + 10%, and the $2.5M Convertible Debt Agreements will mature on December 22, 2026. The obligations of the Company under the $2.5M Convertible Debt Agreements are subordinated to the Company's obligations under its existing Credit Facilities.
- To secure the Company's obligations under the $2.5M Convertible Debt Agreements, the Company has agreed to grant to each of MT Sidecar and UIL a security interest and hypothec in all of the property and undertaking of the Company, subordinated to the security interests granted by the Company to its senior lenders.
- The net proceeds from the $2.5M Convertible Debt Agreements were used to repay in part the Term Loan Facility, to pay a portion of the deferred purchase price owed to the CoreHealth vendors, and for working capital and general corporate purposes.
- Additional information relating to the $2.5M Convertible Debt Agreements can be found in the material change report filed by the Company on December 20, 2022, a copy of which is available on the Company's SEDAR+ profile at www.sedarplus.ca.

2023 Convertible Debt

- The Company entered on December 6, 2023 into convertible loan agreements (the "**2023 Convertible Debt Agreement**") with UIL. Under the 2023 Convertible Debt Agreement, UIL agreed to provide $2,000 to the Company.
- The 2023 Convertible Debt Agreement included a conversion feature, under which UIL have the right, at their sole option, at any time after six months of the closing of the transaction up and until the maturity date, to convert the principal sum outstanding in whole or in part to common shares at a price of $0.10 per common share. (the "**2023 Convertible Debt**" and together with the $2.0M Convertible Debt, and the $2.5M Convertible Debt, the "**Convertible Debt**")
- If the Company completes an equity financing or other issuance of Common Shares having an aggregate fair market value of $2,000 at the time of issuance (excluding for such purposes any Common Shares issued upon exercise or conversion of outstanding convertible securities of the Company) within six

months of the closing of the transaction, then the principal amount and any accrued but unpaid interest thereon under the 2023 Convertible Debt shall be automatically converted (“**Automatic Conversion**”) into common shares at the highest of (i) $0.05 per common share, and (ii) the subscription price per common share issued to any person as part of an equity financing during the Automatic Conversion period, subject to a maximum of $0.25 per Common Share.

- Interest on the principal amount outstanding under the 2023 Convertible Debt will accrue at CORRA + 10%, and the 2023 Convertible Debt will mature on December 22, 2026. The obligations of the Company under the 2023 Convertible Debt are subordinated to the Company's obligations under its existing Credit Facilities.
- To secure the Company's obligations under the 2023 Convertible Debt, the Company has agreed to grant UIL a security interest and hypothec in all of the property and undertaking of the Company, subordinated to the security interests granted by the Company to its senior lenders.
- The net proceeds from the 2023 Convertible Debt were used to repay in part the Revolving Facility and general corporate purposes.
- Additional information relating to the 2023 Convertible Debt can be found in the material change report filed by the Company on December 8, 2023, a copy of which is available on the Company’s SEDAR+ profile at www.sedarplus.ca.

Borrowings

- On April 6, 2021, Carebook entered into a new credit agreement ("**Credit Agreement**”) and secured the following credit facilities from a leading Canadian Schedule 1 bank (the “**Bank**”) and one of its affiliates (collectively, the “**Lenders**”):
- $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 Agreement 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 a third amendment to the Credit Agreement. 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 September 15, 2022, and further repayments at a rate of $83 each month. 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%.
- Effective July 31, 2022, the Company entered into a fourth amendment to its Credit Agreement 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 on or before

September 30th, 2022, makes a mandatory prepayment of $250 on the Term Loan Facility and maintains a minimum cash balance financial covenant.

- Effective August 24, 2023 and September 29, 2023, the Company entered into a fifth and sixth amendments to its Credit Facilities with the Lenders. Under the fifth and sixth amendments, the maturity date of the Credit Facilities was extended to September 30th, 2023 and October 31, 2023 respectively.
- Effective October 19, 2023, the Company entered into a seventh amendment to its Credit Facilities with the Bank. Under the seventh amendment, the Bank was subrogated to all rights of its affiliate regarding the Term Loan Facility and the maturity date of the Credit Facilities was extended to September 30, 2024 (the "**Maturity Date**"). Under the new amendment, the applicable margin on the Revolving Facility was decreased to prime rate of the Bank plus 5.8%, and the applicable margin on the Term Loan Facility was decreased to prime rate of the Bank plus 5.3%. The Company is to continue repaying the principal amount of the Term Facility in equal monthly consecutive payments of $50 each month commencing on November 15, 2023.
- On December 11, 2023, the Company closed a capital raise of $2,000 in aggregate with UIL triggering the seventh amendment criteria for decreasing the lending rates. Effective December 11, 2023, the applicable interest rate on the Revolving Facility decreased to the prime rate of the Bank plus 4.3% and the Term Loan Facility to the prime rate of the Bank plus 4.8%.
- The Credit Facilities are subject to new financial covenants, where the Company must maintain a minimum cash runway and demonstrate minimum revenue growth.
- As at December 31, 2023, $1,254 was outstanding under the Term Loan Facility and $586 was outstanding under the Revolving Facility.
- The above is a summary of the Credit Agreement and the amendments to the Credit Agreement. This summary is not intended to be complete and is qualified in its entirety by the full text of the Credit Agreement, including each of the amendments described above, a copy of which has been filed on the Company's SEDAR+ profile at www.sedarplus.ca.

Summary of the Financial Results

The table below presents a summary of the consolidated financial results, non-IFRS measures and key performance indicators for the years ended December 31, 2023 and 2022. We monitor non-IFRS measures and key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Non-IFRS measures and key performance indicators do not have standardized definitions prescribed by IFRS and may be calculated in a different manner than similar non-IFRS measures and key performance indicators used by other companies. Therefore, they may not be comparable to similar measures presented by other companies. They are provided as

additional information to complement IFRS measures and to provide a further understanding of the Company's consolidated results of operations from our perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our consolidated financial information reported under IFRS and should be read in conjunction with the consolidated financial statements for the years indicated.

Summary Financial Results and Non-IFRS Measures

	TWELVE MONTHS ENDED			
	December 31, 2023	**December 31, 2022**	**$ Change**	**% Change**
Revenue	$ 12,255	$ 9,254	$ 3,001	32%
Gross Profit	$ 10,180	$ 7,637	$ 2,543	33%
Net Loss from Operations	$ (2,535)	$ (6,237)	$ 3,702	-59%
Net Loss	$ (3,315)	$ (17,818)	$ 14,503	-81%
EBITDA	$ (943)	$ (3,327)	$ 2,384	-72%
Adjusted EBITDA	$ (1,140)	$ (4,094)	$ 2,954	-72%

Key Performance Indicators

We monitor Annual Recurring Revenue and Number of Clients as additional key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Annual Recurring Revenue

ARR was $12,114 as at December 31, 2023, an increase of $3,601, or 42%, compared to an ARR of $8,513 as at December 31, 2022. This increase was primarily driven by new enterprise customers and organic growth with existing customers. Of the $12,114 of ARR reported, 62% originated from clients outside of Canada.

Key Performance Indicators

	December 31, 2023	**December 31, 2022**	**$ Change**	**% Change**
Annual Recurring Revenue	12,114	8,513	3,601	42%
Number of Clients	68	90	-22	-24%

Number of Clients

The number of clients as at December 31, 2023 was 68, representing a decrease of 24% when compared with the client count as of December 31, 2022. During the twelve-months ended December 31, 2023 the Company added several large clients in the employer vertical, and also lost clients in the employer vertical that were smaller in

size. On a net basis, there were fewer clients at the end of the period ending December 31, 2023 when compared to December 31, 2022, but the additional revenue from new clients more than offset the revenue attributable to lost clients resulting in higher revenue per client in the employer vertical. The revenue attributable to the large client in the pharmacy vertical also increased considerably for the years ending December 31, 2023 when compared to December 31, 2022.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures EBITDA and Adjusted EBITDA

	TWELVE MONTHS ENDED December 31, 2023		TWELVE MONTHS ENDED December 31, 2022	
Net loss	**$**	**(3,315)**	**$**	**(17,818)**
Add:				
Amortization and depreciation expense	$	1,592	$	2,090
M&A costs	$	-	$	17
Finance costs	$	1,513	$	1,082
Other income [1]	$	(211)	$	-
Income Tax expense (recovery)	$	(700)	$	(1,280)
Impairment [2]	$	178	$	12,582
EBITDA [3]	**$**	**(943)**	**$**	**(3,327)**
Add:				
Share-Based compensation	$	341	$	53
Transaction costs	$	-	$	-
Change in fair value of consideration payable [4]	$	-	$	(820)
Additional One-Time Costs (Savings) [5]	$	(538)	$	-
Adjusted EBITDA [3]	**$**	**(1,140)**	**$**	**(4,094)**

Other income includes a gain following the initial recognition of the net investment from the Montreal office sublease.

(1) Other income includes a gain following the initial recognition of the net investment from the Montreal office sublease.
(2) Impairment on disposal of leasehold improvements from Carebook subleasing the Montreal office.
(3) Non-IFRS financial measures without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Refer to the Section “Non-IFRS Measures and Non-IFRS Ratios” of this MD&A for an explanation of the composition and usefulness of these non-IFRS financial measures.
(4) The change in fair value of consideration payable relates to the change in the earn-out value for the CoreHealth business combination transaction for the year ended December 31, 2022. The Company uses a scenario-based model to independently assess individual earn-outs and calculate the fair value of the earn-out based on probabilities of success attributable to each individual scenario.
(5) Additional One-Time Costs (Savings) relate to grants received from the Quebec government and Prompt, a trust agency of the Ministry of Economy, Innovation and Energy research group in Québec.

For the year ended December 31, 2023, Adjusted EBITDA Loss improved by $2,954, to $(1,140), compared to Adjusted EBITDA loss of $(4,094) for the same period in 2022.

This improvement is mainly due to higher overall revenue and the successful implementation of the cost reduction measures identified by management.

For the year ended December 31, 2023, our Adjusted EBITDA margin was (9)% compared to an Adjusted EBITDA Margin of (44)% for the year ended December 31, 2022, and represented a meaningful improvement, demonstrating management's fortitude and discipline to continue to generate increasing revenue while managing costs to reach permanent profitability.

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 established 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 value-added resellers and employers. 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 value-added resellers and employers not only the means to assess and understand employees' health challenges, but also to provide specific, targeted, and customized solutions to improve employee health, wellness, and productivity. Through bespoke offerings, Carebook is especially well positioned to serve large value-added resellers and employers which need a more complex and robust solution and enable organic expansions for its network of value-added resellers and employers, through the delivery of additional custom features for specific user groups.

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

<u>Employer Vertical</u>

Carebook's acquisitions have positioned the Company to serve the 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.
- **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.

<u>Pharmacy Vertical</u>

- ***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. The Company was also successful launching the Pharmacy app for another banner of its major pharmacy client at the beginning of 2024.

- ***Launch of Caregiver Solution:*** In September 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 started 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

The COVID-19 pandemic is no longer perceived as a global emergency. However, the pandemic continues to have a certain impact on the Company's business. Within the employer vertical, 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. 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, 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 market provides the greatest opportunity for growth. Carebook plans to

pursue and capture additional share of this market through organic growth, M&A, customer acquisition and product improvements. 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's financial outlook continues to be positive for 2023. The Company is poised to achieve significant revenue growth while effectively managing its costs and delivering sustained growth in cashflows. Carebook's strong organic growth and efficient cost management initiatives will allow the Company to continue to successfully execute on its strategy. Carebook is expecting to maintain strong performance in 2024 for the entire Company as a whole. To complement its organic growth strategy, Carebook will continue to seek 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. This financial outlook is fully qualified and based on a number of assumptions and subject to a number of risks described under the headings "Financial Outlook Assumptions" and "Forward-Looking Statements" of this MD&A.

FINANCIAL PERFORMANCE ANALYSIS

The consolidated financial information presented in the tables below has been derived from the Company's Financial Statements and their accompanying notes, prepared in accordance with IFRS for the years ended December 31, 2023, and 2022. 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.

Select Annual Information

	For the years ended December 31,		
	2023	2022	2021
Revenue	$ 12,255	$ 9,254	$ 5,735
Net Comprehensice loss	$ (3,315)	$ (17,818)	$ (19,289)
Basic and Diluted loss per share (in $)	$ (0.03)	$ (0.27)	$ (0.50)
Total assets	$ 7,685	$ 9,256	$ 25,593
Total non-current liabilities	$ 7,377	$ 6,025	$ 5,724

Summary of Quarterly Results

The table below presents revenue, net loss, and net loss per share for the last eight quarters. For each of the eight most recently completed quarters, the financial data has been prepared in accordance with IFRS.

	Revenue ($000s CAD)	Net Loss ($000s CAD)	Basic and diluted loss per share
December 31, 2023	$ 3,553	$ (1,779)	$ (0.02)
September 30, 2023	$ 3,484	$ (390)	$ (0.00)
June 30, 2023	$ 2,700	$ (687)	$ (0.01)
March 31, 2023	$ 2,518	$ (459)	$ (0.01)
December 31, 2022	$ 2,456	$ (11,855)	$ (0.15)
September 30, 2022	$ 2,066	$ (1,725)	$ (0.02)
June 30, 2022	$ 2,335	$ (2,435)	$ (0.04)
March 31, 2022	$ 2,397	$ (1,803)	$ (0.04)

Revenue

Revenue generated by InfoTech was $545 in the first quarter of 2023 ($661 for the first quarter of 2022). CoreHealth generated $1,063 of revenue during the first quarter of 2023 ($1,224 for the first quarter of 2022). The decrease in revenue for Infotech is due to customer churn compared to the same period last year. The decrease in revenue for CoreHealth is due to the lower implementation revenue compared to the same quarter of the preceding year. The pharmacy vertical generated $910 in revenue for the first quarter of 2023 compared to $512 for the first quarter of 2022. The increase is

due to the statement of work ("SOW") extension signed in the second quarter of 2022, combined with a scope reduction that had occurred in October 2021 which was still in effect during the first quarter of 2022.

Revenue generated by InfoTech was $477 in the second quarter of 2023 ($704 for the second quarter of 2022). The decrease in revenue for Infotech is due to customer churn compared to the same period last year. CoreHealth generated $1,178 of revenue during the second quarter of 2023 ($1,038 for the second quarter of 2022). The increase in revenue for CoreHealth is due to new client signed during the year with higher annual license values compared to the same period last year. The Company signed SOW extensions with its major pharmacy client during the second quarter of 2023, increasing pharmacy vertical revenue to $1,045 compared to $592 in the same quarter of 2022.

Revenue generated by InfoTech was $501 in the third quarter of 2023 ($662 for the third quarter of 2022). The decrease in revenue was mainly due to InfoTech customer churn versus the same period the preceding year. CoreHealth generated $1,702 of revenue during the third quarter of 2023 ($553 for the third quarter of 2022). CoreHealth added two major reseller clients that contributed to additional revenue in the third quarter of 2023 compared to the previous period. The pharmacy vertical generated $1,281 in third quarter of 2023 ($851 for the third quarter of 2022. The Company's extension to its statement of work with its major pharmacy client during the second quarter of 2023 contributed to a large increase in revenue in the third quarter of 2023 compared the same quarter in 2022.

Revenue generated by InfoTech was $499 in the fourth quarter of 2023 ($624 for the fourth quarter of 2022). The decrease in revenue was mainly due to InfoTech customer churn compared to the same period the preceding year. CoreHealth generated $1,765 of revenue during the fourth quarter or 2023 ($982 for the fourth quarter of 2022). The increase in revenue for CoreHealth is due to the acceleration of numerous implementations in the last quarter of the year, that resulted in increased implementation and license revenue for the last quarter of the year. The pharmacy vertical generated $1,289 in fourth quarter of 2023 ($850 for the fourth quarter of 2022). The Company's extension to its statement of work with its major pharmacy client during the second quarter of 2023 contributed to a large increase in revenue in the fourth quarter of 2023 compared the same quarter in 2022.

Net Loss

The Company is an early-stage business operation that continues to invest in its growth through research and development projects, and strategic M&A. The net loss in each quarter is attributable to key hires and their related expenses, costs associated with M&A and related financing and in the fourth quarter of 2022, impairment of goodwill and /or intangible assets of said acquisitions.

In 2023, higher revenue and the implementation of additional cost reduction measures served to improve the overall profitability of the Company.

In the first quarter of 2023, the net loss started to reduce and was only $459 compared to $1,803 for the first quarter of 2022, representing an improvement of 56% year-over-year.

In the second quarter of 2023, the net loss reduced substantially to only $687 compared to $2,435 for the second quarter of 2022, representing an improvement of 72% year-over-year.

In the third quarter of 2023, the reduction in net loss continued with a net loss of only $390 compared to $1,725 for the third quarter of 2022, representing an improvement of 77% year-over-year.

In the fourth quarter of 2023, net loss was $1,779 compared to $11,855 for the fourth quarter of 2022, representing an improvement of 85% year-over-year. The decrease in net loss in the fourth quarter of 2023 compared to the same quarter of 2022 is driven mostly by higher revenue, lower loss from operations and lower non-routine costs. The Company recognized $12,582 as an impairment of goodwill and intangible assets charge in the last quarter of 2022, which was partially offset by a change in fair value of consideration payable, and which had a significant impact on net loss during the last quarter of 2022.

DISCUSSION OF OPERATIONS

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2023 and 2022:

	Years ended December 31, 2023	2022	$ Change	% Change
REVENUE	$ 12,255	$ 9,254	$ 3,001	32%
Cost of revenue	$ 2,075	$ 1,617	$ 458	28%
Gross profit	**$ 10,180**	**$ 7,637**	**$ 2,543**	**33%**
EXPENSES				
Sales and marketing	$ 925	$ 1,455	$ (530)	-36%
Research and development	$ 6,934	$ 7,981	$ (1,047)	-13%
General and administrative	$ 4,856	$ 4,438	$ 418	9%
Loss from operations	**$ (2,535)**	**$ (6,237)**	**$ 3,702**	**-59%**
M&A costs	$ -	$ 17	$ (17)	-100%
Finance costs	$ 1,513	$ 1,082	$ 431	40%
Change in fair value of contingent consideration	$ -	$ (820)	$ 820	-100%
Impairment	$ 178	$ 12,582	$ (12,404)	-99%
Other Income	$ (211)	$ -	$ (211)	N/A
Net loss before taxes	**$ (4,015)**	**$ (19,098)**	**$ 15,083**	**-79%**
Income tax expense (gain)	$ (700)	$ (1,280)	$ 580	-45%
Net loss	**$ (3,315)**	**$ (17,818)**	**$ 14,503**	**-81%**
Total comprehensive loss	**$ (3,315)**	**$ (17,818)**	**$ 14,503**	**-81%**

Revenue analysis

Revenue for the year December 31, 2023, was $12,255 compared to $9,254 for the year ended December 31, 2022, an increase of $3,001 or 32% which is driven principally is driven principally by the pharmacy vertical and an increase in CoreHealth license revenue, offset by a reduction in license revenue at Infotech, which lost several customers during 2022 and the beginning of 2023.

Revenue generated in the year ended December 31, 2023, was 63% from the employer vertical and 37% from the pharmacy vertical.

While revenue for the employer vertical increased overall during the year ended December 31, 2023, the Infotech business lost several customers during the year. The CoreHealth business showed an increase in revenue during the year ended December 31, 2023 compared to 2022 and recurring revenue from the employer vertical business is expected to increase incrementally during the next several quarters due to increases in licensed users from several major customers of CoreHealth and also InfoTech.

Total comprehensive loss analysis

Total comprehensive loss was $3,315 for year ended December 31, 2023, compared to a loss of $17,818 for the year ended December 31, 2022, a decrease of $14,503 or 81%. The decrease in net loss in 2023 compared to 2022 is driven mostly by higher revenue, lower loss from operations and lower non-routine costs.

Management executed cost reduction measures during the year ended December 31, 2023 that resulted in a reduction of operating expenses compared to the previous year while still continuing to substantially increase revenue. The Company recognized $12,582 as an impairment of goodwill and intangible assets charge in 2022, which was partially offset by a change in fair value of contingent consideration, and which had a significant impact on net loss during 2022. Those expenses did not occur during the same period of 2023

Additionally, finance costs increased substantially from year ended December 31, 2023 to the year ended December 31, 2022, mainly because of the increase in borrowing and increase in interest rates applicable to the Company's outstanding debt during the period – see Note 14 of the Financial Statements for details on the year ended December 31, 2023.

Cost of revenue

The cost of revenue for the year ended December 31, 2023, was $2,075 compared to $1,617 in the same period of 2022. The increase of $458 (28%) is attributable to additional expenses incurred in data hosting and to support clients in the employer vertical when compared to the previous year.

Expense analysis

Total operating expenses for year ended December 31, 2023, were $12,715 compared to $13,874 incurred in the same period of 2022, a decrease of $1,159 or 8%. The decrease in operating expenses is due to lower research and development costs and lower sales and marketing costs slightly offset by higher general and administrative costs. The decrease in research and development is attributable to research and development investment tax credits and grants during the year ended December 31, 2023, lower amortization expenses due to InfoTech's intangible assets being partially impaired as of December 31st, 2022. Without the effect of the tax investment credits and grants, research and development costs during the year ended December 31, 2023, would have been higher by approximately $538.

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

Sales & marketing expenses

Sales & marketing expenses decreased on the year ended December 31, 2023 to a total of $925 compared to $1,455 for the same period of 2022. The decrease is driven in part by a reduction in labour costs in the period ending December 31, 2023 due to terminations during the second and third quarter of 2022.

Research & development expenses

Research & development costs were $6,934 for year ended December 31, 2023, compared to $7,981 for the year ended December 31, 2022, a decrease of $1,047 or 13%. The decrease is mainly due to tax investment credits and grants which decreased labor costs by $538 in the period and lower overall head count compared to the previous periods in 2022. Research and development costs, which are primarily software licenses used across the businesses' research and development departments, decreased significantly during the year ended December 31, 2023, compared to the same period in 2022 due to management's cost reduction strategies implemented at the end of the fourth quarter of 2022.

General & administrative expenses

General and administrative expenses for 2023 were $4,856 compared to $4,438 in 2022, an increase of $418 or 9%. The Company recorded higher labour & employee benefits expenses (including the payment of bonuses), stock option expenses, and general and administrative costs offset by lower professional fees and lower rent expenses compared to the previous period.

Other expenses

The Company maintained higher borrowing balances on its Credit Facilities, and Convertible Debt during 2023, compared to 2022. Combined with higher interest rates, this resulted in higher finance costs during 2023, compared 2022.

Finance costs increased substantially from $1,082 in 2022 to $1,513 in 2023, mainly because of the increase in borrowings and outstanding debt balances, and also due to an increase in interest rates applicable to the Company's outstanding debt during 2023. During the year ended December 31, 2022, the Company recognized an expense recovery of $820 to reflect the change in the fair value of consideration payable. There were no such adjustments during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recognized a gain of $196 on the initial recognition of the net investment from the Montreal office sublease, which was partially offset by leasehold improvement impairment loss of $178 for the Montreal office. The gain recognized on the Montreal office sublease transaction during the year ended December 31, 2023 decreased other expenses compared to the same period in 2022.

During the fourth quarter of 2022, the Company carried out a review of the recoverable amount of the goodwill associated with each of its cash-generating units (“CGU”) which are (i) the pharmacy CGU (“Pharmacy CGU”), the Infotech CGU (“Infotech CGU”), and the CoreHealth CGU (“CoreHealth CGU”),as required by IFRS. The Infotech business experienced fewer sales in 2022 then was expected at the time goodwill was calculated. Additionally, the healthcare software sector has experienced a large decline in valuations since the time that the CoreHealth and Infotech businesses were acquired in 2021. Unfavorable valuations in the healthcare software sector coupled with an increase in interest rates during 2022 led to a 23.5% discount rate for the CoreHealth CGU and 26% discount for the Infotech CGU. Based on the present value of management’s estimated five-year cash flows using best estimated future growth rates and expected expenditures resulted in the estimated recoverable amount for the CoreHealth and Infotech CGUs to be less than the carrying amount of the tangible and intangible assets allocated to those same CGUs. Therefore, an impairment loss associated with the goodwill of the CoreHealth CGU of $4,237 was recognized during the fourth quarter of 2022. As for the Infotech CGU, a goodwill impairment loss of $6,874 was recognized during the fourth quarter of 2022 along with an intangible asset impairment loss of $1,471, for a total goodwill and intangible asset impairment charge of $12,582. As at December 31, 2023, the Company concluded that there were no indications of impairment on any of its CGUs. The Company did not incur costs related to goodwill and intangible asset impairment during the year ended December 31, 2023, this resulted in a decrease in operating costs compared to the same period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

The cash flow for the year ended December 31, 2023, was driven mainly by the impacts of operating activities and financing activities. During 2023, the Company raised $2,500 through the Private Placements and an additional $2,000 from Convertible Debt issued to shareholders. but repaid $1,075 under the Revolving Facility and $1,246 of the Term Loan Facility, reducing the net cash flow from financing activities.

Cash Flow Analysis

Cash flow for year ended December 31, 2023 and 2022:

	Year Ended December 31,			
	2022	**2022**	**$ Change**	**% Change**
Cash flows generated from (used for):				
Operating activities	$ (806)	$ (2,749)	$ 1,943	-71%
Investing activities	$ (607)	$ (2,171)	$ 1,564	-72%
Financing activities	$ 1,368	$ 4,205	$ (2,837)	-67%
Net increase (decrease) in cash and cash equivalents	$ (45)	$ (715)	$ 670	N/A
Cash and cash equivalents - beginning of year	$ 740	$ 1,455	$ (715)	-49%
Cash and cash equivalents - end of year	**$ 695**	**$ 740**	**$ (45)**	**-6%**

Operating activities

Net cash used for operating activities totaled $806 and $2,749 during the years ended December 31, 2023 and 2022, respectively, and the Company used $1,943 less cash through operating activities in 2023 due principally to higher revenue and lower loss from operations.

The Company expects that cash from operations will continue to improve relative to 2023, due to ongoing revenue growth and cost reduction strategies.

Investing activities

Net cash used from investing activities for the year ended December 31, 2023 was $607, compared to net cash used for investing activities of $2,171 for the year ended December 31, 2022.

There was a substantial decrease in cash used in investing activities primarily due to the decrease in deferred consideration paid out to the former shareholders of InfoTech and CoreHealth during the year ended December 31, 2023 compared to the previous period in 2022. The Company paid out $700 to the former shareholders of CoreHealth during the year ended December 31, 2023 compared to $2,171 to the former shareholders of InfoTech and CoreHealth during the same period in 2022. The Company expects that use of cash from investing will continue to decrease relative to 2023 due to nil costs remaining to paid out to the former shareholders of InfoTech and CoreHealth as of December 31, 2023.

Financing activities

Net cash from financing activities for the year ended December 31, 2023, was $1,368 compared to net cash from financing activities of $4,205 for the year ended December 31, 2022.

The cash generated in 2023 is from gross proceeds of the Private Placements in the first and second quarters of 2023, and the gross proceeds of the 2023 Convertible Debt in the fourth quarter of 2023 that were offset by Credit Facility repayments.

The cash generated in 2022 is from the Rights Offering completed in the second quarter of 2022, gross proceeds under the $2M Convertible Debt Agreements that were amended in the third quarter, and gross proceeds under the $2.5M Convertible Debt Agreements that were signed in the fourth quarter that were offset by Credit Facility repayments.

Outlook

During 2023 the Company signed and implemented several key accounts, broadening its footprint in the employer vertical, and it substantially increased the scope of its statement of work with its major pharmacy client. It successfully implemented its cost reduction strategy announced and found further efficiencies within its cost structure, improving its margins and operating cash flows.

Combining an efficient management of expenses with ongoing revenue growth is expected to set the Company in the right direction towards permanent profitability. The Company raised substantial long-term capital during 2022 and 2023, in the form of the Rights Offering, the Convertible Debt and the Private Placements, allowing the Company to substantially reduce its short term liabilities and strengthen its balance sheet.

On March 8th, 2023, the Company announced the closing of the UIL Private Placement, for gross proceeds of $1,250. On May 23rd, 2023, the Company announced the closing of an additional non-brokered private placement with PML, for gross proceeds of $1,250. On December 8th, 2023, the Company announced the closing of the 2023 Convertible Debt for gross proceeds of $2,000. Management continues to evaluate alternatives to secure additional financing until the Company becomes permanently profitable.

Based on the above, the Company is confident it will generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to execute the Company’s planned growth strategies and fund development activities.

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 December 31, 2023		
	Less than 1 year	**1-5 years**	**After 5 years**
Contractual obligations	$ 140	$ 492	$ -

Capital Resources

	December 31, 2023	December 31, 2022	$ Change	% Change
Shareholders' equity	$ (6,666)	$ (6,359)	$ (307)	5%
Total debt	$ 14,351	$ 15,615	$ (1,264)	-8%

Carebook's capital resources as at December 31, 2023 consisted of shareholders' equity and debt financing. The decrease in shareholder's equity is mainly driven by the Company's net loss for the year ended December 31, 2023. While the decrease in total debt is due to repayment of the Term Loan Facility and Revolving Facility.

Beginning in June 2022 and until October 2023, the Company started repaying the principal outstanding under the Term Loan Facility, at a rate of $83 each month. Beginning in November 2023, the Company will continue repaying the principal outstanding under the Term Loan Facility, at a rate of $50 each month.

Please refer to Notes 14 and 15 of the Financial Statements for more information on the Company's borrowings and shareholder equity.

Management will continue to evaluate alternatives to secure additional financing if and when required. Such financing could be provided in the form of additional debt financing or equity investments depending on market conditions. While the Company believes it has increased its runway in order to execute its business plan, if and when a new financing is required, there is no guarantee that the Company will be able to secure such financing on attractive terms, or at all.

Sources of funding

The Company has financed its development operations and met its capital requirements primarily through revenue from customers, debt financing and equity investments. The Company secured $8,000 in the year ended December 31, 2022, and $4,500 in the year ended December 31, 2023 as follows:

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.

In the third quarter of 2022, existing loan agreements were amended to become the $2.0M Convertible Debt Agreements, which transaction provided an additional $1,000 in funding.

In the fourth quarter of 2022, the Company entered into the $2.5M Convertible Debt Agreements, which provided an additional $2,500 in funding.

In the first quarter of 2023, the Company completed the UIL Private Placement, for an additional $1,250 in gross proceeds and in the second quarter of 2023, the Company completed the PML Private Placement, for an additional $1,250 in gross proceeds.

In the fourth quarter of 2023, the Company entered into the 2023 Convertible Debt Agreement, which provided an additional $2,000 in funding.

As at December 31, 2023, the Company's outstanding debt was $7,361; $1,254 from the Term Loan Facility, $586 from the Revolving Facility, and $5,922 from the $2M Convertible Debt Agreements, $2.5M Convertible Debt Agreements, and 2023 Convertible Debt. At such date, $2,414 was still available to be drawn under the Revolving Facility. Please refer to Note 14 of the Financial Statements, for additional information on the Credit Facilities and the Convertible Debt.

Management will continue to evaluate alternatives to secure additional financing if and when required.

There are a number of factors that could affect the Company's current and future sources of funding, including the Company's ability to operate its business and execute its planned growth strategies, and unfavorable macroeconomic conditions, such as high inflation, a recessionary environment, or an economic slowdown, which could potentially cause a decline in demand for our solutions or negatively impact our operations. This in turn could negatively impact our ability to meet our covenants and pay interest outstanding under the Credit Facilities and the Convertible Debt or limit our ability to secure future sources of funding.

The details of cash balances as at December 31 are as follows:

	December 31, 2023	**December 31, 2022**
Cash and cash equivalents	**$ 695**	**$ 740**

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 continues to invest in the ongoing development and enhancements to its digital platforms.

Debt financing

A debt repayment occurred during the second quarter or 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.

Existing loan agreements were amended into the $2M Convertible Debt Agreements in the third quarter of 2022, which transaction provided an additional $1,000 in funding.

The issuance of the $2.5M Convertible Debt in the fourth quarter of 2022 provided an additional $2,500 in funding.

The issuance of the 2023 Convertible Debt in the fourth quarter of 2023 provided an additional $2,000 in funding.

Equity Financings

In the first quarter of 2023, the Company completed the UIL Private Placement, for an additional $1,250 in gross proceeds. In the second quarter of 2023, the Company completed the PML Private Placement, for an additional $1,250 in gross proceeds.

STATEMENTS OF FINANCIAL POSITION

Working Capital

	December 31, 2023	December 31, 2022	$ Change	% Change
Current assets	$ 1,932	$ 1,770	$ 162	9%
Current liabilities	$ 6,974	$ 9,590	$ (2,616)	-27%
Total working capital (deficit)	**$ (5,042)**	**$ (7,820)**	**$ 2,778**	-36%

As at December 31, 2023, the Company had a working capital deficit of $5,042, compared to a working capital deficit of $7,820 as at December 31, 2022. The working capital deficit is driven by the amount outstanding on the Credit Facilities, accrued interest payable, and an increase in contract liabilities.

Other than as a result of recently received funds from the $2.0m Convertible Debt, the $2.5M Convertible Debt, the Private Placements, and the 2023 Convertible Debt , the Company expects its working capital position to improve in the short-term as the Company continues to reduce its account payables and accrued liabilities 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 December 31, 2023, and as at the date hereof, the following securities of Carebook were issued and outstanding:

(1) 102,752,356 common shares;
(2) 11,142,184 options to purchase common shares; and
(3) 568,383 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 19 of the Company's annual audited consolidated financial statements for the year ended December 31, 2023.

Related party transactions that took place during the year ended December 31, 2023 were concluded in the normal course of its operations.

RELATED PARTY AGREEMENTS

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. Those loan agreements were amended in September 2022 into the $2M Convertible Debt Agreements, which transaction also resulted into an additional $1,000 in funding. In addition, the Company entered into the $2.5M Convertible Debt Agreements with MT Sidecar and UIL in December 2022 that provided an additional $2,500 in funding. The Company entered into the 2023 Convertible Debenture Agreement with UIL in December 2023 that provided $2,000 in funding.

As disclosed in the "Rights Offering and Stand-by Commitment" 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.

As disclosed in the "Private Placements" section, in the first quarter of 2023, the Company completed the UIL Private Placement with UIL, for an additional $1,250 in gross proceeds. In the second quarter of 2023, the Company completed the PML Private Placement with PML, an affiliate of UIL, for an additional $1,250 in gross proceeds.

On August 25, 2023, the Company granted 7,350,000 stock options to members of key management. The stock options granted to members of key management are described in detail in Note 19 of the Company's Financial Statements under Key management compensation and are included in equity incentives calculations. The options vest over 3 years and expire after 10 years.

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 Financial Statements

CHANGES IN ACCOUNTING POLICIES

No material changes were made to the Company's accounting policies during the year ended December 31, 2023.

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

FINANCIAL RISKS AND UNCERTAINTIES

The Company is subject to certain financial risks and uncertainties in carrying out its activities, as more fully described below. The Company manages its exposure to such risks and uncertainties from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk, through its risk management strategy. For instance, 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. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. 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.

The reader is cautioned that the list of financial risks and uncertainties described below is not exhaustive. Readers are encouraged to review and carefully consider the more comprehensive discussion of the risks and uncertainties related to Carebook's business presented in the section entitled "Risk Factors" of this MD&A.

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, the rate of bankers' acceptances and the Canadian prime rate.

During 2022 and 2023, the interest rate risk stemmed from the Credit Facilities and Convertible Debt.

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 Convertible Debt would have had a negative impact of $82 in the Company's net loss and shareholder's deficit for the year ended December 31, 2023

Foreign exchange risk

The Company has risk attributable to certain U.S. dollar-denominated transactions pertaining to purchases of products and services. The Company also invoices and collects some revenue in Euros, but the overall amount is insignificant, and poses a minimal risk to the Company. The Company manages its exposure to currency fluctuations by monitoring its level of cash in foreign currencies. Management did not hedge these exposures during the years ended December 31, 2023 and 2022.

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. A hypothetical 10% strengthening (weakening) of the U.S. dollar in relation to the Canadian dollar from December 31, 2023 levels would have had an impact of +/- $54 on net loss and comprehensive loss and shareholder's deficit.

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 16 of the Company's annual audited consolidated financial statements for the year ended December 31, 2023. 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.

The Company completed the Rights Offering in May 2022 resulting in the Company receiving aggregate gross proceeds of $4,500 under the Rights Offering.

The Company amended existing loan agreements in September 2022 into the $2.0M Convertible Debt Agreements, which transaction provided an additional $1,000 in liquidity. In December 2022, the Company entered into the $2.5M Convertible Debt Agreements which provided an additional $2,500 in gross proceeds.

In the first quarter of 2023, the Company completed the UIL Private Placement, for an additional $1,250 in gross proceeds. In the second quarter of 2023, the Company completed the PML Private Placement, for an additional $1,250 in gross proceeds.

In December 2023, the Company entered into the 2023 Convertible Debt with UIL that provided an additional $2,000 in funding.

The Company continues to monitor its liquidity and has undergone significant cost reductions to ensure the business continues to operate as a going concern. Despite the addition of InfoTech's and CoreHealth's clients and revenue, and the implementation of those cost reductions, there is no guarantee that future revenue will generate sufficient income to offset operating expenses of the Company.

As at December 31, 2023, the Company's current liabilities exceeded its current assets by $5,042 . The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $67,650 as at December 31, 2023 ($64,335 at December 31, 2022). To date, the Company has incurred significant costs relating to the development of its technology and service offerings, recruitment of key personnel, and establishing a market for the Company's services. The Company may incur further losses in the development of its business in the near-term if funds are required to cover any monthly burn rate, as well as other obligations related to future acquisitions, and the Company's working capital may be insufficient to meet its obligations. The Company may therefore rely on debt and equity financing to finance its operations, meet its working capital needs, service the repayment of debt and fund its growth initiatives, including its mergers and acquisitions.

While the Company has been successful in securing debt and equity financings in the past, the Company's ability to successfully raise additional funds is dependent on several factors outside the Company's control and largely unknown particularly due to the state of the global economy. These material uncertainties may impair the Company's ability to continue as a going concern and for that reason management regularly evaluates alternatives to secure additional financing so that the Company can continue to operate as a going concern.

As discussed in the section titled "Borrowings, Equity and Debt Financings", 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 September 2022,

and further repayments at a rate of $1,000 annually, payable in equal Monthly Installments. The Company intends used the funds raised as part of the Rights Offering, $2.0M Convertible Debt Agreements and $2.5M Convertible Debt Agreements to comply with such terms of the amendment. In October 2023, the Company entered into an agreement with the Lenders to amend its Credit facilities to extend the maturity date to September 30, 2024. Under the amendment, the Company is to continue to repay the principal amount of the Term Loan Facility in equal monthly consecutive payments of $50. The Company used a portion of the funds raised from the 2023 Convertible Debt to pay down the Revolving Facility.

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, and the risk factors discussed in other disclosure documents filed by the Company on SEDAR+ under the Company's profile at www.sedarplus.ca. 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 elsewhere in this MD&A and the Financial Statements along with the risk factors described in other disclosure documents filed by the Company on SEDAR+ under the Company's profile at www.sedarplus.ca

RISK FACTORS

Investing in the securities of the Company involves a high degree of risk. In addition to all other information set out in this MD&A, the following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company and its securities. Other risks and uncertainties that management of the Company does not presently consider to be material, or of which they are not presently aware, may also become important factors that affect the Company's future business, financial condition and results of operations. The occurrence of any of these risks could materially and adversely affect the Company's business, prospects, financial condition, results of operations or cash flow. In these circumstances, the market price of the Company's securities could decline, and a purchaser of the Company's securities may lose all or part of their investment.

Risks Related to Carebook's Business and Industry

We conduct our business in a heavily regulated industry.

The healthcare industry in which Carebook operates (including the pharmacy and insurance industries) is heavily regulated and closely scrutinized by governmental agencies. Comprehensive statutes and regulations pertaining to providing remote healthcare as well as privacy, data protection and other matters relating to information collection, govern the manner in which Carebook provides and market its services, generate revenue and generally conduct its operations. Achieving and sustaining compliance with these laws and regulations may prove costly. While Carebook believes that it is currently in material compliance with all applicable laws, due to the uncertain and evolving regulatory environment, it may be determined that Carebook is in violation of existing laws or will be in violation of future laws. In the event that Carebook must remedy such violations, it may be required to modify its services, products and commercial arrangements in a manner that undermines its solution's attractiveness to its customers, providers, partners or experts, it may become subject to fines or other penalties or, if Carebook determines that the requirements to operate in compliance are overly burdensome, it may elect to terminate certain of its products or services. In each case, Carebook's revenue may decline, and its business, financial condition and results of operations could be materially adversely affected. Carebook's failure to accurately anticipate the application of the laws and regulations applicable to its business or any other failure to comply with regulatory requirements could create liability and negatively affect its business. Any action against Carebook for violation of these laws or regulations, even if it successfully defends against it, could cause Carebook to incur significant legal expenses, divert its management's attention from the operation of its business and result in serious reputational damage and loss of customer and user confidence in Carebook's products and services. Additionally, it is possible that the laws and rules governing the practice of medicine, including remote healthcare, insurance and pharmacy products and services, privacy, data protection and other matters relating to information collection, in one or more jurisdictions may change in a manner deleterious to Carebook's business. Carebook cannot assure investors that any new or changed healthcare laws, regulations or standards will not materially adversely affect its business or that a review of its business by judicial, law enforcement, regulatory or accreditation authorities will not result in a determination that could adversely affect its business, financial condition and results of operations.

Additionally, the introduction of new services may require Carebook to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining appropriate licenses or certificates, increasing Carebook's security measures and expending additional resources to monitor developments in applicable rules and ensure compliance. The failure to adequately comply with these future laws

and rules may delay or possibly prevent some of Carebook's products or services from being offered to customers and users, which could have a material adverse effect on its business, financial condition and results of operations.

Our use and disclosure of personally identifiable information, including personal health information, is subject to privacy and security regulations, and failure to comply with such regulations could result in significant liability or reputational harm and, in turn, a material adverse effect on its business.

Carebook and its customers can use Carebook's products to collect, use, process and store sensitive information regarding customers and individuals, including personally identifiable information ("PII"), personal health information ("PHI"), geolocation data, and government-issued identification. There are numerous local and foreign laws, regulations and directives regarding privacy and the collection, storage, transmission, use, processing, disclosure and protection of PII, including PHI, and other personal or customer data. Carebook must comply with such laws, regulations and directives and it may be subject to significant consequences, including reputational harm, penalties and fines, for its failure to comply. These laws, and our contracts with certain customers, may restrict or regulate the manner in which we collect, use, disclose, access, retain, store and safeguard personal information and require us to use industry-standard or reasonable measures to safeguard personal or confidential information.

For instance, in Canada, these laws and regulations include, among others, the Personal Information Protection and Electronic Documents Act (Canada) ("PIPEDA"), which govern the collection, use and disclosure of personal information, including PII and PHI, in the course of its business activities and interactions with its customers. Pursuant to PIPEDA, organizations may collect, use or disclose personal information only for purposes that a reasonable person would consider appropriate in the circumstances. Moreover, PIPEDA requires, among other things, data-breach notification and record keeping procedures.

Given the breadth of PIPEDA and other similar privacy legislation in other jurisdictions and applicable to the Company from time to time, there can be no assurance that the measures Carebook has taken for the purposes of compliance with such regulations will be successful in preventing a breach of PIPEDA or other similar legislations. In addition, government regulatory bodies, privacy advocacy groups, the technology industry and other industries may consider new or different self-regulatory standards that may place additional burdens directly on Carebook and/or its customers, thus indirectly affecting Carebook. Carebook's products are expected to be capable of use by its customers in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such privacy laws and regulations may adversely impact Carebook's business, and failure to enable its products to comply with such laws could lead to significant fines and penalties

imposed by regulators, as well as claims by the customers of third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect Carebook's and/or its customers' ability or desire to collect, use, process and store certain information, which could reduce demand for Carebook's products.

Moreover, the regulatory framework in Canada and in many other jurisdictions in respect of cybersecurity and the protection of data and privacy is constantly changing and will likely continue to do so in the foreseeable future. Federal and provincial laws are also changing rapidly. For example, on June 12, 2020, the Quebec National Assembly adopted Quebec's Bill 64, An Act to modernize legislative provisions as regards the protection of personal information. Now designated Law 25, the first phase of the new legislation came into effect on September 22, 2022. The next stages will be coming into force every September until, 2024. Law 25 brings significant changes to Quebec's private sector privacy legislation and introduces substantial penal fines (up to $25 million or 4% of worldwide turnover), new administrative monetary penalties (up to $10 million or 2% of worldwide turnover), and a private right of action. Law 25 includes several new requirements, including a requirement that default settings on technology products or services be set to provide the highest level of confidentiality, that the use of technology that processes biometric information to identify people be disclosed to the Commission d'accès à l'information prior to its deployment, and that individuals will have the right to request that links providing access to their personal information be deindexed or re-indexed. As of 2024, individuals will also have a right to data mobility. Law 25 and its associated Regulation respecting confidentiality incidents now requires Quebec businesses to report confidentiality incidents both to the Commission d'accès à l'information and to the individual if it is believed that the incident could cause a risk of serious injury. Law 25 also requires that a business designate a person to ensure the business complies with personal information protection legislation failing which this responsibility will rest with the person with the highest authority.

Carebook relies, in part, on third party compliance with privacy legislation and could be subject to liability as a result of any breaches by such third parties.

We may experience information security breaches and disruptions or other performance problems with our information technology systems.

Our use of technology is critical in its continued operations, and companies are generally increasingly subject to a wide variety of attacks on their networks and systems on an ongoing basis. Despite our efforts to create security barriers to such threats, it is virtually impossible for us to entirely mitigate these risks, and we are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. The security measures we have undertaken to minimize cyber-attacks, security breaches and/or technological

malfunctions may not function as expected or may not offer sufficient protection. Successful cyber-attacks, security breaches and/or technological malfunctions affecting us or our 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 our products and services and significant reputational risk, each of which could adversely affect our business, financial condition and results of operations. To our knowledge, we have not to date been subject to any cyber-attacks or material technological malfunctions.

Furthermore, third parties to whom Carebook outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack on Carebook, or affecting third party service providers or partners, could harm our business even if Carebook does not control the service that is attacked.

We depend on services from various third parties to maintain our infrastructure, and any disruption of these services could impact the performance of our products.

We depend on services from various third parties to maintain our infrastructure and operate our platform and products, including data centre providers, internet infrastructure, bandwidth providers, third-party computer hardware and software and other third parties. Any disruptions in these services, including as a result of actions outside of our control, would have a significant impact on the continued performance of our products. In addition, in the future, some or all of these services may not be available to us due to regulatory or economic constraints such as privacy-related restrictions on transferring data from a jurisdiction to another, on commercially reasonable terms, or at all and other factors associated with social and geopolitical issues in foreign jurisdictions. Any loss of the right to use any of these services could result in decreased functionality until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated into our infrastructure. If we do not accurately predict our infrastructure capacity requirements, users could experience service shortfalls. We may also be unable to effectively address capacity constraints, upgrade systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology. Any of the above circumstances or events may harm our reputation, cause customers to terminate their contracts or subscriptions with us, impair our ability to obtain contract renewals from existing customers, impair our ability to grow our customer base, and otherwise harm our business, financial condition, results of operations, cash flows and prospects.

Errors or defects introduced into our platform could hinder the client and user experience and potentially lead to legal action.

Platforms such as ours often contain errors, defects, security vulnerabilities or bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all users simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of users.

Errors, defects, security vulnerabilities, service interruptions or software bugs in our platform could result in losses to our customers or users. Our customers and users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Furthermore, a customer or user could share information about bad experiences on social media, which could result in damage to our reputation and loss of future revenue. There can be no assurance that any actions we take in an attempt to limit our exposure to claims would work as expected or be adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our customers or users would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our products or services.

Our use of "open source" software may pose certain risks to our business.

Our operations depend, in part, on how we make use of certain open-source software products. These open-source software products are developed by third parties over whom Carebook has no control and are generally licensed by their authors or other third parties under open-source licenses and are typically freely accessible, usable and modifiable. We have no assurance that the open-source components do not infringe on the intellectual property rights of others. We could be exposed to infringement claims and liability in connection with the use of these open-source software components, and we may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. Carebook has conducted no independent investigation to determine whether the sources of the open-source software have the rights necessary to permit Carebook to use this software free of claims of infringement by third parties. The developers of open-source software may be under no obligation to maintain or

update that software, and Carebook may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to our services.

Certain open-source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modification, are also made available under the same terms and conditions. As a result, any modifications Carebook makes to such software may be made available to all downstream users of the software, including its competitors. Open-source software licenses may require Carebook to make source code for the derivative works available to the public. We seek to ensure that our proprietary software is not combined with, and does not incorporate, open-source software in ways that would require the release of the source code of our proprietary software to the public. If an author or other third-party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products and services that contained or are dependent upon the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products and services. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our platform. The terms of many open-source licenses to which we are subject have not been interpreted by U.S., Canadian or foreign courts. Accordingly, there is a risk that terms of these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products and services. The potential impact of these terms on our business is therefore uncertain and may result in unanticipated obligations regarding our products and services. In the event Carebook inadvertently uses open-source software without the correct license form, or a copyright holder of any open-source software were to successfully establish in court that Carebook had not complied with the terms of a license for a particular work, Carebook could be required to release the source code of that work to the public. Any requirement to disclose our proprietary source code, termination of open-source license rights or payments of damages for breach of contract could be harmful to our business, financial condition, results of operations, cash flows and prospects, and could help our competitors develop products and services that are similar to or better than ours with lower development effort and time. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Changes to technologies used in our platform and products or new versions or upgrades of technology infrastructure could adversely impact the customers and users experience.

We believe the simple and straightforward interface for our platform and other products has helped us to expand and offer our products and services to customers and users with limited technical expertise. In the future, providers of applications, platforms, infrastructure and frameworks could introduce new features that would make it difficult for customers and users to use our platform. In addition, applications and platform owners for tablets or mobile devices could introduce new features or change existing specifications such that they would be incompatible with our platform and website. Any changes to technologies used in our platform and applications, to existing features that we rely on, or to operating systems or applications that make it difficult for customers and users to access our platform and applications may make it more difficult for us to maintain or increase our revenue and could adversely impact our business, financial condition, results of operations, cash flows and prospects.

Changes in the regulation of the internet may negatively impact our business.

We are subject to general business regulations and laws and regulations and laws specifically governing the internet. Existing and future regulations and laws could impede the growth of the internet. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, and internet neutrality. Certain existing laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet, and certain jurisdictions may interpret existing laws or adopt new laws that could adversely affect us. It is possible that general business regulations and laws, or those specifically governing the internet, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our platform and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. Adverse legal or regulatory developments could decrease demand for our products and, at the same time, increase the cost of selling our products, which could have a material adverse effect on our business, operating results, and financial condition.

We are dependent on certain third-party technologies licensed on a non-exclusive basis.

Carebook licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to roll-out its products while it seeks to implement alternative technology offered by other sources and may require significant unplanned investments. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

The digital health and telehealth market is immature and volatile, and its future development is uncertain.

The digital health and telehealth market is relatively new and unproven, and it is uncertain whether it will achieve and sustain high levels of demand, consumer acceptance and market adoption. Our success will depend to a substantial extent on the willingness of its customers to use, and to increase the frequency and extent of their utilization of, our solutions, as well as on its ability to demonstrate the value of digital health and telehealth and its services to employers, to insurance providers, to health plans, government agencies, pharmacies and other purchasers of healthcare for beneficiaries. Negative publicity concerning the digital health and telehealth market as a whole could limit market acceptance of our products and services. Similarly, individual and healthcare industry concerns or negative publicity regarding patient confidentiality and privacy in the context of digital health and telehealth could limit market acceptance of our healthcare services. While the COVID-19 pandemic accelerated the adoption of virtual healthcare, there is no assurance that such a trend will continue. If any of these events occurs, it could have a material adverse effect on our business, financial condition or results of operations.

A significant portion of Carebook's revenue comes from a key customer

Historically, Carebook has relied on a limited number of customers for a substantial portion of its total revenue. While we expect to sign additional customers and that this risk has been partially mitigated by the acquisitions of InfoTech and CoreHealth, a key customer in the pharmacy vertical (which we consider as an anchor client) represented approximately 37% of Carebook's total revenues for the year ended December 31, 2023. 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.

A high customer concentration carries risks related to operations, revenue generation and fluctuations, as well as cash flow dependence. In addition, mergers and acquisitions involving Carebook's customers could lead to cancellation or non-renewal of its contracts with those customers or by the acquiring or combining companies, thereby reducing the number of its existing and potential customers. The loss of any of our anchor customers, or a failure of some of them to renew or expand their relationships with us, could have a significant impact on the growth rate of our revenue and operations.

Our success is dependent on certain strategic partnerships.

To grow our business, we anticipate that we will continue to depend on relationships with third parties, such as pharmacies, insurance companies, hospitals, governments and technology providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favour their products or services over ours. In addition, acquisitions of partners by our competitors, and certain exclusivity agreements granted to certain of our anchor customers by such competitors, could result in a decrease in the number of our current and potential customers and users, as its partners may no longer facilitate the adoption of its applications by potential customers and users. If we are unsuccessful in establishing and maintaining relationships with third parties, or if these third parties are unable or unwilling to provide services to Carebook, our ability to compete in the marketplace or to grow our revenue could be impaired, and our results of operations may suffer. Even if we are successful, it cannot be assured that these relationships will result in increased customer and user adoption and continued use of our products and services or increased revenue.

If we are unable to manage our continued growth successfully, our business and results of operations could suffer.

Our ability to manage growth will require us to continue to build our operational, financial and management controls, contracting relationships, marketing and business development plans and controls and reporting systems and procedures. Our ability to manage our growth will also depend in large part upon a number of factors, including our ability to rapidly:

- expand our internal and operational and financial controls significantly so that we can maintain control over operations;
- attract and retain qualified personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- build a sales team to keep customers and partners informed regarding the technical features issues and key selling points of our products and services;
- develop support capacity for customers as sales increase; and

- build a channel network to create an expanding presence in the evolving marketplace for our products and services.

An inability to achieve any of these objectives could harm our business, financial condition and results of operations.

Our success depends on our ability to continue to innovate and enhance our existing products.

The digital health and telehealth market is characterized by rapid technological change, changing consumer requirements, short product lifecycles and evolving industry standards. To keep pace with such technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, Carebook must enhance and improve existing platforms and services. If Carebook is unable to successfully develop new products or enhance and improve existing products with the next generation of technologies, or if we fail to position and/or price our products to meet market demand, Carebook's business and operating results will be adversely affected. Further, the introduction of new products could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. There is no guarantee that Carebook will possess the resources, either financial or personnel, for the research, design and development of new applications or services, or that it will be able to utilize these resources successfully.

No assurance can be provided that our products will remain compatible with evolving computer hardware and software platforms and operating environments. In addition, competitive or technological developments and new regulatory requirements may require Carebook to make substantial, unanticipated investments in new products and technologies. If Carebook is required to expend substantial resources to respond to specific technological or product changes, its operating results could be adversely affected. The continuing ability of Carebook to address these risks will depend, to a large extent, on its ability to retain a technically competent research and development staff and to adapt to rapid technological advances in the industry.

We may not remain competitive and increased competition could seriously harm our business.

The industry in which we operate, is highly competitive, evolving and characterized by rapid technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than Carebook. As a result, our competitors may be able to develop new products, services or enhancements offerings that better meet the needs of customers and may be able to respond more quickly and effectively than we can to new or changing opportunities and industry standards. In addition,

larger competitors may be able to leverage a larger installed customer base and network to adopt more aggressive pricing policies. Such increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, results of operations and financial condition.

Competition may intensify if one or more of our competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into our market segment or geographic markets. We also expects to face additional competition from new entrants. We will require a continued high level of investment in research and development, marketing, sales and customer support to remain competitive. If we cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

Our brand is integral to our success. If we fail to effectively maintain, promote, protect and enhance our brand and customer service, our business and competitive landscape may be harmed.

We believe that developing, maintaining, promoting and enhancing our Company, and associated brands is critical to expanding our business. Developing, maintaining, promoting and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative products and services, which we may not do successfully.

Errors, defects, data breaches, disruptions or other performance problems with our platform and products, including with third-party applications, may harm our reputation and brand. We may introduce new products and services or terms of service that our customers or users do not like, which may negatively affect our brand. Additionally, if our customers have a negative experience using our products and services or third-party products and services integrated with our products and services, such an experience may affect our brand, especially as we continue to attract larger customers to our platform. Moreover, a prolonged interruption in the availability or reduction in the speed or other functionality of our platform could materially harm our reputation and business. Frequent or persistent interruptions in access to functionality of our platform could cause our customers and users to believe that our platform is unreliable. If our platform is unavailable when customers or users attempt to access it, or if it does not perform to expected levels, our customers and users may cease to use our platform entirely. Moreover, to the extent that any system failure or similar event results in damages to customers or their businesses or in damages to the users, these customers and users could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly to address. While we have implemented measures intended to

prevent or mitigate such interruptions, there can be no assurance that such measures will successfully prevent service interruptions in the future.

Any unfavorable media coverage or negative publicity about our industry or our Company, including, for example, publicity relating to the quality and reliability of our platform and services, our privacy and security practices, our product changes, litigation, regulatory activity, or the actions of our service providers, customers and users could seriously harm our reputation. Such negative publicity could also adversely affect the engagement and loyalty of our customers and users and result in decreased revenue, which could seriously harm our business. Critics of our industry, and others, have in the past and may in the future utilize the internet, the press and other means to publish criticisms of our industry, our Company and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. We or others in our industry may receive similar negative publicity or allegations in the future, and it could be costly, time consuming, distracting to management, cause fluctuations in the market price of our common shares and harm our business and reputation.

We believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products and services at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. Our efforts to market our brand have involved significant expenses, which we intend to increase. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

If Carebook fails to attract and retain key personnel, its ability to develop and effectively manage its business could be adversely affected.

Carebook's success depends on the continued efforts and abilities of its executive officers and other key employees, and its ability to recruit and retain key personnel in a competitive work environment. Carebook relies on its leadership team in the areas of health research, digital engagement, engineering, and design. The loss of the services of any of these persons could have a material adverse effect on its business, results of operations and financial condition.

Carebook's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, finance, technical, sales and marketing personnel. Any such new hire may require a significant transition period prior to making a meaningful contribution to Carebook. Competition for qualified employees is particularly intense in the technology industry. In addition, job candidates and existing employees often consider the value of equity awards they receive in connection with their employment. If the perceived value of Carebook's equity awards declines, it may harm its ability to recruit and retain highly skilled

employees. Carebook's failure to attract and retain the necessary qualified personnel could adversely affect its business, results of operations, financial condition and future growth.

We may need additional financing in order to make further investments or take advantage of unanticipated opportunities.

In order to execute our anticipated growth strategy, Carebook may require additional equity and/or debt financing to undertake capital expenditures, or undertake business combination transactions or other initiatives. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on satisfactory terms, and the inability to raise additional financing could limit our growth and may have a material adverse effect upon our business, operations, results, financial condition or prospects.

If additional funds are raised by the issuance of shares or other forms of convertible securities from treasury, shareholders may suffer additional dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities. If adequate funds are not available, or are not available on acceptable terms, Carebook may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Our growth depends on our ability to attract new customers, retain revenue from existing customers and increase sales to new and existing customers.

Subscription-based revenue is principally realized through the sale of subscription plans and services to our customers. Many of our subscription plans are twelve months in length, with an auto-renew clause. Many of our customers have no long-term obligation to renew or continue their services, and the difficulty and costs associated with switching to a competitor may not be significant for many of our customers. Moreover, the loss of a single customer could result in the loss of many users and significant loss of revenue. As a result, even though the number of customers and users using our platform has grown in recent years, there can be no assurance that we will be able to attract new customers or retain existing customers.

We may also fail to attract new customers, retain revenue from existing customers or increase sales to new and existing customers as a result of a number of other factors, including:

- reductions in our current or potential customers spending levels;
- competitive factors affecting the market for digital delivery of healthcare, including the introduction of competing platforms, discount pricing and other

strategies that may be implemented by our competitors;
- our ability to execute on our growth strategy and operating plans;
- a decline in our customers' and users' levels of satisfaction with our platform and customers' and users' usage of our platform;
- changes in our relationships with third parties;
- the timeliness and success of new services and products we may offer in the future;
- concerns relating to actual or perceived privacy or security breaches;
- frequency and severity of any system outages;
- technological changes or problems; and
- our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximize our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

Our sales cycles and customer implementations can be long and unpredictable and may require considerable time and expense, which increase the volatility of results of operations.

The sales cycle for our solution from initial contact with a potential lead to contract execution and implementation, varies widely by customers. Some of our customers undertake a significant and prolonged evaluation process, including to determine whether the services meet their unique needs, which frequently involves evaluation of not only our solution but also an evaluation of those of our competitors, which has in the past resulted in extended sales cycles. Our sales efforts involve educating our customers about the use, technical capabilities and potential benefits of our solution. It is possible that in the future we may experience even longer sales cycles, more complex customer needs, higher upfront sales costs and less predictability in completing some of our sales as we continue to expand our direct sales force, expand into new territories and market additional applications and services. If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, it could have a material adverse effect on our business, financial condition and results of operations.

Our success depends in part on our ability to expand in international markets.

Carebook intends to expand its operations to international markets. The possible expansion of Carebook's operations to international markets will require management attention and financial resources to establish additional foreign operations, hire additional personnel, and recruit additional international resellers. Incremental revenue may not be adequate to cover the expenses of international expansion. Carebook's possible expansion into new international markets may take longer than anticipated and could directly impact how quickly we increase product sales into these markets. International markets may take additional time and resources to penetrate successfully. Carebook's possible expansion into international markets will rely on Carebook's ability to secure protection for its intellectual property

in such markets. There is also a risk that Carebook will fail to penetrate such international markets. For the pharmacy vertical, Carebook's success is reliant on its international growth as it has provided the exclusive right to distribute Carebook products and services in Canada to one anchor customer. As such, Carebook's overall growth potential in the pharmacy vertical will be material affected should it fail to penetrate new international markets.

International operations may pose certain risks to Carebook's business that may be different from risks associated with domestic operations.

Carebook currently conducts operations from Canada and the United States, where its employees are located, and is marketing its products and services globally. Carebook's international business, including the United States, will be subject to risks resulting from differing legal and regulatory requirements, political, social and economic conditions and unforeseeable developments in a variety of jurisdictions. Carebook's international operations, including the United States, will be subject to particular risks in addition to those faced by its domestic operations, including:

- the need to localize and adapt its solutions for specific countries;
- requirements of foreign laws and other governmental controls, including compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and including employment, healthcare, tax, privacy and data protection laws and regulations;
- data privacy laws that require customer data be stored and processed in a designated territory;
- new and different sources of competition and laws and business practices favoring local competitors;
- changes to economic sanctions laws and regulations;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- difficulties in coordinating the activities of its geographically dispersed and culturally diverse operations and
- any disruption in the ability of Carebook's personnel to travel to expand international operations and to service international customers.

Carebook's overall success in international markets will depend, in part, on its ability to anticipate and effectively manage these risks and there can be no assurance that it will be able to do so without incurring unexpected costs. If Carebook is not able to manage the risks related to any international operations, its business, financial condition and results of operations may be materially adversely affected.

The acquisition and integration of a new business could have an adverse effect on Carebook's business.

If appropriate opportunities present themselves, Carebook may acquire businesses, technologies, services or products that it believes are strategically advantageous. Carebook currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that Carebook will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions. If a strategy of growth through acquisition is pursued, the failure to successfully manage this strategy could have a material adverse effect on Carebook's business, results of operations and financial condition. Furthermore, if acquired businesses and assets are not successfully integrated, Carebook may not achieve the anticipated benefits or growth opportunities.

Carebook's success and ability to compete depends on its ability to secure and protect patents, trademarks, and other proprietary rights.

A number of competitors and other third parties have been issued patents and may have filed patent applications or obtain additional patents and proprietary rights for technologies similar to those in Carebook's products. Some of these patents may grant very broad protection to the owners of the patents. Carebook cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require Carebook to alter its technology, obtain licenses or cease certain activities. Carebook may become subject to claims by third parties alleging its technology infringes their property rights due to the growth of software products in Carebook's target markets, the overlap in functionality of these products and the prevalence of software products. Carebook provides its customers with a qualified indemnity against the infringement of third party intellectual property rights. From time to time, various owners of patents and copyrighted works send Carebook or its customers letters alleging that Carebook's products infringe or might infringe upon the owner's intellectual property rights. Accordingly, where appropriate, Carebook forwards any such allegation or licensing request to outside legal counsel for review. Carebook generally attempts to resolve any such matter by informing the owner of its position concerning non-infringement or invalidity. Even though Carebook attempts to resolve these matters without litigation, it is always possible that the owner of a patent or copyrighted work will bring an action against Carebook.

Carebook relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology. Carebook generally includes non-disclosure provisions in its employment and customer agreements and historically has restricted access to its software products' source code. Carebook regards its source code as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as

unpublished copyrighted works. Despite Carebook's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of Carebook's products or otherwise obtain and use information that Carebook regards as proprietary. In connection with certain contractual commitments, Carebook may provide copies of its source code for certain products to third party escrow agents to be released on certain predefined terms, which in turn heightens the risk of unauthorized third parties copying, misappropriating, misusing or reverse engineering Carebook's products. The impact of any unauthorized disclosure of, access to, or replication of Carebook's proprietary information and processes could have a material adverse effect on Carebook's business, results of operations and financial conditions.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which Carebook's products may be used in the future do not protect its products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements that may be entered into in the future by Carebook, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and Carebook is required to negotiate limits on these provisions from time to time.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish Carebook's proprietary rights. Some competitors have substantially greater resources and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than Carebook could. Regardless of their merit, any such claims could: be time consuming; be expensive to defend; divert management's attention and focus away from the business; subject Carebook to significant liabilities; and require Carebook to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology, any of which may adversely affect its revenue, financial condition and results of operations. There can be no assurance that the steps taken by Carebook to protect its proprietary rights will be adequate to deter misappropriation of Carebook's technology or independent development by others of technologies that are substantially equivalent or superior to its technology.

Carebook has a history of cumulative losses and it may never achieve or sustain profitability.

Carebook has incurred significant losses in each period since its inception. Carebook incurred net losses of $3,315 and $17,818 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, Carebook had an accumulated deficit of $67,650. These losses and accumulated deficit reflect the substantial investments Carebook made to develop its technology platform and products. Carebook cannot assure investors that it will achieve profitability in the future or that, if it does become

profitable, it will be able to sustain or increase profitability. Carebook's prior losses, combined with its expected future losses, have had and will continue to have an adverse effect on its stockholders' equity and working capital. If the costs associated with acquiring new customers and expanding our business, or the terms on which third parties deliver or promote our products and services to other organizations, materially rise in the future, our expenses may rise significantly. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses and may not achieve or maintain profitability. As a result of these factors, we may need to raise additional capital through debt or equity financings in order to fund our operations, and such capital may not be available on reasonable terms, if at all. We may require additional capital to support business growth, and this capital may not be available to us on acceptable terms or at all.

We may make decisions that may negatively impact our short-term operating results if we believe those decisions will improve the experiences of our customers and users or are otherwise necessary or advisable or if we believe such decisions will improve our operating results over the long-term. These decisions may not be consistent with the expectations of investors and may not produce the long-term benefits that we expect, in which case our business may be materially and adversely affected.

Carebook relies on research grants and its failure to secure such grant monies could affect its financial condition.

Carebook has received research grants in the past. Many research grant applications are not successful and, as such, Carebook cannot predict nor assure investors whether future grant applications will be successful or not. Failure to secure grant money in the future could negatively impact Carebook's financial condition and ability to invest in research and development.

Provisions of our present and future debt instruments may restrict our ability to pursue business strategies.

We are party to a credit agreement with a Canadian Schedule 1 bank and its affiliate, which provide financing products, including a line of credit and a term loan. Any instruments governing future indebtedness could contain provisions that are as, or more, restrictive than those to which we are currently subject pursuant to the credit agreement. These restrictions could inhibit our ability to pursue our business strategies. If we default under any of our present or future financing arrangements, lenders may be entitled to take various actions, including but not limited to, terminating the arrangements and causing all amounts to be due and payable. In addition, if we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness, if applicable, or force us into bankruptcy or liquidation.

An economic slowdown could cause a decline in demand for our products and services.

An economic slowdown could cause a decline in demand for our products and services. Growth in our customers' businesses may be affected by economic slowdowns and could therefore potentially have an impact on our operating results. During an economic downturn, customers and potential customers may reduce their employee populations, delay services or projects, reduce subscriptions for our products and services or defer the renewal of existing contracts or the negotiation of new contracts currently underway. This situation could also lead to greater delays and defaults in payments or debt collection, resulting in lower operating results. Because of lower revenue during an economic slowdown, competition may increase and prices may be reduced by certain competitors to maintain or expand their market share. Our pricing and profitability could be adversely affected as a result.

Disruption in our activities due to Acts of God may adversely affect Carebook.

Disruptions in the activities of Carebook may be caused by natural disasters, effects of climate change and man-made activities, pandemics, trade disputes and disruptions, war, terrorism, and any other form of economic, health, or political disruptions. Our financial condition is reliant on continued operations, and in circumstances where continued operations are not possible, Carebook is likely to experience a decline in its revenue, and may suffer additional disruptions in the form of lack of access to its workforce, customers, technology, or other assets. The extent of the impact on Carebook will vary with the extent of the disruption and cannot be adequately predicted in advance.

Risks Related to the Company's Securities

Investors may lose their entire investment

An investment in the Company's common shares is speculative and may result in the loss of an investor's entire investment in the Company. Only investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

The price of the Company's common shares may experience volatility and may be subject to fluctuation in the future based on market conditions.

The market prices for securities of development stage technology companies have historically been highly volatile. The market price of the Company's common shares could be subject to significant fluctuations, including as a result of factors that are unrelated to the operating performance the Company, such as : volatility in the market price and trading volume of comparable companies; actual or anticipated changes or fluctuations in operating results or in the expectations of market analysts;

adverse market reaction to any indebtedness the Company may incur or securities the Company may issue in the future; short sales, hedging and other derivative transactions in the Company's common shares; litigation or regulatory action against the Company; investors' general perception of the Company and the public's reaction to its press releases, its other public announcements and its filings with Canadian securities regulators, including its financial statements; publication of research reports or news stories about the Company, its competitors or its industry; positive or negative recommendations or withdrawal of research coverage by securities analysts; changes in general political, economic, industry and market conditions and trends; sales of the Company's common shares by existing shareholders; recruitment or departure of key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and the other risk factors described in this section of this MD&A.

In addition, because of the nature of the Company's business, certain factors such as announcements of, and competition from, new products or technological innovations, government regulations, fluctuations in operating results, results of test, general market conditions and developments in patent and proprietary rights can have an adverse impact on the market price of the Company's common shares. Any negative change in the public's perception of the Company's prospects could cause the price of its common shares to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of digital health companies in general or the market in general could depress the Company's share price regardless of its results. Volatility or depression in the capital markets, particularly with respect to digital health companies, could also affect the Company's ability to raise additional capital.

The Company has broad discretion in the use of proceeds from offerings.

Management of the Company has broad discretion in using the net proceeds from any offering of Carebook's securities in way that it deems most efficient. The application of the proceed to various items may not benefit the business or increase its value. If proceeds are not applied effectively, his misapplication could adversely affect its business, results of operations and financial condition.

The Company's shareholders may experience significant dilution from future sales of its securities.

The Company may need to raise additional capital in the future. The sale of additional equity by the Company, including warrants or debt securities, if convertible into equity, will result in dilution to the Company's existing shareholders. Also, any debt financing, if available, may require the Company to pledge its assets as collateral or involve restrictive covenants, such as limitations on the Company's ability to incur

additional indebtedness, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact the Company's ability to conduct its business. As a result, the Company's future net income per share could decrease in future periods and the market price of its common shares could decline. The perceived risk of dilution may negatively impact the price of the Company's common shares and may cause its shareholders to sell their common shares, which would contribute to a decline in the price of the Company's common shares. Moreover, the perceived risk of dilution and the resulting downward pressure on the Company's common share price could encourage investors to engage in short sales of its common shares, which could further contribute to progressive price declines in the Company's common shares.

Future offerings of debt or equity securities which would rank senior to the common shares upon bankruptcy or liquidation may adversely affect the market price of our common shares.

In the future, we may attempt to increase our capital resources by making offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities and lenders with respect to any other borrowings will each be entitled to receive a distribution of our available assets prior to the holders of the common shares. Additional equity offerings may dilute the holdings of the Company's existing shareholders or reduce the market price of the common shares, or both, and may result in future limitations under applicable tax legislation that could reduce the pace at which the Company utilizes any net operating loss carry-forward to reduce its taxable income. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of its future offerings, and purchasers of our common shares bear the risk of our future offerings reducing the market price of the common shares and diluting their ownership interest in the Company.

The Company does not intend to pay any dividends in the foreseeable future.

The Company's current policy is to reinvest its earnings to finance the growth of its business. It is not anticipated that the Company will pay any dividends in the foreseeable future. The declaration of dividends is at the discretion of the board of directors, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects, contractual restrictions and financing agreements covenants, solvency tests imposed by corporate law and other factors deemed relevant by its board of directors. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their common shares unless they sell such common shares for a price greater than their acquisition price, and such appreciation may never occur.

Our operating results may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our share price to decline.

Our operating results have fluctuated in the past and are likely to fluctuate in the future, on a quarterly or annual basis, as a result of a variety of factors, many of which are outside of our control. If our results fall below the expectations of investors or securities analysts, the price of our common shares could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including:

- demand for and market acceptance of our services;
- the mix of services sold during a period;
- our ability to retain and increase sales to customers and attract new customers;
- economic and financial conditions specific to our customers;
- the timing of revenue recognition and product deployment which determines when we can recognize the associated revenue;
- the timing and success of introductions of new products and services or upgrades by us or our competitors;
- changes in our pricing policies or those of our competitors;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- network outages or security breaches;
- the amount and timing of expenditures related to expanding our operations, research and development or introducing new products and services;
- changes in stock-based compensation expenses;
- the amount and timing of operating costs and capital expenditures related to the expansion of our business;
- adverse litigation judgments, settlements or other litigation-related costs;
- changes in the legislative or regulatory environment, including with respect to privacy, security or data protection, or enforcement by government regulators, including fines, orders, compliance agreements or consent decrees;
- the cost and potential outcomes of ongoing or future regulatory investigations or examinations, or of future litigation;
- changes in our effective tax rate;
- instability and volatility in the financial markets; and
- changes in business or macroeconomic condition, including due to political, economic and social instability.

As a result of these factors and other factors, our operating results in one or more future periods may fail to meet or exceed the expectations of securities analysts or investors which may affect the trading price of our common shares.

If securities or industry analysts do not publish or cease publishing research or publish inaccurate or unfavorable research about us or our business, the trading price and volume of our common shares could decline.

The trading market for our common shares is influenced by the research and reports that securities or industry analysts publish about us, our business, our market, or our competitors. If any of the analysts who cover us or may cover us in the future change their recommendation regarding our common shares adversely, or provide more favourable relative recommendations about our competitors, the trading price of our common shares may decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the trading price and volume of our common shares to decline.

Our largest shareholders and certain key executives may have significant influence over us through their shareholdings.

Each of UIL Limited ("**UIL**"), a company of which Mr. Alasdair Younie, a director of the Company, is a representative, and entities affiliated to MedTech Investment, L.P. ("**MedTech**"), a private investment limited partnership controlled by Dr. Sheldon Elman, Chair of the Company, and M. Stuart M. Elman, a director of the Company, may have significant influence with respect to all matters submitted to our shareholders for approval, including without limitation the election and removal of directors, amendments to our constating documents and the approval of certain business combinations, and in considering such matters their interests may not always align with the interests of our other shareholders.

As of April 26, 2023, UIL owns or exercises control or direction over, directly or indirectly, 48,546,167 common shares, representing approximately 53.8% of the issued and outstanding common shares (on a non-diluted basis). MedTech, together with its affiliates, owns or exercises control or direction over, directly or indirectly, 24,032,996 common shares, representing approximately 26.7% of the issued and outstanding common shares. Moreover, pursuant to the Investor Rights Agreement entered into in connection with the RTO, MedTech is entitled to certain director nomination and other shareholder rights. In particular, MedTech has the right to designate (i) three (3) director nominees for election to our board of directors for so long as MedTech and its affiliates beneficially own, directly or indirectly, in the aggregate, 20% or more of the issued and outstanding common shares, (ii) two (2) director nominees for election to our board of directors for so long as MedTech and its affiliates beneficially own, directly or indirectly, in the aggregate, 10% or more (but less than 20%) of the issued and outstanding common shares and (iii) one (1) director nominees for election to our board of directors for so long as MedTech and its affiliates beneficially own, directly or indirectly, in the aggregate, 5% or more (but less than 10%) of the issued and outstanding common shares. Such nomination rights will terminate in the event that the ownership interest of MedTech and its affiliates in the Company falls below 5% in the aggregate over a period of six (6) consecutive months.

Circumstances may occur in which the interests of UIL, Alasdair Younie, MedTech (and its affiliated entities), Stuart M. Elman and Sheldon Elman could be in conflict with the interests of other shareholders, and any of UIL, Alasdair Younie, MedTech (and its affiliated entities), Stuart M. Elman and Sheldon Elman would have significant influence to cause us to take actions that align with their interests. This concentration of holdings may cause the market price of the common shares to decline, delay or prevent any acquisition or delay or discourage take-over attempts shareholders may consider to be favorable, or make it more difficult or impossible for a third-party to acquire control of the Company or effect a change in our board of directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which our shareholders could receive a substantial premium over the then current market price for their common shares.

Conversely, our other holders of common shares may generally have limited control over changes in our policies and operations. In addition, our board of directors will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, our board of directors may amend or revise these and other policies without a vote of the holders of common shares. Holders of common shares will only have a right to vote in the limited circumstances provided for under corporate law. our board of directors' broad discretion in setting policies and the limited ability of holders of common shares to exert control over those policies increases the uncertainty and risk of an investment in us.

Directors and officers may have conflicts of interest.

Certain of the directors and/or officers of the Company, are or will be, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise where the other interest of these directors and officers conflict with, or diverge from, the Company's interest. Certain of such conflicts may be required to be disclosed in accordance with procedures and remedies, as applicable, under corporate law, however, such procedures and remedies may not fully protect the Company. In addition, in conflict of interest situations, the directors and officers of the Company may owe the same duty to another company and will need to balance their competing interest. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

As a venture issuer, the Company is not required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company's certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure

controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers of the Company are not required to make any representations that they have:

(a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.