Cloud DX Reports Second Quarter 2022 Results

Highlights include 158% increase in contracts and 54.8% decrease in net loss.

KITCHENER, ON / August 29, 2022 / Cloud DX (TSXV:CDX) (OTC:CDXFF), a leading North American digital health platform and provider of remote patient monitoring (RPM) solutions, today reports results for the second quarter of 2022 and six months ending June 30, 2022.

Key Developments:

- The Company signed or extended 19 new commercial contracts as of June 30, 2022, **an increase of 158%** compared to contracts/extensions signed in all of 2021.
- Total Revenue of $242,225 decreased 9.7% in the quarter while revenue of $579,488 is a decrease of 11.1% over the same period in 2021 (6 months to June 30) due to lower subscription revenue mostly because of COVID impact on hospitals in early 2022.
- Product revenue in Q2 was 16.4% higher than Q2 2021 and over the six months to June 30, 2022 **increased 24.1%** versus the same period in 2021.
- Net Loss **decreased 54.8%** in the quarter and 29.9% in the six months ending June 30, 2022, versus the same periods in 2021 due to reduction in one-time 2021 costs related to the Qualifying Transaction and operational efficiencies.

2022 Second Quarter Financial Highlights

	Q2_2022	Q2_2021	$ Δ	% Δ
Subscription Revenue	$ 111,775	$ 170,766	$ (58,991)	-34.5%
Product Revenue	$ 103,302	$ 88,736	$ 14,566	16.4%
Professional Services	$ 27,149	$ 8,710	$ 18,439	211.7%
Total Revenue	$ 242,225	$ 268,212	$ (25,987)	-9.7%
Gov't Funding	$ 310,962	$ 44,316	$ 266,646	601.7%
Cost of Sales	$ (120,798)	$ (47,732)	$ (73,066)	153.1%
Gross Profit	$ 121,427	$ 220,480	$ (99,053)	-44.9%
Gross Profit Margin	50.1%	82.2%		
Operating Expenses	$ 2,657,801	$ 3,087,539	$ (429,738)	-13.9%
Net Loss	$ (2,288,287)	$ (5,061,918)	$ 2,773,631	-54.8%

2022 Six Month Financial Highlights

		H1_2022		H1_2021		$ Δ	% Δ
Subscription Revenue	$	198,482	$	254,055	$	(55,573)	-21.9%
Product Revenue	$	330,622	$	266,370	$	64,252	24.1%
Professional Services	$	50,384	$	131,369	$	(80,985)	-61.6%
Total Revenue	$	579,488	$	651,794	$	(72,306)	-11.1%
Gov't Funding	$	395,953	$	661,256	$	(265,303)	-40.1%
Cost of Sales	$	(320,983)	$	(175,031)	$	(145,952)	83.4%
Gross Profit	$	258,505	$	476,763	$	(218,258)	-45.8%
Gross Profit Margin		44.6%		73.1%			
Operating Expenses	$	5,023,650	$	5,540,555	$	(516,905)	-9.3%
Net Loss	$	(4,493,317)	$	(6,412,082)	$	1,918,765	-29.9%

Summary of Results:

Revenue

For the quarter ended June 30, 2022, total reported revenue of $242,225 decreased by $25,987 or 9.7% compared to the same quarter in 2021. Product revenue increased by $14,566 or 16.4% and professional services and other revenue increased by $5,126 or 23.3%. However, subscription revenue decreased by $58,991 or 34.5% vs Q1 2021 due primarily to a pause in patient enrollment from January through May 2022 as a result of COVID related stress on our hospital customers. Patient enrollment after May 2022 is expected to recover. Government grant funding was $310,962 in the quarter, a 601.7% increase from the same period in 2021 due primarily to timing of payments on active grants.

For the six months ended June 30, 2022, total revenue of $579,488 decreased by $73,306 or 11.1% compared to the same period in 2021. Product revenue increased by $64,252 or 24.1% due to new customers in Canada and the US purchasing Connected Health Kits. Professional services and other revenue decreased by $80,985 or 61.6% because a large project that ended in 2021 had no similar counterpart in this period of 2022. Subscription revenue decreased by $58,991 or 34.5% vs this period in 2021 due as noted above to a COVID-related pause in patient enrollment from January through May 2022. Government grant funding was $395,953 in the six months, a 40.1% decrease from the same period in 2021 due primarily to timing of payments on active grants. Fluctuations in professional services and other revenue and grant funding amounts from period to period are not unusual.

Expenses

Second quarter operating expenses decreased $429,738 or 13.9% in the quarter compared to the same period in 2021, mainly due to costs incurred in 2021 around the Qualifying Transaction with Roosevelt Capital Corp not being present in 2022.

Six month operating expenses decreased $516,905 or 9.3% for the six months ended June 30, 2022 compared to the same period in 2021, again due to reduction in one-time costs incurred in 2021 around the Qualifying Transaction along with additional efficiencies. Please see the Q2 Consolidated Financial Statements and Q2 MD&A for more details.

Customer Statistics January 1 to June 30, 2022

The Company has executed or extended 19 new commercial contracts as of June 30, 2022 compared to 12 contracts/extensions in all of 2021, an **increase of 158% YoY.**

In the United States, contracts were signed with large clinical practices in Massachusetts, Pennsylvania and Michigan while partner Maxwell Telecare signed contracts with 5 physician practices. Oregon Health and Science University began using Connected Health to educate nurses on remote patient monitoring.

In Canada, notable contracts include a unique partnership with Equitable Life, while the first Medtronic Canada hospital contract was signed with St Mary's Hospital in Kitchener ON. The Company has now been awarded contracts for RPM with 5 Paramedic Services in Ontario for community long term care.

Subsequent event:

On August 26, 2022, Cloud DX announced a Master Partnership Agreement with notable telemed leader to its offerings and features into Connected Health for sale to customers around the world.

Earnings Call:

Monday, August 29, 2022

9:00 am PDT / 12:00 pm EDT

Registration | Click here

Cloud DX is presenting at the 2022 **Emerging Growth Conference**:

Wednesday August 31, 2022

7:15 am PDT / 10:15 am EDT

Registration | Click here

About Cloud DX

Accelerating digital healthcare, Cloud DX is on a mission to make healthcare better for everyone. Our Connected Health™ remote patient monitoring platform is used by healthcare enterprises and care teams across North America to virtually manage chronic disease, enable aging in place, and deliver hospital-quality post-surgical care in the home. Our partners achieve better healthcare and patient outcomes, reduce the need for hospitalization or re-admission, and reduce healthcare delivery costs through more efficient use of resources. Cloud DX is the co-winner of the Qualcomm Tricorder XPRIZE, 2022 Top Innovator by Canadian Business, a 2021 Edison Award winner, a Fast Company "World Changing Idea" finalist, and one of "Canada's Ten Most Prominent Telehealth Providers." Cloud DX is an exclusive partner to Medtronic Canada and Equitable Life of Canada.

Cloud DX Investor Site https://ir.clouddx.com/overview/default.aspx

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Instagram https://www.instagram.com/cloud.dx/

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