Management's Discussion & Analysis

For the three and six months ended
June 30, 2020 and 2019

Vitalhub Corp.
480 University Avenue, Suite 1001, Toronto, ON M5G 1V2

GENERAL INFORMATION

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") prepared as of August 11, 2020 supplements, but does not form part of the interim condensed consolidated financial statements and notes of Vitalhub Corp. ("Vitalhub", or the "Company") for the three and six months ended June 30, 2020 and 2019.

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Chartered Professional Accountants Canada Handbook ("CPA Canada Handbook"). All financial information contained in this MD&A and in the interim condensed consolidated financial statements have been prepared in accordance with IFRS except for certain "Non-IFRS Measures" on page 12 of this MD&A.

All currency amounts in this MD&A are expressed in Canadian dollars, unless specified otherwise.

COMPANY PROFILE

Based in Toronto, Ontario, Vitalhub and its subsidiaries develop mission-critical technology solutions for Health and Human Services providers in the Mental Health (Child through Adult), Long Term Care, Community Health Service, Home Health, Social Service and Acute Care sectors. VitalHub technologies include Blockchain, Mobile, Patient Flow, Web-Based Assessment and Electronic Health Record solutions.

The Company has a robust two-pronged growth strategy, targeting organic growth opportunities within its product suite, and pursuing an aggressive M&A plan. The Company delivers its suite of products to its 200+ corporate customers across North America, Europe, Australia and the Middle East

Vitalhub 's original technology was built at Mount Sinai Hospital in Toronto, with the goal of providing clinicians easy access to data from multiple disparate electronic medical records and other patient information systems that the hospital had invested a substantial amount into implementing. Vitalhub was a private company incorporated in 2010, when it received investment funding from MaRS Innovation as well as an angel investor. They continued to fund the Company, primarily through debt, through to April 2016. In May 2016, the Company was restructured and sold to 2514987 Ontario Inc., an arm's length corporation owned by Dan Matlow (CEO and President of Vitalhub) and Brian Goffenberg (CFO and EVP of Vitalhub). In November 2016, the new management took the Company public by completing a reverse takeover transaction with Vitalhub acquiring all the controlling interest in Quinsam Opportunities I Inc. ("QOP"). Upon completion of the transaction, QOP changed its name to Vitalhub Corp., and commenced trading on the TSXV Venture Exchange under the symbol "VHI" on December 2, 2016.

COMPANY HIGHLIGHTS

- **Net income (loss)** for the three months ended June 30, 2020 was $179,467 as compared to a loss of ($212,035) for the three months ended June 30, 2019, an increase of $391,502 or 185% (an increase of $743,925 or 131% over the loss of $564,458) for the three months ended March 31, 2020). Net income (loss) for the six months ended June 30, 2020 was $($384,991) as compared to ($150,488) for the six months ended June 30, 2019, a decrease of $234,503 or 156%. The improvement in net income in the quarter is a reflection of managements continued commitment to reduce costs and gain synergies from integrating acquisitions.

- **EBITDA (defined as earnings before interest, taxation, depreciation and amortization)** for the three months ended June 30, 2020 was $705,901 as compared to $337,109 for the three months ended June 30, 2019, an increase of $368,792 or 109% (an increase of $718,591 over the EBITDA loss of ($12,690) for the three months ended March 31, 2020). EBITDA for the six months ended June 30, 2020 was $693,211 as compared to $904,640 for the six months ended June 30, 2019. EBITDA is a non-IFRS measure.

- **Adjusted EBITDA (defined as earnings before interest, taxation, depreciation, amortization, share based compensation, business acquisition, restructuring and integration costs and other one time costs**) for the three months ended June 30, 2020 was $754,262 as compared to $552,525 for the three months ended June 30, 2019, an increase of $201,737 or 37% (an increase of $471,971 or 167% over the Adjusted EBITDA of $282,291 for the three months ended March 31, 2020). Adjusted EBITDA for the six months ended June 30, 2020 was $1,036,551 as compared to $1,209,290 for the six months ended June 30, 2019. Adjusted EBITDA is a non-IFRS measure.

- **Revenue** for the three months ended June 30, 2020 was $2,748,895 as compared to $2,827,291 for the three months ended June 30, 2019, a decrease of $78,396 or 3% (a decrease of $21,105 or 1% over the revenues of $2,770,000 for the three months ended March 31,2020). Revenue for the six months ended June 30, 2020 was $5,518,895 as compared to $5,271,602 for the six months ended June 30, 2019, an increase of $247,293 or 5%. The COVID-19 pandemic has affected revenues, hospitals are focused on dealing with the virus vs new business, further we have been are unable to do any on premise service work or audits.

- **The Company defines Annualized Contract Value ("ACV") of recurring revenue as the contracted annual renewable software license fees and maintenance services.** The ACV of recurring revenue at June 30, 2020 was $7,491,841 as compared to $5,321,119 at June 30, 2019, an increase of 29%. ACV at March 31, 2020 was $7,486,925. ACV is a non-IFRS measure.

- **The Company defines acquisition recurring revenues as gross recurring revenues of the companies acquired at the time of acquisition and organic revenues as revenue over and above the acquisition recurring revenues.** For the three and six months ended June 30, 2020, organic revenue represented 57% and 46% of total revenue (2019 – 53% and 53%), with the remaining 43% and 54% representing acquisition revenue (2019 – 47% and 47%). As compared to Q1 2020 organic revenue represented 36% of total revenue, with the remaining 64% representing acquisition revenue. The continued mix of both organic and acquisition revenues is a good indicator of the success of our two-pronged growth strategy, targeting both organic growth and growth through mergers and acquisitions. Acquisition and organic revenue are non-IFRS measures.

- **Adjusted EBITDA as a percentage of revenue** for the three months ended June 30, 2020 was 27% as compared to 20% for the three months ended June 30, 2019. EBITDA as a percentage of revenue in Q1 2020 was 10%. Adjusted EBITDA as a percentage of revenue for the six months ended June 30, 2020 was 19% as compared to 23% for the six months ended June 30, 2019. Due to the relatively high amortization of intangibles from acquisitions and periodic restructuring and integration costs from acquisitions management believes that Adjusted EBITDA as a percentage of revenue is a relevant KPI to measure. Adjusted EBITDA as a percentage of revenue is a non-IFRS measure.

- **In the quarter as part of the Nova Scotia Department of Services (DCS) contract the company recognized a one time Perpetual license of $150,000** to start the creation of the MY Account external facing portal project. Upon rollout of the customization of this module Vitalhub will also be charging recurring user based fees in addition to the one time fees. The expected go live is scheduled to happen in 2021.

- **The Company sold its DOCit Solution to the Corporation of the County of Lambton Long-Term Care Services.** The County of Lambton owns and operates 3 Long-Term Care Homes as well as two Adult Enrichment Centres The County of Lambton will leverage the application's multi-site reporting capabilities allowing for organization wide trending, multi-site data analytics and benchmarking.

- **The Company entered into a partnership with UK Based healthcare technology specialist Intouch with Health.** The partnership agreement will see Intouch patient flow virtual management solutions and software combined with Vitalhub's solutions and services to enable patient flow to be managed from a patient's hospital activities through to ongoing support and care in the community.

SUMMARY OF OPERATING RESULTS

This report analyses the results for the three and six months ended June 30, 2020, with comparisons to the same periods for the prior year. The Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 and 2019 form an integral part of this Management's Discussion and Analysis. The Interim Condensed Consolidated Financial Statements can be found at www.sedar.com.

	Three months ended June 30, 2020 $	Three months ended June 30, 2019 $	% Change	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $	% Change
Revenues	2,748,895	2,827,291	(2.8%)	5,518,895	5,271,602	4.7%
Cost of sales	741,550	741,413	0.0%	1,646,357	1,416,889	16.2%
Gross Profit	2,007,345	2,085,878	(3.8%)	3,872,538	3,854,713	0.5%
General and administrative expenses	636,188	658,367	(3.4%)	1,339,470	1,233,829	8.6%
Sales and marketing expenses	189,296	215,214	(12.0%)	462,791	373,557	23.9%
Research and development expenses	425,497	676,408	(37.1%)	1,133,056	1,049,669	7.9%
Depreciation of property and equipement	26,675	21,368	24.8%	53,363	40,676	31.2%
Amortization of intangible assets	443,238	390,169	13.6%	886,475	727,836	21.8%
Depreciation on right-of-use assets	53,386	48,939	9.1%	106,846	97,631	9.4%
Stock based compensation	41,702	46,608	(10.5%)	87,773	82,480	6.4%
Business acquisition, restructuring and integration costs	6,659	168,808	(96.1%)	255,567	222,170	15.0%
Foreign currency loss	2,102	(16,636)	(112.6%)	(99,329)	(39,971)	148.5%
Interest expense and accretion (net of interest income)	(15,698)	111,851	(114.0%)	9,269	227,932	(95.9%)
Interest income from sublease	(570)	(666)	(14.4%)	(1,299)	(1,156)	12.4%
Interest expense from lease liabilities	19,403	18,883	2.7%	40,281	28,868	39.5%
Loss on right of use asset and lease liability	0	0	0.0%	0	27,869	(100.0%)
Loss on disposal of property and equipment	0	0	0.0%	0	470	(100.0%)
Current income taxes	0	0	0.0%	(16,734)	2,941	(669.0%)
Deferred income taxes	0	(41,400)	(100.0%)	0	(69,600)	(100.0%)
Net income (loss)	179,467	(212,035)		(384,991)	(150,488)	

Types of Revenue

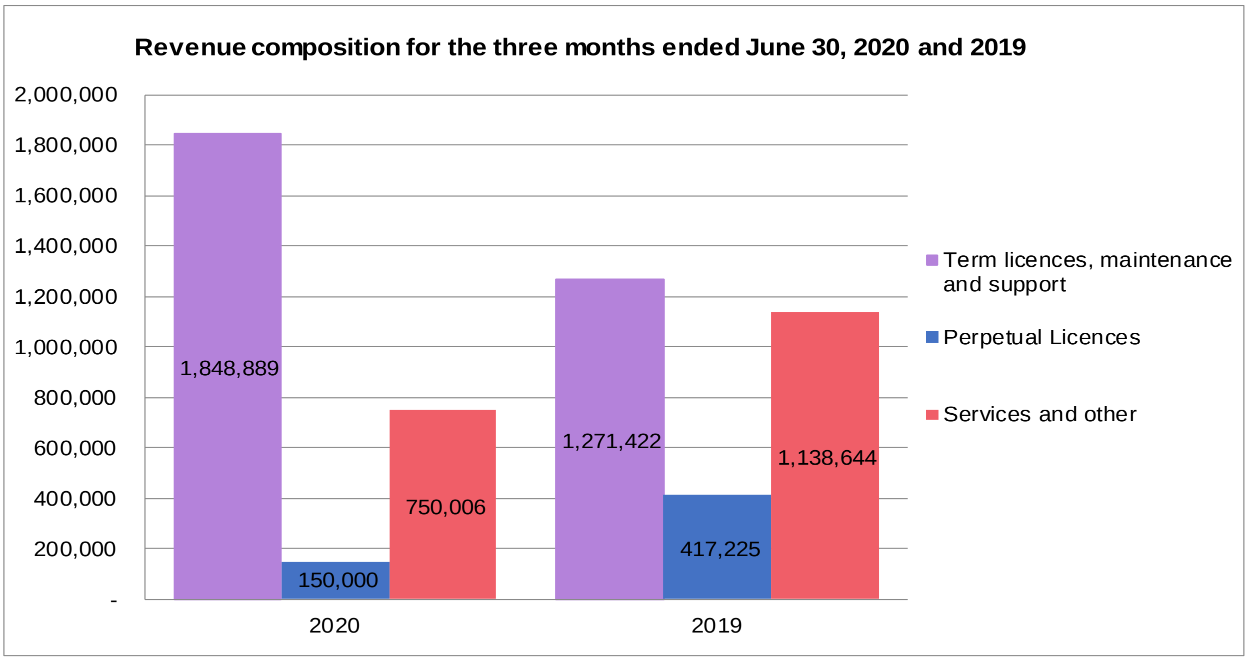
The Company generates revenue from the sale of perpetual and annual renewable software licenses, maintenance and support and professional services. Certain agreements provide for the delivery of application software and continuing post contract services, such as maintenance and support for the application software sold.

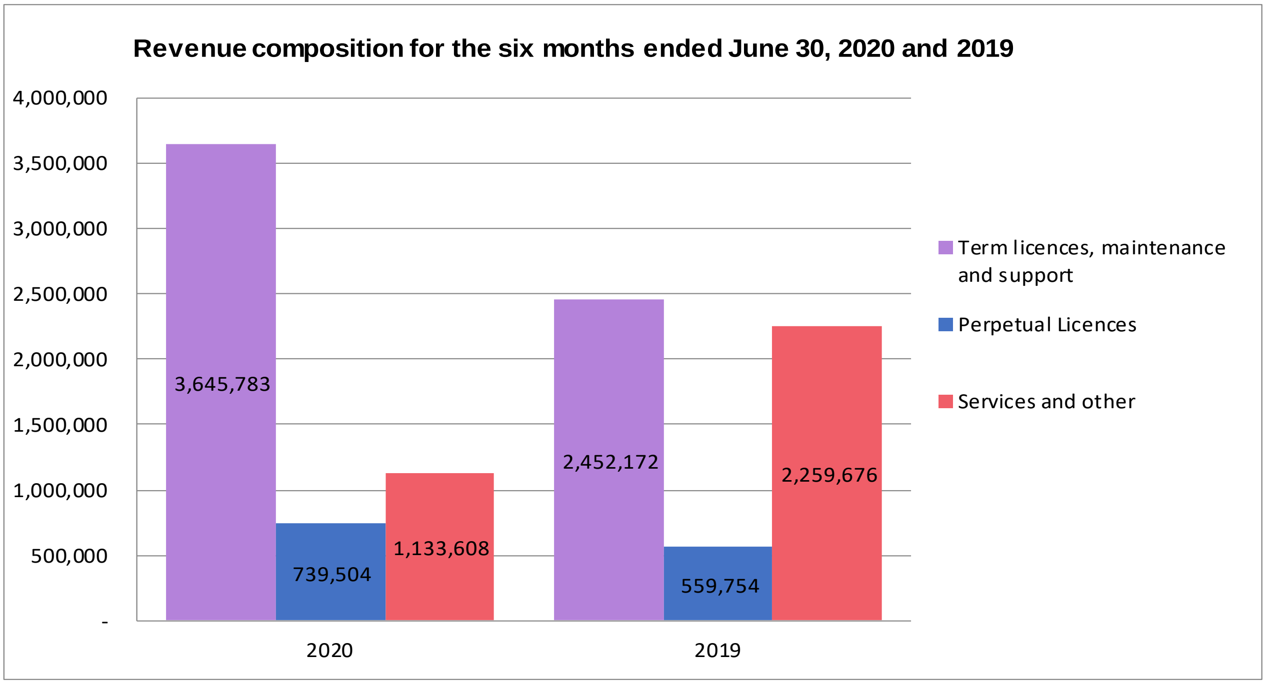
Revenue for the three months ended June 30, 2020 was $2,748,895 as compared to $2,827,291 for the three months ended June 30, 2019, a decrease of $78,396 or 3% (a decrease of $21,105 or 1% over the revenues of $2,770,000 for the three months ended March 31, 2020). Revenue for the six months ended June 30, 2020 was $5,518,895 as compared to $5,271,602 for the six months ended June 30, 2019, an increase of $247,293 or 5%.

The decrease for the quarter is due to several factors including work stoppages and delays on some projects due to the COVID19 pandemic. Hospitals and their staff are focused on dealing with the pandemic and our staff cannot go on site, hospitals have been focused on dealing with the virus vs. looking at new business.

The increase for the six months ended June 30, 2020 is primarily a result of new customer contracts in the period from the inclusion of Oculys revenues for the six months offset by lower services revenues due to COVID19 delays.

Revenue Composition





Annual renewable software licenses and post contract maintenance and support:

Annual renewable software licenses include the right to access the software for a year, technical support and maintenance services. The customer only has the right to access the software for a specified period of time. These services are similar in substance to a subscription, as the Company does not sell one-year licences without technical support and maintenance services, and the revenue is recognized rateably over the term of the agreement from the date the licence term commences.

Post contract maintenance and support revenue consists of fees charged for customer support on software post-delivery. These arrangements include an indeterminable number of acts with revenue from post contract services being recognized rateably over the term of arrangement.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance is recognized rateably over the term of the subscription.

Revenue from term licences, maintenance and support for the three months ended June 30, 2020 was $1,848,889 as compared to $1,271,422 for the three months ended June 30, 2019, an increase of $577,467 or 45.4%. Revenue from term licences, maintenance and support for the six months ended June 30, 2020 was $3,645,783 as compared to $2,452,172 for the six months ended June 30, 2019, an increase of $1,193,611 or 48.7%.

The growth in recurring revenues in both periods supports our ongoing focus to grow our annualised contract vale of recurring revenues.

Perpetual software licences:

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognized at the time that both the right-to-use the software has commenced and the software has been made available to the customer. Revenue from the license of distinct software is recognized at the time that the customer has a perpetual right to use the software freely and the Company has no remaining obligations to perform after delivery of the software. The revenue from these products is recognized when the Company has transferred control to the customer. These conditions generally are met when the application software has been delivered.

Revenue from perpetual software licences for the three months ended June 30, 2020 was $150,000 as compared to $417,225 for the three months ended June 30, 2019, a decrease of $267,225 or 64%. Revenue from perpetual software licences for the six months ended June 30, 2020 was $739,504 as compared to $559,754 for the six months ended June 30, 2019, an increase of $179,750 or 32%. Changes in perpetual software licenses are dependant on the upon the sales mix.

Professional services and other income:

Professional services revenue including installation, implementation, training and customization of software.

Time and materials:

Revenue is recognized as such services are performed based upon agreed upon charge rates with customers.

Fixed price contracts:

Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method for fixed price contracts. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

In addition, other income consists of miscellaneous income such as grants and interest income which is recognized when received. The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in other receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Revenue from professional services and other for the three months ended June 30, 2020 was $750,006 as compared to $1,138,644 for the three months ended June 30, 2019, a decrease of $388,638 or 34%. Revenue from professional services and other for the six months ended June 30, 2020 was $1,133,608 as compared to $2,259,676 for the six months ended June 30, 2019, a decrease of $1,126,068 or 50%. The decrease is a result of several factors including work stoppages and delays due to the COVID19 pandemic on some projects. Hospitals and their staff are focussed on dealing with the pandemic and our staff cannot go on site.

EXPENSES AND GROSS PROFIT

Cost of sales

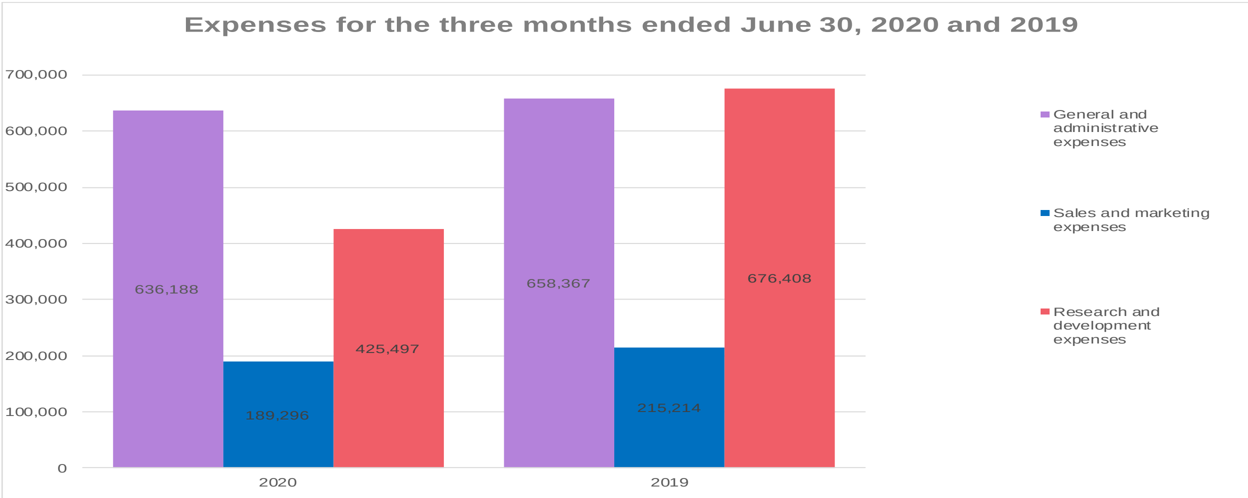
Cost of sales expense consists of commissions, hosting, royalties and employee salaries for development and support staff. Cost of sales for the three months ended June 30, 2020 were $741,550 as compared to Cost of sales of $741,413 for the three months ended June 30, 2019. Cost of sales for the six months ended June 30, 2020 were and $1,646,357 as compared to Cost of sales of $1,416,889 for the six months ended June 30, 2019.

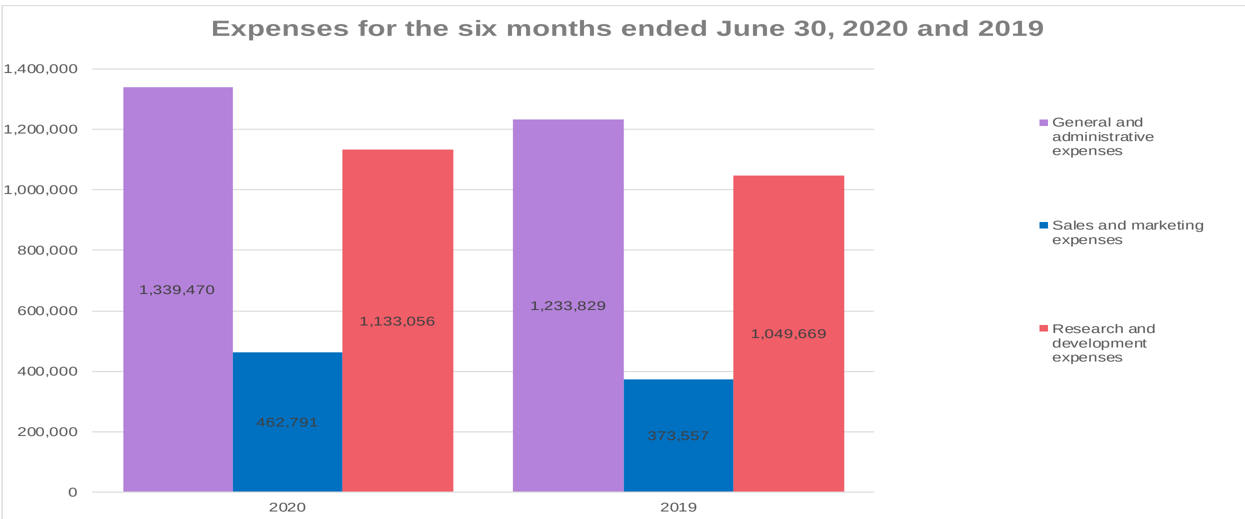
Gross Profit

Gross profit for the three months ended June 30, 2020 was $2,007,345 as compared to $2,085,878 for the three months ended June 30, 2019, a decrease of $78,533 or 3.8%. Gross profit percentage for the three months ended June 30, 2020 was 73.0% as compared to 73.8% for the three months ended June 30, 2019.

Gross profit for the six months ended June 30, 2020 was $3,872,538 as compared to $3,854,713 for the six months ended June 30, 2019, an increase of $17,825 or 0.5%. Gross profit percentage for the six months ended June 30, 2020 was 70.2% as compared to 73.1% for the six months ended June 30, 2019.

Gross profit as a percentage of revenue changes are largely dependant upon the sales mix, with perpetual and term licences, and maintenance and support generating a higher margin than consulting services revenue. The gross profit and gross profit percentage are also impacted by the delays and stoppages of projects due to the COVID 19 pandemic.





General and administrative expenses

General and administrative expenses consist of employee salaries related to finance and administration personnel, professional fees (legal, audit, tax and consultants), public company expenses (listing fees and related expenses), and overhead expenses associated with maintaining the Company's office and premises.

General and administrative expenses for the three months ended June 30, 2020 was $636,188 as compared to $658,367 for the three months ended June 30, 2019, a decrease of $22,179 or 3.4%. General and administrative expenses as a percentage of revenue for the three months ended June 30, 2020 was 23% as compared to 23% for the three months ended June 30, 2019. The decrease in the quarter is due to cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

General and administrative expenses for the six months ended June 30, 2020 was $1,339,470 as compared to $1,233,829 for the six months ended June 30, 2019, an increase of $105,641 or 8.6%. General and administrative expenses as a percentage of revenues for the six months ended June 30, 2020 was 24% as compared to 23% for the six months ended June 30, 2019. The increase in the six months is driven primarily by increased costs from acquisitions at the end of 2019 offset by cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Sales and marketing expenses

Sales and marketing expenses include the salaries, benefits, and travel costs of our direct sales team, and advertising and marketing costs.

Sales and marketing expenses for the three months ended June 30, 2020 were $189,296 as compared to $215,214 for the three months ended June 30, 2019, a decrease of $25,918 or 12.0%. Sales and marketing expenses as a percentage of revenue for the three months ended June 30, 2020 were 7% as compared to 8% for the three months ended June 30, 2019. The decrease in the quarter is due to cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Sales and marketing expenses for the six months ended June 30, 2020 was $462,791 as compared to $373,557 for the six months ended June 30, 2019, an increase of $89,234 or 23.9%. Sales and marketing expenses as a percentage of revenues for the six months ended June 30, 2020 was 8% as compared to 7% for the six months ended June 30, 2019. This increase for the six months ended June 30, 2020 is primarily due to an increase in sales and marketing expenses from acquisitions made in the prior year offset by cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic. Specifically, Sales and marketing expenses from Oculys amount to $25,330 for the six-month period ended June 30, 2020. The Oakgroup acquisition contributed to $157,691 of the sales and marketing expense compared to $84,425 for the six months ended June 30, 2019, which is only for three months as Oakgroup was purchased in March 2019. The wage subsidy received from the CEWS program amounted to $42,620 for the six months ended June 30, 2020.

Research and development expenses

Research and development ("R&D") expenses consist of the salaries, benefits, travel and training costs of our R&D team.

R&D expenses for the three months ended June 30, 2020 were $425,497 as compared to $676,408 for the three months ended June 30, 2019, a decrease of $250,911 or 37.1%. R&D expenses as a percentage of revenue for the three months ended June 30, 2020 were 15% as compared to 24% for the three months ended June 30, 2019. The decrease in the quarter is due to cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

R&D expenses for the six months ended June 30, 2020 were $1,133,056 as compared to $1,049,669 for the six months ended June 30, 2019, an increase of $83,387 or 7.9%. R&D expenses as a percentage of revenues for the six months ended June 30, 2020 was 21% as compared to 20% for the six months ended June 30, 2019. This increase for the six months ended June 30, 2020 is primarily due to an increase in research and development expenses from acquisitions made in the prior year offset by cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Depreciation and amortization

Depreciation consists of depreciation and amortization on the Company's tangible and intangible assets and right of use assets which include computers, furniture and fixtures, leasehold improvements, acquired technologies, customer relationships, brands and premise leases.

Depreciation and amortization for the three months ended June 30, 2020 was $523,298 as compared to $460,476 for the three months ended June 30, 2019, an increase of $62,822 or 13.6%. Depreciation and amortization for the six months ended June 30, 2020 was $1,046,684 as compared to $866,143 for the six months ended June 30, 2019, an increase of $180,541 or 20.8%. The increases are due to the addition of tangible and intangible assets from the acquisitions completed in the prior year and the related amortization.

Stock based compensation

Stock based compensation expense for the three months ended June 30, 2020 was $41,702 as compared to $46,608 for the three months ended June 30, 2019, a decrease of $4,906 or 10.5%. Stock based compensation expense for the six months ended June 30, 2020 was $87,773 as compared to $82,480 for the six months ended June 30, 2019, an increase of $5,293 or 6.4%.

Business acquisition, restructuring and integration costs

Acquisition, restructuring and integration expenses consist of costs incurred to acquire and integrate the businesses purchased as well as expenses incurred to realign parts of the business.

Acquisition, restructuring and integration expenses for the three months ended June 30, 2020 were $6,659 as compared to $168,808 for the three months ended June 30, 2019, a decrease of $162,149 or 96.1%. For the six months ended June 30, 2020 acquisition, restructuring and integration expenses were $255,567 as compared to $222,170 for the six months ended June 30, 2019, an increase of $33,397 or 15.0%. These expenses were recognized in connection with acquisitions completed in the prior year, with the majority of the costs relating to professional fees to acquire the businesses and employee restructuring that was completed to right size the acquired operations.

Interest and accretion expense (net of interest income)

Interest expense consists of bank charges, interest income and interest related to loans payable and contingent consideration. Interest expense for the three months ended June 30, 2020 was ($15,698) as compared to $111,851 for the three months ended June 30, 2019, a decrease of $127,549 or 114.0%. Interest expense for the six months ended June 30, 2020 was $9,269 as compared to $227,932 for the six months ended June 30, 2019, a decrease of $218,663 or 95.9%. This decrease is due to interest income earned on a GIC investment on monies raised on the brokered private placement in Q1 2020.

Results of Operations

The following table highlights selected financial information for the eight consecutive quarters ended June 30, 2020:

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Revenues ($)	2,748,895	2,770,000	2,560,661	2,395,661	2,827,291	2,444,311	2,215,911	2,118,093
Net income (loss) ($)	179,467	(564,458)	250	(475,295)	(212,035)	61,547	(112,574)	(293,434)
EBITDA ($)	705,901	(12,690)	(704,462)	445,289	337,109	567,531	333,090	155,794
Adjusted EBITDA ($)	754,262	282,289	42,254	363,816	552,525	656,765	441,230	296,403
Net (loss) income per share - basic and diluted ($)	0.01	(0.03)	0.00	(0.01)	(0.23)	(0.02)	(0.02)	(0.02)
Weighted average number of shares outstanding - basic	26,615,860	19,441,753	17,134,375	16,028,640	15,989,469	13,475,403	13,256,274	13,025,978
Weighted average number of shares outstanding - diluted	26,723,409	19,441,753	17,134,375	16,028,640	15,989,469	13,475,403	13,256,274	13,025,978

OVERVIEW OF FINANCIAL POSITION

A discussion of the significant changes in the statements of financial position:

	June 30, 2020	December 31, 2019	$ Change
Cash	15,940,208	1,995,691	13,944,517
Trade and other receivables	3,563,277	1,773,595	1,789,682
Lease receivable	20,440	34,560	(14,120)
Intangibles and goodwill	18,082,933	18,969,408	(886,475)
Right of use assets	684,573	791,419	(106,846)
Accounts payable and accrued liabilities	2,059,853	2,264,909	(205,056)
Loans payable	1,396,227	1,614,314	(218,087)
Contingent consideration	436,106	502,830	(66,724)
Lease liabilities	749,478	862,424	(112,946)
Deferred revenue	3,503,144	2,217,414	1,285,730
Income taxes (recoverable) payable	(7,078)	(7,232)	154

- **Cash** was $15,940,208, an increase of $13,944,517 from December 31, 2019. Refer to Liquidity and Capital Resources for a discussion of the changes in cash.
- **Trade and other receivables** increased by $1,789,682 from December 31, 2019, this is due to seasonal higher billings in the fist six months of the year plus a delay in collections due to customers dealing with the COVID 19 pandemic.

- **Intangibles and goodwill** are a direct result of the acquisitions completed and the fair value of acquired technologies, customer relationships, brands and resulting goodwill.

- **Accounts payable and accrued liabilities** decreased by $205,056 from December 31, 2019, which is due primarily to accruals paid out during the quarter.

- **Deferred revenues** were $3,503,144 representing an increase of $1,285,730 from December 31, 2019 which is a direct result of both seasonal higher billings in the six months plus an increase in recurring revenues.

- **Loans payable** relate to loans assumed upon the Company's acquisitions and additional facilities obtained by the Company.

- **Contingent consideration** is the result of the Company's acquisitions.

- **Income taxes (recoverable) payable and deferred tax liability** are the result of the acquisitions completed by the Company.

OUTSTANDING SHARE DATA

SHARE CAPITAL STRUCTURE

On January 3, 2020, the Company completed a 1:10 reverse stock split. The exercise price or conversion price of, and the number of common shares issuable under, any convertible securities of the Company were proportionately adjusted upon completion of the reverse stock split. References in this MD&A to share amounts, per share data, share prices, exercise prices and conversion prices have been adjusted to reflect the 1:10 reverse stock split.

The authorized capital of the Company consists of an unlimited number of common shares. As at June 30, 2020 the Company had 26,671,712 (December 31, 2019 – 18,017,912) common shares issued and outstanding. As at June 30, 2020 there were 2,291,250 (December 31, 2019 – 2,062,500) warrants outstanding which entitle the holders to purchase one common share of the Company. Stock options outstanding as of June 30, 2020 were 1,105,774 (December 31, 2019 – 1,253,274) which entitle the holders to purchase one common share of the Company. The number of exercisable stock options as at June 30, 2020 was 929,399 (December 31, 2019 – 962,440).

FINANCIAL CONDITION

Liquidity and Capital Resources

CASH (USED IN) OPERATING ACTIVITIES

	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $	Change $
Net loss	**(384,991)**	(150,488)	**(234,503)**
Items not affecting cash	**1,169,580**	1,036,946	**132,634**
Net change in non-cash working capital	**(760,046)**	(332,549)	**(427,497)**
Cash used in operating activities	**24,543**	553,909	**(529,366)**

- The Company had a net loss of $384,991 for the six months ended June 30, 2020 compared to a net loss of $150,488 in the Q2 2019, as described in the Operating Results section of this MD&A.

- Changes in non-cash working capital increased to $760,046 in comparison to the prior period. This is primarily due to an increase in accounts receivable.
- Cash used in operating activities was $24,543 for the six months ended June 30, 2020, compared to $553,909 for the six months ended June 30, 2019. In the past six months the company has continued to reduce costs and generate cash from operations, the amount of cash used in operating activities continues to decline.

CASH (USED IN) INVESTING ACTIVITIES

	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $	Favourable (Unfavourable) $
Cash used in investing activities	**(26,307)**	(642,404)	**616,097**

Cash used in investing activities of $26,307 relates to investments in computer equipment, furniture and fixtures and leasehold improvements.

CASH PROVIDED BY FINANCING ACTIVITIES

	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $	Favourable (Unfavourable) $
Cash provided by financing activities	**13,940,352**	2,197,943	**11,742,409**

Cash provided by financing activities was $13,940,352 for six months ended June 30, 2020 compared to $2,197,943 in Q2 2019. The difference is mainly due a bought deal offering completed during the quarter with net proceeds of $14,147,791.

CREDIT FACILITIES

The Company has an agreement with the Royal Bank of Canada ("RBC") to provide a $500,000, revolving demand facility, bearing interest at RBC's prime rate plus 1%. The facility is secured by a general security agreement with a first ranking security interest over all property of the Company and guarantees and postponements of claim from the subsidiaries of the Company.

As at June 30, 2020 and December 31, 2019, no amounts have been drawn on this revolving demand facility.

LOANS PAYABLE

The Company assumed a loan from the acquisition of BSharp with The Business Development Bank of Canada ("BDC") in the amount of $184,680. The loan bears interest at BDC's floating base rate plus 3% and is due September 30, 2022. The loan is repayable in 1 monthly installment of principal of $3,328 and 59 monthly installments of principal of $3,240 plus interest, beginning October 31, 2017. The loan is secured by a general security agreement with a second ranking security interest over all property of the Company.

The Company obtained a sale and leaseback loan from RBC in the amount of $231,215. This loan is secured by the assets sold which consist of leasehold improvements and furniture and fixtures to RBC and is repayable in monthly installments of principal and interest of $6,974, the loan matures December 27, 2021. The Company has the option to purchase the assets on December 26, 2021 for $1.

The Company obtained an RBC non-revolving term facility in the amount of $1,400,000. This loan bears interest at RBC's prime rate plus 2% and is due September 25, 2024. The loan is repayable in monthly installments of principal of $23,333 plus interest, beginning October 25, 2019. The loan is secured by a general security agreement with a first ranking security interest over all property of the Company, guarantees and postponements of claim by the Company.

The Company assumed two loans from the acquisition of Oculys. The first one with Catalyst loan is repayable in monthly installments of principal and interest of $314, commencing January 1, 2019, with a maturity of December 1, 2021. The loan bears interest at 12.065%. The second loan with Vault is repayable in monthly installments of principal and interest of $6,720, commencing April 4, 2019, which was repaid on March 4, 2020.

CONTINGENT OFF-BALANCE SHEET AND OTHER ARRANGEMENTS

The Company has obligations with respect to licence, maintenance, and support arrangements for any 12-month period. This obligation is reflected on the Company's statement of financial position through its deferred revenue balance. Outside of deferred revenue, the Company has no material obligations or contingencies.

Critical Accounting Policies and Estimates

A description of the Company's accounting estimates that are critical to determining the Company's financial results and changes to accounting policies.

The Company's Financial Statements are prepared in accordance with IFRS, which require the Company to make estimates and assumptions that affect the amounts reporting in its Financial Statements. It has identified several policies as critical to the business operations and essential for an understanding of the results of operations. The application of these and other accounting policies are described in Note 3 of the Company's annual consolidated financial statements. There have been no significant changes in its critical accounting estimates from what was previously disclosed in its MD&A for the year ended December 31, 2019. These policies are incorporated herein by reference. Preparation of the Financial Statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reporting amounts of revenues and expenses during the reporting period. Actual results could vary significantly from those estimates. Significant areas requiring the Company to makes estimates include: the useful life of and value and assets, the valuation allowance of income tax accounts, the recognition of revenue and accrued liabilities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter, there were no changes that are likely to materially affect the internal control over the Company's financial reporting.

Reconciliation and Definition of Non-IFRS Measures

A description and calculation of certain measures used by management

Recurring Revenue

Recurring revenue is defined as annual renewable software licence fees and maintenance services. The Company defines annualized contract value of recurring revenue as the contracted renewable software license fees and maintenance service. As the full value of such contracts is recognized over 12 months, the growth in this value is an important metric for the Company. Recurring revenue and ACV are non-IFRS measures.

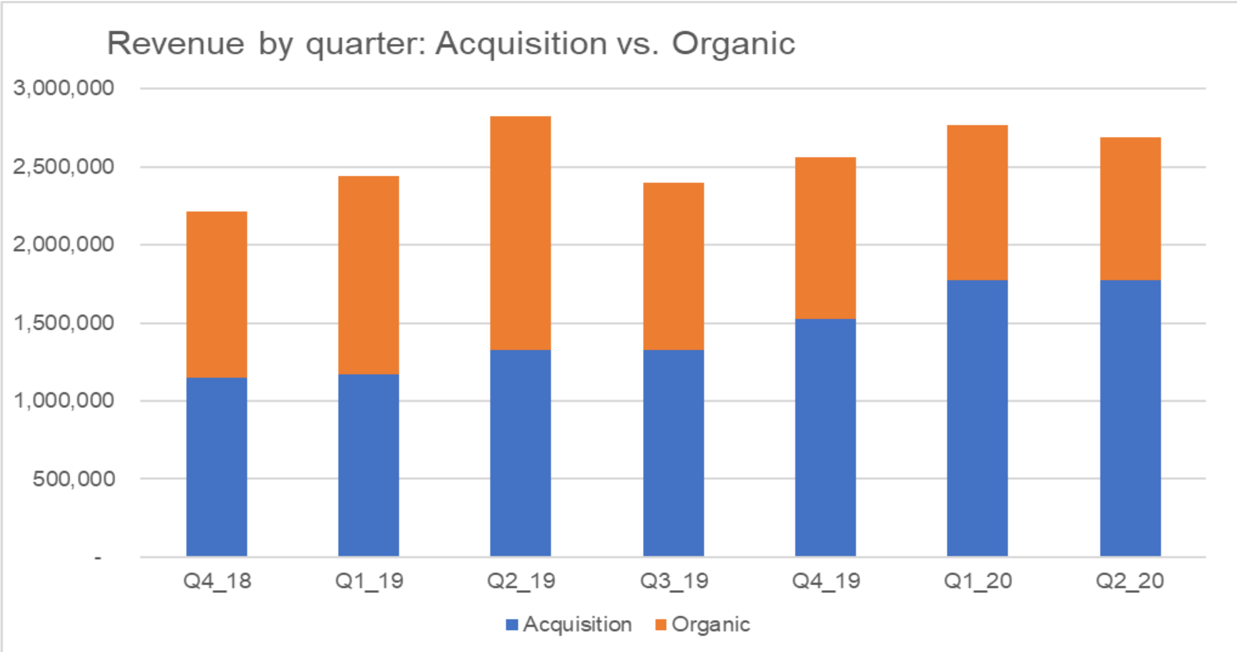
The ACV of recurring revenue at June 30, 2020 with existing customers was $7,491,841 as compared to $7,430,445 at December 31, 2019, an increase of 1%, and as compared to $5,321,119 at June 30, 2019, an increase of 29%.

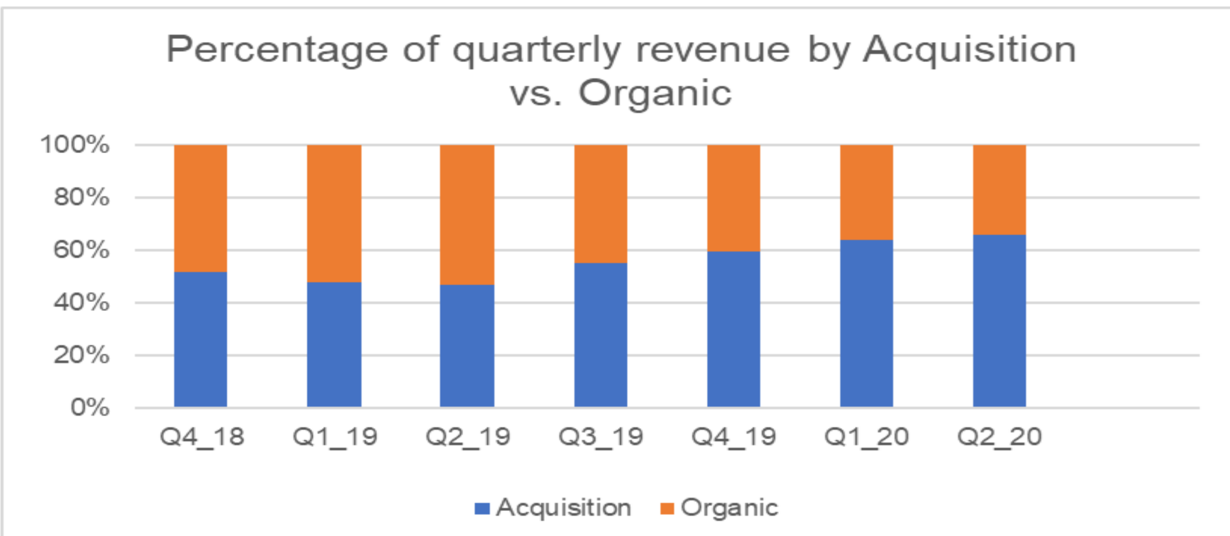
Recurring revenue comprised of 67.3% and 66.1% or $1,848,889 and $3,645,783 and of total revenue for the three and six months ended June 30, 2020 as compared to 45% and 46.5% or $1,271,422 and $2,452,172 for the three and six months ended June 30, 2019.

Acquisition, organic and one-time revenue

The Company has a robust two-pronged growth strategy, targeting organic growth opportunities within its product suite, and pursuing an aggressive M&A plan

Acquisition revenue is defined as the gross revenues of the Company at the time of acquisition. Organic revenue growth is defined as the revenue over and above the acquisition revenues, and one-time revenues consist of perpetual license fees as described under the revenue section of this MD&A. Acquisition revenue is a non-IFRS measure.





Earnings before interest, taxation, depreciation and amortization ("EBITDA")

EBITDA is a measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the interim condensed consolidated statements of cash flows.

The following chart reflects the Company's calculation of EBITDA:

EBITDA	Three months ended June 30, 2020 $	Three months ended June 30, 2019 $	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $
Net income (loss)	179,467	(212,035)	(384,991)	(150,488)
Add: Interest	3,135	130,068	48,251	255,644
Add: Depreciation and amortization	523,299	460,476	1,046,684	866,143
Add: Current and deferred tax expense (recovery)	0	(41,400)	(16,734)	(66,659)
EBITDA	705,901	337,109	693,211	904,640

EBITDA for the three months ended June 30, 2020 was $705,901 as compared to $337,109 for the three months ended June 30, 2019, an increase of $368,792 or 109% (an increase of $718,591 over the EBITDA loss of ($12,690) for the three months ended March 31, 2020). The increase is primarily due to cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

EBITDA for the six months ended June 30, 2020 was $693,211 as compared to $904,640 for the six months ended June 30, 2019, a decrease of $211,429 or 23%. The decrease is primarily due to increases in expenses from acquisitions made in the prior year offset by cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Adjusted EBITDA

Adjusted EBITDA, defined as Earnings before Interest, Taxation, Depreciation, Amortization, Share Based Compensation expense, business acquisition, restructuring and integrations costs and other one time costs is an additional measure used by management to evaluate cash flows and the Company's ability to service debt. Adjusted EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance.

The following chart reflects the Company's calculation of Adjusted EBITDA:

Adjusted EBITDA	Three months ended June 30, 2020 $	Three months ended June 30, 2019 $	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $
EBITDA as above	705,901	337,109	693,211	904,640
Add: Stock based compensation expense	41,702	46,608	87,773	82,480
Add: Business acquisition, restructuring and integration costs	6,659	168,808	255,567	222,170
Adjusted EBITDA	754,262	552,525	1,036,551	1,209,290

Adjusted EBITDA for the three months ended June 30, 2020 was $754,262 as compared to $552,525 for the three months ended June 30, 2019, an increase of $201,737 or 37%. The increase is primarily due to cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Adjusted EBITDA for the six months ended June 30, 2020 was $1,036,551 as compared to $1,209,290 for the six months ended June 30, 2019, a decrease of $172,739 or 14%. The decrease is primarily due to increases in expenses from acquisitions made in the prior year offset by cost reductions and a wage subsidy received from the government available during the COVID-19 pandemic.

Due to the relatively high amortization of intangibles from acquisitions and periodic restructuring and integration costs from acquisitions management believe that Adjusted EBITDA as a percentage of revenue is a relevant KPI to measure.

Risks and Uncertainties

The Company operates in a dynamic environment that exposes it to a number of risks and uncertainties. The following section describes some, but not all, of the risks and uncertainties that may adversely impact Vitalhub business, financial condition, and/or results of operations. If any of these risks actually occur, the Company's business, financial condition and/or results of operations could be materially harmed.

The annual revenue and operating results of Vitalhub can be difficult to predict and can fluctuate substantially, which may harm or distort results of operations.

Vitalhub's revenue is difficult to forecast and is likely to fluctuate significantly from quarter to quarter. In addition, operating results may not follow any past trends. The factors affecting revenue and results, many of which are outside of Vitalhub's control, include:

- Competitive conditions in the industry, including new products, product announcements and special pricing offered by competitors
- Market acceptance of products
- Ability to hire, train and retain sufficient qualified sales and professional services staff
- Ability to complete service obligations related to product sales in a timely manner
- Varying size, timing and contractual terms of orders for products, which may delay the recognition of revenue
- Ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts
- The discretionary nature of hospital purchase and budget cycles and changes in their budgets for, and timing of, software and related purchases
- The length and variability of the sales cycles
- Strategic decisions by Vitalhub or competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy
- General weakening of the economy resulting in a decrease in the overall demand for computer software and services
- Changes in Vitalhub pricing policies and the pricing policies of Vitalhub's competitors;
- Timing of product development and new product initiatives
- Changes in the mix of revenue attributable to substantially lower-margin service revenue as opposed to higher margin product license revenues
- Cancellation of recurring monthly software contracts
- Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in the World Health Organization declaring this virus a global pandemic in March 2020. Governments around the world have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing and closure of businesses have caused material disruption to businesses resulting in an economic slowdown. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize the financial markets. A critical estimate for the Company is to assess the impact of the pandemic on the recoverability of long-lived assets, accounts receivable, goodwill, intangible assets as well as the availability of future financing in assessing the going concern assumption. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Because Vitalhub's annual revenue is dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of sales prospects into revenue could cause the plan or budget to be inaccurate, and those variations could adversely affect financial results. Delays, reductions in the amount, or cancellations of customers' purchases would adversely affect Vitalhub revenues, results of operations and financial condition.

Vitalhub may need additional financing in order to support its operations, make further investments, or take advantage of unanticipated opportunities.

The ability of Vitalhub to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as its business success. There can be no assurance that Vitalhub will be successful in its efforts to arrange additional financing on satisfactory terms.
If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of Vitalhub may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not

available on acceptable terms, then Vitalhub may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Vitalhub may be unable to identify and complete acquisitions. Acquisitions could divert Management's attention and financial resources, may negatively affect operating results and could cause significant dilution to shareholders.

Vitalhub has, and in the future may continue to, engage in selective acquisitions of complementary products or businesses. There is a risk that Vitalhub will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into its operations. Vitalhub is likely to face competition for acquisition candidates from other parties including those that have substantially greater available resources. Acquisitions may involve a number of other risks, including:

- Diversion of management's attention
- Disruption to ongoing business
- Failure to retain key acquired personnel
- Difficulties in integrating acquired operations, technologies, products or personnel
- Unanticipated expenses, events or circumstances
- Assumption of disclosed and undisclosed liabilities
- Inappropriate valuation of the acquired in-process research and development, or the entire acquired business

If Vitalhub does not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on the business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the performance of the business as a whole. In addition, if Vitalhub proceeds with an acquisition, available cash may be used to complete the transaction, diminishing liquidity and capital resources, or shares may be issued which could cause significant dilution to existing shareholders.

The industry in which Vitalhub operates is highly competitive and competition could intensify, or any technological advantages held by Vitalhub may be reduced or lost, as a result of technological advances by its competitors. If Vitalhub does not compete effectively with these competitors, its revenue may not grow.

Vitalhub has experienced competition from a number of software companies and expects it to continue in the future. Vitalhub's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and reduced growth in sales, any of which could have a material adverse effect on the business, results of operations and financial condition of Vitalhub. Vitalhub faces substantial competition from established competitors, many of which may have greater financial, engineering, manufacturing and marketing resources than it does. Many of these companies also have a larger installed base of users, have longer operating histories or have greater name recognition than Vitalhub does. There can be no assurance that Vitalhub will successfully differentiate its current and proposed products from the products of its competitors, or that the marketplace will consider the products of Vitalhub, to be superior to competing products.

To maintain Vitalhub's competitive position, it is believed that Vitalhub will be required to continue a high level of investment in engineering, research and development, marketing and customer service and support. There can be no assurance that Vitalhub will have sufficient resources to continue to make these investments, that it will be able to make the technological advances necessary to maintain its competitive position, or that its products will receive market acceptance. Vitalhub's competitors may be able to respond more quickly to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products. Vitalhub may not be able to compete successfully in the future, and increased competition may result in price reductions, reduced profit margins, loss of market share and an inability to generate cash flows that are sufficient to maintain or expand its development of new products.

The success of the business of Vitalhub is paritally dependent upon its ability to develop new products and enhance existing products.

To keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, Vitalhub must enhance and improve existing products and must also continue to introduce new products and services. If Vitalhub is unable to successfully develop new products or enhance and improve existing products or it fails to position and/or price its products to meet market demand, the business and operating results of

Vitalhub will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect operating results. Further, any 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.

If Vitalhub is required to change its pricing models to compete successfully, margins and operating results may be adversely affected.

The intensely competitive market in which Vitalhub operates may require that prices be reduced. If competitors offer deep discounts on certain products or services in an effort to recapture or gain market share or to sell other software products, Vitalhub may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would be likely to reduce margins and could adversely affect operating results. Some competitors may bundle software products that compete with Vitalhub products for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that Vitalhub can charge for its products. If Vitalhub cannot offset price reductions with a corresponding increase in the number of sales or with lower spending, then the reduced software license revenue resulting from lower prices would adversely affect margins and operating results.

Vitalhub may not be able to successfully develop and maintain strategic relationships to sell and implement its products.

Vitalhub has or is developing relationships with third-party systems integrators, software and hardware vendors. These third parties may provide Vitalhub with customer referrals, cooperate in marketing Vitalhub’s products and provide its customers with systems implementation services or additional complementary products. However, Vitalhub does not have formal agreements governing ongoing relationships with certain of these third-party providers and the agreements in place generally do not include obligations with respect to generating sales opportunities or co-operating on future business. Should any of these third parties go out of business or choose not to work with Vitalhub, the company may be forced to increase the development of those capabilities internally, incurring significant expense and adversely affecting operating margins. These third-party providers may work with other companies which have products that compete with the Vitalhub products. Vitalhub could lose sales opportunities if it fails to work effectively with these parties or they choose not to work with Vitalhub.

The operations of Vitalhub could be negatively affected if it loses key executives or employees or is unable to attract and retain skilled executives and employees as needed.

The business and future operating results of Vitalhub depend in part upon its ability to attract and retain qualified management, technical, sales, marketing, and support personnel. This is crucial to the ability of Vitalhub to develop, market, and support its products and services. The loss of key personnel could negatively impact Vitalhub’s business, results of operations, and financial condition. The success of Vitalhub is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, technical, sales and marketing personnel. Competition for such personnel can be intense, and no assurance can be made that Vitalhub will be able to attract or retain highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary management, technical, sales and marketing personnel may adversely affect the future growth and profitability of Vitalhub. It may be necessary to increase the level of compensation paid to existing or new employees to a degree that operating expenses could be materially increased.

Errors in Vitalhub products could result in significant costs to Vitalhub and could impair its ability to sell its products.

Vitalhub products are complex and, accordingly, they may contain errors, or “bugs”, that could be detected at any point in their product life cycle. The reputation of Vitalhub could be materially and adversely affected by errors in the products. These errors could result in significant costs to Vitalhub, delay planned release dates and impair the ability to sell products in the future. The costs incurred in correcting any product errors may be substantial and could adversely affect operating margins. While Vitalhub plans to continually test its products for errors and work with customers through maintenance support services to identify and correct bugs, errors in the products may be found in the future.

A successful product liability claim against Vitalhub could seriously harm the business.

The license agreements that Vitalhub enters into with its customers typically contain provisions designed to limit the exposure Vitalhub has to potential product liability claims. Despite this, it is possible that these limitations of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. Vitalhub has not experienced any product liability claims to date. However, the sale and support of Vitalhub products may entail the risk of those claims, which are likely to be substantial in light of the use of the products in critical applications. A successful product liability claim could result in significant monetary liability and a serious disruption of the business.

Economic uncertainty and downturns in the software market may lead to decreases in the revenue and margins of Vitalhub.

The market for Vitalhub's products depends on economic conditions affecting the broader software market. Downturns in the economy may cause hospitals to delay or cancel software projects, reduce their overall information technology budgets or reduce or cancel orders for Vitalhub products. This may lead to longer sales cycles, delays or failures in payment and collection, and price pressures, causing Vitalhub to realize lower revenue and margins.

Vitalhub may lose sales or sales may be delayed due to the long sales cycles for its products.

Hospitals typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to license software products. Typically, the larger the sale, the more time, money and other resources will be invested. As a result, it may take many months after Vitalhub first has contact with a potential customer before a sale can actually be completed. Vitalhub may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of Vitalhub products varies among its customers and may last several months, depending on the customers' needs and the products deployed.

During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example:

- Purchasing decisions may be cancelled, postponed, or large purchases reduced, during periods of economic uncertainty
- Vitalhub or its competitors may announce or introduce new products; or
- The customer's budget and purchasing priorities may change

If these events were to occur, sales of Vitalhub products or services may be cancelled or delayed, which would reduce future revenue.

Maintenance and service revenue produce substantially lower gross margins than license revenue, and an increase in service revenue relative to license revenue would harm Vitalhub's overall gross margins.

Maintenance and service revenue have substantially lower gross margins than license revenue. An increase in the percentage of net revenue represented by maintenance and service revenue could adversely affect overall gross margins percentage.

The volume and profitability of services can depend in large part upon:

- Competitive pricing pressure on the rates charged for professional services
- Billable utilization of services personnel
- The complexity of clients' IT environments; and
- The resources directed by customers to their implementation projects

Any erosion of margins for maintenance and service revenue, or any adverse changes in the mix of license versus maintenance and service revenue, could adversely affect operating results.

Vitalhub may license software from third parties. The loss of rights to use this software could increase operating expenses and could adversely affect the company's ability to compete.

Vitalhub may 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 Vitalhub's ability to ship its products, as Vitalhub may need to seek to implement alternative technology offered by other sources. This may require unplanned investments by Vitalhub. 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 products or relating to current or future technologies to enhance

Vitalhub's product offerings. There is a risk that Vitalhub will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Vitalhub is exposed to foreign currency risk by reason of collecting some of its revenues in US, GBP, AUD, and QAT dollars and plans to sell into other foreign geographies as well as subsidiaries in foreign countries, a change in the foreign currency exchange rate could adversely affect the company's earnings.

For the three and six months ended June 30, 2020, approximately 29% and 35% of Vitalhub's sales revenue originated from clients in the United States, the United Kingdom, Australia and Western Asia. It is possible that a greater percentage of Vitalhub's sales could emanate from the U.S., and other foreign countries. As such, a significant portion of Vitalhub's revenues are in U.S. dollars, or other foreign currencies which it then converts into Canadian dollars for reporting in its financial statements. Vitalhub's earnings could be adversely affected if the exchange rate between the U.S. and Canadian dollars, other foreign currencies and Canadian dollars fluctuates.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budgets”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or “recurring”, or variations of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including but not limited to: the ability of the issuer to obtain financing if required; the economy generally; consumer interest in the services and products of the Company; competition; and anticipated and unanticipated costs. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements except as may be required by applicable securities legislation. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.