HYDREIGHT TECHNOLOGIES INC.

Management's Discussion and Analysis
for the three months ended March 31, 2025

(Expressed in Canadian dollars, unless otherwise specified)

Prepared as of May 30, 2025

ABOUT THIS MD&A

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Hydreight Technologies Inc. ("**Hydreight**" or the "**Company**") should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023, and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Company's reporting currency is the Canadian dollar, and all dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise specified. This MD&A has been prepared as of May 30, 2025, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

The financial information of the Company contained in this MD&A is derived from the 2024 Financial Statements and the Q1 2025 Condensed Interim Consolidated Financial Statements, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies and methods of computation applied by the Company in the Q1 2025 Consolidated Financial Statements are the same as those applied in the 2024 Financial Statements.

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS 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 FLS. The Company provides no assurance that FLS 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 FLS.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements.

DESCRIPTION OF BUSINESS

Hydreight Technologies Inc. (the "Company") was incorporated on April 13, 2018, pursuant to the provisions of the Business Corporation Act (British Columbia). The Company's registered office is at 401 – 750 West Pender Street, Vancouver, British Columbia, Canada. The head office is located at 7251 West Lake Mead Boulevard, Suite 300, Las Vegas, NV 89128, United States.

On November 28, 2022, the Company completed a reverse takeover transaction (the "Reverse Takeover Transaction" or "RTO" or "Transaction") with IV Hydreight Inc. ("Hydreight"), Victory Square Technologies Inc. ("VST" or "Parent"), 1362795 BC Ltd. ("AssetCo"), and 1203500 B.C. Ltd ("PCL Acquisition Co"). The RTO resulted in Assetco and PCL Acquisition Co amalgamating to form Hydreight Canada Holdings Inc. ("HCH"). VST is the Company's ultimate controlling parent company before and after the Transaction.

The Company's shares trade on the TSX Venture Exchange under the trading symbol "NURS" and the Frankfurt Stock Exchange under the symbol "SO6". The Company is also quoted on the OTCQB Venture Market in the United States under the symbol of "HYDTF".

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries HCH, Hydreight, Healthcare Prosoft LLC ("Prosoft"), and Digital Health GPO, LLC ("GPO"). The Company also consolidates Healthcare Prosoft CT, P.A., Healthcare Prosoft NE Professional Corporation, and Healthcare Prosoft SW, P.C. which are controlled by Hydreight. All intercompany transactions have been eliminated on consolidation.

Hydreight was incorporated in the State of Nevada on April 10, 2018, and operates in the digital health technology sector. The Company has developed a proprietary telemedicine service that allows users to book confidential health and wellness, and/or medical services through a mobile application, and receive services at any remote location, while leveraging the latest trends in digital health technology. Its objective is to connect health professionals or service advisors to end users in a confidential and secure way, through its mobile application. Hydreight's operational activities began in August 2019.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2025, the Company had working capital of $2,160,506 (December 31, 2024, Deficiency – $2,460,537), a comprehensive income of $21,652 (March 31, 2024, comprehensive loss – $370,559), an accumulated deficit of $9,109,733 (December 31, 2024 – $9,130,636).

ABOUT HYDREIGHT TECHNOLOGIES

Hydreight is building the largest mobile clinic network in the United States. Its proprietary, fully integrated platform hosts a network of over 3,000 nurses, over 200 independent doctors and a pharmacy network through its vertically integrated medical network across 50 states. The platform includes a built-in, easy-to-use suite of fully integrated tools for accounting, documentation, sales, inventory, booking, and managing patient data, which enables licensed healthcare professionals to provide services directly to patients at home, office or hotel. Hydreight Technologies has leveraged its unique technology and medical infrastructure to expand into three main verticals: a nurse network, white-label solutions for franchise brick-and-mortar operations, and direct-to-consumer services.

Hydreight's home healthcare and wellness platform bridges the gap between providers and patients and empowers nurses, med spa technicians, and other licensed healthcare professionals to legally deliver their services on a flexible schedule or to add mobile services to existing location-based operations. The proprietary healthcare platform enables nurses and businesses to legally offer at-home care services with an independent network of doctors across 50 states.

Hydreight's medical network provides and facilitates providers with: (i) consulting and advice in setting up their health and wellness services, including assistance with finding experienced advisors in the areas of medical and privacy law, among others; (ii) medical liability insurance; (iii) pharmaceutical IV programs vetted by duly licensed pharmacists; (iv) procedural guides with respect to various services such as wide ranging IV therapy treatments, GLP1, NAD, Botox, fillers, among many others.; and (v) hiring, on-boarding, training, marketing, branding, payroll, and other accounting services. Additionally, through its vertically integrated medical network, Hydreight offers providers access to a network of 503B federally regulated pharmacies with whom Hydreight has established key relationships and supply network chains (the "**Pharmacy Network**"). Providers are required to directly order products through the Pharmacy Network to ensure quality control. The Pharmacy Network offers products from a wide array of vendors including Medline, McKesson, Olympia, Empower, Allergan (Botox) and Galderma, among many others.

The Company categorizes its revenues under three key divisions: (1) business partner contract revenue, (2) commission revenue on App services and (3) on pharmacy sales. Hydreight introduced a fourth revenue stream in 2022 which is white label solutions ("**White Label**") and includes primarily monthly fees and pharmacy sales, reported in contract revenue and pharmacy sales respectively.

Through the white label solutions offering, Hydreight partners with other health and wellness companies who require a white-labelled software solution to assist with service onboarding, Electronic Medical Records, telemedicine, training and operational procedures and systems, among others. The White Label business allows customers to obtain a custom skinned digital health software solution carrying customer specific branding, colour palettes and icon sets, among others, to complement how they do business.

Healthcare is the most heavily regulated industry in the United States. By retaining expert legal counsel to address state by state regulatory and professional licensure issues affecting mobile medicine, Hydreight has been able to position itself to compete with the largest healthcare technology companies, private and public, across the United States. Outside counsel has equipped Hydreight with the information needed to assist current and future partners and customers using its proprietary platform in navigating the vast landscape of laws and regulations that are necessary to successfully run their businesses. This knowledge saves them time and money and makes Hydreight the premium, turn-key solution for their mobile medicine needs.

VSDHOne - Direct to Consumer Platform

Hydreight Technologies launched the VSDHOne (Read as VSDH-One) platform. VSDHOne simplifies the entry challenges for companies and medi-spa businesses to enter the online healthcare space compliantly. This platform will help all businesses to launch a direct-to-consumer healthcare brand in a matter of days in all 50 states. Compliant offerings include: GLP-1s, peptides, personalized healthcare treatments, sermorelin, testosterone replacement therapy ("TRT"), hair loss, skincare, sexual health and more. Hydreight invested in technology, legal and infrastructure to launch this platform. The VSDHOne platform offers a complete, end-to-end solution for businesses looking to launch direct-to-consumer healthcare brands. From compliance and telemedicine technology to nationwide doctor and pharmacy networks, VSDHOne provides all the tools needed for a seamless entry into the online healthcare space. The platform is designed to significantly reduce the time and costs associated with launching such services, making it possible for businesses to go live in days instead of months

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Awards

Hydreight Technologies was recognized as top 50 in the **2025 TSX Venture 50™ list**. The TSX Venture 50™ recognizes the **top-performing companies** from over **1,600 issuers** listed on the **TSX Venture Exchange (TSXV)** based on **market capitalization growth, share price appreciation, and trading volume** over the past year. In 2024, Hydreight Technologies Inc. also was ranked **9th in Canada** and **56th in North America** on Deloitte's Technology Fast 500 list. The Technology Fast 500 is a ranking of the fastest-growing technology companies in North America.

Hydreight Technologies was also named to the Financial Times list of The Americas' Fastest Growing Companies 2025. This prestigious award is presented by the Financial Times and Statista Inc. Hydreight Technologies ranked 13th in that list.

FIRST QUARTER 2025 AND SUMMARY

Below are highlights of Hydreight's operations in the first quarter 2025 and subsequent to:

- First quarter revenues were $4.54M compared to $3.77M in comparative quarter. First quarter Adjusted Revenue[1] and Adjusted Margin[1] were $6.53M and $1.96M compared to $4.87M and $1.37M in the comparative quarter.
  [1]Refer to Use of Non-GAAP Financial Measures.
- First quarter Adjusted EBITDA[1] was $163K compared to ($46K) in the comparative quarter.
- First quarter cash flow from operating activities was $354K compared to ($161K) in cash used in operating activities in the comparative period.
- Cash balance at March 31, 2025, is $6.52M compared to $1.58M at December 31, 2024.
- Hydreight has secured national medical spa partners with collectively almost 700 locations sold and 140 opened across the United States. Hydreight charges the franchises a licensing fee per location to access its network and takes a percentage fee from every mobile service facilitated through its platform. These brick-and-mortar businesses must use Hydreight's medical network's pharmacy to order products.
- The total number of pharmacy orders through Hydreight platform in the current period has increased by about 74% in comparison to the comparative period.
- On January 29, 2025. Hydreight announced its partnership with The DRIPBaR, known for transforming preventive healthcare with advanced technology IV therapy solutions. Together, they are launching 'DRIPBaR Direct,' an innovative direct-to-consumer healthcare initiative powered by Hydreight's VSDHOne platform.
- On February 5, 2025. Hydreight announced the expansion of its VSDHOne platform with the launch of Nicotinamide Adenine Dinucleotide (NAD+) therapy in three new delivery formats: patch, injection, and nasal spray.
- On February 27, 2025. Hydreight announced the expansion of its VSDHOne platform with a new suite of oral weight loss therapies in three convenient delivery formats: sublingual, capsule, and tablet.
- On April 2, 2025, Hydreight was named one of the America's fastest growing companies by Financial Times.
- On April 8, 2025, Hydreight announced a partnership with renowned endocrinologist Dr Franklin Joseph to bring globally successful weight loss brand to the U.S. via VSDHOne platform.
- On April 15, 2025, Hydreight expands GLP-1 telehealth suite with launch of Liraglutide on VSDHOne platform.
- On May 5, 2025, Hydreight appointed Dr. Roebuck as Director.
- On May 27, 2025, Hydreight launches personalized genetic testing and wellness solutions on VSDHOne platform.

The Company believes the following Non-GAAP[1] financial measures provide meaningful insight to its shareholders in understanding the Company's performance, and may assist in the evaluation of the Company's business relative to that of its peers:

	Three months ended March 31, 2025	2024	% change
Adjusted Revenue	$ 6,527,957	$ 4,867,004	34%
Deduct - deferred business partner contract revenue	454,140	(116,978)	
Deduct - business partner payouts on app service gross revenue	1,533,695	1,606,376	
GAAP Revenue	$ 4,540,122	$ 3,377,606	34%
Adjusted Gross Margin	$ 1,958,605	$ 1,114,356	76%
Deduct - deferred business partner contract revenue	454,140	(116,978)	
GAAP Gross Margin	$ 1,504,465	$ 1,231,334	22%
Adjusted EBITDA	$ 163,412	$ (45,873)	456%
Deduct - amortization and depreciation	101,004	46,553	
Deduct - share-based payments	41,505	216,295	
GAAP Net Income (Loss)	$ 20,903	$ (308,721)	107%

[1]Refer to Use of Non-GAAP Financial Measures

Hydreight has expanded each division according to the revenue generation and needs of each specific division; scaling while the division's initiatives are performing successfully.

SUMMARY OF QUARTERLY RESULTS

The table below sets out a summary of certain financial results of the Company over the past eight quarters and is derived from the audited annual consolidated financial statements and unaudited quarterly consolidated financials statements of the Company.

Fiscal Quarter Ended	Revenue	Net Income (Loss) After Taxes	Comprehensive Income (Loss)	Basic Income (Loss) Per Share	Diluted Income (Loss) Per Share
March 31, 2025	4,540,122	20,903	21,652	0.00	0.00
December 31, 2024	4,040,578	20,577	(106,396)	0.00	0.00
September 30, 2024	4,526,320	(89,938)	(53,119)	(0.00)	(0.00)
June 30, 2024	4,100,212	(27,087)	(48,184)	(0.00)	(0.00)
March 31, 2024	3,377,606	(308,721)	(370,559)	(0.01)	(0.01)
December 31, 2023	3,373,193	(898,561)	(865,068)	(0.02)	(0.02)
September 30, 2023	3,088,219	(466,973)	(548,954)	(0.01)	(0.01)
June 30, 2023	2,699,668	(471,890)	(405,638)	(0.01)	(0.01)

The Company has experienced dramatic user growth over the past two years as can be seen by the consistent revenue growth over the past eight quarters. Net loss and comprehensive loss have improved from 2023 and into 2024, with the current quarter reflecting net income.

SELECTED ANNUAL INFORMATION

The table below sets out selected annual financial results of the Company and is derived from the Financial Statements.

		As at March 31, 2025		As at December 31, 2024
Current assets	$	6,521,531	$	1,580,865
Non-current assets		1,804,202		1,527,890
Total assets		8,325,733		3,108,755
Currrent liabilities		4,361,025		4,041,402
Non-current liabilities		815,646		836,096
Total liabilities	$	5,176,671	$	4,877,498

		Three months ended March 31, 2025		2024
Total revenues	$	4,540,122	$	3,377,606
Net loss after taxes		20,903		(308,721)
Comprehensive loss for the period		21,652		(370,559)
Basic loss per share		0.00		(0.01)
Diluted loss per share		0.00		(0.01)

No cash dividends have been declared by the Company in their operating history.

DISCUSSION OF OPERATIONS

Revenue

Revenue for the three months ended March 31, 2025, was $4,540,122 compared to $3,377,606 for the corresponding prior year period. The increase in revenue is related to the growth in new business partners, renewals of existing partners and additions to service offerings, which translates into higher contract revenue, commission revenue and pharmacy sales.

Pharmacy Purchases

Pharmacy purchases for the three months ended March 31, 2025, was $3,035,657 compared to $2,146,272 for the comparative period. Pharmacy purchases consist solely of the cost of pharmacy purchases to fulfill pharmacy sales. The increase in pharmacy purchases is consistent with the increase in pharmacy sales from Hydreight network growth.

Gross Margin

The gross margin for the three months ended March 31, 2025, was $1,504,465 or 33.14%, compared to $1,231,334 or 36.46% for the corresponding prior period. The gross margin for pharmacy sales, for the three months ended March 31, 2025, was $589,156 or 16.25% compared to $329,849 or 13.32% for the comparative period. The overall gross margin percentage decrease is reflective of the relative change in the composition of revenue, with pharmacy sales being the largest component of revenue. The pharmacy margin increase period over period is due to increase sales and margins on direct-to-consumer sales as well as a reduction of pharmacy credit on new subscription and renewals. Generally, Hydreight aims to earn a 20% margin on pharmacy sales before discounts and incentives, however individual product margins vary by type and manufacturer, and the timing of sales promotions is also variable.

Expenses

For the three months ended March 31, 2025, total operating expenses were $1,577,456 compared to $1,547,699 for the corresponding prior year period. Material variances over this period are discussed below.

Amortization and depreciation

Amortization expense was $101,004 for the three months ended March 31, 2025, as compared to $46,553 for the three months ended December 31, 2024. The increase is due to additional investment capitalized in intangible asset development, including the VSDH One platform software.

General and Administration

General and administration expenses include insurance, investor relations and capital markets, management fees and rent, which were reported separately in the prior year.

General and administrative expenses were $385,241 for the three months ended March 31, 2025, as compared to $375,799 for the corresponding comparative period. Excluding the items reported separately in the prior year discussed below, general and administrative expense increased due to provision for US sales taxes recorded in the current period, whereas the provision in the comparative period occurred later in the fiscal year.

Expense line items reported separately in the prior year Financial Statements:

Insurance

Insurance expense was $27,727 for the three months ended March 31, 2025, as compared to $27,979 for the comparative period. The insurance expense reflects no material change in premiums for all insurance obtained.

Investor Relations and Capital Markets

Investor relations and capital markets expense was $59,076 for the three months ended March 31, 2025, as compared to $75,458 for the three months ended March 31, 2024. Investor relations and capital markets expense includes the costs of investor relations resources and events, transfer agent, regulatory and exchange fees and corporate communications. The decrease in the current periods are due to lower overall public relations spending.

Rent Expense

Rent expense was $68,216 for the three months ended March 31, 2025, as compared to $67,389 for the corresponding comparative period. There is no material difference between the current and comparative period is due to no change in the Company's rental needs.

Professional and Consulting Fees

Professional and consulting fees were $316,008 for the three months ended March 31, 2025, as compared to $328,202 for the corresponding comparative period. The variance is due to specific recurring costs required to support public company administration and compliance and non-recurring fees related to special projects and investment in software improvements. The Company evaluates technical work and directly related supporting costs for capitalization to intangible asset and at each reporting period capitalizes eligible development costs, which consist primarily of technical development expenses and an allocation of labor and professional fees. Non-recurring costs include legal fees that are partially non-recurrent in nature. Healthcare is the most heavily regulated industry in the United States. By retaining expert legal counsel to address state by state regulatory and professional licensure issues affecting mobile medicine, the Company has been able to position Hydreight to compete with the largest companies, private and public, across the United States. The modest decrease in professional and consulting fees is primarily due to an adjustment for development fees incurred and a change in the compensation of the Medical Director, partially offset by higher legal fees incurred in the current period.

Sales and Marketing

Sales and marketing expense was $76,111 for the three months ended March 31, 2025, as compared to $36,911 for the comparative period. The increase relative to the comparative period is due to an increase in advertising, digital marketing services, and trade shows.

Share-based Payment

Share-based payment expense was $41,505 for the three months ended 31, 2025, as compared to $216,295 for the three months ended March 31, 2024. The decrease in the three months ended March 31, 2025, was due to the vesting schedule of stock options and RSUs, which had more equity awards vesting in the comparative period than the current period.

Software and Communication

Software and communication expense was $149,109 for the three months ended March 31, 2025, as compared to $109,892 for the comparative period. The Company experienced a general increase in overhead costs for software, subscriptions and communications required to support an increase in Company operations, user growth, revenues, and business development efforts.

Wages and Labor

Wages expense was $508,478 for the three months ended March 31, 2025, as compared to 434,047 for the comparative period. The overall increase period over period is due to the net addition of human resources in Canada and the US to support growing operations. Wages and labor expense includes both salaried employees and contract labor.

LIQUIDITY

As at March 31, 2025, the Company had total current assets of $6,521,531 comprised of $6,043,629 in cash, $339,276 in prepaids and deposits, $53,503 in trade and other receivables, and $85,123 in due from related party.

As at March 31, 2025, the Company had total current liabilities of $4,361,025 comprising $2,277,513 in accounts payable and accrued liabilities and $2,083,512 in current portion of contract liabilities.

As at March 31, 2025, the Company had working capital of $2,160,506, comprising $6,521,531 in current assets and $4,361,025 in current liabilities. Contract liabilities represent unearned business partner contract revenue earned over time and does not involve an outflow of cash.

As at December 31, 2024, the Company had total current assets of $1,580,865 comprised of $1,186,942 in cash, $230,937 in prepaids and other deposits, $77,786 in trade and other receivables, and $85,200 in due from related party.

As at December 31, 2024, the Company had total current liabilities of $4,041,402, comprised of $2,308,717 in accounts payable and accrued liabilities and $1,732,685 in current portion of contract liabilities.

As at December 31, 2024, the Company had a working capital deficiency of $2,460,537, comprised of $1,580,865 in current assets and $4,041,402 in current liabilities. Contract liabilities represent unearned business partner contract revenue earned over time and does not involve an outflow of cash.

The Company's ability to meet its ongoing obligations and activities depends on its ability to generate cash flow through scaling operations and the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to future offerings of new equity from treasury or debt, whether by way of private placements or public offerings.

Contractual Obligations As at March 31, 2025	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Accounts payable	$1,018,615	$1,018,615	$ -	$ -	$ -
Accrued liabilities	843,687	843,687	-	-	-
Rental commitments[1]	11,553	11,553	-	-	-
Due to related parties	812,493	-	812,493	-	-
Total Contractual Obligations	$2,686,348	$1,873,855	$ 812,493	$ -	$ -

[1] Short-term rental commitments for US head office at USD $2,693 per month at 1.43 USD/CAD estimated rate for the three months ended June 30, 2025. See Note 13 of Q1 2025 Interim Financial Statements.

The Company collects cash in advance of recognizing revenue for contract and pharmacy revenues. Its core business model requires no working capital invested in inventory as the Company receives payment in advance of fulfilling orders from the pharmacies. The Company is also working towards an automated solution for settlement of service payables to business partners wherein partners will be able to automatically debit the Company's account on demand based on their financial position relative to the Company. The primary aim is to reduce the time needed to address this function but also will benefit the Company in that it will inevitably result in partners withdrawing funds in larger amounts, but less frequently than current liabilities are settled. This will further improve the Company's working capital position.

CAPITAL RESOURCES

As at March 31, 2025, the Company had 44,796,983 common shares issued and outstanding.

The Company defines capital as shareholders' deficit and amounts due to related parties. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2025.

The Company has several commitments for consulting services with related parties with commercial substance at a monthly rate comparable to an arm's length compensation level. The Company also has a contractual commitment for monthly software maintenance services.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

RELATED PARTY TRANSACTIONS

The Company has several agreements with various related parties for consulting and executive services provided.

Key Management Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company and consist of the Company's executive leadership team. The following is summary of key management compensation and other related party transactions for the three months ended March 31, 2025, and 2024:

		March 31, 2025		March 31, 2024
Salaries, wages and consulting fees	$	192,982	$	169,442
Share-based compensation		15,340		103,338
	$	208,322	$	272,780

Other related party transactions

		March 31, 2025		March 31, 2024
Professional and consulting fees	$	43,050	$	36,418

The Company and a director entered into a medical consultation agreement for telemedicine consulting services. The director is the medical director of the Company and contracts with and assigns physicians for the provision of telehealth services. The director is paid a base fee of USD $3,000 per month and a percentage-based fee for every transaction generated by the Company, from which physicians contracted under the director are compensated. In the comparative year, the Director was also paid a fixed fee for each partner that went live on the platform. The medical consultation agreement will remain in effect until terminated according to provisions in the agreement. Included in the above table is $63,814 (2024 - $36,418) related to fees paid out under this agreement.

Include in accounts payable and accrued liabilities is $45,712 (March 31, 2024 - $33,404) owing to members of key management.

As at March 31, 2025, $81,656 (USD $56,800) of a $60,000 USD advance to the CEO is outstanding, which is included in the current portion of due from related parties on the condensed interim consolidated statement of financial position along with $3,467 (2024 - $8,130) in other amounts owing from related parties.

Other related party transactions

Parent Corporation

The Company owes $812,493 (2024 - $833,974) to VST and VST subsidiaries. The amount is non-interest bearing, unsecured and due on demand. VST has waived the right to demand repayment of the balance until at least May 1, 2026, and as such, the loan has been presented as a long-term liability.

For the three months ended March 31, 2025, the Company incurred $43,050 in management and consulting from VST (2024 – $40,465). The fees are included in professional and consulting fees on the consolidated statement of income (loss) and comprehensive income (loss).

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting estimates are presented in Note 2(d) in the notes to the 2024 Financial Statements. The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The 2024 and 2023 Financial Statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, prepaid and other deposits, trade receivables, government sales tax recoverable, accounts payable and accrued liabilities, and amounts due to and from related parties approximates their carrying values due to the relatively short-term maturity of these instruments.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in bank accounts in Canada and the US. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities and lease commitment are contractually due within 12 months of March 31, 2025. The amount due to parent has no formal terms of repayment and will be settled in a manner agreeable to both parties working with the working capital needs of the Company.

Historically, the Company's access to financing has been the issuance of equity securities and cash flows from operating activities and advances from related parties. The Company's access to financing is uncertain. There can be no assurance of continued access to significant equity funding or debt financing. Liquidity risk is assessed as moderate to high.

e) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The majority of the Company's operations and transactions are conducted in US dollars, with certain expenses incurred in CAD. Foreign exchange risk is assessed as moderate.

MATERIAL ACCOUNTING POLICIES

The accounting policies in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2024, have been consistently applied to all periods presented in the Financial Statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Please see Note 10 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2025, for full discussion on financial instruments, the fair value measurement and associated risk management.

SUMMARY OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2025, and May 30, 2025, the Company has 44,796,983 and 44,997,358 common shares issued and outstanding. Common shares carry one vote per share.

As at May 30, 2025, the Company has 213,000 stock options outstanding. The stock options are exercisable at $0.25 for two years from the date of grant. The Company also has a total of 907,375 restricted share units ("RSUs") outstanding that vest according to performance metrics or service period. The Company also has a total of 3,701,838 warrants outstanding that are exercisable at prices between $1.55 and $2.00 for two and three years from the date of grant.

CHANGE IN MANAGEMENT

On May 5, 2025, Dr. Jeremy Roebuck has been appointment as a director of the Company to fill the vacancy created by the resignation of Alexandros Tzilios.

U.S. INCOME TAX STATUS

U.S. federal tax legislation was enacted in 2004 to address perceived U.S. tax concerns in "corporate inversion" transactions. A "corporate inversion" generally occurs when a non-U.S. corporation acquires "substantially all" of the equity interests in, or the assets of, a U.S. corporation or partnership, if, after the acquisition, former equity holders of the U.S. corporation or partnership own a specified level of stock in the non-U.S. corporation. The tax consequences of these rules depend upon the percentage identity of stock ownership that results. Generally, in the "80-percent identity" transactions, i.e. former equity holders of the U.S. corporation owns 80% or more of the equity of the non-U.S. acquiring entity (excluding certain equity interests), the tax benefits of the inversion are limited by treating the non-U.S. acquiring entity as a domestic entity for U.S. tax purposes. Note, the ownership percentage is computed under section 7874 which varies from legal ownership.

Management is of the view that a corporate inversion has resulted from the RTO transaction completed in November 2022. Management has determined that the Company is subject to the "80 percent" identity with respect to the transactions undertaken. The tax implication resulting from this transaction would be annual filing of US corporate income tax return and additional withholding tax payment to IRS on future distribution to minority shareholders.

USE OF NON-GAAP FINANCIAL MEASURES

This release contains references to non-GAAP financial measures Adjusted Revenue, Adjusted Gross Margin, and Adjusted EBITDA. The Company defines Adjusted Revenue as gross cash income before adjustment for the deferred portion of business partner contract revenue and gross receipts from Hydreight App service sales. The Company defines Adjusted Gross Margin as GAAP gross margin plus inventory impairment plus the deferred portion of business partner contract revenue. The Company defines Adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization and before (i) transaction, restructuring, and integration costs and share-based payments expense, and (iii) gains/losses that are not reflective of ongoing operating performance including inventory impairment. The Company believes that the measures provide information useful to its shareholders and investors in understanding the Company's operating cash flow growth, user growth, and cash generating potential for funding working capital requirements, service future interest and principal debt repayments and fund future growth initiatives. These non-GAAP measures may assist in the evaluation of the Company's business relative to that of its peers more accurately than GAAP financial measures alone. This data is furnished to provide additional information and does not have any standardized meaning prescribed by GAAP. Accordingly, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of other metrics presented in accordance with GAAP.

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release. This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

RISK FACTORS

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect the Company's business, products, financial condition and operating results. There are many factors that affect the Company's business and results of operations, some of which are beyond the Company's control. The following is a description of some of, but not all of, the important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the FLS set forth in this report relating to the Company's financial results, operations and business prospects. Except as required by law, the Company undertakes no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

For the purposes of this section, "**Material Adverse Change**" means any change of circumstances or any event which has, or would reasonably be expected to have, a material adverse effect in respect of the Company, any one or more changes, events or occurrences, and "**material adverse effect**" means, in respect of the Company, any change (or any condition, event or development involving a prospective change) in the business, operations, affairs (including the employment status of key employees), assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) capitalization, financial condition, licenses, permits, rights or privileges of the Company or any of its subsidiaries which in the judgment of the Company, acting reasonably in the circumstances, could reasonably be expected to materially and adversely affect the Company and its subsidiaries taken as a whole or the value of the securities of the Company.

For a discussion of risk factors, please refer to the filing statement of the Company under "Risk Factors" therein. The filing statement is available under the Company's profile on SEDAR+ at www.sedarplus.ca.