Management's Discussion & Analysis

For the years ended December 31, 2025 and 2024

Vitalhub Corp.
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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.

GENERAL INFORMATION

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") prepared as of March 18, 2026 should be read in conjunction with the audited consolidated financial statements and notes of Vitalhub Corp. ("VitalHub", or the "Company") for the years ended December 31, 2025 and 2024.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as set out in the Chartered Professional Accountants Canada Handbook. All financial information contained in this MD&A and in the audited consolidated financial statements have been prepared in accordance with IFRS except for certain "Non-IFRS and Supplementary Financial Measures" as indicated in this MD&A.
All currency amounts in this MD&A are expressed in Canadian dollars, unless specified otherwise.

COMPANY PROFILE

Overview

VitalHub is a leading software company dedicated to empowering health and human services providers globally. VitalHub's comprehensive product suite includes electronic health records, operational intelligence, and workforce automation solutions that serve clients across the UK, Canada, Australia, and other geographies. The Company has a robust two-pronged growth strategy, targeting organic opportunities within its product suite and pursuing an aggressive M&A plan.

VitalHub is headquartered in Toronto with employees globally, including the VitalHub Innovations Lab in Sri Lanka. The Company's shares trade on the TSX under the symbol "VHI" and on the OTC Markets OTCQX Exchange under the symbol "VHIBF".

Products and services

VitalHub's portfolio of Patient Flow, Operational Visibility and Patient Journey Optimization solutions are designed for complex hospital and integrated health environments. Our technologies empower frontline teams, clinicians, and leadership to improve patient experiences and achieve higher levels of operational efficiency, resulting in safer care for patients. We deliver solutions which optimize patient flow, perioperative care, demand and capacity, virtual consultations, clinic management, and the patient journey. VitalHub solutions improve transparency and communication through real-time whole system visibility, integrated information for coordinated care, and optimization of patient movement.

VitalHub offers market leading Electronic Health Record ("EHR"), Case Management, Care Coordination and Optimization Solutions to Inpatient/Outpatient care providers, Long-Term Care, and Community and Social Services focused organizations. VitalHub's EHR suite of solutions go beyond standard clinical data collection. The solutions provide a comprehensive, holistic view of patients and clients at the point of care. Customers and partners work closely with the Company's development team to provide insights into what care providers need to help them advance delivery of care. The outcome has been solutions that are evidence-based repositories of patient and client medical history, diagnoses, medications, care plans etc. VitalHub EHR solutions are easy to use, workflow adaptable and customizable.

The Workforce Automation and Compliance suite integrates and centralizes workforce and compliance data to elevate user experience and reduce risks. VitalHub's solutions are simple, yet powerful technologies that enable integration and management of real-time data to support workforce management, health and safety compliance, health education and recruitment. The collection of tools span a number of industry sectors, including health, government, and education.

Two-pronged growth strategy

The Company has a two-pronged approach to growth, targeting organic growth opportunities within its product suite, and pursuing an aggressive merger and acquisition ("M&A") strategy. By combining similar software companies focused on Healthcare IT, growth and profitability can be increased. Research and development spend can be reduced by moving development into the VitalHub Innovation Lab located in Sri Lanka. This offshore development team is a wholly-owned subsidiary of the Company, critical to the strategy of providing cost and development technology synergies. General and Administrative functions can be consolidated, resulting in cost savings. VitalHub can cross-sell its products into the installed customer bases of the merged companies and can optimize sales and marketing processes across the organization, which can also drive sales growth. Since 2017, the Company has completed the following acquisitions:

1. B Sharp Technologies (B Care EHR), for patient information sharing, team and care coordination and communication.
2. HI Next (TREAT EHR), a participant management system that captures demographic and clinical data in standard modules; progress notes, assessments and interdisciplinary care plans.
3. Clarity EHR, an Ontario Mental Health-based web-based assessments company.
4. Roxy Software, whose flagship product, Pirouette, is a Software-as-a-Service ("SaaS") based software solution that allows community health agencies to manage their client activities.
5. MCAP from Oakgroup UK Limited. MCAP is a SaaS-based software solution that allows community health agencies to manage their client activities.
6. Oculys provides a real-time and predictive operational management system for hospitals, focusing on the efficiency and effectiveness of patient care.
7. Intouch with Health Ltd, a UK Patient Flow management solutions company.
8. Transforming Systems Ltd, a UK-based real-time access to information company operating in the health and social services sector.
9. S12 Solutions Ltd, a UK-based company that helps mental health professionals efficiently complete Mental Health Act 1983 processes.

10. Jayex Healthcare Limited, a leading UK and Australian e-health provider of integrated SaaS healthcare services delivery platforms.
11. Alamac Limited, a UK-based company that provides technological and advisory solutions that assist healthcare organizations across the
12. Beautiful Information Limited, a UK-based company that offers unique real-time information to NHS trusts to help them plan and resource clinical services to meet hourly fluctuations in patient flow.
13. Hicom Technology Limited, a UK-based company that develops software that automates healthcare and business processes.
14. Community Data Solutions, an Australian-based company, offering an online case management system and supporting products.
15. Advanced Digital Innovation (UK) Limited, with the product widely known as MyPathway. A digital health platform which is used to improve patient interactions during treatment.
16. Coyote Software Corporation, a Canadian-based company that specializes in tailored software solutions that streamline the workflows of health and social service organizations.
17. BookWise Solutions Limited, a UK-based company that offers specialist scheduling software for healthcare and corporate organizations ranging from general room booking software to more specialist scheduling systems.
18. Premier I.T. Partnership Limited, is a UK-based company, which offers market-leading workforce planning, development and performance solutions for the healthcare sector.
19. MedCurrent, a physician-founded Clinical Decision Support company based in Canada, is primarily focused on improving appropriateness of orders for medical imaging tests.
20. Strata Health, a Canadian-based company that designs, builds, and deploys software that improves access and navigation to care.
21. Induction Healthcare Group, a UK-based company that offers care consultation and patient coordination tools to hospitals.
22. Novari Health, a Canadian-based healthcare software provider of referral management, central intake, and care coordination solutions.
23. Definition Health, a UK-based software provider of end-to-end digital pathways for surgical hubs.

Customers

VitalHub serves customers across Canada, USA, UK, Australia, the Middle East, and Europe. The Company’s offerings serve a large addressable market for Digital Health Solutions. The focus has been on publicly funded acute hospital, mental health, community and social services sectors. VitalHub is a provider of Patient Flow, Operational Visibility, Patient Journey Optimization, Workforce Automation and Patient Engagement Solutions in the United Kingdom and Australia and in the Community and Social Services sector in Canada and Australia with its EHR, Case Management and Care Coordination solutions. VitalHub enhances its value to customers by offering new portfolio products in markets where it has a strong presence.

Sales Strategy

The Company sells and markets its solutions in specific geographies through a team of sales leaders and sales development representatives. Marketing is multipronged and maintained via a variety of channels including the Company’s partner network, across social media, an active online presence, the Company’s participation in events and trade shows, by hosting webinars, and customer referrals. These efforts collectively support the sales team and contribute to driving organic growth. The Company primarily focuses on government funded healthcare systems in Canada and internationally including the UK, Australia, and the Middle East.

Fourth Quarter 2025 Highlights

- **Revenue of $31,390,374 as compared to $20,590,779 in the equivalent prior year period, an increase of $10,799,595 or 52%.**
  This increase was due to organic growth coupled with revenue derived from completed acquisitions.
- **Gross profit as a percentage of revenue was 79% in Q4 2025 as compared to 81% in the equivalent prior year period.**
  Gross profit as a percentage of revenue is largely dependent upon the sales mix, with software licenses generating a higher margin than services and other revenue.
- **ARR[1] as at December 31, 2025 was $96,149,750 as compared to $93,693,789 at September 30, 2025, an increase of $2,455,961 or 3%.**
  Over the previous quarter, ARR movement in Q4 2025 from Q3 2025 was attributable to the following:
  - Organic growth of $1,881,405 or 2%.
  - Gain of $574,556 due to fluctuations in foreign exchange rates.
- **Net income before income taxes of $750,087 as compared to $173,000 in the equivalent prior year period, an increase of $577,087 or 334%.**
- **EBITDA[1] of $3,285,082 as compared to $1,875,370 in the equivalent prior year period, an increase of $1,409,712 or 75%.**
- **Adjusted EBITDA[1] of $7,428,508 or 24% of revenue, as compared to $5,046,758 or 25% of revenue in the equivalent prior year period, an increase of $2,381,750 or 47%.**
  The increase in adjusted EBITDA was primarily attributable to the higher revenues in Q4 2025 as compared to Q4 2024, coupled with an ongoing effort to manage costs and gain operating cost synergies.
  The decrease in adjusted EBITDA as a percentage of revenue[1] was primarily attributable to the acquisitions completed during the year.
  Due to the relatively high amortization of intangibles and periodic restructuring and integration costs from acquisitions, management believes that adjusted EBITDA as a percentage of revenue is a relevant KPI ("key performance indicator") to measure.

Annual 2025 Highlights

- **Revenue of $108,966,918 as compared to $68,594,310 in the equivalent prior year period, an increase of $40,372,608 or 59%.**
  This increase was due to organic growth coupled with revenue derived from completed acquisitions.
- **Gross profit as a percentage of revenue was 80% compared to 81% in the prior year.**
  Gross profit as a percentage of revenue is largely dependent upon the sales mix, with software licenses generating a higher margin than services and other revenue.
- **ARR as at December 31, 2025 was $96,149,750 as compared to $71,054,210 at December 31, 2024, an increase of $25,095,540 or 35%.**
  Over the previous year, ARR movement in Q4 2025 from Q4 2024 was attributable to the following:
  - Organic growth of $7,231,031 or 10%.
  - Acquisition growth of $15,870,000 or 22%.
  - Gain of $1,994,509 due to fluctuations in foreign exchange rates.
- **Net income before income taxes of $5,901,401 as compared to $5,895,758 in the equivalent prior year period, a increase of $5,643 or 0%.**
- **EBITDA of $14,634,782 compared to $9,950,872 in the prior year, an increase of $4,683,910 or 47%.**
- **Adjusted EBITDA of $26,554,099 or 24% of revenue, compared to $17,840,272 or 26% of revenue in the equivalent prior year period, an increase of $8,713,827 or 49%.**
  The increase was due to higher revenues for the year ended December 31, 2025, as compared to the prior year, coupled with an ongoing effort to manage costs and gain operating cost synergies.
  The decrease in adjusted EBITDA as a percentage of revenue was primarily attributable to the acquisitions completed during the year.
- **Cash on hand and short-term investments as at December 31, 2025 was $119,180,625 compared to $56,574,904 as at December 31, 2024.**
  The movement is primarily due to two bought deal offerings, acquisition activity, and cash generated from operations.

(1) Non-IFRS or Supplementary Financial Measure. See section "Reconciliation and definition of non-IFRS and Supplementary Financial Measures".

Selected Financial Information

	Three months ended					Year ended				
	December 31, 2025	**% Revenue**	December 31, 2024	% Revenue	**Change**	**December 31, 2025**	**% Revenue**	December 31, 2024	% Revenue	**Change**
	$		$		**%**	**$**		$		**%**
Revenue	**31,390,374**	**100%**	20,590,779	100%	**52%**	**108,966,918**	**100%**	68,594,310	100%	**59%**
Cost of sales	**6,486,447**	**21%**	3,841,539	19%	**(69%)**	**21,378,557**	**20%**	13,099,877	19%	**(63%)**
Gross profit	**24,903,927**	**79%**	16,749,240	81%	**49%**	**87,588,361**	**80%**	55,494,433	81%	**58%**
Operating expenses										
General and administrative	**6,024,677**	**19%**	5,442,656	26%	**(11%)**	**22,458,560**	**21%**	15,451,016	23%	**(45%)**
Sales and marketing	**2,672,840**	**9%**	1,685,221	8%	**(59%)**	**10,281,531**	**9%**	6,766,434	10%	**(52%)**
Research and development	**8,459,901**	**27%**	4,189,941	20%	**(102%)**	**28,950,760**	**27%**	15,227,119	22%	**(90%)**
Depreciation of property and equipment	**165,796**	**1%**	123,147	1%	**(35%)**	**713,788**	**1%**	375,838	1%	**(90%)**
Depreciation of right-of-use assets	**156,655**	**0%**	111,156	1%	**(41%)**	**557,770**	**1%**	438,068	1%	**(27%)**
Share-based compensation	**500,277**	**2%**	684,034	3%	**27%**	**2,557,812**	**2%**	2,344,464	3%	**(9%)**
Deferred share-based compensation	**0**	**0%**	0	0%	**0%**	**90,000**	**0%**	0	0%	**(100%)**
Foreign currency loss (gain)	**316,191**	**1%**	384,805	2%	**18%**	**(662,469)**	**(1%)**	209,733	0%	**416%**
Other expenses (income)										
Amortization of intangible assets	**3,135,396**	**10%**	1,730,224	8%	**(81%)**	**9,809,967**	**9%**	5,149,018	8%	**(91%)**
Business acquisition, restructuring and integration costs	**2,173,149**	**7%**	2,588,292	13%	**16%**	**8,811,007**	**8%**	5,213,044	8%	**(69%)**
(Gain) loss on change in fair value of contingent consideration	**1,470,000**	**5%**	(100,938)	(0%)	**1,556%**	**460,498**	**0%**	331,892	0%	**(39%)**
Interest income (net of interest expense)	**(939,481)**	**(3%)**	(270,367)	(1%)	**247%**	**(2,418,490)**	**(2%)**	(1,950,815)	(3%)	**24%**
Interest expense from lease liabilities	**16,629**	**0%**	8,210	0%	**(103%)**	**70,346**	**0%**	43,005	0%	**(64%)**
Loss on disposal of property and equipment	**1,810**	**0%**	(141)	(0%)	**1,384%**	**5,880**	**0%**	(141)	(0%)	**4,270%**
Current and deferred income taxes (recoverable)	**(3,317,446)**	**(11%)**	(614,244)	(3%)	**(440%)**	**(209,562)**	**(0%)**	2,896,713	4%	**107%**
Net income (loss)	**4,067,533**	**13%**	787,244	4%	**417%**	**6,110,963**	**6%**	2,999,045	4%	**104%**
EBITDA	**3,285,082**	**10%**	1,875,370	9%	**75%**	**14,634,782**	**13%**	9,950,872	15%	**47%**
Adjusted EBITDA	**7,428,508**	**24%**	5,046,758	25%	**47%**	**26,554,099**	**24%**	17,840,272	26%	**49%**
Annual recurring revenue	**96,149,750**		71,054,210		**35%**	**96,149,750**		71,054,210		**35%**
Term licences, maintenance and support revenue	**23,577,363**	**75%**	17,673,596	86%	**33%**	**85,442,864**	**78%**	57,070,350	83%	**50%**

	As at	
	December 31, 2025	December 31, 2024
	$	$
Cash and short-term investments balance	**119,180,625**	56,574,904
Deferred revenue	**45,434,654**	35,636,002

REVENUE

The Company generates revenue from the sale of renewable software licenses, professional services support, and other healthcare solutions. 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 Composition	Three months ended			Year ended		
	December 31, 2025	December 31, 2024	Change	December 31, 2025	December 31, 2024	Change
	$	$	%	$	$	%
Term licenses, maintenance and support	23,577,363	17,673,596	33%	85,442,864	57,070,350	50%
Virtual care term license	2,381,090	0	100%	5,184,921	0	100%
Perpetual licenses	512,213	60,875	741%	2,089,242	498,274	319%
Services, hardware and other	4,919,708	2,856,308	72%	16,249,891	11,025,686	47%
Total Revenues	31,390,374	20,590,779	52%	108,966,918	68,594,310	59%

Revenue for Q4 2025 was $31,390,374, as compared to $20,590,779 in Q4 2024, an increase of $10,799,595 or 52%.

The changes are explained by:

- **An increase of $5,903,767 or 33% in term licenses, maintenance and support revenue from Q4 2024 to Q4 2025.**

  The positive increase reflects the impact of continued organic revenue growth in the Company's suite of products, coupled with revenue derived from completed acquisitions.

  Term licenses, maintenance and support represent an important strategic source of revenue given its predictability and recurring nature and represented 75% of revenues in Q4 2025 (Q4 2024 - 86%). The decrease is due to the addition of Virtual care revenue.

- **An increase of $2,381,090 in virtual care revenue from Q4 2024 to Q4 2025.**

  Virtual care revenue is generated from usage-based subscription contracts of the Company's video consultation platform, Attend Anywhere, which came from the acquisition of Induction.

- **An increase of $451,338 in perpetual software licenses from Q4 2024 to Q4 2025.**

  Perpetual software licenses are dependent on the type of products sold. The increase was primarily attributable to the timing of deliveries of the Company's products. The Company's preferred sales model is term licenses.

- **An increase of $2,063,400 or 72% in services, hardware and other revenue from Q4 2024 to Q4 2025.**

  Professional services, hardware and other revenue can vary depending on the timing of hardware deliveries and the progression of customer projects. The increase is primarily attributable to the timing of deployments of new and ongoing customer projects coupled with revenue derived from completed acquisitions.

Revenue for the year ended December 31, 2025 was $108,966,918, as compared to $68,594,310 in the equivalent prior year period, an increase of $40,372,608 or 59%.

The changes are explained by:

- **An increase of $28,372,514 or 50% in term licenses, maintenance and support revenue for the year ended December 31, 2025.**

  The positive increase reflects the impact of continued organic revenue growth in the Company's suite of products, coupled with revenue derived from completed acquisitions.

  Term licenses, maintenance and support represented 78% of revenues for the year ended December 31, 2025 (year ended December 31, 2024 - 83%). The decrease is due to the addition of Virtual care revenue.

- **An increase of $5,184,921 in virtual care revenue for the year ended December 31, 2025.**

  Virtual care revenue is generated from usage-based subscription contracts of the Company's video consultation platform, Attend Anywhere, which came from the acquisition of Induction.

- **An increase of $1,590,968 in perpetual software licenses for the year ended December 31, 2025.**

  Perpetual software licenses are dependent on the type of products sold. The increase was primarily attributable to the timing of deliveries of the Company's products. The Company's preferred sales model is term licenses.

- **An increase of $5,224,205 or 47% in services, hardware and other revenue for the year ended December 31, 2025.**

  Professional services, hardware and other revenue can vary depending on the timing of hardware deliveries and the progression of customer projects. The increase is primarily attributable to the timing of deployments of new and ongoing customer projects coupled with revenue derived from completed acquisitions.

COST OF SALES, GROSS PROFIT AND EXPENSES

Cost of sales

Cost of sales consists of commissions, hosting, royalties, hardware, and employee salaries for development and support staff.

For Q4 2025, cost of sales was $6,486,447 or 21% of revenue, as compared to $3,841,539 or 19% of revenue for Q4 2024, an increase of $2,644,908 or 69%. The increase was primarily attributable to new acquisitions and costs associated with increased revenue.

For the year ended December 31, 2025, cost of sales was $21,378,557 or 20% of revenue, as compared to $13,099,877 or 19% of revenue for the equivalent prior year period, an increase of $8,278,680 or 63%. The increase was primarily attributable to new acquisitions and costs associated with increased revenue.

Cost of sales is largely dependent on sales mix. High margin software license sales cost less to deliver, while professional services and other sales cost more to deliver. Cost of sales is expected to fluctuate with increased revenues and based on the revenue mix. Management continuously works to improve margins by growing recurring revenues, and by generating synergies on acquired businesses and overall efficiencies to reduce cost of sales.

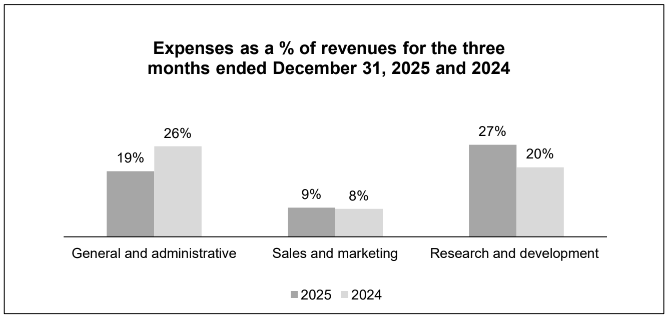
Gross profit

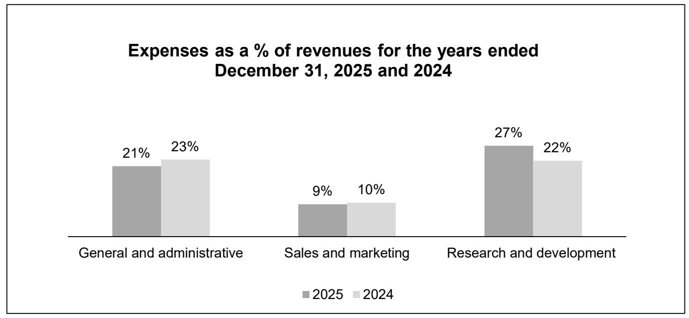
Gross profit for Q4 2025 was $24,903,927 or 79% of revenue, as compared to $16,749,240 or 81% of revenue for Q4 2024, an increase of $8,154,687 or 49%.

Gross profit for the year ended December 31, 2025 was $87,588,361 or 80% of revenue, as compared to $55,494,433 or 81% of revenue for the equivalent prior year period.

Gross margin is in line with the Company's expectations and comparable to the equivalent prior year period. Management continuously works to improve margins by generating synergies on acquired businesses and overall efficiencies to reduce cost of sales.

Gross profit as a percentage of revenue changes is largely dependent upon the sales mix, with software licenses generating a higher margin than professional services and other revenue. The positive increase in amount reflects both higher recurring revenue due to organic revenue growth, along with revenue from acquisitions completed during the previous year.





General and administrative expenses

General and administrative expenses include employee salaries related to finance and administration personnel, travel, 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 Q4 2025 were $6,024,677 or 19% of revenue, as compared to $5,442,656 or 26% of revenue for the equivalent prior year period.

For the year ended December 31, 2025, general and administrative expenses were $22,458,560 or 21% of revenue, as compared to $15,451,016 or 23% of revenue for the equivalent prior year period, a decrease of 2% of revenue. Following an acquisition, general and administrative expenses as a percentage of revenue can increase until synergies from the acquisition are realized.

The increase was driven by increased costs from completed acquisitions and additional resources added.

Sales and marketing expenses

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

Sales and marketing expenses for Q4 2025 were $2,672,840 or 9% of revenue, as compared to $1,685,221 or 8% of revenue for the equivalent prior year period.

For the year ended December 31, 2025, sales and marketing expenses were $10,281,531 or 9% of revenue, as compared to $6,766,434 or 10% of revenue for the equivalent prior year period, a decrease of 1% of revenue.

The increase was driven by increased costs from completed acquisitions and additional resources added.

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 Q4 2025 were $8,459,901 or 27% of revenue, as compared to $4,189,941 or 20% of revenue for the equivalent prior year period.

For the year ended December 31, 2025, R&D expenses were $28,950,760 or 27% of revenue, as compared to $15,227,119 or 22% of revenue for the equivalent prior year period, an increase of 5% of revenue.

The increase was driven by increased costs from completed acquisitions and additional resources added. Following an acquisition, R&D expenses as a percentage of revenue can increase until synergies from the acquisition are realized.

Depreciation and amortization

Depreciation consists of depreciation and amortization of 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 Q4 2025 was $3,457,847, as compared to $1,964,527 for Q4 2024, an increase of 76%.

For the year ended December 31, 2025, depreciation and amortization expenses were $11,081,525 as compared to $5,962,924 for the equivalent prior year period, an increase of 86%.

With acquisitions, depreciation and amortization will continue to increase due to acquired intangible assets and the related amortization taken over their estimated useful lives which range from 2-15 years. While this is an income statement expense, it is a non-cash item.

Share-based compensation

Share-based compensation for Q4 2025 was $500,277, as compared to $684,034 for Q4 2024, a decrease of 27%.

For the year ended December 31, 2025, share-based compensation expense was $2,557,812, as compared to $2,344,464 for the equivalent prior year period, an increase of 9%.

The change was driven by the issuance and change in price of share-based compensation.

Business acquisition, restructuring and integration costs

Business acquisition, restructuring and integration costs for Q4 2025 were $2,173,149, as compared to $2,588,292 for Q4 2024, a decrease of $415,143 or 16%.

For the year ended December 31, 2025, business acquisition, restructuring and integration costs were $8,811,007, as compared to $5,213,044 for the equivalent prior year period, an increase of $3,597,963 or 69%.

These expenses were recognized in connection with the acquisitions completed in both periods, with the majority of the costs relating to professional fees to acquire the businesses and employee restructuring to gain synergies across the organization.

Interest income (net of interest expense)

Interest expense consists of bank charges and accretion on contingent consideration net of interest income.

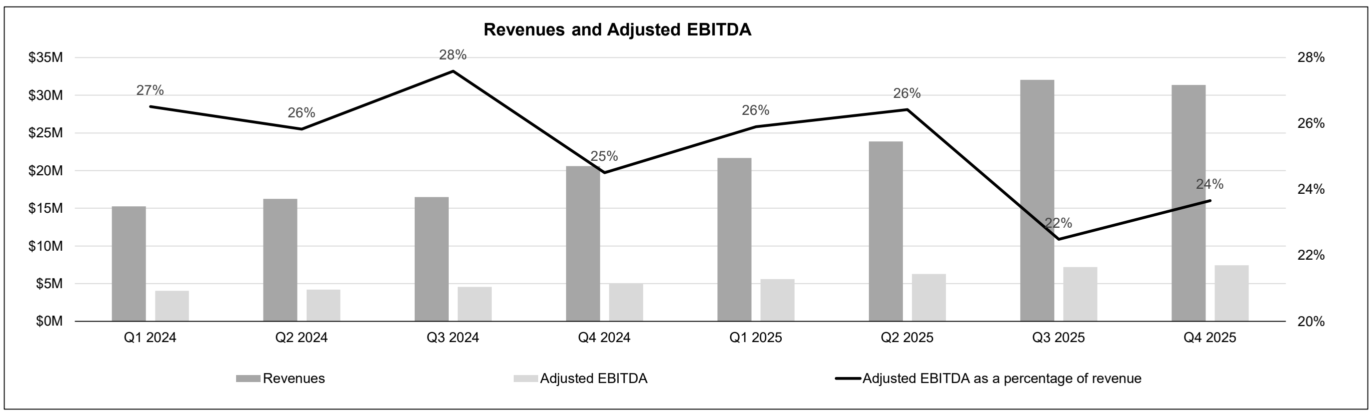
Interest income (net of interest expense) for Q4 2025 was $939,481, as compared to interest income of $270,367 for Q4 2024, an increase of $669,114.

For the year ended December 31, 2025, interest income (net of interest expense) was $2,418,490, as compared to interest income (net of interest expense) of $1,950,815 for the equivalent prior year period, an increase of $467,675.

RESULTS OF OPERATIONS

The following table highlights selected financial information for the eight consecutive quarters ended December 31, 2025:

	Q1 2024	Q2 2024	Q3 2024	**Q4 2024**	Q1 2025	Q2 2025	Q3 2025	**Q4 2025**
Revenues ($)	15,256,791	16,237,605	16,509,135	**20,590,779**	21,674,966	23,857,548	32,044,030	**31,390,374**
Net income (loss) ($)	1,318,466	(335,053)	1,228,387	**787,244**	1,161,472	1,772,217	(890,260)	**4,067,533**
EBITDA ($)	3,099,016	1,972,452	3,004,034	**1,875,370**	3,150,374	3,599,683	4,599,642	**3,285,082**
Adjusted EBITDA ($)	4,044,932	4,193,985	4,554,597	**5,046,758**	5,614,686	6,304,647	7,206,257	**7,428,508**
Net income (loss) per share - basic and diluted ($)	0.04	(0.01)	0.03	**0.02**	0.02	0.03	(0.01)	**0.07**
Weighted average number of shares outstanding - basic	43,854,629	49,965,234	50,882,020	**52,066,133**	55,468,448	55,852,045	59,580,159	**61,350,442**
Weighted average number of shares outstanding - diluted	45,017,991	51,243,050	52,272,366	**54,580,727**	57,606,986	57,910,705	61,472,686	**63,074,537**



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

OUTSTANDING SHARE DATA

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at December 31, 2025, the Company had 63,232,054 (December 31, 2024 - 52,619,817) common shares issued and outstanding. The increase in common shares is primarily due to a bought deal offering.

Deferred share units outstanding as at December 31, 2025 were 132,283 (December 31, 2024 - 123,414).

Share options outstanding as at December 31, 2025 were 3,202,293 (December 31, 2024 - 3,760,026) which entitle the holders to purchase one common share of the Company.

The number of exercisable share options as at December 31, 2025 was 2,097,305 (December 31, 2024 - 1,950,544).

FINANCIAL CONDITION

Liquidity and Capital Resources

As at December 31, 2025, the Company had $57,629,569 in cash and cash equivalents on hand, compared to $56,574,904 as at December 31, 2024.

The movement is primarily due to two bought deal offerings, acquisition activity, plus cash generated from operations.

CASH PROVIDED BY OPERATING ACTIVITIES

	Year ended		
	December 31, 2025	December 31, 2024	**Change**
	$	$	**$**
Net income	**6,110,963**	2,999,044	**3,111,919**
Items not affecting cash	**10,483,980**	7,638,037	**2,845,943**
Cash from operations before changes in working capital	**16,594,943**	10,637,081	**5,957,862**
Net change in non-cash working capital	**(8,273,644)**	4,489,602	**(12,763,246)**
Cash provided by operating activities	**8,321,299**	15,126,683	**(6,805,384)**

Cash provided by operating activities was $8,321,299 for the year ended December 31, 2025, as compared to $15,126,683 for the same period last year, a decrease of $6,805,384.

The decrease is driven by a net change in non-cash working capital and the timing of certain receivables, payables, and other balance sheet items.

CASH USED IN INVESTING ACTIVITIES

	Year ended		
	December 31, 2025	December 31, 2024	**Change**
	$	$	**$**
Cash used in investing activities	**(111,107,555)**	(31,385,866)	**(79,721,689)**

Cash used in investing activities relates primarily to the net cash portion of the completed acquisitions during the year and purchases of short term investments, net of maturities.

CASH PROVIDED BY FINANCING ACTIVITIES

	Year ended		
	December 31, 2025	December 31, 2024	**Change**
	$	$	**$**
Cash provided by financing activities	**104,585,372**	39,085,574	**65,499,798**

Cash provided by financing activities primarily relates to $103,007,090 net proceeds from two bought deal offerings during the year.

UPDATE ON PRIOR USE OF PROCEEDS

On April 11, 2024, the Company raised gross proceeds of approximately $40.3 million by way of an equity offering for growth initiatives, specifically focused on acquisitions. The following tabular comparison details the Company's actual use of proceeds to date, with any remaining proceeds allocated to future acquisitions.

Proposed Use of Proceeds	**Actual Use of Proceeds**	**Actual Amount**	**Variance**
Acquisitions	June 2024: Acquisition of Premier I.T. Partnership Limited	$3.8 million [1]	No Variance
Acquisitions	October 2024: Acquisition of MedCurrent Corporation	$8.5 million [2]	No Variance
Acquisitions	October 2024: Acquisition of Strata Health Solutions Inc.	$18.6 million [3]	No Variance

Notes:

1) This approximate amount was paid on closing in GBP and assumes an exchange rate of C$1.00 = £0.5710 GBP. This amount is subject to additional maximum earn-out consideration of approximately £0.5 million over the 24-month period following the closing of the acquisition.
2) This approximate amount, paid on closing, was subject to customary working capital adjustments and other similar closing adjustments. This amount is subject to additional maximum earn-out consideration of approximately $21.9 million over the 36-month period following the closing of the acquisition.
3) This approximate amount is subject to additional maximum earn-out consideration of approximately $4.5 million over the 32-month period following the closing of the acquisition.

On January 9, 2025, the Company raised gross proceeds of approximately $34.5 million by way of an equity offering for growth initiatives, specifically focused on acquisitions. The following tabular comparison details the Company's actual use of proceeds to date, with any remaining proceeds allocated to future acquisitions.

Proposed Use of Proceeds	**Actual Use of Proceeds**	**Actual Amount**	**Variance**
Acquisitions	June 2025: Acquisition of Induction Healthcare Group PLC	$17.6 million [1]	No Variance
Acquisitions	July 2025: Acquisition of Novari Health Inc.	$40.0 million [2]	No Variance

Notes:

1) This approximate amount was paid on closing in GBP and assumes an exchange rate of C$1.00 = £0.5443 GBP.
2) This approximate amount, paid on closing, was subject to customary working capital adjustments and other similar closing adjustments. This amount is subject to additional maximum earn-out consideration of approximately $5.0 million over the 24-month period following the closing of the acquisition.

On August 20, 2025, the Company raised gross proceeds of approximately $74.8 million by way of an equity offering for growth initiatives, specifically focused on acquisitions. The net proceeds shall be used for growth initiatives including future acquisitions, working capital and general corporate purposes.

CREDIT FACILITY

The Company has an agreement with The Bank of Nova Scotia ("Scotia") to provide a $5,000,000 operating credit limit and a $60,000,000 revolving term facility. Depending on the type of advances, the operating credit limit and revolving term facility, bear interest at Scotia's prime rate/CORRA/SOFR plus an applicable margin.

The Company is subject to maintain the following covenants:

i) A fixed charge coverage ratio (calculated on a trailing 12-month basis that is) of not less than 1.20:1.
ii) Total funded debt to combined EBITDA ratio (calculated on a trailing 12-month basis that is) of less than or equal to 3.75:1.

As at December 31, 2025, the Company is in compliance with all of its covenants and has no debt outstanding.

CONTINGENT OFF-BALANCE SHEET AND OTHER ARRANGEMENTS

The Company has obligations with respect to license, 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. The Company has no material off-balance sheet obligations or contingencies.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This is 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 reported 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. 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 reported amounts of revenues and expenses during the reporting period. Actual results could vary significantly from those estimates. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, business combinations, income taxes, estimated useful life of long-lived assets, the fair value of share-based payments, and allowance for expected credit losses.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO, together with management, are responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, and have designed such internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The CEO and the CFO, together with other members of management, have evaluated the effectiveness of the Company's internal control over financial reporting as at December 31, 2025, using the criteria set forth in the Internal Control – Integrated Framework (2013 edition) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the CEO and CFO concluded that the Company's internal control over financial reporting was effective as at December 31, 2025.

There have been no changes in the design of the Company's internal control over financial reporting during 2025, that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, a projection of the evaluation of the effectiveness of internal control over financial reporting to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation. Internal controls over financial reporting may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

RECONCILIATION AND DEFINITION OF NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

VitalHub uses certain financial and operating performance measures that management believes provide meaningful information in assessing the Company's underlying performance. Readers are cautioned that these measures may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Accordingly, non-IFRS and supplementary financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Definitions, reconciliations, and an explanation of how the Company's non-IFRS and supplementary financial measures provide useful information to an investor are included below.

Annual recurring revenue

Annual recurring revenue ("ARR") is a supplementary financial measure defined as annual renewable software license fees and maintenance services. The Company defines ARR as the recurring revenue that is expected based on yearly subscriptions of the renewable software license fees and maintenance services.

Annual Recurring Revenue	Q1 2024	Q2 2024	Q3 2024	**Q4 2024**	Q1 2025	Q2 2025	Q3 2025	**Q4 2025**
Opening balance ($)	44,573,739	47,834,002	51,283,570	**53,452,108**	71,054,210	73,687,666	79,589,081	**93,693,789**
Organic net of churn ($)	1,545,513	1,239,568	1,081,181	**2,609,657**	1,777,442	1,860,849	1,711,335	**1,881,405**
Organic net of churn (%)	3%	3%	2%	**5%**	3%	3%	2%	**2%**
Acquisition ($)	1,062,500	2,249,000	0	**14,600,000**	0	3,870,000	12,000,000	**0**
Acquisition (%)	2%	5%	0%	**27%**	0%	5%	13%	**0%**
Effect of foreign exchange (loss) gain	652,250	(39,000)	1,087,357	**392,445**	856,014	170,566	393,373	**574,556**
Effect of foreign exchange (loss) gain	1%	(0%)	2%	**1%**	1%	0%	0%	**1%**
Closing balance ($)	47,834,002	51,283,570	53,452,108	**71,054,210**	73,687,666	79,589,081	93,693,789	**96,149,750**

- **ARR as at December 31, 2025 was $96,149,750 as compared to $93,693,789 at September 30, 2025, an increase of $2,455,961 or 3%.**

  Over the previous quarter, ARR movement in Q4 2025 from Q3 2025 was attributable to the following:
  - Organic growth of $1,881,405 or 2%.
  - Gain of $574,556 due to fluctuations in foreign exchange rates.

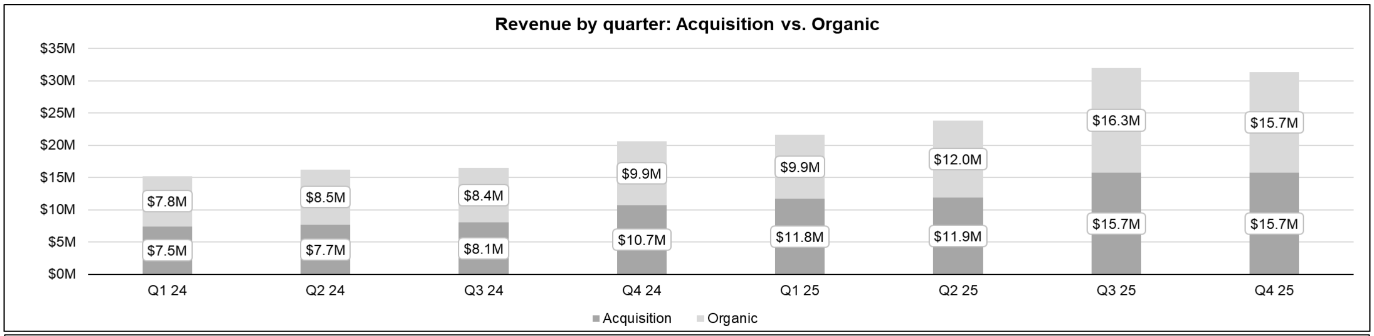
- **ARR as at December 31, 2025 was $96,149,750 as compared to $71,054,210 at December 31, 2024, an increase of $25,095,540 or 35%.**

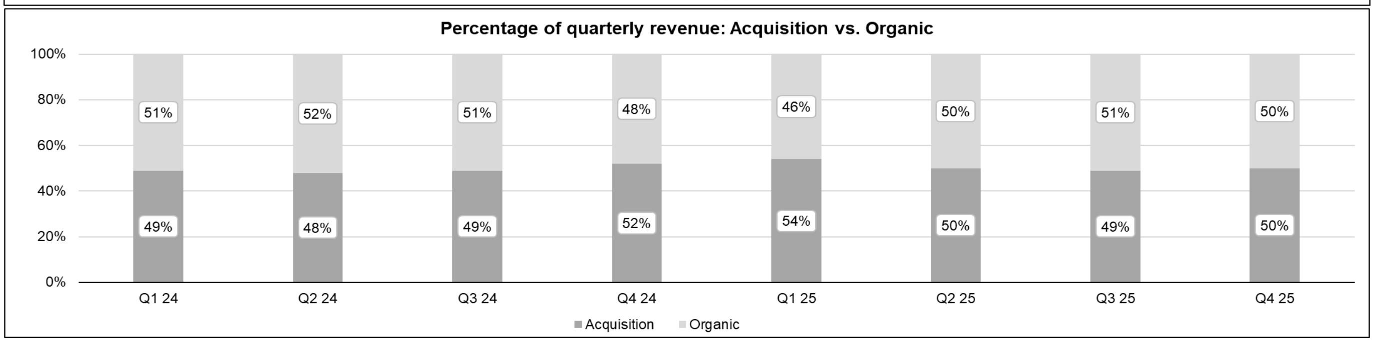
  Over the previous year, ARR movement in Q4 2025 from Q4 2024 was attributable to the following:
  - Organic growth of $7,231,031 or 10%.
  - Acquisition growth of $15,870,000 or 22%.
  - Gain of $1,994,509 due to fluctuations in foreign exchange rates.

The continued increase in ARR growth is reflective of the Company's strategy to grow the business both organically and through acquisitions.

Acquisition and organic revenue

Acquisition revenue is a supplementary financial measure defined as the annual contract value of recurring revenues of the acquired companies at the time of acquisition. Organic revenue growth is defined as the revenue over and above the acquisition revenues, including all recurring and non-recurring revenues. Acquisition revenue is a non-IFRS measure. These charts reflect the success of the Company's robust M&A strategy, coupled with the Company's ability to organically grow the businesses acquired, where appropriate.





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

EBITDA is a non-IFRS 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. 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 EBITDA:

	Three months ended		Year ended	
	December 31, 2025	December 31, 2024	**December 31, 2025**	December 31, 2024
	$	$	**$**	$
Net income	**4,067,533**	787,244	**6,110,963**	2,999,045
Add: Interest	**(922,852)**	(262,157)	**(2,348,144)**	(1,907,810)
Add: Depreciation and amortization	**3,457,847**	1,964,527	**11,081,525**	5,962,924
Add: Current and deferred tax expense	**(3,317,446)**	(614,244)	**(209,562)**	2,896,713
EBITDA	**3,285,082**	1,875,370	**14,634,782**	9,950,872

Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue

Adjusted EBITDA is a non-IFRS 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. Adjusted EBITDA as a percentage of revenue expresses Adjusted EBITDA as a percentage of total revenue.

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

	Three months ended		Year ended	
	December 31, 2025	December 31, 2024	**December 31, 2025**	December 31, 2024
	$	$	**$**	$
EBITDA	**3,285,082**	1,875,370	**14,634,782**	9,950,872
Add: Share and deferred-based compensation expense	**500,277**	684,034	**2,647,812**	2,344,464
Add: Business acquisition, restructuring and integration costs	**2,173,149**	2,588,292	**8,811,007**	5,213,044
Add: (Gain) loss on change in fair value of contingent consideration	**1,470,000**	(100,938)	**460,498**	331,892
Adjusted EBITDA	**7,428,508**	5,046,758	**26,554,099**	17,840,272

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 the business of VitalHub, 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;
- 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;
- Geopolitical crisis, widespread outbreak of an illness or other health issue, a natural disaster or terrorist attack; and
- Trade conditions and protectionism may adversely affect third parties upon whom we depend in order to operate our business.

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; and
- 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 partially 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 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 considering 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 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 lower gross margins than license revenue, and an increase in service revenue relative to license revenue would harm VitalHub's overall gross margin.

Maintenance and service revenue have 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 margin.

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 license 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.

VitalHub's sales revenue originates from clients in the United States, the United Kingdom, Australia, Western Asia and the rest of the world. It is possible that a greater percentage of VitalHub's sales could emanate from other foreign countries. As such, a significant portion of VitalHub's revenues are 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 other foreign currencies and Canadian dollars fluctuates.

Security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches, including internal security failures and other privacy breaches including the unauthorized access to, use or disclosure of personal information, could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

In the current environment, the volume, velocity and creativity of security threats and cyber-attacks continue to grow. This includes criminal hackers, hacktivists, state-sponsored organizations, industrial espionage, employee misconduct, and human or technological errors.

The integrity, reliability and security of information in all forms are critical to the Company's daily and strategic operations. Despite the Company's efforts to create security barriers, the Company is susceptible to operational, financial, and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks, security breaches and/or technological malfunctions affecting the Company or its products or services can result in, among other things, litigation, governmental audits or investigations, financial penalties or losses, unauthorized release of customer information or confidential information. A loss of confidence in the Company's products and services and significant reputational risk, each of which could adversely affect its business, financial condition and results of operations.

Third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked.

VitalHub is exposed to certain risks relating to Operating in Sri Lanka

General Emerging Market Risk

In certain emerging market countries, including in Sri Lanka where the Company maintains operation of its subsidiary VitalHub (PVT) Ltd., there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have, for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries.

Political Risk

The Sri Lankan government's priorities with respect to business opportunities for international companies include: (i) developing a digital economy; (ii) improving cyber security and technology in government; and (iii) improving education and healthcare. The Company currently operates in those sectors and contributes to the accomplishment of the current government's goals. There can be no assurance that future governments will share those priorities or view the presence of the Company in Sri Lanka, or any foreign investment or operations, favourably. Policies, laws or regulations may be changed that adversely affect the Company's operations in Sri Lanka.

In addition, Sri Lanka's credit ratings were downgraded in 2022 by Fitch (RD), Moody's (Ca) and S&P (SD). Sri Lanka has a heavy debt burden as a result of government borrowing and high recurring expenditure levels. Servicing this is costly. These factors may prompt the government to take action which could negatively affect the Company's operations.

Bribery and Corruption

Corruption in government procurement processes in Sri Lanka is a significant issue. Public officials are not routinely compelled to declare their assets and "conflict of interest" guidance is unclear and essentially unenforceable. At present, the mandates of Sri Lankan anti-corruption bodies do not extend to the private sector in Sri Lanka. Transparency International's Corruption Perception Index (CPI) measures the perceived levels of public-sector corruption in a given country.