

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Cloud DX Inc. (the "**Company**")
72 Victoria St S
Kitchener, ON N2G 4Y9

Item 2 Date of Material Change(s)

December 28, 2023

Item 3 News Release

A news release was issued by the Company on December 29, 2023 through the newswire services of Newsfile and was filed under the Company's profile on the System for Electronic Document Analysis and Retrieval.

Item 4 Summary of Material Change(s)

The Company completed a non-brokered private placement offering (the "**Offering**") of \$1,942,000 in principal amount of convertible debenture units (the "**Debenture Units**"). Each Debenture Unit consists of: (i) one \$1,000 18% secured convertible debenture of the Company (the "**Convertible Debentures**"), and (ii) 10,000 common share purchase warrants (the "**Warrants**"). The Convertible Debentures will mature and be repayable on the date that is thirty-six (36) months from the date of issuance (the "**Maturity Date**"). At any time prior to the Maturity Date, the holder will be entitled to convert each Convertible Debenture into common shares of the Company (the "**Common Shares**") at a price of \$0.10 per Common Share. Each Warrant is exercisable to acquire an additional Common Share at a price of \$0.15 per Common Share for a period of three (3) years from the closing of the Offering, subject to accelerated expiry provisions following the closing of the Offering. If, at any time, the closing price of the Common Shares listed on the TSX Venture Exchange (the "TSXV") is greater than \$0.30 per Common Share for twenty (20) consecutive trading days, the Company may provide written notice (a "**Warrant Acceleration Notice**") to the holders of the Warrants that the expiry of the Warrants shall be accelerated to a date that is not less than fifteen (15) days from the date of the Warrant Acceleration Notice.

The Convertible Debentures shall be secured against all present and after-acquired personal property of the Company and its subsidiaries, pursuant to general security agreements (collectively, the "**GSAs**") among the Company, its subsidiaries and Odyssey Trust Company (the "**Trustee**") and shall rank pari passu with all current holders of secured debentures of the Company, whether of the same issue or previous issue, as per the terms of the GSAs, an intercreditor agreement among the Company, its subsidiaries and the Trustee (the "**Intercreditor Agreement**") and debenture indentures between the Company and the Trustee.

Further to the Company's news release dated December 7, 2023 it has exchanged (the "**Exchange**") \$3,546,000 in principal amount of 18% secured convertible debentures issued on September 8, 2023 for 3,546 convertible debenture units (the "**Series 1 Debenture Units**"). Each Series 1 Debenture Unit consists of: (i) one \$1,000 18% secured convertible debenture of the Company (the "**Series 1 Debentures**"), and (ii) 10,000 common share purchase warrants (the "**Series 1 Warrants**"). The Series 1 Debentures mature and are repayable on September 8, 2026 (the "**Series 1 Maturity Date**"). At any time prior to the Series 1 Maturity Date, the holder is entitled to convert the Series 1 Debentures into Common Shares at a price of \$0.10 per Common Share. Each Series 1 Warrant is exercisable to acquire an additional Common Share at a price of \$0.15 per Common Share until September 8,

2026, subject to accelerated expiry. If, at any time, the closing price of the Common Shares listed on the TSXV is greater than \$0.30 per Common Share for twenty (20) consecutive trading days, the Company may provide written notice to the holders of the Series 1 Warrants that the expiry of the exercisable Series 1 Warrants shall be accelerated to a date that is not less than fifteen (15) days from the date of the acceleration notice.

Item 5 Full Description of Material Change(s)

5.1 Full Description of Material Change(s)

a) Description of Material Change(s)

A full description of the material changes is provided in the news release attached hereto as Schedule "A".

b) Purpose and business reasons for the transaction(s):

To enable the Company to use the net proceeds of the Offering for inventory and working capital.

c) The anticipation effect of the transaction:

The Company does not anticipate any material effect on the Company's business and affairs.

d) Description of:

i. The interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

One insider of the Company purchased an aggregate of 67 Debenture Units in connection with Offering. The purchase of the Debenture Units by Dr. Constantine Zachos, a director of the Company (the "**Investor**") in this transaction constituted a related party transaction within the meaning of Multilateral Instrument 61-101 ("**MI 61-101**").

ii. The anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage:

Not applicable.

e) Review and approval process:

The board of directors (the "**Board**") reviewed and approved the Offering by way of a written resolution. Interested parties abstained from voting in favour of the Offering.

f) Summary of the formal valuation:

Not applicable.

g) Disclosure of every prior related valuation:

i. That has been made in the 24 months before the date of the material change report:

Not applicable.

ii. The existence of which is known, after reasonable inquiry, to the Issuer or to any director or senior officer of the Issuer:

Not applicable.

h) General nature and material terms of any agreement between Issuer or a related party of the Issuer, with an interested party or joint actor with an interested party, in connection with the transaction:

Except as set out in Item 5.1 (a) above and the public record of the Company, there are no other agreements in connection with this transaction between the Company and any related party or joint actor with an interested party.

i) Disclosure of the formal valuation and minority approval exemptions, if any:

The transaction between the Company and the Investor is considered a related party transaction within the meaning of MI 61-101. However, since neither the fair market value of the gross securities issued under the Offering nor the consideration paid by the Investor exceeds 25 percent of the Company's market capitalization, the Company can rely on the formal valuation and minority approval exemptions available to the Company pursuant to Sections 5.5(a) and 5.7(a) of MI 61-101.

The Company did not file a material change report 21 days before the completion of the Exchange, since the Company wished to complete the Exchange as soon as possible.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Robert Kaul, CEO
Telephone: 888-543-0944

Item 9 Date of Report

January 5, 2024

SCHEDULE "A"

Cloud DX Announces Closing of \$1,942,000 Private Placement of Convertible Debenture Units, Amendments to Existing Secured Convertible Securities, and Equity Incentive Grants Kitchener, ON, December 29, 2023 – Cloud DX Inc. (TSXV: CDX) (OTCQB: CDXFF) ("Cloud DX" or the "**Company**"), is pleased to announce that, further to the Company's news release dated December 7, 2023, it has closed its previously announced non-brokered private placement offering (the "**Offering**") of 1,942 convertible debenture units of the Company (the "**Debenture Units**") for aggregate gross proceeds of \$1,942,000.

Each Debenture Unit consists of: (i) one \$1,000 18% secured convertible debenture of the Company (the "**Convertible Debentures**"), and (ii) 10,000 common share purchase warrants (the "**Warrants**"). The Convertible Debentures will mature and be repayable on the date that is thirty-six (36) months from the date of issuance (the "**Maturity Date**"). At any time prior to the Maturity Date, the holder will be entitled to convert each Convertible Debenture into common shares of the Company (the "**Common Shares**") at a price of \$0.10 per Common Share. Each Warrant is exercisable to acquire an additional Common Share at a price of \$0.15 per Common Share for a period of three (3) years from the closing of the Offering, subject to accelerated expiry provisions following the closing of the Offering. If, at any time, the closing price of the Common Shares listed on the TSX Venture Exchange (the "**TSXV**") is greater than \$0.30 per Common Share for twenty (20) consecutive trading days, the Company may provide written notice (a "**Warrant Acceleration Notice**") to the holders of the Warrants that the expiry of the Warrants shall be accelerated to a date that is not less than fifteen (15) days from the date of the Warrant Acceleration Notice.

The Convertible Debentures shall be secured against all present and after-acquired personal property of the Company and its subsidiaries, pursuant to general security agreements (collectively, the "**GSAs**") among the Company, its subsidiaries and Odyssey Trust Company (the "**Trustee**") and shall rank *pari passu* with all current holders of secured debentures of the Company, whether of the same issue or previous issue, as per the terms of the GSAs, an intercreditor agreement among the Company, its subsidiaries and the Trustee (the "**Intercreditor Agreement**") and debenture indentures between the Company and the Trustee.

Dr. Constantine Zachos, a director of the Corporation, subscribed for 67 Debenture Units in the Offering, for total gross proceeds of \$67,000. Such participation is considered a related party transaction within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company intends to rely on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(1) (a) of MI 61-101 on the basis that participation in the Offering by Dr. Constantine Zachos will not exceed 25% of the fair market value of the Company's market capitalization. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the first tranche of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

The Company anticipates using the net proceeds of the Offering for inventory and working capital. In connection with the Offering, the Company paid a cash commission of \$89,360 and issued 893,600 finder's warrants, with each finder's warrant exercisable to acquire one Common Share at a price of \$0.15 per Common Share for a period of three (3) years from the date of issuance thereof.

The Convertible Debentures, the Warrants and any securities issuable upon conversion thereof are subject to a statutory hold period of four months and one day from the closing date of the Offering. The Offering remains subject to final approval by the TSXV.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. persons" (as such term is defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements of the 1933 Act any application state securities laws.

Amendments to Secured Convertible Debentures

The Company is also pleased to announce that further to the Company's news release dated December 7, 2023 it has exchanged (the "**Exchange**") \$3,546,000 in principal amount of 18% secured convertible debentures issued on September 8, 2023 for 3,546 convertible debenture units (the "**Series 1 Debenture Units**"). Each Series 1 Debenture Unit consists of: (i) one \$1,000 18% secured convertible debenture of the Company (the "**Series 1 Debentures**"), and (ii) 10,000 common share purchase warrants (the "**Series 1 Warrants**"). The Series 1 Debentures mature and are repayable on September 8, 2026 (the "**Series 1 Maturity Date**"). At any time prior to the Series 1 Maturity Date, the holder is entitled to convert the Series 1 Debentures into Common Shares at a price of \$0.10 per Common Share. Each Series 1 Warrant is exercisable to acquire an additional Common Share at a price of \$0.15 per Common Share until September 8, 2026, subject to accelerated expiry. If, at any time, the closing price of the Common Shares listed on the TSXV is greater than \$0.30 per Common Share for twenty (20) consecutive trading days, the Company may provide written notice to the holders of the Series 1 Warrants that the expiry of the exercisable Series 1 Warrants shall be accelerated to a date that is not less than fifteen (15) days from the date of the acceleration notice.

The Exchange remains subject to receipt of final approval of the TSXV.

Equity Incentives

The Company has granted 3,550,000 stock options (each an "**Option**") to certain arm's length parties pursuant to option agreements ("**Option Agreements**") and the terms and conditions of the omnibus plan of the Company. Each Option is exercisable to acquire one Common Share at a price of \$0.10 per Common Share, with the Options expiring on December 25, 2028. Of the Options granted, 2,500,000 will vest immediately, while the remaining 950,000 Options will be subject to a vesting schedule whereby 1/3 will vest immediately, with another 1/3 vesting on the 1 year anniversary of the Option Agreements, and the final 1/3 vesting on the 2 year anniversary of the Option Agreements.

Additionally, the Company has issued a total of 526,315 restricted share units (the "**RSUs**") to a consultant (the "**Consultant**") of the Company pursuant to the terms of the Company's omnibus plan (the "**Omnibus Plan**"). Each RSU entitles the Consultant to acquire one Common Share on vesting. The RSUs will vest twelve (12) months from the date of issuance. Further details regarding the Omnibus Plan are set out in the management circular of the Company dated September 5, 2023, which is available on SEDAR+ at www.sedarplus.ca

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, Teladoc Health Canada, and Equitable Life of Canada.

For more information on Cloud DX (TSXV: CDX), please visit www.clouddx.com (<https://api.newsfilecorp.com/redirect/GmoYglRJ7V>) and see the Cloud DX Investor Site (<https://api.newsfilecorp.com/redirect/V7ABDubZEI>).

Social Links:

Twitter: <https://twitter.com/CloudDX> (<https://api.newsfilecorp.com/redirect/zEvDjHRmVn>)

Facebook: <https://www.facebook.com/clouddxinc/> (<https://api.newsfilecorp.com/redirect/4QEV7hk7bk>)

Linkedin: <https://linkedin.com/company/cloud-dx/> (<https://api.newsfilecorp.com/redirect/jpkGotAyo2>)

Instagram: <https://www.instagram.com/cloud.dx/> (<https://api.newsfilecorp.com/redirect/vIVp8H5vEY>)

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Forward-Looking Information

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 Exchange, the use of proceeds of the Offering, and receipt of TSXV approval.

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, information concerning the receipt of approval from the TSXV, and the use of proceeds of the Offering.

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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/1927820> (<https://api.newsfilecorp.com/redirect/Jg2D7hWeGG>)

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