Carebook

CAREBOOK TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTERS ENDED MARCH 31, 2024, AND 2023

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 March 31, 2024. This MD&A is designed to provide the reader with a greater understanding of the financial performance of Carebook, its business strategy and how well it manages risk and capital resources. This MD&A, prepared as of May 14, 2024, is intended to improve the interpretation of the Company's unaudited interim condensed consolidated financial statements for the quarters ended March 31, 2024 and 2023 (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 the management discussion and analysis for the year ended December 31, 2023 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 May 14, 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.

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

"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, therefore, does not appear in, and cannot be reconciled to a specific line item in the 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.sedarplus.ca.

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 Quarter Ended March 31, 2024

- Revenue for the quarter ended March 31, 2024 was $3,593 compared to $2,518 for the quarter ended March 31, 2023, an increase of 43% driven by strong organic growth in the pharmacy vertical and a significant increase in license revenue from CoreHealth offset by a decrease in license revenue at Infotech. Revenue in the quarter ended March 31, 2024, was contributed 64% from the employer vertical and 36% from our key customer in the pharmacy vertical.
- Loss from operations for quarter ended March 31, 2024, was $135 compared to $421 incurred in the same period of 2023, an improvement of $286 or 68%.
- Adjusted EBITDA(2) for the quarter ended March 31, 2024 was $91 compared to an Adjusted EBITDA(2) loss of $468 for the quarter ended March 31, 2023, an improvement of $559 over the same period in 2023.
- Adjusted EBITDA Margin(2) was 3% in the quarter ended March 31, 2024, compared to (19)% in the quarter ended March 31, 2023, and represented a meaningful improvement.

[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.

- Net loss for the quarter ended March 31, 2024 was $349, an improvement of $110 compared to $459 for the quarter ended March 31, 2023.
- ARR[3] was $11,830 as of March 31, 2024 compared to $10,710 as of March 31, 2023, an increase of 10% over the same date in 2023.

Equity and Debt Financings

The Company was successful in 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 recent equity and debt financings.

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.

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 Investments Ltd. ("**SAYKL**") and UIL Under the $2.0M Convertible Debt Agreements, the Company agreed with SAYKL and UIL to amend the terms of the

[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

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**")
- 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 by no later than 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, through the issuance of the 2023 Convertible Debt, the Company closed a capital raise of $2,000 in aggregate, 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 March 31, 2024, $1,108 was outstanding under the Term Loan Facility and $766 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 quarters ended March 31, 2024 and 2023. 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 quarters indicated.

	QUARTER ENDED						
	March 31, 2024		March 31, 2023		$ Change		% Change
Revenue	$	3,593	$	2,518	$	1,075	43%
Gross Profit	$	2,914	$	2,263	$	651	29%
Net Loss from Operations	$	(135)	$	(421)	$	286	-68%
Net Loss	$	(349)	$	(459)	$	110	-24%
EBITDA	$	234	$	-	$	234	0%
Adjusted EBITDA	$	91	$	(468)	$	559	-119%

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 $11,830 as at March 31, 2024, an increase of $1,120, or 10%, compared to an ARR of $10,710 as at March 31, 2023. This increase was primarily driven by new enterprise customers and organic growth with existing customers. Of the $11,830 of ARR reported, 62% originated from clients outside of Canada.

Key Performance Indicators

	March 31, 2024	March 31, 2023	$ Change	% Change
Annual Recurring Revenue	11,830	10,710	1,120	10%
Number of Clients	62	86	-24	-28%

Number of Clients

The number of clients as at March 31, 2024 was 62, representing a decrease of 28% when compared with the client count as of March 31, 2023. During the year ended December 31, 2023 and the quarter ended March 31, 2024 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 March 31, 2024 when compared to March 31, 2023, 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 quarter ending March 31, 2024 when compared to March 31, 2023.

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

	THREE MONTHS ENDED March 31, 2024		THREE MONTHS ENDED March 31, 2023	
Net loss	**$**	**(349)**	**$**	**(459)**
Add:				
Amortization and depreciation expense	$	369	$	421
Finance costs	$	382	$	372
Other income (1)	$	(6)	$	(14)
Income Tax expense (recovery)	$	(162)	$	(320)
EBITDA (2)	**$**	**234**	**$**	**-**
Add:				
Share-Based compensation	$	43	$	44
Additional One-Time Costs (Savings) (3)	$	(186)	$	(512)
Adjusted EBITDA (3)	**$**	**91**	**$**	**(468)**

(1) Other income includes interest income, finance income, and gain on the disposal of capital assets.
(2) 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.
(3) 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 quarter ended March 31, 2024, Adjusted EBITDA improved by $559, to $91, compared to Adjusted EBITDA loss of $(468) for the same period in 2023. This improvement is mainly due to higher overall revenue and the successful implementation of the cost reduction measures identified by management.

For the quarter ended March 31, 2024, our Adjusted EBITDA margin was 3% compared to an Adjusted EBITDA Margin of (19)% for the quarter ended March 31, 2023, 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

Employer Vertical

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.

Pharmacy Vertical

- ***Pharmacy App Update*:** The Be Well app for Rexall Pharmacy in Canada on iOS, Android and web was launched in May 2020. The launch and subsequent usage of the app has been a success and users have been responding positively to the platform. 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 2024. 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 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 quarters ended March 31, 2024, and 2023. All figures are presented in $000s CAD except share and per share amounts, when referring to stock options, warrants or units, or unless otherwise specified.

Summary of Quarterly Results

The table below presents revenue, net loss, and net loss per share for the last eight quarters. 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
March 31, 2024	$	3,593	$	(349)	$	-
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)

Revenue

Revenue generated by InfoTech was $462 in the first quarter of 2024 ($545 for the first quarter of 2023). CoreHealth generated $1,835 of revenue during the first quarter of 2024 ($1,063 for the first quarter of 2023). The decrease in revenue for Infotech is due to customer churn compared to the same period last quarter. The increase in revenue for CoreHealth is due to significantly higher license revenue compared to the same quarter of the preceding year. The pharmacy vertical generated $1,296 in revenue for the first quarter of 2024 compared to $910 for the first quarter of 2023. 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 first quarter of 2024 compared the same quarter in 2023.

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 2023, that resulted in increased implementation and license revenue for the last quarter of 2023. The pharmacy vertical generated $1,289 in the 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.

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 $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.

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 the first quarter of 2024 and during 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 2024, the net loss was $349 compared to $459 for the first quarter of 2023, representing an improvement of $110 or 24% year-over-year. Net loss reduced by $186 for the quarter ended March 31, 2024 and reduced by $512 for the quarter ended March 31, 2023 after giving effect to a grant received from the Quebec government. Without such a reduction in expenses triggered by the grants, net loss in the first quarter of 2024 and 2023 would have been $535 and $971, respectively, and the net loss improvement in the first quarter of 2024 would have been $436 or 45%.
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.

In the third quarter of 2023, the net loss reduced substantially to only $390 compared to $1,725 for the third quarter of 2022, representing an improvement of 77% 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.

DISCUSSION OF OPERATIONS

Statements of Loss and Comprehensive Loss

For the quarters ended March 31, 2024 and 2023:

	Quarters ended March 31, 2024	Quarters ended March 31, 2023	$ Change	% Change
REVENUE	$ 3,593	$ 2,518	$ 1,075	43%
Cost of revenue	$ 679	$ 255	$ 424	166%
Gross profit	**$ 2,914**	**$ 2,263**	**$ 651**	**29%**
EXPENSES				
Sales and marketing	$ 403	$ 315	$ 88	28%
Research and development	$ 1,686	$ 1,445	$ 241	17%
General and administrative	$ 960	$ 924	$ 36	4%
Loss from operations	**$ (135)**	**$ (421)**	**$ 286**	**-68%**
Finance costs	$ 382	$ 372	$ 10	3%
Other Income	$ (6)	$ (14)	$ 8	N/A
Net loss before taxes	**$ (511)**	**$ (779)**	**$ 268**	**-34%**
Income tax expense (gain)	$ (162)	$ (320)	$ 158	-49%
Net loss	**$ (349)**	**$ (459)**	**$ 110**	**-24%**
Total comprehensive loss	**$ (349)**	**$ (459)**	**$ 110**	**-24%**

Revenue analysis

Revenue for the quarter March 31, 2024, was $3,593 compared to $2,518 for the quarter ended March 31, 2023, an increase of $1,075 or 43% 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 2023.

Revenue generated in the quarter ended March 31, 2024, was 64% from the employer vertical and 36% from the pharmacy vertical. Recurring revenue from the employer vertical business is expected to continue increasing during the next quarters of 2024 due to increases in licensed users from several major customers of CoreHealth and also InfoTech.

Total comprehensive loss analysis

Total comprehensive loss was $349 for the quarter ended March 31, 2024, compared to a loss of $459 for the quarter ended March 31, 2023, an improvement of $110 or 24%. Total comprehensive loss reduced by $186 for the quarter ended March 31, 2024 and reduced by $512 for the quarter ended March 31, 2023 after giving effect to a grant received from the Quebec government. Without such a reduction in expenses triggered by the grants, total comprehensive loss in the first quarter of 2024 and 2023 would have been $535 and $971, respectively, and the improvement in the first quarter of 2024 would have been $436 or 45%.

Finance costs increased slightly from the quarter ended March 31, 2024 to the quarter ended March 31, 2023. The increase in borrowing was offset by a decrease in interest rates applicable to the Company's Credit Facilities during the period – see Note 11 of the Financial Statements for details on the quarter ended March 31, 2024.

Cost of revenue

The cost of revenue for the quarter ended March 31, 2024, was $679 compared to $255 in the same period of 2023. The increase of $424 (166%) is attributable to additional expenses incurred in data hosting and to support clients in the employer vertical when compared to the same period in the previous year.

Expense analysis

Total operating expenses for quarter ended March 31, 2024, were $3,049 compared to $2,684 incurred in the same period of 2023, an increase of $365 or 14%. The increase in operating expenses is mostly explained by significantly higher research and development investment tax credits and grants recognized during the quarter ended March 31, 2023 which offset the research and development expense in the first quarter of 2023, and the significantly lower research and development investment tax credits and grants received during the quarter ended March 31, 2024. The sales and marketing expense in the first quarter of 2024 was also significantly higher than the sales and marketing expense in the first quarter of 2023.

Without the reduction in expenses triggered by the research and development investment tax credits and grants, operating expenses in the first quarter of 2024 and

2023 would have been $3,235 and $3,196, respectively, and the increase in overall operating expenses for the first quarter of 2024 would have been only $39 or 1%.

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

Sales & marketing expenses

Sales & marketing expenses increased on the quarter ended March 31, 2024 to a total of $403 compared to $315 for the same period of 2023. The increase is driven in part by additional labor costs in the period ending March 31, 2024 due new hires during the second half of 2023.

Research & development expenses

Research & development costs were $1,686 for the quarter ended March 31, 2024, compared to $1,445 for the quarter ended March 31, 2023, an increase of $241 or 17%.

The increase in the research and development expense is mostly explained by significantly higher research and development investment tax credits and grants recognized during the quarter ended March 31, 2023 which offset the research and development expense in the first quarter of 2023, and significantly lower of such research and development investment tax credits and grants during the quarter ended March 31, 2024.

Without the reduction in expenses triggered by the research and development investment tax credits and grants, the research and development expense in the first quarter of 2024 and 2023 would have been $1,872 and $1,957, and the decrease in research and development expense for the first quarter of 2024 would have been only $85 or 4%.

General & administrative expenses

General and administrative expenses for the first quarter of 2024 were $960 compared to $924 in the first quarter of 2023, an increase of $36 or 4%. The Company recorded slightly higher labor & employee benefits expenses, and general and administrative costs offset by lower rent expenses compared to the previous period. There were also a slightly lower amortization expenses in the first quarter of 2024, due to the impairment of leasehold improvements at the end of 2023.

Other expenses

The Company maintained somewhat similar aggregate borrowing balances on its Credit Facilities and Convertible Debt, combined, during the first quarter of 2024, compared to the first quarter of 2023. Due to higher average interest rates, this resulted in slightly higher finance costs during the first quarter of 2024, compared to the first quarter of 2023.

LIQUIDITY AND CAPITAL RESOURCES

The cash flow for the quarter ended March 31, 2024, was driven mainly by the impacts of operating activities and financing activities.

Cash Flow Analysis

Cash flow for quarters ended March 31, 2024 and 2023:

	Quarter Ended March 31,					
		2024		**2023**		**$ Change**	**% Change**
Cash flows generated from (used for):							
Operating activities	$	(183)	$	(1,107)	$	924	-83%
Investing activities	$	30	$	20	$	10	50%
Financing activities	$	(136)	$	935	$	(1,071)	-115%
Net increase (decrease) in cash and cash equivalents	$	(289)	$	(152)	$	(137)	N/A
Cash and cash equivalents - beginning of year	$	695	$	740	$	(45)	-6%
Cash and cash equivalents - end of year	**$**	**406**	**$**	**588**	**$**	**(182)**	**-31%**

Operating activities

Net cash used for operating activities totaled $183 and $1,107 during the quarters ended March 31, 2024 and 2023, respectively, and the Company used $924 less cash through operating activities in the quarter ended March 31, 2024 due principally to higher revenue and lower loss from operations.

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

Investing activities

Net cash from investing activities for the quarter ended March 31, 2024 was $30, as a result of payments from the sublease, and compared to net cash from investing activities of $20 for the quarter ended March 31, 2023, which resulted from the disposal of property and equipment.

Financing activities

Net cash used for financing activities for the quarter ended March 31, 2024, was $136, compared to net cash from financing activities of $935, for the quarter ended March 31, 2023. The Company used $1,071 more cash through financing activities in the quarter ended March 31, 2024, as the Company did not raise any gross proceeds through financing during the quarter, and made repayments under the Credit Facilities.

The cash generated in the quarter ended March 31, 2023 is from gross proceeds of the UIL Private Placement in the first quarter of 2023 that were offset by repayments under the Credit Facilities.

Outlook

During 2023 and the first quarter of 2024 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 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 2023, in the form of 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. 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.

Contractual Obligations

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

	Payments due by period as at March 31, 2024		
	Less than 1 year	**1-5 years**	**After 5 years**
Contractual obligations	$ 140	$ 457	$ -

Capital Resources

	March 31, 2024	**December 31, 2023**	**$ Change**	**% Change**
Shareholders' equity	$ (6,972)	$ (6,666)	$ (306)	5%
Total Debt	$ 8,047	$ 7,762	$ 285	4%

Carebook's capital resources as at March 31, 2024 consisted of shareholders' equity and debt financing. The decrease in shareholder's equity is mainly driven by the Company's net loss. The increase in total debt is due the closing of the 2023 Convertible Debt for gross proceeds of $2,000 in December 2023, offset by repayments of the Term Loan Facility and Revolving Facility.

During 2023 until October 2023, the Company was repaying the principal outstanding under the Term Loan Facility, at a rate of $83 each month. Beginning in November 2023, the Company started repaying the principal outstanding under the Term Loan Facility, at a rate of $50 each month.

Please refer to Notes 11 and 12 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.

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 March 31, 2024, the Company's outstanding debt was $8,047; $1,108 from the Term Loan Facility, $766 from the Revolving Facility, and $6,173 from Convertible Debt. At such date, $2,234 was still available to be drawn under the Revolving Facility. Please refer to Note 11 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 March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 406	$ 695

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

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

	March 31, 2024	December 31, 2023	$ Change	% Change
Current assets	$ 3,579	$ 1,932	$ 1,647	85%
Current liabilities	$ 8,025	$ 6,974	$ 1,051	15%
Total working capital (deficit)	**$ (4,446)**	**$ (5,042)**	**$ 596**	-12%

As at March 31, 2024, the Company had a working capital deficit of $4,446, compared to a working capital deficit of $5,042 as at December 31, 2023. The working capital deficit is driven mostly by trade and other receivables, accounts payables and accrued liabilities, contract liabilities and the amount outstanding on the Credit Facilities.

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 March 31, 2024, and as at the date hereof, the following securities of Carebook were issued and outstanding:

(1) 102,752,356 common shares;
(2) 10,973,184 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 16 of the Financial Statements.

Related party transactions that took place during the quarter ended March 31, 2024 were concluded in the normal course of its operations.

RELATED PARTY AGREEMENTS

In September 2022, the Company entered into the $2M Convertible Debt Agreements with each of SAYKL and UIL, which transaction also resulted into an additional $1,000 in funding. 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 an additional $2,000 in funding.

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.

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 quarter ended March 31, 2024.

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 the first quarter of 2024 and the first quarter of 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 $20 in the Company's net loss and shareholder's deficit for the quarter ended March 31, 2024

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 quarters ended March 31, 2024 and 2023.

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 March 31, 2024 levels would have had an impact of +/- $171 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 14 of the Financial Statements. The Company did not hold any collateral as security.

Liquidity risk

The capital structure of the Company includes shareholders' equity (deficit) and borrowings. Management's overriding objectives when managing capital are to have sufficient liquidity to meet the Company's liabilities when due, safeguard the business as a going concern, and create value through market growth and future returns. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities.

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 March 31, 2024, the Company's current liabilities exceeded its current assets by $4,446. The Company has incurred significant operating losses and negative cash flows from operations since inception, resulting in an accumulated deficit of $67,999 as at March 31, 2024 ($67,650 at December 31, 2023). 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 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 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 14 – Risk Management*" of the Financial Statements, and the risk factors discussed herein, in the management discussion and analysis for the year ended December 31, 2023 and 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 the management discussion and analysis for the year ended December 31, 2023 and in other disclosure documents filed by the Company on SEDAR+ under the Company's profile at www.sedarplus.ca.