MANAGEMENT'S DISCUSSION AND ANALYSIS

OF

KOVO HEALTHTECH CORPORATION

FOR THE YEAR ENDED
DECEMBER 31, 2021

DATED 2022-03-25

BACKGROUND

Kovo HealthTech Corporation ("Kovo" or the "Company" or the "Corporation") was incorporated in British Columbia, Canada on February 20, 2020. The Company's head office is 1600 – 925 West Georgia Street, Vancouver, BC, V6C 3L2, Canada.

This Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2021, is dated March 25, 2022 and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the year ended December 31, 2021 and guidance related to certain performance criteria post the year end. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Corporation for the years ended December 31, 2021 and 2020, together with the notes thereto.

Results are reported in thousands of US dollars, unless otherwise noted. The Corporation's audited consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

Kovo HealthTech Corporation is a growing healthcare technology company that specializes in Billing-as-a-Service offering SaaS-style recurring revenue contracts and software for US healthcare clinics, hospitals and private practices. Kovo helps healthcare providers digitally track and manage complex patient care registration, services, billing and payments in a seamless way, using its proprietary OneRev technology platform. By offering effective billing practices and technology through long-term SaaS-style contracts, Kovo helps healthcare practitioners focus on offering quality care.

In addition to driving organic growth in our core business, Kovo is proactively pursuing a disciplined acquisition strategy which targets buying $1 of ARR for every $1 investment of debt or equity. Kovo targets medical billing operators with a minimum five-year operating track record to ensure consistent and predictable results. Leading US investment banking firm Lawrence, Evans & Co, estimates a pipeline of more than 15,000 US potential acquisition targets operating within the USD$1 to $10 million revenue range.

Kovo does not buy bricks and mortar clinics, which are costly and complex to operate. Instead, the Company focuses on acquiring existing, stable medical billing contracts and converts them over to our platform under SaaS-style agreements. Historically, this asset-light approach creates a 20-30% increase in efficiencies and immediate accretive revenue.

History of Our Business

MedWorxs was co-founded in January 2002 by software development and medical billing experts Greg and Jeana Noble in Denver, Colorado. In 2007 MedWorxs accelerated its growth by acquiring Healthcare Software Systems, Inc. By 2008, MedWorxs began work on its Electronic Health Records EHR system and in 2010, the Company received certification from the United States Office of National Coordinator.

In 2018, MedWorxs refocused its business to concentrate on healthcare Billing-as-a-Service (also known as RCM in the US market) software products and services. The Company generated revenue through a combination of organic growth through the addition of new customers — and by acquiring medical billing businesses and converting those businesses to the Company's technology platform to optimize efficiencies.

On May 31, 2021, Kovo completed a reverse takeover transaction pursuant to the terms of an amalgamation agreement dated May 31, 2021, among Kovo, MedWorxs Inc. ("MedWorxs"), a Colorado corporation, and MW Acquisition Corp. ("Merger Sub"), a Colorado corporation and wholly-owned subsidiary of the Company (the "Reverse Takeover"). The Reverse Takeover was completed by way of a "three-cornered" amalgamation pursuant to the provisions of the Business Corporations Act (Ontario) whereby MedWorxs amalgamated with Merger Sub to form an amalgamated corporation and a wholly owned subsidiary of Kovo. Effective May 31, 2021, Kovo completed a Common Share consolidation on the basis of 1:1 old common share into one new Common Share of Kovo (a "Common Share"). All shares and per share amounts have been restated to reflect the share consolidation retrospectively. Since MedWorxs is deemed to be the continuing entity for accounting purposes, this MD&A represents the continuation of its results, and its assets and liabilities are included in the audited consolidated financial statements at their historical carrying values.

Revenue Streams
The Company has four revenue streams:

- Recurring SaaS revenue for Ambulatory software and eHealth software
- Recurring licensing revenue from Inpatient systems
- Recurring revenue from associated services for our products (such as, electronic claim process, eligibility for reimbursement verifications, and electronic remittance advice)
- Recurring revenue from healthcare Billing-as-a-Service contracts (Revenue Cycle Management Services)

Kovo currently serves over 1,700 health care providers representing over 3,500,000 active patients, which represents an exciting future opportunity to develop additional patient-facing services and accretive revenue streams.

FINANCIAL HIGHLIGHTS

Reported in thousands of USD$ unless otherwise specified

Revenue Growth

Kovo posted 96% year-over-year ("YoY") revenue growth during the year through a combination of organic growth of its core SaaS-style medical billing software and services business — and two strategic acquisitions that delivered immediate accretive growth during the year.

Growth Metrics and 2022 Guidance

Key drivers of 2021 results were:

- Strong organic growth from the RPM Billing LLC acquisition in 2020
- The acquisition of Midwest Medical Billing, Services Inc. in July 2021
- The acquisition of The Cvikota Company in November 2021
- Successful debt and equity raise in 2021 to fund future acquisitions

Kovo finished 2021 with Annual Recurring Revenue ("ARR") of approximately $12,000 USD, which represents 243% growth versus December 2020 ARR and 606% growth versus December 2019. Adjusted EBITDA guidance remains unchanged at approximately 10%.

The Company notes additional 2021 highlights:

- Revenue for the year ended December 31, 2021 was $5,904, the largest in the Company's history and 96% higher than revenues of $3,019 for the year ended December 31, 2020. Results were on the higher end of the guidance provided in Q3 2021 of $5,300-$5,700.
- ARR as at December 31, 2021 was approximately $12,000, a 243% increase over December 2020.
- Kovo continues to consistently and reliably deliver positive cash flow from its RCM operations.
- Annual and quarterly revenue growth was generated by a combination of new sales and the acquisition of new clients via the M&A transactions.
- The Company completed its 12^{th} consecutive quarter of positive Adjusted EBITDA reflecting the long-term operating discipline with the organization. Adjusted EBITDA increased to $242 for the year ended December 31, 2021 relative to Adjusted EBITDA of $135 for the year ended December 31, 2020. Increase in Adjusted EBITDA reflects the impacts of efficiencies extracted from the acquisitions as well as organic growth for the Billing-as-a-Service business. Adjusted EBITDA margin was 4% for the year-ended December 31, 2021 (year-ended December 31, 2020 – 4%).
- The Company completed two acquisitions in the year of Midwest Medical Billing ("Midwest") and The Cvikota Company ("Cvikota") adding revenue and positive earnings as the Company builds on its core Revenue Cycle Management ("RCM") business
- Kovo filed a non-offering prospectus on May 26, 2021 offering no securities as part of its go-public plans. The firm's common shares began trading June 4, 2021 under the symbol 'KOVO.'
- Kovo was successful in acquiring new debt in 2021 through a non-revolving senior secured multi-draw term facility with Flow Capital Corp which has a maximum loan amount of $7,000 and a $600 Paycheck Protection Program loan which is 100% forgivable when the Company used the proceeds to cover qualified expenses.

OUTLOOK

Following the successful completion of the Reverse Takeover of Medworxs Inc. and the listing of Kovo shares on the TSXV on June 4, 2021, the Company has been aggressively pursuing its accretive growth strategy with two acquisitions over the past six months. Collectively, these transactions position the Company to drive revenue and EBITDA growth through a combination of organic sales growth and a strategy to roll up through acquisition additional RCM businesses.

The dynamics of the US healthcare market are critical to understanding the value of the roll up strategy. Healthcare billing in the United States is federally mandated and the two key tenets of the billing infrastructure are the Quality Payment Program ("**QPP**") and the Merit-based Incentive Payment System ("**MIPS**"). The QPP was created by the *Medicare Access and CHIP Reauthorization Act of 2015* ("**MACRA**"). The QPP transforms the Medicare physician payment system from one focused on volume to one focused on value. MIPS establishes the value-based payment program for healthcare practitioners, under which billings will be made going forward. The federal government's Center for Medicare and Medicaid Services is the proponent of these two programs and has taken a strong stance with respect to these programs, requiring increased reporting obligations for participants in 2020 and 2021. Management believes this will establish the value-based payment program as the predominant revenue model for all payers and providers in the next few years. Hence, the focus on RCM software and service solutions that enable financial risk and quality management at an enterprise level will be intensified. We believe this will also lead to larger healthcare systems consolidating their overall spend on core RCM solutions to a fewer number of incumbent or prominent market participants fueling a market consolidation.

Patients' direct contribution to total provider revenue is increasing rapidly, allowing payers and providers to invest in self-service tools that improve patient's overall engagement and financial experience by helping them schedule appointments, verify benefit eligibility, estimate financial responsibility, and facilitate secured payment online, from anywhere.

More patients are also deferring payment on their healthcare bills resulting in cash flow issues and solvency concerns for providers. Hence, back-end RCM processes continue to be important. RCM service providers that specialize in medical billing, bad debt collection and complex contract management will be working more closely with both payers (to provide input on sustainable premiums) and providers (to manage accounts receivable).

Internal research by the Company pursuant to our roll-up business model identifies more than 30,000 RCM vendors in the US market. Of those, more than 14,000 have revenues of under $10 million. We believe this work confirms the presence of a large prospecting pool for acquisitions at a size suitable to our capital capabilities.

In addition to revenues generated by our existing software and proprietary business practices, with the acquisition of Axon Veterinarian Care Technologies Corp., the Company acquired an IP portfolio related to the delivery of eHealth technology direct to the patient, the ultimate consumer of healthcare services. Today we generate our revenues through interaction with corporate entities including hospitals, clinics and doctors, where we are in direct contact with the patients of our customers. The Axon technology is designed to coordinate teams and delegate actions between the patient and each of the medical practitioners delivering service- the "Circle of Care". We believe these additional technology resources will generate valuable tools for our clients and their patients where we can earn additional per-patient recurring revenue, and as a result completing the commercialization of the platform will be a major focus in 2022. Today, the original Axon technology is in use in more than 400 Chinese hospitals and has been tested in the equine veterinary market. Like our existing in-house software, we intend to partially fund development with financial contributions from partners.

This MD&A highlights the strong growth of the Company's business from an ARR in December 2019 of $1,700 to $3,500 in December 2020 to approximately $12,000 in December 2021, an increase of 606% in two years and 243% over 2020, reflecting the combination of organic growth with the accretive strategy including the most recent Midwest and Cvikota acquisitions. The rapid ARR and earnings growth with the Midwest and Cvikota acquisitions demonstrates the growth potential of the business model. The Company intends to continue aggressively pursuing new acquisitions and additional organic growth going forward. As seen in the current year, modest lags in cash flow generation are anticipated with new acquisitions but are mitigated over time by gaining efficiencies, such as reducing payroll costs as a percentage of revenue, a key performance indicator for the business.

(All amounts expressed in thousands of US dollars, except share or per share amounts)

There are three negative trends currently impacting the Company's financial performance. First, government mandated and recommended mitigations for COVID case numbers tend to reduce patient visits and therefore patient billing revenues, negatively impacting our RCM revenue stream. The impacts of COVID negatively impacted revenue for the first half of the year but have turned in Q3 2021 with the Company is seeing top-line growth among customers in Q4 2021. The Company has also been able to increase operational efficiency in processing services over the periods, which is reflected by the improvement of payroll as a percentage of revenue ratio, improving from 101% in Q2 2021 to 71% in Q3 2021 to 62% in Q4, 2021. The Company expects to continue to drive this ratio down through operational efficiencies in 2022.

Second, onboarding new acquisitions requires time to fully bring the new operations into line with our long-term earnings performance. The timing and pace of this work is a complex process during which working capital is required to invest into the acquisitions, best practices are instilled and functionality is streamlined from a corporate level. This can be seen in our negative working capital and cash position at year end. The management team expects to mitigate this over time as the businesses are integrated and generate consistent positive cash flows once streamlined.

Finally, the costs of the completed public listing and fund raises negatively impacted cash flows in the year. The impacts include the direct costs related to the listing such as legal and accounting work, but also include reduced management efficiency as the work utilizes time normally applied to day-to-day management of the business. These management has stabilized these expenses and they are non-recurring.

SELECTED QUARTERLY INFORMATION

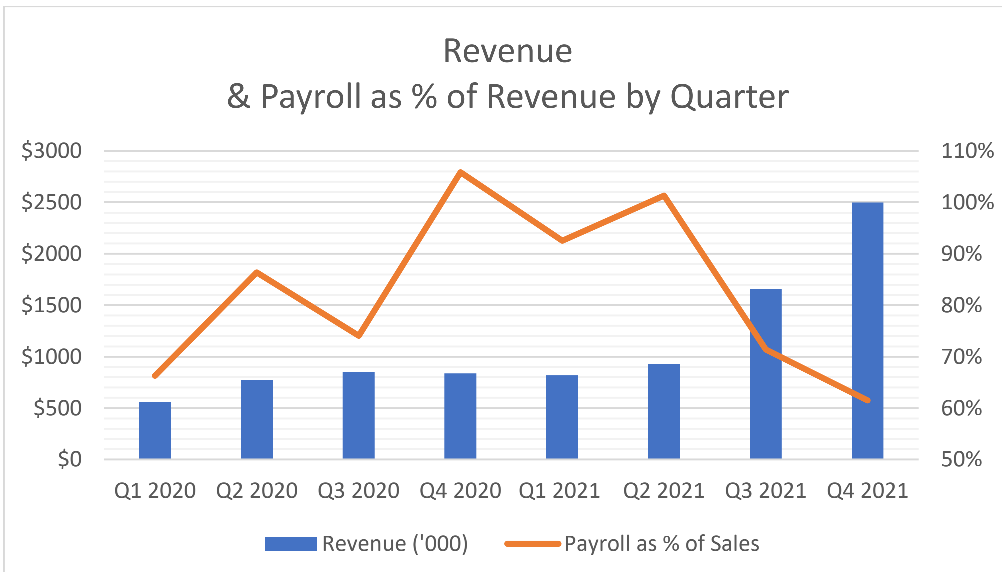
	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	$ 558	$ 772	$ 851	$ 838	$ 820	$ 931	$ 1,654	$ 2,499
Income/(Loss) from Ops	$ (266)	$ (258)	$ (210)	$ (474)	$ (347)	$ (548)	$ (337)	$ (27)
Weighted Avg Shares	20,479,000	24,468,000	28,412,000	26,603,000	30,779,240	31,445,350	33,001,171	32,637,284
Weighted Avg Diluted Shares	27,264,000	31,334,000	35,278,070	32,319,000	30,779,240	31,445,350	33,001,171	32,637,284
Per Share Basis	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.00)
Per Diluted Share Basis	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.00)
Total Income/(Loss)	$ (353)	$ (35)	$ (342)	$ (469)	$ (367)	$ (525)	$ (476)	$ (1,332)
Weighted Avg Shares	28,412,070	28,412,070	28,412,070	26,603,000	30,779,240	31,445,350	33,001,171	32,637,284
Weighted Avg Diluted Shares	35,278,070	35,278,070	28,412,070	32,319,000	30,779,240	31,445,350	33,001,171	32,637,284
Per Share Basis	$ (0.012)	$ (0.001)	$ (0.00)	$ (0.00)	$ (0.012)	$ (0.017)	$ (0.01)	$ (0.04)
Per Diluted Share Basis	$ (0.010)	$ (0.001)	$ (0.00)	$ (0.00)	$ (0.012)	$ (0.017)	$ (0.01)	$ (0.04)
EBITDA	$ (205)	$ 115	$ (225)	$ (128)	$ (176)	$ (330)	$ (221)	$ (1,034)
ADJUSTED EBITDA	$ 4	$ 33	$ 48	$ 50	$ 70	$ 60	$ 7	$ 105

Q4 2021 revenue increased to $2,499 from $1,654 in Q3 2021, resulting in yet another record quarter for the Company. Q4 2021 revenues of $2,499 increased by 198% versus Q4 2020 revenues of $838. These figures include results of Cvikota which was acquired on November 1, 2021 and was immediately accretive providing $514 in revenue and $105 in net operating income as well as Midwest, which was acquired on July 1, 2021 and also provided accretive results of $893 in revenue and $213 in net operating income.

Excluding Midwest and Cvikota's revenue, the Company posted organic growth of $1,478 year-over-year, an increase of approximately 49%, driven primarily by two large new client contracts signed in Q2 2021, one of which is expected to continue to benefit the Company's cash flow in 2022.

Coinciding with its rapid growth, operating costs have increased partly due to a higher overall headcount in personnel. Typically, to leverage synergies, the Company reduces payroll costs post-acquisition. However, given the Company's rapid growth, the growing US labour shortage — and the fact that staffing costs were reimbursed by a $600 forgivable federal PPP loan — the Company elected to maintain a larger staff. Additional administrative staffing was also required related to the June 4, 2021 transition to a public company.

The Company has historically managed payroll expenses between 50-60% of sales and it budgets for payroll relative to the sales funnel. Based on the higher investment in staffing in the first half of 2021 as noted above, as sales increased in Q3 and Q4 2021 operating staff payroll expenses normalized to more historical levels. Payroll as a percentage of revenue decreased from 101% in Q2 2021 to 71% in Q3 2021 to 62% in Q4 and is expected to return to historical levels in 2022, excluding additional acquisitions.



As a new public company, Kovo incurred higher professional fees due related to its public market filing in 2021. In Q4 2021, public company expenses were $365 (Q4 2021 - $126), mainly as a result of activities related to the Company's public market filing and listing, ongoing public company expenses and investor relations. The increase in 2021 operating costs include non-cash share-based compensation expenses of $147 (Q4 2021 - $50) and amortization of $589 (Q4 2021 - $205). Depreciated assets during 2021 relate to capitalized software development, right of use assets and customer lists which also include the newly acquired Midwest and Cvikota.

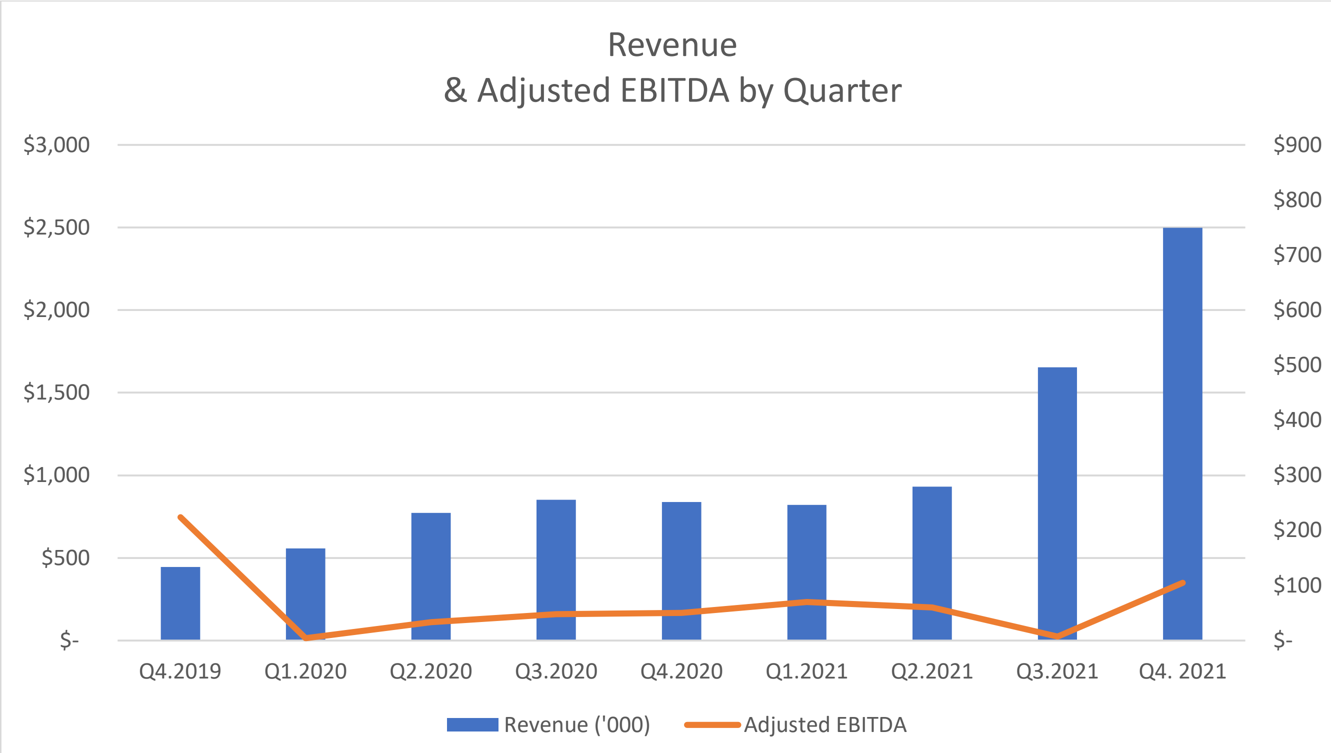
Operating loss totaled $1,259 in 2021 (Q4 2021 - $27), compared to $1,062 in 2020 (Q4 2020 - $474). Higher operating expenses in 2021 relate to higher payroll expenses in anticipation of onboarding new customers, complying with PPP loan requirements, costs related to the filing of the Company's prospectus with the Ontario Securities Commission, and increased public company expenses related to the successful listing of Company shares on the TSX-V Exchange. Interest expense during the 2021 was $350 (Q4 2021 - $113), reflecting interest paid and/or accrued on debt, compared to interest expense incurred in 2020 of $315 (Q4 2020 - $75).

Kovo's total assets increased to $7,334 as of year ended December 31, 2021 compared to $3,184 at December 31, 2020. Cash-on-hand increased to $711, which includes: proceeds received through a private placement (net proceeds of $1,419), cash related to the Company's reverse takeover transaction ($202), $600 in cash received via a forgivable PPP loan, $1,500 related to the non-revolving senior secured multi-draw term facility with Flow Capital Corp, offset by cash consideration for the Midwest ($73) and Cvikota ($1,375) acquisitions. Intangible assets and rights of use assets increased to $2,971 and $604 in 2021, primarily as a result of the Company's recent acquisitions and the leases assumed as part of that transactions. Goodwill is related to the purchase of RPM Medical Billing (May 2021), Midwest (July 2021) and Cvikota (November 2021). The Company believes the value of the assets is reasonable since RPM, Midwest and Cvikota's sales volumes have exceeded original forecasts.

The Company booked an impairment as of December 31, 2021 related to the goodwill and intangible asset that were initially recognized in February 2020 when Axon Veterinarian Care Technologies Corp. ("Axon VCT" or "Axon") was acquired. The goodwill and intangible asset were attributed to the benefits the Company would realize by offering business-to-consumer (B2C) services utilizing the Axon IP, which was originally planned to be launched in late 2021. In 2020 and 2021 management strategically focused its time, efforts and capital resources into revenue-cycle-management. The impact was achieving 1,177% growth rate from December 31, 2019 through December 31, 2021, which delayed the rollout of the B2C services. The Company has increased its potential customer base to over 3,500,000 patients but has currently delayed the deployment of the Axon IP and generating revenue. Management completes an assessment of the impairment of its goodwill and other assets on an annual basis. In testing for impairment, goodwill and other assets acquired in a business combination were allocated to the cash-generating units to which they related. The Company has determined that there is only one CGU at the Company level. As a result of impairment testing performed as of December 31, 2021, the Company took a conservative approach to take a non-cash impairment loss, net of liabilities was in the amount of $860. Management noted that the Axon technology is still viable, and expect to monetize in connection with its B2C services in the near future. No additional impairment or reversals of impairment were identified as of December 31, 2021.

Total non-current liabilities increased in 2021, primarily due to the non-revolving senior secured multi-draw term facility with Flow Capital Corp of $1,500, the promissory note consideration for the Cvikota acquisition of $688, the second tranche of the Company's forgivable federal PPP loan ($600) and the assumption of $470 in debt due related to the Company's go-public reverse takeover transaction.

EBITDA and Adjusted EBITDA[1]



We utilize EBITDA and Adjusted EBITDA as primary financial metrics to manage performance of the business. The details of the calculation for the year ended 2021 and 2020 are shown below to illustrate the methodology of the calculation. Primary deductions for interest and depreciation charges are shown for EBITDA and the removal of one-time non-recurring charges are shown for calculation of Adjusted EBITDA. We have not made deductions related to onboarding costs for the Axon and RPM, Midwest or Cvikota acquisitions or the increased costs related to the preparation for the public listing of our shares. We address those costs in the description of quarter-on-quarter and year-on-year changes below.

The Corporation highlights stable revenues for the last nine quarters, with a major increase post acquisition in July 1, 2021 related to the Midwest acquisition and November 1, 2021 related to the Cvikota acquisition. In Q1 2020, the Company completed two acquisitions, Axon and RPM Billing. The RPM Billing acquisition closed on March 2, 2020 and has earned over $5.2 million in revenue since acquisition. This has been the biggest driver of sales in 2020 and 2021. In 2021 revenue attributed to the Midwest acquisition was $893 with the Cvikota contributing $514. The Company incurred additional operational and transitional expenses from Q1 2020 to Q4 2021 to complete the four acquisitions and going public on the TSX-V. The Company anticipates experiencing accretive EBITDA margin in subsequent periods as we continue to grow revenue and create synergies from the merged operations, which we expect to see in early 2022.

[1] Non-GAAP measure. Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines Adjusted EBITDA as EBITDA before goodwill or customer list impairment costs, equity and stock-based expenses, unrealized foreign exchange gains or losses, non-recurring transaction and financings costs and recurring government loans that are eligible to be 100% forgiven by government mandate. The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives on a normalized earnings basis.

(All amounts expressed in thousands of US dollars, except share or per share amounts)

The Company notes Adjusted EBITDA for a more normalized context of the Company's operations excludes non-cash bearing warrant/stock option expenses, goodwill or customer list impairment costs, unrealized foreign exchange losses, any one-time settlements, deal financing expenses related to raising debt or equity, acquisition related expenses, one time transaction costs and recognition of other income for our Paycheck Protection Plan (PPP) loan since it is eligible to be 100% forgiven in 2021. We believe these results demonstrate prudent cost management and effective customer acquisition through both organic and accretive efforts, demonstrating successful execution of our growth strategy.

With respect to annual performance, EBITDA for 2021 was a loss of $1,761 (Q4 2021 - $1,034) versus a loss of $439 in 2020 (Q4 2020 - $128). Adjusted EBITDA for 2021 was earnings of $242 (Q4 2021 - $105) compared to $135 in 2020 (Q4 2020 - $50). The Adjusted EBITDA shows the normalized run rate of the operations excluding several one-time charges that do not reflect the true operating run rate of the business. These items include the financing charges incurred as part of its debt and equity raises, one-time acquisitions costs, and transaction costs related to the public company listing. These amounts are non-recurring and present room for improvement in subsequent quarters in the operating efficiency of the business.

		Twelve Months Ended December 31, 2021		**Twelve Months Ended December 31, 2020**
Net Loss	$	(2,700)	$	(1,199)
Add back:				
Interest		350		315
Depreciation		589		445
Total		939		760
EBITDA	**$**	**(1,761)**	**$**	**(439)**
EBITDA %		*(30%)*		*(15%)*
Adjusted EBITDA				
Add back:				
PPP loan forgiveness, net		200		402
Non-cash equity issuances		147		167
Legal settlement		23		-
Financing Charges		165		-
Acquisition-related expenses		252		-
Transaction costs		356		-
Unrealized foreign exchange (gain)/loss		-		5
Non-cash impairment loss		860		-
Total		2003		574
Adjusted EBITDA	**$**	**242**	**$**	**135**
Adjusted EBITDA %		4%		4%

(All amounts expressed in thousands of US dollars, except share or per share amounts)

LIQUIDITY AND CAPITAL RESOURCES

	For the years ended	
	December 31, 2021	December 31, 2020
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(2,700)	(1,199)
Adjustments for non-cash items:		
Depreciation and amortization	589	445
Impairment	860	-
Reverse takeover transaction costs	356	-
Accretion of contingent consideration	37	-
Amortization of debt discount	18	-
Interest expense	70	73
Loan forgiveness	(403)	-
Accretion expense on lease liabilities	27	23
Warrants issued	-	104
Share based compensation	147	63
Loan receivable forgiveness	17	-
Other Income	-	(45)
Loss on extinguishment of convertible debt	22	-
Loss on modification of promissory note receivable	40	-
Net change in working capital:		
Accounts receivable	(68)	(35)
Other receivables	(76)	-
Contract assets	-	20
Accounts payable and accrued liabilities	183	204
Taxes payable	(97)	(29)
Contract liabilities	(22)	(85)
Net cash used in operating activities	**(1,000)**	**(461)**
INVESTING ACTIVITIES		
Additions to capitalized software costs	(163)	(165)
Receipts on notes receivable	13	187
Net payment for RPM Acquisition	-	(60)
Net payment for Cvikota Acquisition	(1,375)	-
Net payment for Midwest acquisition	(73)	-
Cash received in reverse takeover transaction	202	-
Net cash used in investing activities	**(1,396)**	**(38)**
FINANCING ACTIVITIES		
Net receipts on debt	1,951	667
Net payments on debt	(481)	(330)
Repayment of Axon Royalty Loan	-	(187)
Net (payments to) receipts from related parties	(139)	139
Receipts of common share issuances, net	1,419	171
Receipts of warrants exercised	335	233
Lease payments	(131)	(114)
Net cash provided by financing activities	**2,954**	**579**
Net increase in cash	558	80
Cash balance, beginning of the year	153	73
Cash balance, end of the year	**711**	**153**

Operating Activities
During the year ended December 31, 2021 the Company used a total of $1,000 cash on operating activities (December 31, 2020 – $461) related to the net loss and comprehensive net loss, payments of tax liabilities, increased accounts receivables and increased payments of contract liabilities. Cash used in operating activities was partly offset by higher non-cash expenses, including the Axon impairment, reverse takeover transaction costs, depreciation and amortization, share based compensation, and increased other receivables. Overall, other receivables increased by $76 mostly related to a note receivable received from an investor as part of their conversion of warrants to shares and other receivables acquired from the reverse takeover transaction. The largest uses of cash were for payroll expenses, which increased in 2021 following the Midwest and Cvikota acquisitions. The Company maintained elevated staffing levels due to the receipt of PPP loans and anticipation for two new contracts which commenced in Q2 2021. In addition, the Company is investing into additional professional staff and administrative staff as it scales the enterprise, thus as further accretive acquisitions are completed, these costs will diminish as a percentage of revenue as economies of scale are achieved. The Company has begun to see normalization of operating payroll as a percentage of revenue in the second half of 2021 and believes this will continue in 2022 as it gains further operating efficiencies, subject to any future acquisitions. The Company also incurred higher professional fees for legal and accounting for its successful public listing, which will not be recurring expenses.

Investing Activities
During the year ended December 31, 2021, net cash provided by investing activities amounted to $1,396 (December 31, 2020 – $38). Cash provided by investing activities related to cash received from the reverse takeover transaction of $202 (December 31, 2021 - $nil), cash paid as part of the Midwest acquisition of $73 (December 31, 2020 - $nil), cash paid as part of the Cvikota acquisition of $1,375 (December 31, 2020 - $nil). The Company received cash receipts on notes receivable of $13 (December 31, 2020 - $187).

Financing Activities
On March 1, 2021 the Company received $600 as an unsecured forgivable loan payable as part of the second tranche of the US Payment Protection Plan ("PPP") in response to COVID-19. The loan is 100% forgivable and the Company will be filing for forgiveness in 2022 Also, on November 10, 2021, the Company entered into a non-revolving senior secured multi-draw term facility with Flow Capital Corp to fund acquisitions in which they received $1,375 to fund the cash consideration for the Cvikota acquisition.

During the year ended December 31, 2021, warrant holders exercised their option to convert 1,640,000 common shares for a price of $0.204 per share

During the year ended December 31, 2021, employee stock option holders exercised their option to convert 49,020 common shares for a price of $0.204 per share and 14,000 common shared for a price of $0.50.

On June 4, 2021, the Company completed a brokered private placement to issue 634,200 units for gross proceeds of $634. Each unit comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a fixed price of $1.24 (CAD $1.5) per one warrant for a period of two years from the date of issuance. The proceeds from issuance of units were allocated between common shares and warrants based on proportionate method. The proportionate fair value of the common shares was determined to be $552 and the proportionate fair value of warrants was estimated to be $64. The fair value of shares is based on the share price as of the issuance date with no warrants. The fair value of warrants was estimated using Black-Scholes valuation model. The issuance cost on the brokered private placement paid in cash amounted to $18. In addition, the Company issued 16,530 brokers warrants which were fair valued at $6 using Black-Scholes valuation model. These issuance costs were adjusted against share capital in the consolidated year end statements of changes in shareholders' deficiency.

On July 1, 2021, Kovo completed the acquisition of the assets of Midwest. Under the terms of the acquisition, Kovo issued 1,111,881 common shares of the Company at a quoted price as at acquisition date of $0.62 (CAD$0.77) per common share, or $691. In addition, the Company granted 500,000 incentive stock options to the Seller, which are exercisable at $0.62 (CAD$0.77) per share for a period of five years and will be subject to a four month hold under applicable securities laws.

On October 25, 2021, the Company completed a brokered private placement to issue 3,012,500 units for gross proceeds of $973. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable at a fixed price of $0.62 (CAD$0.77) per one warrant for a period of two years following date of issuance. The proceeds from the issuance of units were allocated between common shares and warrants based on the proportionate method. The proportionate fair value of the common shares was determined to be $662 and the proportionate fair value of warrants was estimated to be $135. The fair value of shares is based on the share price as of the issuance date with no warrants. The fair value of warrants was estimated using the Black-Scholes valuation model. The issuance cost on the brokered private placement paid in cash amounted to $59. Fees and commissions paid on the private placement, which were deducted from the gross proceeds were $111. In addition, the Company issued 134,063 brokers warrants which were fair valued at $6 using the Black-Scholes valuation model. These issuance costs were adjusted against share capital in the consolidated statements of changes in shareholders' deficiency.

On November 10, 2021, the Company entered into a debt facility with Flow Capital Corp. in the amount of approximately CAD$8,800. Under the terms of the agreement, Kovo issued 2,133,943 warrants of the Company at a quoted price as at acquisition date of $0.28 (CAD$0.35) per common share, fair valued at $396.

On December 3, 2021, the Company entered into a share for debt agreement with a strategic acquisition partner Lawrence, Evans & Co., LLC to convert $43 of payables into 140,513 common shares of the Company at fair value.

As at December 31, 2021, the Company had 36,154,184 common shares outstanding (December 31, 2020 – 29,552,070 common shares outstanding).

During the year ended December 31, 2021, net cash generated from financing activities totaled $2,954 (December 31, 2020 - $579) of which $1,419 relates to receipts of common share issuances, $600 receipts for the PPP loan, $1,350 receipts of the Flow Capital loan, $335 from net receipts of warrants exercised, partly offset by $481 payments on debentures, $139 net payments to related parties, and payments on leases of $131.

Liquidity and Capital Resources

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

The Company maintains sufficient liquidity to meet its current liabilities. The accounts receivable of the business are typically collected in a 30-day period, with limited collectability risk. The Company uses cash flow from operations, short term debt and long-term debt to fund operations. The Company manages its working capital needs and has sourced financing as needed. The Company's working capital can be impacted as noted in the *Risks* section by various factors, including COVID-19. At this time the Company can generate sufficient cash from operating cash flows through prudent management of costs, particularly payroll costs relative to customer billings which are tracked monthly on a customer-by-customer basis. As the Company prepared for its filing to be publicly listed on the Toronto Stock Exchange and in connection with the preparation of the Prospectus, it has incurred significant professional fees in 2021. These listing related expenses are non-recurring and the Company will incur typical public company fees going forward. The Company has accessed debt and equity financing sources as appropriate to meet its working capital needs as noted in the statement of cash flows. See "Contractual Obligations" for further details on payments required over the next several years.

In regard to capital resources, the Company continuously invests capital expenditures into its software platform. The capital expenditures are limited to software development staff and software consultants. These expenses total $162 in 2021 and $165 in 2020. The software development related payroll expenses are committed; however, the Company could reduce staffing if necessary to meet its working capital needs while ensuring no loss in services to its customers. The Company does not have any other significant capital expenditure commitments. The Company sourced financing through debt, equity and government loans as needed to meet its working capital requirements. The Company has also raised equity when appropriate and as required to support the growth of its operations.

Use of Proceeds

The Company raised debt and equity to complete its two acquisitions in 2021 and for general working capital purposes as noted above in financing activities. In 2021, the use of proceeds to date has been for the acquisition of Midwest, Cvikota, corporate management, completion of the public listing of the Company's shares, and related negative cash flows in part related to the COVID pandemic.

Accounts Receivable

As at December 31, 2021, accounts receivable was $155 (December 31, 2020 - $73). The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. For the year ended December 31, 2021, the Company recognized $24 (December 31, 2020 - $nil) for bad debts.

Right of Use Assets

See Note 6 of the Company's audited consolidated financial statements for details of movement in the Company's right of use assets during year ended December 31, 2021. Also, see Note 9 of the Company's audited consolidated financial statements for further details. The five leases remaining related to the right of use assets include five office leases, one for RPM, one for Midwest and three for Cvikota.

Goodwill and Intangible Assets

Goodwill represents the excess for the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. The Company's goodwill balance as of December 31, 2021 is attributed to the RPM, Midwest and Cvikota acquisitions.

Intangible assets include software development costs capitalized over a three-year useful life. In addition, the Company has customer lists acquired from the RPM, Midwest and Cvikota transaction which it amortizes over a ten to fifteen-year useful life.

(All amounts expressed in thousands of US dollars, except share or per share amounts)

The Company booked an impairment as of December 31, 2021 related to the goodwill and intangible asset that were initially recognized in February 2020 when Axon Veterinarian Care Technologies Corp. ("Axon VCT" or "Axon") was acquired. The goodwill and intangible asset were attributed to the benefits the Company would realize by offering B2C services utilizing the Axon IP, which was originally planned to be launched in late 2021. In 2020 and 2021 management strategically focused its time, efforts and capital resources into revenue-cycle-management. The impact was achieving 1,177% growth rate from December 31, 2019 through December 31, 2021, which delayed the rollout of the B2C services. The Company has increased its potential customer base to over 3,500,000 patients but has currently delayed the deployment of the Axon IP and generating revenue. As a result of impairment testing performed as of December 31, 2021, the Company took a conservative approach to take a non-cash impairment loss, net of the related contingent liabilities, in the amount of $860. Management noted that the Axon technology is still viable, and expect to monetize in connection with its B2C services in the near future, subject to the ability to raise the appropriate financing. No additional impairment or reversals of impairment were identified as of December 31, 2021.

Contract Liabilities
Contract liabilities represent the deferred revenue that the Company will realize upon completion of key milestones for software development and other projects greater than one fiscal year.

As at December 31, 2021 the Company had $3 of contract liabilities (December 31, 2020 - $25). Contract liabilities consist mainly of fees invoiced or paid by our clients for which the associated services have not been performed and revenues have not been recognized by the Company of each period end.

Contractual Obligations

The following table sets out the Company's contractual obligations (representing undiscounted contractual cash flows) of financial liabilities and commitments:

	12 months $	1 to 2 years $	3 to 5 years $	Total $
Accounts payable and accrued liabilities	993	-	-	993
Debts	1,325	1,220	2,244	4,789
Contract liabilities	3	-	-	3
Due to related parties	861	-	-	861
Lease liabilities	302	270	132	704
	3,484	1,490	2,376	7,350

The Company has an operating leases for its offices in Reno Nevada, Omaha Nebraska, Knoxville Tennessee, Eau Claire Wisconsin and La Crosse Wisconsin. The lease in Reno ends on August 31, 2023. The lease in Omaha ends on October 31, 2023. The lease in Knoxville ends on January 1, 2024. The lease in Eau Claire ends on October 31, 2024. The lease in La Crosse ends on October 31, 2024. Another lease, a Data center lease, ended on January 31, 2021, and the Company resides on a month-to-month basis subsequently. Finally, an office lease in Billings, Montana ends on July 31, 2024. The Company entered into an investor relations agreement in June 2021 for an initial six-month term at $154, with automatic renewals for successive three-month periods thereafter, subject to terms of written termination by the Company. On November 25, 2021, the Company entered into a second investor relations agreement at $22.5 per month for a twelve-month period. On June 4, 2021, the Company entered an insurance policy for twelve-month period for an aggregate amount of $138, or approximately $12 per month.

The debt obligations are several loans to various parties, including the US Small Business Administration. All loans are in good standing and the Company continues to make regular monthly payments as required. The Company manages its working capital needs and has sourced financing as needed. The Company's working capital can be impacted as noted in the *Risks* section by various factors, including COVID-19. At this time the Company can generate sufficient cash from operating cash flows through prudent management of costs, particularly payroll costs relative to customer billings which are tracked monthly on a customer-by-customer basis.

Key Management Compensation

Short-term employee benefits provided by the Company to key management personnel include salaries, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. For the year ended December 31, 2021, the key management personnel of the Company were the Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and Chief Compliance Officer.

In addition to short-term employee benefits, the Company may also issue RSUs or options as part of the stock option plan. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

As at December 31, 2021, the Company owed $nil (December 31, 2020 - $31) to the CEO as part of general and administrative expenses personally paid by the executive on behalf of the Company. The balances owed to the CEO are unsecured, non-interest bearing with no repayment terms.

For the year ended December 31, 2021, key management personnel compensation comprising of salaries and equity totaled $1,001 (December 31, 2020 - $458).

For the year ended December 31, 2021, $861 was included in due to related parties and relates to the share issuance due to Cvikota as part of the consideration for the November 1, 2021 acquisition. The shares were issued in January 2022 (Financial Statement Note 17).

Due to related parties as at December 31, 2020 represents payables to Kovo of $101 prior to the Reverse Takeover (Financial Statement Note 5), $31 payable to the CEO as part of general and administrative expenses personally paid by the executive on behalf of the Company and amounts owed to a shareholder of $7 which was repaid in full in January 2021. The balances owed to the related parties were unsecured, non-interest bearing with no repayment terms.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021 but prior to the release of these financial statements, the following event occurred:

On January 31, 2022 as part of consideration for The Cvikota Company, Inc. acquisition on November 1, 2021, the Company issued 3,131,838 common shares of the Company to Curt Cvikota at a price of CAD$0.40 per common share following revenue figures being finalized for 2021, as this was part of the equity consideration calculation.

Reconciliation of Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and restructuring, impairment and other charges, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

"EBITDA" means net income (loss) before amortization and depreciation expenses, finance and interest costs, and provision for income taxes.

"Adjusted EBITDA" adjusts EBITDA for goodwill or customer list impairment costs, equity and stock-based expenses, unrealized foreign exchange gains or losses, non-recurring transaction and financings costs and recurring government loans that are eligible to be 100% forgiven by government mandate ("PPP Loans").

The term Annual Recurring Revenue ("ARR") is a non-IFRS measure and refers to multiplying the monthly revenue for a current month. ARR is a metric typically used by recurring revenue companies to communicate run rate at a specific moment in time

RISKS AND UNCERTAINTIES

Following Completion of the Listing, the Corporation may Issue Additional Equity Securities
Following completion of the Listing, the Corporation may issue equity securities to finance its activities, including to finance acquisitions. If the Corporation were to issue Common Shares, existing holders of such shares may experience dilution in the Corporation. Moreover, if the Corporation's intention to issue additional equity securities becomes publicly known, the Corporation's share price may be materially adversely affected.

Limited Operating History
While the Corporation's wholly owned subsidiary MedWorxs has a history of profitable operation, there can be no assurance given that future operating results will reflect historical results. The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complication, and delays frequently encountered in connection with the establishment of any business. The Corporation will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans. The Company also notes that unforeseen events can have a negative impact on cash balances.

Uncertainty of Additional Funding
The Corporation may be dependent on third party financing, whether through debt, equity, or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Corporation. Changes in the Corporation's primary United States healthcare market, a claim against the Corporation, a significant event disrupting the Corporation's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favorable terms, or at all. In addition, any future financing may also be dilutive to existing shareholders of the Corporation.

Competitive Conditions
The Corporation will actively compete for acquisition of RCM and other target businesses and will compete for new customers within acquired businesses. Many of the Corporation's competitors may have significantly greater financial resources than the Corporation. The Corporation's competitors may include major healthcare industry Corporations.

Reliance Upon Management
The Corporation will be dependent upon the continued support and involvement of its principles and management. Should the Corporation lose the services of one or more of the principals or management, the ability of the Corporation to achieve its objectives could be adversely affected.

Employees
Our success will depend on the combined skills and efforts of our management and employees. We currently have 136 US based employees, of which we have entered into executive employment contracts with Greg Noble (CEO), Jeana Noble (CCO),

and Jon Marshall (CMO). We rely on fractional contractors for some key positions, specifically Inder Saini (CFO), has a vendor contract.

There can be no assurance that we will be able to recruit and retain the employees we will need in order to successfully execute our business plan. If we are unable to recruit and retain appropriate personnel, our ability to successfully execute our business plan will be severely constrained. In addition, the loss of any key employees, including any of the members of our management team, could have a material adverse effect on our business, financial condition and operating results. There can be no assurance that any persons who may be employed by us will remain with us.

Conflicts of Interest
Members of the Board of the Corporation may become directors of other reporting companies or have significant shareholdings in other healthcare industry companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Corporation and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a Corporation who has a material interest in a contract or Listing of the Corporation, or a director or officer of a Corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or Listing with the Corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest.

Permits and Licenses
The operations of the Corporation will require licenses and permits from various governmental and nongovernmental authorities. The Corporation will obtain all necessary licenses and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits required to carry out its business.

Political Regulatory Risks
Any changes in government policy may result in changes to laws affecting the healthcare industry, RCM, PM or EHR technology, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, and return of capital. This may affect both the Corporation's ability to undertake its business. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of technology utilized in the Corporation's business, would have a material adverse impact on the Corporation's financial performance.

Registration with the SEC
We believe since completion of the listing on the Toronto Venture Stock Exchange we qualify as a Foreign Private Issuer. If, however, as of the last business day of our second fiscal quarter for any year, more than 50% of our outstanding voting securities (as defined in the U.S. Securities Act) are directly or indirectly held of record by residents of the United States and we do not qualify for certain other exemptions related to the location of assets and management of the business, we will no longer meet the definition of a Foreign Private Issuer under the rules of the SEC. Losing Foreign Private Issuer status would require us to file annual, quarterly and current reports and make other filings under the 1934 Act and the U.S. Securities Act in accordance with SEC requirements at the beginning of the fiscal year following the loss of Foreign Private Issuer status. If we fail to qualify for Foreign Private Issuer status, we will remain unqualified unless we meet the test as of the last business day of our second fiscal quarter in the applicable fiscal year. This change in status could have a significant effect on us as it would significantly complicate the raising of capital through the offer and sales of securities and reporting requirements, resulting in increased audit, legal and administration costs, which could significantly affect our profitability.

Volatility of Share Price
In recent years, the securities markets in the United States and Canada, and the Exchange in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations

in price that have not necessarily been related to the operating performance, underlying asset values, or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Corporation's shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows, or earnings.

Liquidity
The Corporation cannot predict at what prices Common Shares will trade upon completion of the Listing, and there can be no assurance that an active trading market in Common Shares will develop or be sustained. Acceptance of the Exchange has not yet been obtained. There is a significant liquidity risk associated with an investment in Common Shares.

Dividends
At the present time, it is unlikely the Corporation's shareholders will receive a dividend on Common Shares.

Software Development
The Axon Technology is available commercially today, however technology adoption is difficult to assess and the Corporation cannot predict whether the technology will reach commercial levels of adoption resulting in material revenues to the business. In 2020 and 2021 management strategically focused its time, efforts and capital resources into revenue-cycle-management. The impact was achieving 1,177% growth rate from December 31, 2019 through December 31, 2021, which delayed the rollout of the B2C services. As a result of impairment testing performed as of December 31, 2021, the Company took a conservative approach to take a non-cash impairment loss, net of liabilities was in the amount of $860. Management noted that the Axon technology is still viable, and expect to monetize in connection with its ONE REV platform in the near future.

Intellectual Property Risk
The Corporation owns its Intellectual Property ("IP"). There remains a risk that our IP could be in conflict with another IP owned by a third party. We have acquired some of our IP from third parties, and that ownership of IP could be challenged in the future if it is very similar to another third party's IP. In addition, other companies could file for patents that would limit our business strategy for expanding our software revenues.

Going Concern
The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

During the year ended December 31, 2021, the Company generated a loss from operations of $1,259 (December 31, 2020 – loss of $1,062), and a net loss of $2,700 (December 31, 2020 – net loss of $1,199). As at December 31, 2021, the Company had a working capital deficit of $2,271 (December 31, 2020 - $1,227) and long-term debts of $3,372 (December 31, 2020 - $2,123). As of December 31, 2021, the Company had a net-liability position of $170 (December 31, 2020 - $614). Of the working capital, $600 in loans is not required to be paid in the next 12 months due to the royalty agreement in place with the underwriter which has an open-ended payment term with no principal payment requirements, therefore the adjusted working capital calculation is a deficit of approximately $1,671 (December 31, 2020 - $627). These factors may form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern. Management intends on financing its future development activities and operations from the sale of equity and debt securities. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise sufficient financing or generate sufficient future cash flows from profitable business activities. Refer to Note 5 for acquisitions closed during 2021, which are expected to provide accretive working capital, additional revenue and positive operating income.

COVID-19 Pandemic
On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Since the outbreak of COVID-19, the Corporation has focused its efforts on safeguarding the health and well-being of its employees, consultants, and community members. To help slow the spread of COVID-19, the Corporation's employees have been working remotely, and abiding by local and national guidance put in place in Canada and the United States, related to social distancing and restrictions on travel outside of the home. The Corporation has and will continue to abide by the protocols within Canada and the United States regarding the performance of work activities.

The duration and the eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and therefore the impact on the financial results and condition of the Corporation is subject to considerable risk uncertainty. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of the Corporation are suspended or scaled back, or if the Corporation's customer's operations are disrupted, such events may have a material adverse effect on the Corporation. The Corporation may also experience delays in operation of its slower administrative processes and response times for claims caused by the COVID-19 pandemic and the related restrictions. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse effect on the Corporation.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Corporation's ability to predict or control. For a complete list of the factors that could affect the Corporation, please make reference to those risk factors referenced in ***Risks and Uncertainties***. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. 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.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Corporation's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.