Cloud DX Reports Positive Third Quarter 2022 Results

Highlights include 295% increase in revenue, 32.5% increase in gross profit and 4.8% decrease in net loss compared to Q3 2021

Key Developments

- ***The Company has announced 20 new commercial contracts to Sept 30th, and 24 new contracts Year-to-Date, an increase of 200% compared to contracts/extensions signed in all of 2021.***
- ***Total Revenue of $492,390 increased 295% in the quarter while YTD revenue of $1,071,847 is an increase of 38.1% over the same period in 2021 due to performance of contracts signed in Q2.***
- ***Gross profit in Q3 was 32.5% higher than Q2 2021 due to shipments of Connected Health Kits to new customers in Canada and the USA, and other revenue in the period.***
- ***Net Loss decreased 4.8% in the quarter and decreased 20.8% in the nine months ending September 30, 2022, vs the same periods in 2021 continuing the trend from Q1 and Q2.***

KITCHENER, ON / ACCESSWIRE / November 16, 2022 / Cloud DX (TSXV:CDX) (OTC:CDXFF), a leading North American digital health platform and provider of remote patient monitoring (RPM) solutions, is pleased to report results for the 3 months and 9 months ending September 30, 2022.

2022 Third Quarter Financial Highlights

	Q3_2022	Q3_2021	$ Δ	% Δ
Subscription Revenue	$ 165,499	$ 93,308	$ 72,191	77.4%
Product Revenue	$ 204,803	$ 42,596	$ 162,207	380.8%
Professional Services	$ 345	$ (11,246)	$ 11,591	103.1%
Other Revenue	$ 121,743	$ (39)	$ 121,782	312262%
Total Revenue	$ 492,390	$ 124,619	$ 367,771	295.1%
Gov't Funding	$ 313,449	$ 199,997	$ 113,452	56.7%
Cost of Sales	$ (409,789)	$ (62,270)	$ (347,519)	558.1%
Gross Profit	$ 82,601	$ 62,349	$ 20,252	32.5%
Gross Profit Margin	16.8%	50.0%		
Operating Expenses	$ 2,682,298	$ 2,587,614	$ 94,684	3.7%
Net Loss	$ (2,464,031)	$ (2,587,614)	$ 123,583	-4.8%

2022 Nine Month Financial Highlights

	YTD_2022	YTD_2021	$ Δ	% Δ
Subscription Revenue	$ 363,982	$ 347,363	$ 16,619	4.8%
Product Revenue	$ 535,425	$ 308,966	$ 226,459	73.3%
Professional Services	$ 50,729	$ 115,084	$ (64,355)	-55.9%
Other Revenue	$ 121,743	$ 5,000	$ 116,743	2334.9%
Total Revenue	$ 1,071,878	$ 776,413	$ 295,465	38.1%
Gov't Funding	$ 709,401	$ 861,253	$ (151,852)	-17.6%
Cost of Sales	$ (730,771)	$ (237,301)	$ (493,470)	208.0%
Gross Profit	$ 341,105	$ 539,112	$ (198,007)	-36.7%
Gross Profit Margin	31.8%	69.4%		
Operating Expenses	$ 7,705,947	$ 8,218,169	$ (512,222)	-6.2%
Net Loss	$ (6,957,349)	$ (8,788,363)	$ 1,831,014	-20.8%

Summary of Results:

Revenue

For the quarter ended September 30, 2022, total reported revenue of **$492,390** increased by $367,711 or 295.1% compared to the same quarter in 2021. Product revenue increased by $162,207 or 380.8%, professional services revenue increased $11,519 and other revenue increased by $121,782. Subscription revenue increased by $72,191 or 77.4% vs Q1 2021 due primarily new patient enrollments in Canada and the USA. Government grant funding was $313,449 in the 3rd quarter, a 56.7% increase from the same period in 2021 due primarily to timing of payments on active grants. These positive results show that Cloud DX revenues from new contracts are flowing and increasing.

For the nine months ended September 30, 2022, total revenue of **$1,017,879** increased by $295,466 or 38.1% compared to the same period in 2021. Product revenue increased by $226,459 or 73.3% due to new customers in Canada and the US purchasing Connected Health Kits. Professional services revenue decreased by $64,355 or 55.9% because a large project that ended in 2021 had no similar counterpart in this period of 2022. Subscription revenue increased by $16,619 or 4.8% vs this period in 2021 showing that subscriptions have recovered as expected after decreasing in Q1 and Q2 of 2022. Government grant funding was $709,401 in the nine months, a 17.6% decrease from the same period in 2021 due primarily to timing of payments on active grants. Fluctuations in professional services revenue and grant funding amounts from period to period is not unusual.

Expenses

Third quarter operating expenses increased $94,684 or 3.7% in the quarter compared to the same period in 2021, mainly due to small increases in salaries, wages & benefits reflecting inflation.

Cost of sales in Q3 increased by $374,519 in Q3 and $493,470 in the nine months to Sept 30th due to increased inventories of Connected Health kits and adjustments to COGS.

Nine month operating expenses **decreased $512,222** or 6.2% for the nine months ended September 30, 2022 compared to the same period in 2021, due primarily to reduction in one-time costs incurred in 2021 along with additional efficiencies in 2022. Please see the Q3 Consolidated Financial Statements and Q3 MD&A for more details.

Customer Statistics January 1 to September 30, 2022

The Company executed or extended **20 new commercial contracts** as of September 30, 2022 compared to 12 contracts/extensions in all of 2021, an **increase of 167% 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.

On August 8, 2022 Cloud DX announced a partnership with **Teladoc Health** (NYSE:TDOC), the largest telemedicine provider in the world, with over 5,000 employees. Teladoc Health delivers care via video to over 55 million people annually. The agreement includes integration of Teladoc software into Cloud DX Connected Health, which is now being jointly marketing to providers in Canada, the USA and other countries.

Subsequent events:

The company announced a Private Placement on October 12, 2022, offering investors a Secured Convertible Debenture with a term of 18 months, accrued annual interest of 18% and a conversion price of $0.16/share CAD. Up to 1,800 units are offered at $1,000 per unit for proceeds of $1.8M CAD. The offering is expected to close on or around November 21, 2022.

Additional Ontario Paramedic contracts were announced on October 12th, 2022 with Oxford County and on November 2nd, 2022 with the 6th Ontario Paramedic service.

On October 25th, 2022 Cloud DX and Medioh announced an agreement to team up to deliver Connected Health Kits to clients in Canada and the USA. Medioh is a leader in virtual care and remote monitoring logistics, and is currently responsible for fulfilling RPM kits for Ontario Health, among other large customers.

On November 8th, 2022 Cloud DX was pleased to announce participation in the **$12.8M Medtronic Continuous Connected Patient Care (CCPC) Project**, along with a consortium of

Canadian medical technology and academic partners. The CCPC project will integrate novel Medtronic sensors and other medical devices with Cloud DX Connected Health, achieve regulatory approval and then market the combined platform around the world. Cloud DX receives **$560,000 in direct funding**, as part of a $5.2M co-investment from the Digital Supercluster.

On November 15th, 2022 the Company announced that **Neil Fraser**, the just-retired **former President of Medtronic Canada** and Regional VP of Medtronic plc has joined the Board of Directors.

About Cloud DX

Accelerating digital healthcare, Cloud DX is on a mission to make healthcare better for everyone. Our Connected Health TM 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, Teladoc Health Canada, and Equitable Life of Canada.

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

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Forward Looking Statements

This news release contains forward-looking statements and information within the meaning of applicable securities legislation. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements or information 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 or information contained in this news release. In particular, this news release includes certain forward-looking statements concerning the terms of the contract extension, the expected proceeds therefrom, as well as management's objectives, strategies, beliefs and intentions.

Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. In making the forward-looking statements in this news release, the Company has applied several material assumptions, including without limitation, the Company's the ability of the Company to fulfill the terms of and derive the benefits from the contract extension.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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 and forward-looking information.

SOURCE: Cloud DX Inc.