

CloudMD Software & Services Inc. Healthcare IT

Canadian Equity Research
2 June 2020

Rating
SPECULATIVE BUY

Price Target
C\$1.10

DOC-CSE
DOCRF-OTC

Price
C\$0.79

Market Data

52-Week Range (C\$) :	0.25 - 0.95
Avg Daily Vol (000s) :	625
Market Cap (C\$M) :	83.7
Shares Out. (M) :	105.9
Total Return to Target (%) :	39.2
Net Debt (Cash) (C\$M) :	(13.0)
Enterprise Value (C\$M) :	70.7
Last Reported Quarter:	Q1/20A

FYE Dec	2018A	2019A	2020E	2021E
Revenue (C\$M)	1.2	6.8	16.1	31.4
EBITDA Adj (C\$M)	(1.3)	(2.1)	(1.6)	3.3
Free Cash Flow (C\$M)	(1.1)	(2.1)	(2.8)	2.0
EV/Sales (x)	NA	12.8	4.5	2.3
EV/EBITDA (x) Adj	NA	NA	NA	21.1



Priced as of close of business 1 June 2020

CloudMD is a Vancouver-based provider of primary healthcare services through brick-and-mortar clinics and telemedicine, and also operates two pharmacies. The company also develops SaaS-based telemedicine solutions for clinics and other healthcare providers looking to offer their own telemedicine services.

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The Doctor is Out

Investment Recommendation

We are initiating coverage of CloudMD with a SPECULATIVE BUY rating and a \$1.10 price target. In Canada, where an increasing proportion of healthcare services is expected to be delivered through telemedicine applications, CloudMD has assembled the technology stack and footprint to capitalize on this secular trend. The factors driving a paradigm shift in how healthcare is delivered to Canadians have been galvanized by the COVID-19 pandemic and suggest, in our view, years of extraordinary growth ahead for industry participants. We believe this sets up CloudMD to produce significant returns for equity holders as it executes on both organic and inorganic growth opportunities. Our \$1.10 target price represents a 39% potential one-year return. We issue a SPECULATIVE BUY rating given a short financial track record but believe that quickly establishing consistent profitability alongside its substantial growth trajectory will help skew the risk/reward further into positive territory.

Investment Highlights

- **A healthcare market ripe for disruption, accelerated by the pandemic catalyst.** The \$260B Canadian healthcare industry has lagged comparable developed countries in terms of the adoption of telemedicine as a vehicle for healthcare delivery. Accessibility to these types of solutions has advanced considerably in 2020, driven by the need to provide healthcare during the COVID-19 pandemic, which has led provincial health authorities to shift regulations rapidly to fund telemedicine delivery. Telemedicine spending globally is anticipated to expand at a 19% CAGR by industry analyst Market Insights; Canada could arguably grow faster as it plays catch-up.
- **CloudMD has assembled the pieces to be a patient acquisition machine.** Vancouver-based CloudMD provides an end-to-end suite of tools to enable effective telemedicine and modernized clinic management (EMR, virtual hosting, patient revenue cycle management, etc.). The company provides these tools to the market on both a B2B and B2C basis and is focused on rapidly increasing its patient base by onboarding clinics, direct-to-consumer advertising and through new telemedicine kiosk products.
- **Grabbing market share with a short ramp to profitability.** We model CloudMD producing 137% and 96% revenue growth in 2020 and 2021, respectively, powered by strong subscription revenue growth (B2B revenue) and patient onboarding (B2C revenue), driven in part through growth of its pharmacy kiosk offering. With a significant amount of the investment in its technology substantially complete, we expect the company will pivot into profitability toward the end of 2020, generating \$3.3M in EBITDA in 2021.
- **M&A is likely to contribute to an already strong organic growth forecast.** We expect CloudMD will build on its M&A track record as it uses acquisitions to expand its footprint and establish a presence in new markets (for example, its telemedicine direct-to-consumer offering is available only in BC and Ontario at present). Following a recent equity raise, the company has pro forma cash of \$17.7M and \$4.7M debt, which more than adequately funds our projected ramp to cash flow profitability.

Valuation

Our \$1.10 target price is DCF based, reflecting expectations of strong revenue growth in the short-to-medium term (we apply a 2% TGR and 13.1% WACC). Based on our 2021 model, our target price equates to 3.3x EV/Sales and 30.9x EV/EBITDA. At current prices, CloudMD trades at 2.3x 2021 EV/sales while close comparable WELL Health Technologies (WELL-TSX; \$2.95 | HOLD, \$3.25 target, Raveel Afzaal) trades at 6.1x 2021 consensus EV/sales.

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Table of Contents

Investment Thesis	4
Company Overview	7
Market Overview	9
Products and Services Overview	14
Competitive Landscape	21
Financial Overview.....	26
Valuation	31
Appendix 1: Summary Financial Statements.....	36
Appendix 2: Investment Risk Summary	39
Appendix 3: Leadership Team	42

Investment Thesis

Figure 1: CloudMD Logo



Source: Company reports

CloudMD: An emerging leader in Canadian telemedicine. Vancouver-based CloudMD has quickly assembled the necessary pieces to be a challenger in the attractive telemedicine market. This includes proprietary electronic medical record solutions, virtual consultation capabilities and brick-and-mortar healthcare capacity to serve as a launchpad for its vision for modernized Canadian healthcare delivery.

A substantial market opportunity as Canadian healthcare continues to modernize. Healthcare in Canada is a \$260B market that has lagged other developed nations in modernization and the adoption of technology. The COVID-19 pandemic has served as a catalyst for what we believe was an inevitable shift in the way healthcare is delivered. Canada Health Infoway recently reported a significant increase in virtual care visits during the pandemic over 2019, with the number of virtual visits now accounting for two-thirds of COVID-19 health visits and ~60% of non-COVID visits (up from ~20% in 2019). In our view, the convergence of these factors means CloudMD's addressable market opportunity is expanding at 20%+ per year.

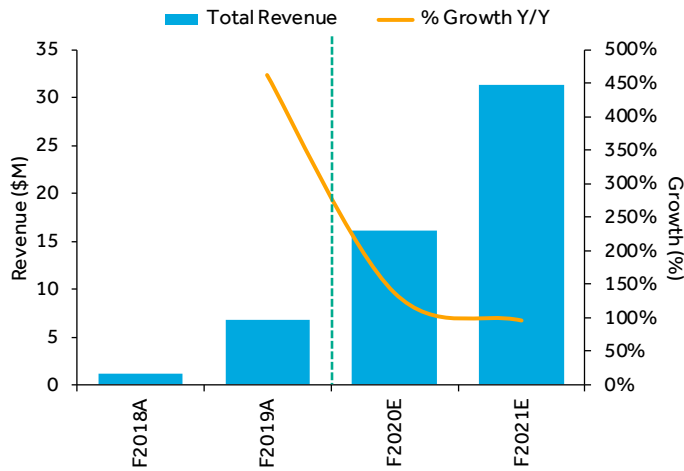
The current product portfolio is aimed at increasing the volume of patient interactions using the platform. Through a combination of a series of acquisitions and internal development, CloudMD has assembled a toolkit that includes the following products:

- Electronic Medical Records (EMR) – Currently managing over 3M patient charts.
- Practice management / revenue cycle management (RCM) – 376 clinics use CloudMD's technology.
- Telemedicine – Over 100,000 patients are registered with CloudMD's services.
- Telemedicine kiosks – Allows easy access to telemedicine in non-clinic locations.
- Brick-and-mortar clinics and pharmacies – Serve to establish initial footprints in new markets and to test new technologies.

The number of patients using the digital platform is the key value creation vector, in our view. While the margins and returns on sales of products to clinics, practices and pharmacies are expected to contribute positively, in our view the most important KPI for the company is the number of registered users on its telemedicine platform. We have used the product and believe that it represents an effective alternative to drop-in clinics for a significant proportion of typical visits. We believe this trend, accelerated by COVID-19, is here to stay and changes to provincial healthcare reimbursement for telemedicine will reinforce this trend. For example, a typical virtual doctor visit is billed to Ontario's OHIP at \$23.75 - \$36.85/10-minute session. The company noted in a recent release that it performed ~1,000 virtual appointments over the preceding two weeks. With over 100,000 patients onboarded to its combined direct-to-consumer and clinic-facing telemedicine platforms and rising quickly, we expect this to provide an expanding base to whom the company can cross-sell other services (think physiotherapy, psychotherapy, etc.).

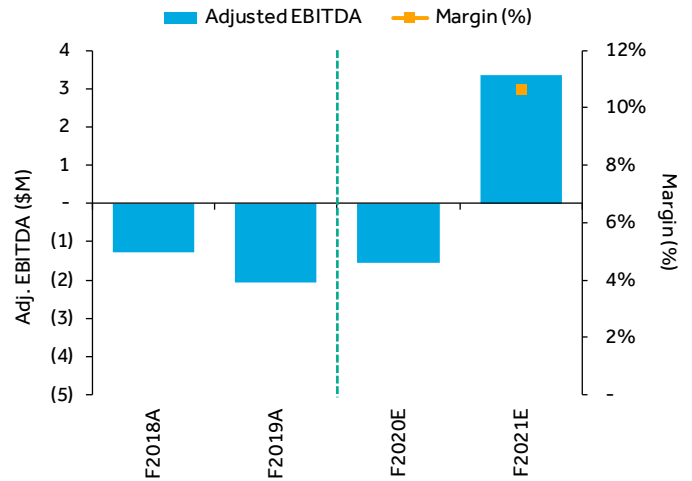
Organic revenue growth is expected to be substantial as the company continues to drive engagement with its telemedicine platform. CloudMD ended Q1/20 with a \$12.2M revenue run-rate with only modest contributions from SaaS, telemedicine and kiosk platforms that were acquired during 2019 and in early 2020. Sales historically have been largely driven by its brick-and-mortar healthcare business, as the company operates several clinics and pharmacies. Given explosive growth anticipated for its telemedicine and kiosk businesses in 2020, the mix of technology-driven revenue with higher margins is expected to shift rapidly. We model the company generating \$16.1M in revenue in 2020 (137% growth) and \$31.4M in 2021 (96% growth).

Figure 2: Revenue - Annual



Source: Company Reports, Canaccord Genuity estimates

Figure 3: EBITDA - Annual



Source: Company Reports, Canaccord Genuity estimates

By 2021, we anticipate 91% of the company's revenue will come from clinical (physician) and pharmacy services, including healthcare delivered through telemedicine channels. The remainder is expected to be driven through SaaS-based and other recurring software/subscription-type revenue on a B2B basis.

Expect significant operating leverage given technology investment is substantially complete. Given that the SaaS, kiosk and telemedicine offerings are now live, we anticipate the company will be able to drive significant contribution margin on new revenues as further expansion of R&D will likely be limited. We model the company's operations consuming cash flow over the next couple of quarters before pivoting into profitability in Q4/20. We model EBITDA of \$3.3M in 2021 (10.7% margin). We expect positive FCF will quickly follow given the majority of its business lines are capital light and a quick expected payback period on the new telemedicine kiosk product (<6 months).

Balance sheet is strong after recent equity raise. CloudMD closed a \$15M equity raise (including over-allotment) on June 2. The company has proforma net cash of ~\$13M after taking into account \$4.7M in debt that includes \$2.3M in lease liabilities. With the proceeds of the raise and the expectation of profitability from late 2020 onwards, the company is well positioned to accelerate its growth through M&A opportunities, taking advantage of the fragmented market for healthcare technologies in Canada. Management has spoken to the opportunity to use M&A to establish footprints in new regions (brick-and-mortar in new provinces, for example) and to consolidate complementary technology platforms to build scale. We do not model any unannounced M&A in our forecast.

Modest insider ownership but a major board addition in March. CEO Dr. Essam Hamza controls ~4% of the company's outstanding shares with small ownership from other insiders. We highlight that Mark Kohler was recently added to the board of directors and appointed as Chairman of the Board. Mr. Kohler brings significant experience serving on numerous healthcare IT and technology company boards, most recently with QHR Technologies and VersaPay Corporation until their respective acquisitions. We view Mr. Kohler's appointment as a positive development for the company's governance and potential M&A opportunities in the Canadian healthcare IT space.

New Board Chair Mark Kohler served as Executive Chairman at QHR and on the board of VersaPay until each company's acquisition, for ~\$170M and ~\$126M, respectively.

We are initiating coverage with a SPECULATIVE BUY rating and a C\$1.10 target price. Our target is based on a 3-stage DCF model and equates to 6.4x our 2020E EV/Sales, 3.3x using 2021E EV/Sales, and 30.9x 2021E EV/EBITDA. The stock currently trades at 4.4x 2020 and 2.3x 2021 EV/sales. We note that our list of HCIT comps trades at 4.2x NTM EV/Sales including key comp WELL Health Technologies at 7.2x. Our list of precedent transactions suggests an average valuation of 3.9x EV/Sales and 39.3x EV/EBITDA. Our target equates to a 39.2% one-year return based on the current share price.

Investment risks informing our SPECULATIVE rating. We highlight the following risks related to our SPECULATIVE BUY thesis and C\$1.10 target price; these risks are discussed in greater detail in [Appendix 2](#). In addition to the risks associated with the company's short operating history, we believe that intense competition in the space, often from well funded larger players, represents a key consideration. Other risks to consider:

- Limited operating history
- Key personnel
- Limited insider ownership
- Technology
- Cybersecurity
- Reliance on third-party providers
- Risks related to investments
- Healthcare regulations
- Liquidity and capital requirements
- Availability of healthcare professionals
- Confidentiality of personal and health information
- Competition
- Geographic concentration
- Other regulations
- Insurance
- Conflicts of interest

Company Overview

Figure 4: CloudMD Logo



Source: Company Reports

Founded in 2013 as Premier Health Group Inc., CloudMD is a Vancouver-based provider of health technology solutions to health clinics through a “software-as-a-service” (SaaS) model, including Electronic Medical Records (EMR), medical billing software, and an online patient portal. The company has grown through acquisitions over the past two years, acquiring its EMR platform in 2019 and its health clinics and pharmacies through transactions in 2018, 2019 and early 2020. Through its acquired EMR platform and internal development efforts, the company has launched two telemedicine services to provide virtual care in BC and Ontario. Driven by COVID-19, their combined user base growth has sharply inflected upward, as government-imposed lockdowns and hospital prioritization on those infected have impacted accessibility for primary care patients. The company’s technologies serve 376 clinics across Canada and manage over 3M patient charts, with 3,000 licensed health practitioners registered on its platform. The company became publicly listed in November 2017 and trades in the Canadian Securities Exchange under the symbol “DOC.” On June 1, the company announced it has received conditional approval to list on the TSX Venture Exchange under the same symbol.

As stated, the company’s recent growth has been driven by numerous acquisitions since 2018, with its strongest growth inflection coming from its telemedicine applications since the onset of the COVID-19 pandemic. The company generated trailing revenue of \$8.7M and Adj. EBITDA of -\$2.0M to the end of Q1/20 (ending March 31, 2020) with only partial contributions from its recent Livecare acquisition.

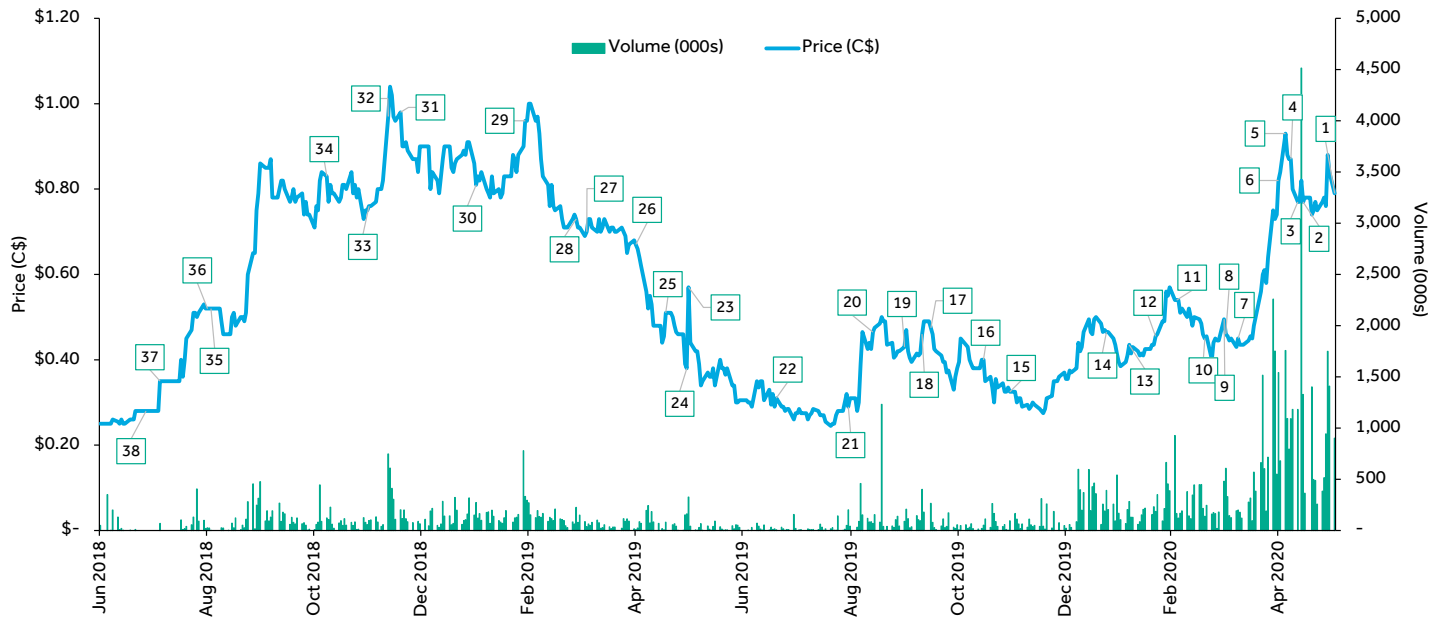
Figure 5: Portfolio of acquired companies

	HealthVue (2018)	Cloud Practice (2019)			Livecare (2020)	
		Juno	ClinicAid	MyHealthAccess	Livecare	Coast Medical
Brick-and-Mortar Clinics		EMR	RCM	Digital Care	Digital Care	Brick-and-Mortar Clinics
Telemedicine		Practice Management		Telemedicine	Telemedicine	Telemedicine
					Telemedicine Devices	

Source: Company Reports

CloudMD has 163 employees across all its subsidiaries including its physicians on staff and has been led by CEO Dr. Essam Hamza since 2018. Management and insiders control ~4% of the company’s shares outstanding. In March 2020, the company appointed Mark Kohler to the board of directors and subsequently named him Chairman of the Board. Mr. Kohler has served on the boards of numerous healthcare IT and technology companies, including QHR Technologies Inc. (until its acquisition by Loblaw Companies Limited (L-TSX | Not rated) in 2016), and VersaPay Corporation (acquired by a US-based PE fund in 2020). A complete profile of the company’s management team and board of directors is provided in [Appendix 3](#).

Figure 6: Annotated stock chart



ID	Date	Time	Event	Reaction
1	Jun 01, 2020	BMO	Q1/20 Results	-6.0%
2	May 14, 2020	BMO	Announced appointment of Mark Kohler as Chairman of the Board	-6.1%
3	May 11, 2020	AMC	Q4/19 Results	0.0%
4	May 07, 2020	BMO	Announced partnership with IDYA4 Corp. to expand telemedicine solutions into the U.S.	0.0%
5	May 04, 2020	BMO	Announced non-binding LOI for telemedicine kiosk pilot with Save-on-Foods and Pure Integrative Pharmacy	10.7%
6	Apr 30, 2020	BMO	Announced Livecare platform added over 200 practitioners since March 1, averaging 1,300 telemedicine visits per week	10.8%
7	Apr 07, 2020	BMO	Surpassed 100,000 registered users on combined CloudMD and MyHealthAccess telemedicine platforms	4.7%
8	Mar 31, 2020	BMO	Expanded availability of CloudMD direct-to-consumer telemedicine app to Ontario	-7.1%
9	Mar 30, 2020	Intra-day	Announced close of brokered financing	11.2%
10	Mar 19, 2020	BMO	Announced appointment of Mark W. Kohler to Board of Directors	-2.2%
11	Mar 05, 2020	BMO	Announced launch of pharmacy kiosk business	0.0%
12	Feb 20, 2020	BMO	Announced corporate name change to Cloud MD Software & Service Inc.	4.6%
13	Feb 05, 2020	BMO	Announced initial launch of CloudMD direct-to-consumer telemedicine app in British Columbia	6.1%
14	Jan 23, 2020	BMO	Surpassed 90,000 registered patients on MyHealthAccess telemedicine platform	-1.1%
15	Nov 29, 2019	AMC	Q3/19 results	0.0%
16	Nov 14, 2019	BMO	Announced binding term sheet to acquire Livecare	0.0%
17	Oct 15, 2019	BMO	Announced collaboration agreement with IBM Canada to integrate Watson into MyHealthAccess telemedicine app	-3.1%
18	Oct 10, 2019	AMC	Surpassed 80,000 registered patients on MyHealthAccess telemedicine platform	6.5%
19	Sep 30, 2019	BMO	Closed private placement financing	2.4%
20	Sep 12, 2019	BMO	Announced launch of MyHealthAccess telemedicine app on iTunes and Google Play for existing patients	9.4%
21	Aug 29, 2019	AMC	Q2/19 results	6.9%
22	Jul 19, 2019	BMO	Closed acquisitions of two pharmacies in Metro Vancouver	6.9%
23	May 30, 2019	AMC	Q1/19 results	-22.8%
24	May 29, 2019	BMO	Announced partnership agreement with Navigator Genomics to provide pharmacogenomic testing and medical	-2.6%
25	May 17, 2019	Intra-day	Closed final tranche of private placement	12.1%
26	Apr 30, 2019	AMC	Q4/18 results	-1.5%
27	Apr 02, 2019	BMO	Announced acquisitions of two pharmacies in Metro Vancouver	1.4%
28	Mar 27, 2019	BMO	Announced agreement with CB2 Insights to integrate medical cannabis clinical decision support tool	-1.4%
29	Feb 26, 2019	BMO	Announced expansion of Cloud Practice team in preparation for beta launch of telemedicine app	6.7%
30	Jan 29, 2019	BMO	Closed acquisition of Cloud Practice Inc.	-5.8%
31	Dec 17, 2018	BMO	Announced acquisition of Cloud Practice Inc.	2.1%
32	Dec 10, 2018	BMO	Announced binding LOI to acquire pharmacy	18.3%
33	Nov 29, 2018	AMC	Q3/18 results	0.0%
34	Nov 05, 2018	BMO	Announced plan to enter Canadian pharmacy & drug store market	-1.2%
35	Aug 31, 2018	AMC	Announced appointment of Dr. Essam Hamza as Chief Executive Officer	0.0%
36	Aug 29, 2018	AMC	Q2/18 results	0.0%
37	Aug 02, 2018	AMC	Closed acquisition of HealthVue Ventures Ltd.	0.0%
38	Jul 25, 2018	AMC	Closed non-brokered private placement financing	0.0%

Source: FactSet, Company Reports

Market Overview

CloudMD operates in the \$260B Canadian healthcare industry, specifically serving in IT, primary care, and retail pharmacy markets through its digital health and EMR platforms, and brick-and-mortar clinics and pharmacies. The company's core market is servicing physicians operating primary health clinics who are looking to extend their practices into telemedicine services, which includes digital health services and virtual care interactions, to improve business continuity and patient experiences.

Canadian telemedicine accessibility gap

Recent studies have found Canada falling behind its international peers in offering telemedicine despite strong demand from Canadians for digital health services and virtual care interactions.

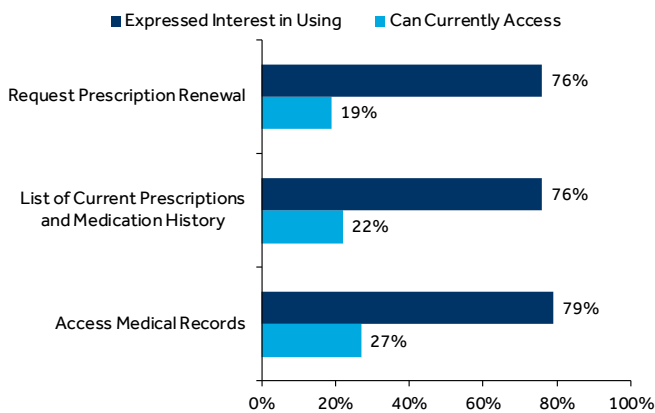
A 2019 study conducted by the Commonwealth Fund and the Canadian Institute for Health Information found that Canadian EMR adoption has grown dramatically over the past 10 years. The proportion of Canadian family doctors using EMR systems increased from 37% in 2009 to 73% in 2015 to 86% in 2019. However, Canada is still below the average of the other surveyed countries at 93%.

The high rate of EMR penetration has provided clinics the tools to offer patients other digital health services such as online prescription renewals. However, Canada has lagged in adopting such solutions, with only 22% of Canadians currently able to view their medication history online and only 27% able to access their medical records online, according to a 2019 survey by Canada Health Infoway, a non-profit organization focused on accelerating the development and use of digital health services.

Canada has seen an even slower uptake in providing virtual care interactions, which include video-based appointments, email and SMS/text with health professionals. While 84% of Canadian households have access to high-speed residential broadband internet, in 2019 only 3% of Canadians surveyed conducted a video-based appointment, and only 8% of those surveyed had access to such services.

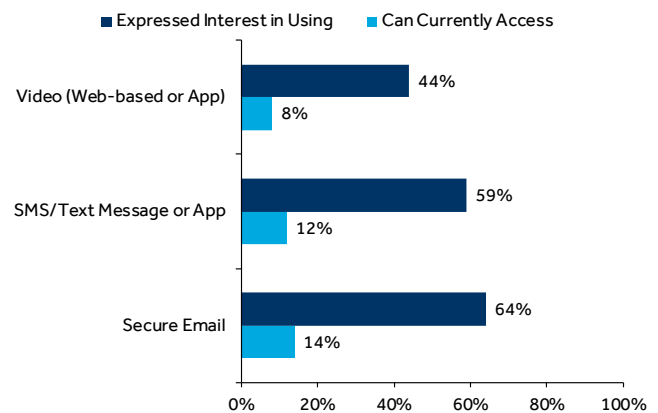
Figures 7 and 8 below demonstrate the market gap facing Canadian patients in accessing digital health services and virtual care interactions with their physicians:

Figure 7: Type of digital health service



Source: Canada Health Infoway

Figure 8: Type of virtual care interaction with physicians



Source: Canada Health Infoway

Canada Health Infoway estimates that if 50% of health visits in Canada were conducted virtually, the country would save 103M hours per year in travel and wait times, \$770M in expenses, and reduce carbon dioxide emissions by ~325,000 metric tonnes. Prior to COVID-19, the non-profit outlined several goals in its 2020-21 corporate plan:

- Enrol 5 million Canadians in virtual care solutions by 2022, up from approximately 750k in 2019.
- Expand virtual care accessibility to 50% of Canadians by 2022, up from the 8 – 14% access level for virtual care services in 2019 (see Figure 8).

Physicians were given little incentive to supplement their in-person practices with telemedicine due to a lack of provincial billing codes and severe usage limitations.

Historical Roadblocks

A major factor contributing specifically to the virtual care accessibility gap has been government regulations on physician reimbursement through the public health system, which until recently placed severe limitations on usage and fees for telemedicine versus in-person visits.

In BC, for instance, third-party telemedicine applications have been in the market for almost a decade. However, physicians could be reimbursed only through MSP (Medical Services Plan) for certain visits, consultations, or non-procedural intervention services over video chat, earning between \$34 – 82 per interaction. While this overall service fee structure was broadly in line with their in-person equivalents, many higher-fee complex care services (e.g., diabetes, asthma) were excluded from MSP coverage, limiting physicians' scope of practice over video calls. In addition, the provincial government placed daily volume limits on video-based visits, further reducing physician flexibility and compensation.

Ontario residents historically faced even stricter regulations through the Ontario Virtual Care Program. In order to qualify for reimbursement from OHIP (Ontario Health Insurance Plan), video calls were limited to treating only remote patients and for simple visits and consultations through the OTN (Ontario Telemedicine Network), a government-run video health portal. Until November 2019, patients needed to conduct their video calls at patient host sites (such as health facilities), and like BC, many complex care cases were excluded from coverage. These restrictions limited telemedicine access to only certain facilities and use-cases and effectively barred third-party telemedicine services running on smartphones and tablet devices.

Recent reforms

COVID-19 has spurred provincial billing changes and federal investments to encourage telemedicine adoption

Since late 2019, most provinces have introduced reforms to expand telemedicine access in order to modernize their respective health systems, ensure access to primary healthcare during the COVID-19 pandemic, limit the spread of the virus, and reduce stress on healthcare facilities overwhelmed with coronavirus patients. In addition, the federal government recently announced telemedicine funding to maintain patient access to primary and mental health services affected by COVID-19. Below, we note recent developments from Canada's largest provinces and the federal government.

- **British Columbia** – In response to COVID-19, reforms in March and April 2020 expanded the number of services reimbursable through video calls to include many previously only covered through in-person visits. In addition, the province lifted the daily volume limits on video calls to allow physicians to conduct more of their visits remotely, reducing the risk of infection from potential COVID-19 carrier patients.
- **Alberta** – In March, doctors were advised to offer care through telemedicine solutions, with new billing codes covering consultations, visits, and mental health services provided virtually. In addition, the province removed daily cap rules on virtual care visits.
- **Ontario** – The provincial government announced reforms beginning in November 2019 which opened the market to more telemedicine apps and services. The province would now permit direct-to-patient video, which includes patients conducting their calls from home and using their own mobile device or PC instead of having to visit a patient host site to use that facility's equipment. As a result, more OTN-approved personal smartphone and tablet applications could now be used, opening the door to more third-party service providers. The province also announced temporary fee codes for numerous telemedicine services that were previously uninsured, broadening the use-cases for virtual care and increasing potential physician compensation. Finally, the province launched the Ontario Virtual Care Clinic, which created a virtual walk-in clinic conducting telemedicine visits with physicians and nurse practitioners during the pandemic.

- **Quebec** – In response to COVID-19, the Quebec government announced an agreement with physicians that advised family physicians and general practitioners to provide telemedicine or virtual care when possible.
- **Canadian federal government** – Prime Minister Trudeau announced on May 3rd that the federal government is investing over \$240M to develop, expand, and launch virtual care and mental health tools for Canadians in the midst of the COVID-19 pandemic. In cooperation with provinces, territories, and other stakeholders, the funding is focused on improving access to primary and specialist health services through virtual care such as telephone, text messaging, and video chat. In addition, the funding will support organizations such as Canada Health Infoway and Wellness Together Canada, which provides free resources to support Canadians facing mental health, wellness, and substance use challenges.

Despite a spike in telemedicine usage during the COVID-19 pandemic, many Canadians cannot access walk-in or family physicians, instead receiving limited health advice from practitioners who cannot prescribe or diagnose symptoms.

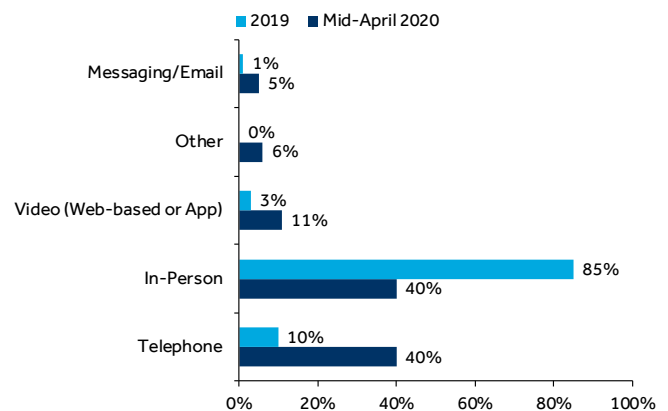
The recent reforms have driven a surge in telemedicine usage related to both COVID-19 and other health issues. According to Canada Health Infoway and Leger, only one-third of COVID-19 related visits in April 2020 were conducted in-person, with the remaining two-thirds conducted through some form of virtual care. Figure 9 shows a breakdown of the types of healthcare visits related to COVID-19 in April 2020. Note that more Canadians inquired using 811 services or nurse telemedicine phone lines versus physicians at walk-in clinics, even though nurses cannot provide diagnoses and are limited to advising next steps on whether to seek physician attention for their symptoms. In addition, non-COVID health inquiries have also shifted toward virtual care during the pandemic. Canada Health Infoway and Leger estimate that ~80% of health visits were conducted in-person in 2019, with the remaining 20% through some form of virtual care. However, since the onset of the pandemic, the organizations noted a significant uptake in virtual visits (excluding COVID-19 related inquiries), with now ~60% of visits conducted virtually and only ~40% conducted in-person.

Figure 9: COVID-19 related healthcare interaction



Source: Canada Health Infoway, Leger (Survey Data May Not Add to 100%)

Figure 10: Non-COVID-19 healthcare interactions



Source: Canada Health Infoway, Leger (2019 Based on Tracking Survey)

We anticipate regulatory bodies will begin scrutinizing the business models of vendors supplying new technologies specifically for telemedicine more closely, once the pandemic subsides and the pressure to quickly remove red tape on telemedicine for primary care has lessened. With that said, it is our view that most of the regulatory changes to help facilitate telemedicine adoption are permanent and will ultimately drive savings for healthcare authorities.

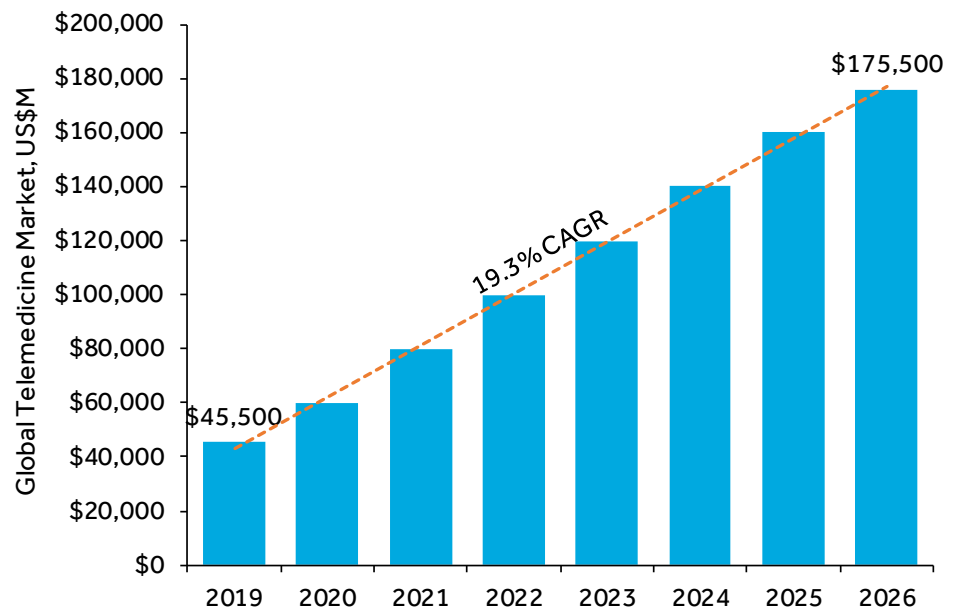
Through COVID-19 and looking beyond the pandemic, physicians are looking to virtualize their practices to offer 'hybrid' healthcare that addresses social distancing requirements while serving patients safely.

Market Outlook

While the number of virtual care interactions has spiked in recent months, many physicians entered COVID-19 without the telemedicine capabilities to supplement their physical locations and safely provide care to patients who may be infected, resulting in revenue losses for their practices as lockdown restrictions began in March. However, the current crisis and reforms have accelerated the adoption of telemedicine services such as CloudMD's that can help doctors virtualize their service offerings.

This Canadian market opportunity thesis is supported by the expected growth in the global telemedicine industry over the next several years. In April 2020, Global Market Insights forecasted the global telemedicine market to grow at a 19.3% CAGR from 2020 through 2026, rising from approximately US\$45.5B in 2019 to over US\$175B in 2026. The research firm expects growth to be driven by COVID-19 and chronic respiratory diseases, which have increased the need for medical professionals to remotely assess potentially highly infectious patients. The research firm expects COVID-19-related social distancing measures and other government restrictions to be an additional catalyst for higher telemedicine adoption and expects telemedicine to become a common method of diagnosis and prescription in the coming years.

Figure 11: Global Telemedicine Market, US\$M



Source: Global Market Insights

Summarizing these and other growth catalysts, telemedicine adoption in Canada is accelerating due to the following factors:

- COVID-19 putting pressure on health systems, leading to rationing of care in hospitals and other healthcare facilities.
- Government-imposed lockdown and restrictions reducing availability of primary health clinics.
- COVID-19's spread through close proximity forcing healthcare providers to seek remote assessment solutions.
- Updated compensation and broadening in scope for telemedicine services allowing for greater physician compensation and flexibility.
- Provincial, federal government, and non-profit investments in digital health services and virtual care.

- Declining cost of networking equipment and other internet-connected hardware devices such as smartphones and tablets.
- Declining cost of delivering cloud-based services.
- Increased adoption of electronic medical records enabling health practitioners to offer patients integrated digital health services and virtual communications from a single, secure platform.
- Proliferation of high-speed wireless cellular and home broadband connectivity to increasingly remote areas.

Products and Services Overview

The company's offerings have been largely assembled through acquisitions conducted since 2018. As of Q1/20, CloudMD reports its revenue from two segments: (1) Clinic Services & Pharmacies, which consists of the company's acquired HealthVue and Coast Medical clinics, direct-to-consumer CloudMD app, and two pharmacies in the Vancouver area; and (2) SaaS Model Digital Services, which came from company's acquisition of Cloud Practice in 2019. During Q1/20, the company also acquired Livecare in January 2020, which we expect will be included in its SaaS Model Digital Services revenue. CloudMD currently has 68 healthcare professionals on its network reaching over 209,000 users, and in April 2020 it reached a milestone of 100,000 users signed up on its combined telemedicine platforms.

Figure 12: Overview of Services

		HealthVue	Coast Medical	CloudMD	Pharmacies	Cloud Practice		Livecare
						Juno	ClinicAid MyHealthAccess	
Clinic Services & Pharmacies	Brick-and-Mortar	✓	✓					
	Telemedicine	✓	✓	✓				
	Pharmacy				✓			
SaaS Model Digital Services	EMR					✓		
	RCM						✓	
	Practice Management					✓		
	Digital Care							✓
	Telemedicine						✓	✓
	Telemedicine Devices						✓	✓

Source: Company Reports

CloudMD also uses its proprietary clinics and pharmacies to help develop and test its telemedicine and Pharmacy kiosk technologies

Clinic Services & Pharmacies

HealthVue Ventures Ltd. – Acquired in 2018, HealthVue Ventures Ltd. has three “HealthVue”-branded health clinics in the BC Lower Mainland, with 20 physicians and 12 total staff. Their practices include family practice, walk-in clinics, and telemedicine visits, and provide services covered by MSP along with uninsured services such as annual medical exams and sick notes. Among the staff is Dr. Essam Hamza, MD, who joined CloudMD as a director concurrent with the acquisition and now serves as CEO of CloudMD. Telemedicine visits are conducted through CloudMD's MyHealthAccess platform, which was obtained through its acquisition of Cloud Practice Inc.

Coast Medical Ltd. – Through the company's acquisition of Livecare, CloudMD also received ownership of Livecare's wholly owned subsidiary, Coast Medical Clinic Ltd. Coast Medical has two locations, one in Vancouver and the other in Whistler, BC, and features a team of 19 doctors offering patients a full-service family practice including telemedicine visits powered by Livecare's platform.

Pharmacies – In 2019, CloudMD acquired two Vancouver-area pharmacies which offer prescription and over-the-counter drugs and other items. The pharmacies also provide clinical services including medicine reviews and compounding services.

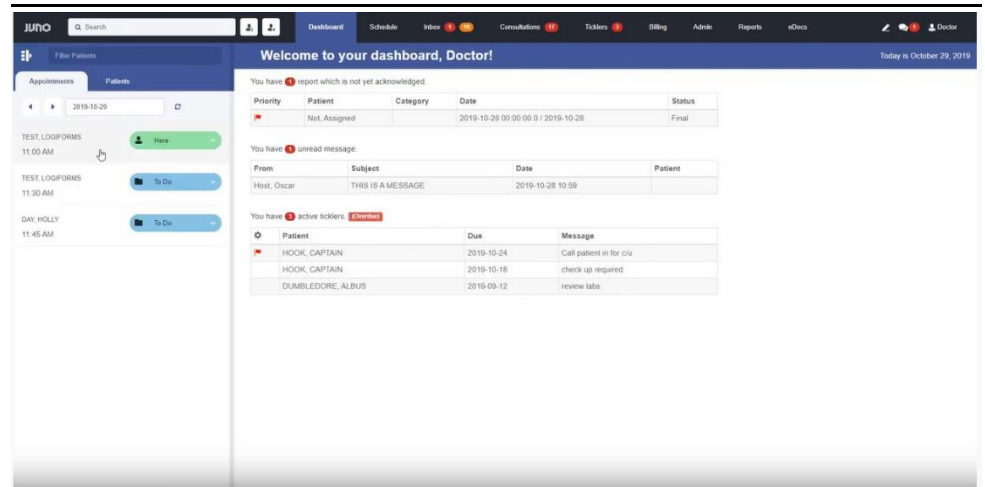
SaaS Model Digital Services

Cloud Practice, Inc. – Acquired in 2019, Cloud Practice is a Victoria, BC based provider of cloud-based EMR, billing, and patient portal software for clinics through a Software-as-a-Service (SaaS) model. The company currently services over 3,000 physicians across 376 clinics in Canada, with 3M EMR charts in their database. The company currently has 24 staff and generates revenue through several product offerings, each of which being capable of integrating with the other to create a full management practice software suite. Individual products include:

Juno EMR starts at \$249/month with each additional provider at \$99/month.

- Juno EMR** - Launched in 2012, Juno is a cloud-based EMR platform that is currently used in 376 clinics across eight provinces by more than 3,000 licensed practitioners. Juno was originally developed from a branch of an open-sourced EMR program released by McMaster University, commonly referred to as OSCAR McMaster. While they share the same core architecture, Juno was created to take advantage of cloud-based deployments, integrations with third-party applications, and new user interface designs. However, Juno still publishes its source code as an open source platform, and charges customers for hosting and support once the EMR system has been installed. Juno EMR is available starting at \$249/month per provider, with each additional full-time equivalent (FTE) provider at \$99/month.

Figure 13: Juno EMR Dashboard



Source: Company Reports

- Juno Practice Management** - In addition to EMR, Juno also features a practice management program for running medical clinics, with features such as scheduling, inbox, reminders, consultation tracking, and user administration.
- Juno Revenue Cycle Management (RCM)** - While Juno EMR has a native billing interface for BC and Ontario-based providers, it also offers an integration with Cloud Practice's ClinicAid medical billing software. This integration allows providers to use a single log-in to manage the entire patient care and billing experience with provincial health agencies.
- Juno Digital Care** - Juno connects with Cloud Practice's MyHealthAccess patient engagement platform, allowing patients to create appointments online directly into the EMR with available doctors, and allows physicians to create appointment reminders and securely message patients.
- Juno Lab Integrations** - Juno can automatically retrieve lab results through integrations with select partners in BC, Alberta, Ontario and Quebec, as seen in Figure 14 below:

Figure 14: Select lab integrations



Source: Company Reports

ClinicAid's pricing ranges from \$13 - 240/month depending on the number of monthly claims required by users, with custom proposals also offered.

ClinicAid – ClinicAid is a SaaS-based revenue cycle management (RCM) software tool used by over 3,000 health providers, processing upwards of \$40M in payments each month. ClinicAid allows practices to connect directly to provincial health ministries in BC, Alberta, Saskatchewan, and Ontario, offering features such as claims tracking, batch billing, re-billing, and reporting. ClinicAid also supports private billing, allowing practices to create and reconcile private and third-party claims with similar tracking features. ClinicAid is available at prices ranging from \$13 - \$240/month depending on the number of expected claims, which range from 100 - 3,000/month. Clinics expecting over 3,000 claims/month can request custom proposals.

Figure 15: ClinicAid Invoicing System

												New		Requires Action		Pending		Payment Due		Held		Settled		All		Search	
<input checked="" type="checkbox"/>	Service Date	Last Name	First Name	Provider	Service Code	Dx Code	Amount	Paid	Owed	Status	Type	Date Created															
<input checked="" type="checkbox"/>	2014-08-22	Mouse	Mickey	Bob Lo...	00100	7840	\$30.15	\$0.00	\$30.15	New	BC	2014-08-22															
<input checked="" type="checkbox"/>	2014-08-20	Mouse	Mickey	Bob Lo...	00120	493	\$52.45	\$0.00	\$52.45	New	BC	2014-08-20															
<input checked="" type="checkbox"/>	2014-08-19	Patient	BC	Bob Lo...	00100	346	\$30.15	\$0.00	\$30.15	New	BC	2014-08-19															
<input checked="" type="checkbox"/>	2014-08-19	Mouse	Mickey	Bob Lo...	00101	382	\$66.99	\$0.00	\$66.99	New	BC	2014-08-19															
<input checked="" type="checkbox"/>	2014-08-19	Mouse	Mickey	Bob Lo...	00101	034	\$66.99	\$0.00	\$66.99	New	BC	2014-08-19															
<input checked="" type="checkbox"/>	2014-08-19	Mouse	Mickey	Bob Lo...	00101	034	\$66.99	\$0.00	\$66.99	New	BC	2014-08-19															
<input checked="" type="checkbox"/>	2014-08-13	Mouse	Mickey	Bob Lo...	00100	346	\$0.00	\$0.00	\$0.00	New	BC	2014-08-13															
<input checked="" type="checkbox"/>	2014-08-08	Mouse	Mickey	Bob Lo...	00100	346	\$0.00	\$0.00	\$0.00	New	BC	2014-08-08															
<input checked="" type="checkbox"/>	2014-07-28	Mouse	Mickey	Bob Lo...	00100	346	\$30.15	\$0.00	\$30.15	New	BC	2014-07-28															
<input checked="" type="checkbox"/>	2014-07-24	Mouse	Mickey	Bob Lo...	00424	4512	\$116.54	\$0.00	\$116.54	New	BC	2014-07-24															

Send Delete

Total number of invoices:	20	Total amount:	\$2,431.66	Total paid:	\$0.00	Balance owed:	\$2,431.66
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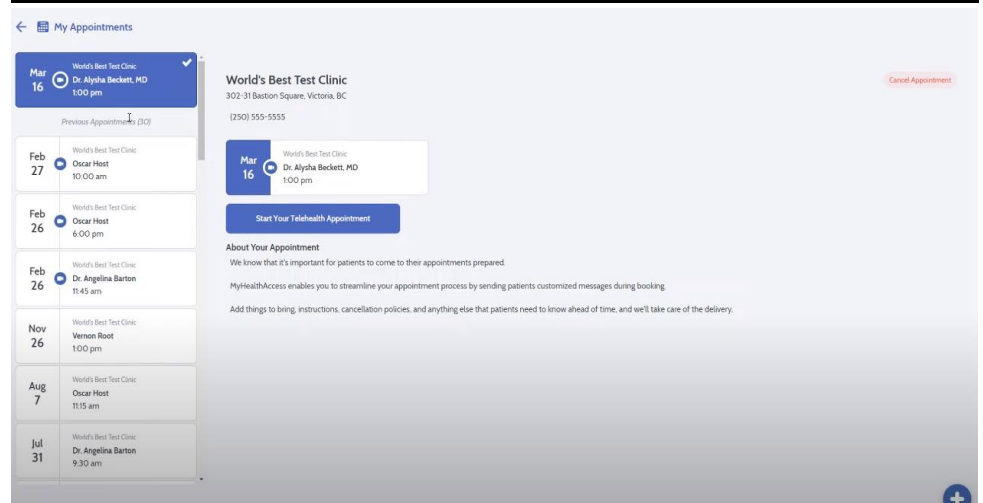
Source: Company Reports

MyHealthAccess – MyHealthAccess is an online patient engagement tool for clinics to manage their appointments and patient communications. The portal allows physicians and staff to pull patient information from their EMRs when scheduling appointments and allows staff to create automated reminders to reduce the risk of patients missing appointments. MyHealthAccess integrates natively with OSCAR EMR systems including Juno and integrates with ClinicAid's billing and practice management software.

Clinics can use MyHealthAccess to create their own telemedicine offerings, while the new CloudMD app is a direct-to-patient telemedicine service built on top of MyHealthAccess' platform.

MyHealthAccess' telemedicine app allows patients to book and manage appointments with physicians, re-order their prescriptions, and conduct virtual care activities such as secure messaging and video calls. MyHealthAccess also operates the core patient engagement platform underpinning CloudMD's recently launched CloudMD app, which is offered in a direct-to-patient model as opposed to MyHealthAccess' go-to-market distribution through clinics. Patients using either MyHealthAccess or CloudMD create a MyHealthAccess account during initial registration. See page 20 for a Case Study outlining our demo of the CloudMD application.

Figure 16: MyHealthAccess Online Patient Portal



Source: Company Reports

Livecare – Acquired in January 2020, Livecare is a telemedicine company providing digital care services and virtual care capabilities to physicians and health networks through its cloud-based software platforms. The company's offerings are designed to help physicians develop telemedicine services to complement their brick-and-mortar clinics, with its services available as Livecare or white-label deployments. Livecare's platform is PIA (Privacy Impact Assessment) certified and is compliant with Canada privacy legislations PIPA and PIPEDA. The company currently has almost 600 practitioners on its platforms, with over 200 of those customers onboarded since March 1, 2020. Specific product offerings under the Livecare banner include:

- **Digital Care Services** – The company offers kindredPHR, which is a personal health repository offering that focuses on record sharing, patient engagement, instant messaging and online scheduling, and integrates with OSCAR and other EMR systems.
- **Virtual Care Interactions** – Patients can download Livecare Connect on their smartphones to find a physician and conduct secure in-app messaging and video-based visits. As of November 2019, Livecare had conducted over 27,000 telemedicine visits, and has been averaging over 1,300 telemedicine visits per week since March 1, 2020.
- **Telemedicine Devices and Accessories** – Livecare has developed a line of products designed to be used in telemedicine applications:
 - **ConnectCase** - ConnectCase is designed to serve in mobile telemedicine scenarios requiring real-time diagnostic input and clinical evaluations and features a set of peripheral devices for general practitioners. Peripherals include a general examination camera, digital macro view otoscope, ENT scope, dermascope, electronic stethoscope, and a vital sign monitor. Buyers can also add specialty medical devices to ConnectCase that are specific to different types of medicine, including women's health, sports

Physicians using the Livecare platform have been conducting over 1,300 telemedicine visits per week since March 1, 2020.

medicine, ophthalmology, dentistry, cardiology, and ENT (ears, nose, and throat).

- **Wall Mount Telehealth Station** - Livecare's Telehealth Station can be outfitted with the same variety of peripherals as the ConnectCase, only in a form-factor that is designed for in-office clinical care settings.
- **Physician Station** - Livecare's physician station is a telemedicine-ready PC with a 4K curve panel and 1080p webcam for high-resolution video calls.

Figure 19: ConnectCase



Source: Company Reports

Figure 20: Wall Mount Telehealth Station



Source: Company Reports

Figure 21: Physician Station



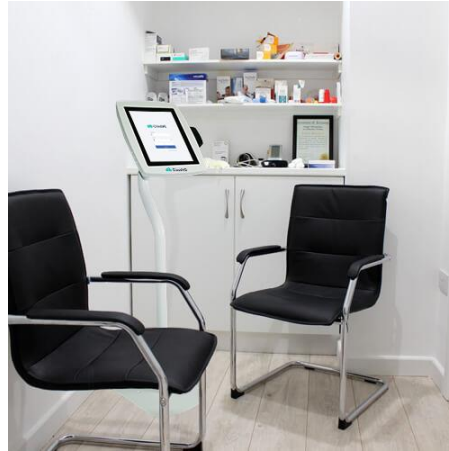
Source: Company Reports

- **ConnectCart/Pharmacy Kiosk** - Livecare offers telemedicine kiosk-style carts that can be pre-configured with the same built-in and specialty peripheral devices as the ConnectCase and Wall Mount Telehealth Station to provide real-time diagnostic input and clinical evaluations. ConnectCart (also known as CloudMD Pharmacy Kiosk) is a video-only terminal designed for use in non-clinic environments such as pharmacies.

CloudMD's expects to rent out its Pharmacy Kiosks at \$500 – 600/month each and generating per-session revenue of ~30% of the physician billing fee.

CloudMD recently announced a partnership with several pharmacies to deploy the Pharmacy Kiosk in their private consultation rooms to provide on-demand virtual care appointments for walk-in patients, on issues ranging from prescription refills to non-emergency health concerns. Any prescriptions provided during appointments can then be eFaxed directly to the pharmacy for fulfillment, creating follow-on business for host locations. Below in Figures 22 and 23 are the two devices CloudMD will be deploying with its pharmacy partners, including a registration and patient management terminal and a video and diagnostic terminal. CloudMD intends to lease each kiosk at rates of \$500 – 600/month.

Figure 22: ConnectCart/Pharmacy Kiosk Management Terminal



Source: Company Reports

Figure 23: ConnectCart/Pharmacy Kiosk Video and Diagnostic Terminal



Source: Company Reports

Recent Announcements

- May 4, 2020** – CloudMD announced non-binding letters of intent with BC-based Save-on-Foods and Pure Integrative Pharmacy to launch a six-week pilot telemedicine kiosk program across nine locations throughout the province. Starting on May 26, patients will be able to use these kiosks (as shown in Figures 22 and 23) to get prescription refills and receive non-emergency care. In addition, CloudMD and Save-on-Foods are coordinating the delivery of medications prescribed over CloudMD’s platform. At-risk patients can request home delivery of medication to their CloudMD physician, who then coordinates with Save-on-Foods’ pharmacies to complete fulfillment and delivery.
- April 30, 2020** – CloudMD announced Livecare has onboarded over 200 new customers since March 1 and now has over 600 practitioners on its platform, averaging 1,300 telemedicine visits per week.
- April 7, 2020** – CloudMD announced its combined telemedicine user base across its physician-focused MyHealthAccess and direct-to-patient CloudMD apps has over 100,000 registered patients. Its CloudMD app has grown by almost 10,000 app downloads since its launch in February.
- March 31, 2020** – The company announced its CloudMD app’s availability to Ontario residents, following its initial February launch in BC. The company noted a 69% increase in patient consultations since the onset of the COVID-19 lockdowns in early March.

Case Study: Patient Onboarding a Virtual Meeting

In order to get a better sense of the functionality of the product and given that we reside in Ontario, one of the two provinces where CloudMD’s telemedicine platform is available, we performed a mock doctor’s consultation using the service. We include our notes on the process below:

Onboarding

CloudMD’s software is available on Apple’s App Store, Google Play Store, and on the web at CloudMD.ca. After downloading the smartphone app, we completed the onboarding process. The registration is available only for BC and Ontario at present (Figure 24). Ontario was launched on April 8, 2020. As part of the registration, you are asked to provide your provincial health card number, which allows CloudMD to bill to the provincial payor system. The app allows you to set-up dependants on your profile as well. As soon as you register, you are given a virtual EMR chart (previous charts can be imported) that will stay with you across your interactions with CloudMD.

Setting up an Appointment

After registering, the process to set up an appointment is straightforward. After clicking “Book an Appointment” you are presented with several time slots to choose from. This includes immediate appointments, or you can set up future appointments over the next few months. Once an appointment is booked, you are given confirmation and reminders through the application and email.

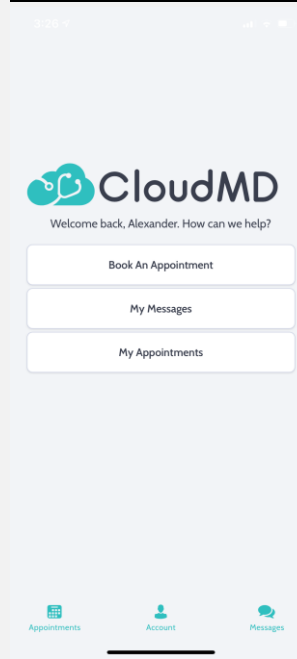
The Appointment

Once the appointment begins, you are joined in a video call with the doctor. There is also a chat box if information needs to be given by text. The doctor can prescribe medications which are sent to your local pharmacy via eFAX or a delivery of your prescription can be arranged. If there are lab tests required, the requisitions are managed through the portal and the lab results and follow-up appointments scheduled in the same efficient manner. In the future, the company plans to allow nurses and specialists to interact with patients through the same portal (physio, sports medicine, occupational therapy, etc.).

Figure 24: Registration

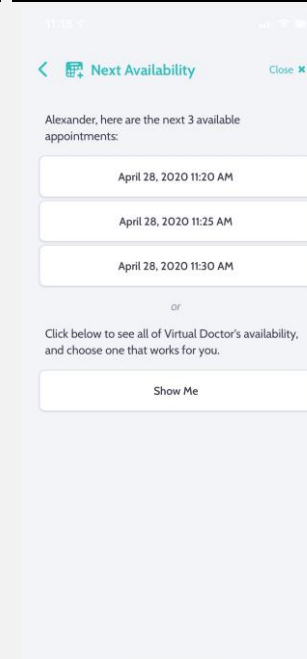
Source: CloudMD App

Figure 25: Home Screen



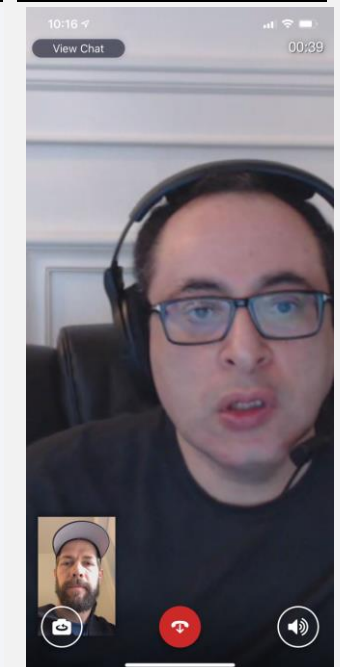
Source: CloudMD App

Figure 26: Availability



Source: CloudMD App

Figure 27: Video Chat



Source: CloudMD App

Competitive Landscape

CloudMD operates in a fragmented industry with high switching costs, which could lead to the emergence of several consolidators.

The Canadian telemedicine industry is highly fragmented and includes several types of competitors: 1) pure-play telemedicine companies offering direct-to-patient healthcare experiences similar to the CloudMD app, 2) brick-and-mortar clinics whose physicians offer in-person and telemedicine care through a hybrid model similar to CloudMD's brick-and-mortar clinics; and 3) technology companies offering EMR and other digital health tools for physicians and brick-and-mortar clinics looking to develop hybrid healthcare practices, such as CloudMD's Cloud Practice and Livecare.

Competitors and comparables range in size from standalone medical clinics with several physicians to privately held technology start-ups such as Maple and Dialogue to small public companies such as WELL Health and VitalHub (VIT-TSXV | Not rated) to diversified public players TELUS (T-TSX: C\$23.89 | HOLD, \$23 target, Aravinda Galappathige) and Loblaws; the latter group having entered the healthcare technology space through numerous acquisitions over the past few years. Combined with high customer switching costs between EMR and telemedicine providers, the healthcare technology industry could be primed for consolidation as companies look to M&A to gain market share.

The company considers the following companies to be its core competitive set:

Pure-Play Telemedicine Providers

Akira Health (subsidiary of TELUS)

Founded in 2015, Akira is a Toronto-based virtual healthcare platform that provides Canadians 24/7 on-demand virtual care access to healthcare providers through its messaging and video chat features. Akira's app allows patients to text or speak with a clinician who can help resolve health-related inquiries, diagnose common illnesses, order lab tests and imaging, prescribe or renew medications, and refer patients to a specialist if needed. Akira was acquired by TELUS in August 2019 (terms not disclosed) and continues to operate as a subsidiary, focusing increasingly on business and insurance customers. The company counts Shopify, Freshii, and Sun Life Financial among its enterprise customers.

In contrast to CloudMD, whose services are covered by provincial health insurance plans in British Columbia (MSP) and Ontario (OHIP), Akira's services are not covered by provincial health plans in either province.

Babylon by TELUS Health

Founded in 2013, Babylon Healthcare Services Ltd. is a UK-based provider of virtual healthcare applications and technologies to customers in the UK, Canada, US, Rwanda, and numerous countries across APAC and the Middle East. The company offers its text messaging, video chat, and AI chatbot functions through partnerships with large service providers such as Tencent, TELUS and Samsung, and offers end-to-end clinical services in the UK, Rwanda and Canada. The company has over 4M global app users across over 150 companies.

In its partnership with TELUS, Babylon by TELUS Health app was launched in March 2019 and allows patients to conduct video consultations with licensed in-province doctors in British Columbia, Alberta, and Ontario, with its services covered by each province's government health insurance plan. Patients not covered by provincial health insurance can also book appointments at \$65 per physician appointment. In addition, the service's Symptom Checker is an AI-powered chatbot that can tailor questions based on patient symptoms to suggest possible courses of action. Through the app, patients can also get prescriptions and referrals for diagnostic tests or specialists.

Babylon has recently faced pushback from doctors and users accusing the service of allegedly recording patient visits, and the Alberta Privacy Commissioner is currently investigating the service to ensure the app is compliant with provincial regulations.

CloudMD contends that its service is compliant with all privacy regulations and does not record patient interactions with physicians on its platform.

Cover Health (private)

Brampton, ON-based Cover Health is a virtual walk-in clinic for Ontario residents, offering patients OHIP-insured telemedicine access to its general practitioners and pediatricians, and referrals to specialists such as cardiologists, physiotherapists, dermatologists, and fertility specialists. Cover Health has 29 doctors on its platform, providing care on topics including cold and flu symptoms, sick notes, medication renewals, UTIs and reproductive health, among others.

Dialogue (private)

Founded in 2016, Dialogue is a Montreal-based virtual healthcare platform targeting enterprise customers, connecting their employees to nurses and doctors via messaging and video chat. Through the app, patients can fill and renew prescriptions, receive referrals to specialists, and arrange in-person visits. In severe cases, Dialogue can also connect with ambulance services to rush patients to the emergency room for immediate treatment. The company's AI chatbot can help collect patient information prior to the nurse consultation to assess the severity of the patient's situation, leveraging knowledge embedded from over 16,000 medical articles in its internal database. Dialogue provides access to 100,000 employees across 700 clients across Canada, including Power Corporation of Canada, National Bank, League, Stingray, Ubisoft, Lightspeed, Hopper, Coveo, and Osler, Hoskin & Harcourt LLP.

CloudMD and Dialogue are less direct competitors as they focus on different markets, with Dialogue targeting enterprise and insurance customers as opposed to primary care physicians.

InkBlot Technologies Inc. (private)

Founded in 2015, Inkblot is a Toronto-based provider of video-based mental health counselling services for business customers, with clients including Environics Analytics, League, Tucows, and 500px. In addition to offering confidential video chats with mental health professionals, the company leverages an AI tool called Inkblot Assess which evaluates both individual and workplace psychological health. This 3-minute process allows employees to obtain personalized psychological health reports and employers to gain benchmarked insights into their firm's culture and health. The company also offers, advisory and coaching services, medical collaborative care, and peer support.

Maple (private)

Launched in 2016, Maple is a Toronto-based virtual healthcare platform that offers 24/7 access to physicians over a fee-based model starting at \$49 per visit, as its services are not currently covered by provincial healthcare plans. One exception to this model is its COVID-19 screening service, which is covered by Ontario's OHIP health insurance plan. Patients can enter their symptoms in the app and request a consultation with a physician, who then reviews their information to determine whether to conduct the paid visit or request they instead visit a family practice or walk-in clinic. Through the app, patients can receive assessments and diagnoses, prescriptions, and EMR storage. Patients can also get referrals to specialists on the platform in fields ranging from diet and nutrition to dermatology, psychiatry, and reproductive health, among others. The company also offers monthly personal, family, and business membership plans, which includes partnerships with AVIVA and Global Excel. Maple also partners with hospitals to virtualize their healthcare operations, most notably with Health PEI to provide telemedicine services to Western Hospital. Maple currently has around 575 doctors registered on its platform.

In contrast to Maple, CloudMD's services qualify for health insurance coverage under each province in which it operates, resulting in no out-of-pocket fees for patients with provincial health insurance.

Ontario Virtual Care Clinic (provincial government agency)

During the COVID-19 pandemic, Ontario has partnered with Novari Health to offer residents access to Novari’s eVisit telemedicine platform for simple health concerns and inquiries unrelated to COVID-19. Patients can register using their OHIP card and are placed into a virtual waiting room. If the waiting room is at capacity, patients are directed to Telehealth Ontario, their primary care provider, or a local hospital. Virtual visits with physicians and nurse practitioners are conducted over video chat or secure messaging. The initiative was launched in partnership with the Ontario Medical Association and receives funding from Canada Health Infoway as part of the federal government’s pandemic response.

Telehealth Ontario (provincial government agency)

The province of Ontario offers virtual care through telemedicine phone calls, which are conducted by registered nurses. Over the phone, nurses can provide medical advice and information, and can direct patients to seek additional care from a nurse practitioner, doctor, clinic, community centre, or hospital emergency services. As Telemedicine Ontario only uses nurses, it cannot diagnose illnesses nor prescribe any medications. In addition, the service does not provide health advice over email. In March, driven by an overwhelming surge in phone calls during the COVID-19 pandemic, the service added 1,600 phone lines and 130 nurses to its capacity to reduce wait times.

Tia Health (private)

Launched in 2018, Tia Health is a telemedicine provider started by the co-founders of Insig Corporation, a white-label telemedicine developer profiled below. Tia has over 150 physicians serving patients in every Canadian province and territory, with its services covered by provincial health insurance billing codes in BC, Alberta, Ontario, and Quebec. Patients can view and select the doctor of their choice on Tia’s platform, filtering by gender, languages spoken and speciality. Physicians can issue lab requisitions and provide test results, and prescriptions written through the platform can either be delivered for free or send to a pharmacy of the patient’s choosing for pickup. Patients can also register for yearly and monthly membership plans through insurance brokers.

Tulip Health (private)

Tulip is an OHIP-covered Toronto-based virtual walk-in clinic practice with four physicians on staff, offering telemedicine phone calls to Ontario residents. Tulip’s services include assessments for illnesses such as colds, flu and allergies, and recently added COVID-19 assessments. Patients can also receive sick notes, prescription renewals, and referrals to specialists.

In contrast to CloudMD, Tulip does not offer appointments over secure video chat but instead only through phone calls, which can limit the effectiveness of its telemedicine assessments. In addition, Tulip can only offer services to Ontario residents.

Hybrid Brick-and-Mortar Telemedicine Providers

WELL Health Technologies Corp (WELL-TSX: C\$2.95 | HOLD, \$3.25 target, Raveel Afzaal)

Founded in 2010, WELL is a Vancouver-based operator of 20 primary healthcare clinics across British Columbia and offers digital health services such as its OSCAR-based EMR platform to over 1,500 clinics in BC and Ontario, covering over 8,280 physicians. The company launched its VirtualClinic+ telemedicine platform in March 2020, which uses Insig’s white-label telemedicine platform to connect patients to WELL’s physicians through its messaging, phone calls, and video chat capabilities. VirtualClinic+ patients can book appointments online and connect with a physician on the device of their choice through a web-based interface. Patients can also use the platform to get prescriptions and renewals, and view lab test results and other

requisitions. VirtualClinic+ appointments are reimbursable under BC, Alberta, and Ontario's provincial health plans, and Canadians in other provinces can pay at rates starting at \$30 per appointment.

In contrast to WELL, CloudMD claims it owns all of its IP, which allows the company to keep all of its platform revenue and feature development in-house.

MCI The Doctor's Office (private)

Toronto-based MCI The Doctor's Office is one of the largest primary care groups in Canada, operating 26 full service medical clinics in Ontario and Alberta. Its group of clinics offers family practice, walk-ins, and specialist services, handling the administration and clinic operations on behalf of physicians. In addition, its telemedicine services are covered by provincial health insurance in Ontario and Alberta. Patients seeking telemedicine appointments are asked to submit their medical information, condition and reason for the visit, and an MCI representative responds with a same-day appointment to be conducted over phone call or video chat.

Health Technologies

QHR Technologies (Subsidiary of Loblaw Companies)

Founded in 2000, QHR is a Kelowna, BC-based healthcare technology company, providing EMR, virtual care, and ePrescription management software. The company's flagship AccuroEMR is the largest single-platform EMR software in Canada, with over 15,000 healthcare provider users. The company's Medeo Virtual Care platform is offered to doctors looking to digitize their practices further, providing telemedicine capabilities to connect with their patients over secure video chat on their computers and mobile devices. The company's FreedomRx streamlines prescription intake and communication between AccuroEMR and pharmacists. QHR was acquired in 2017 by Loblaw Companies Limited (L-TSX | Not rated) and continues to operate as a subsidiary.

Insig Corporation (private)

Founded in 2015, Insig is a Toronto-based developer of white-label telemedicine platforms and clinical automation software that enables physicians and brick-and-mortar clinics to create their own virtual practices. The company's platform includes digital care services such as EMR integration, automated medical notes, and appointment management. The company's virtual care capabilities include phone calls, messaging, and secure video chat and has built-in billing features for private or uninsured services. Insig's co-founders use the company's white-label platform to power their Tia Health virtual practice, launched in 2018. In March 2020, Insig received a \$6M investment from WELL Health to power WELL's VirtualClinic+ telemedicine service. The company counts over 100,000 patients who have used the platform.

Novari Health (private)

Founded in 2003, Novari Health is a Kingston, ON-based developer of cloud-based healthcare IT solutions. Solutions include its eVisit telemedicine platform, eRequest patient management software, ATC booking and waitlist module, and Provider Relationship Management module. The company's eVisit platform was used in the Ontario Telemedicine Network's telemedicine trials in 2017 and was recently selected to power the Ontario Virtual Care Clinic initiative during the COVID-19 pandemic.

Think Research (private)

Founded in 2006, Think Research is a Toronto-based developer of healthcare technology tools for providers and health practitioners to improve their patient-centred care through digitization. The company's products include patient and workflow software, its eReferrals software which can integrate with third-party EMR systems, and its VirtualCare platform for providers to build telemedicine systems that connect with their existing EMR implementation and clinical setting. VirtualCare

is currently being rolled out in the Waterloo Wellington region of Ontario as part of an initiative with the Ontario Telemedicine Network, the Waterloo Wellington Local Health Integration Network and the provincial eHealth Centre of Excellence. Think Research currently has over 350 healthcare partners, with its services installed at over 1,000 facilities across Canada, the US, and EU.

VitalHub Corp. (VHI-TSXV | Not rated)

Founded in 2015, VitalHub is a Toronto-based provider of digital healthcare solutions such as EMR, mobile forms and task management apps, and patient flow management software. The company offers its solutions to health and human services providers across multiple segments, including mental health, long-term care, community health service, home health, social service, and acute care. The company currently serves over 200 customers across North America.

Summary of CloudMD’s Differentiators

Relative to each competitive set, CloudMD considers itself to have several differentiating factors:

- **Pure-play Telemedicine Providers.** Compared with several pure-play competitors, CloudMD’s direct-to-patient app is covered by provincial health insurance in each province where it is available (currently BC and Ontario). CloudMD focuses on providing services that are covered by provincial health plans and therefore does not bill patients out-of-pocket; as such, the company considers itself more compliant with the Canada Health Act should the federal or provincial governments investigate telemedicine apps that charge patients directly or otherwise create multi-tiered access that threatens the universal healthcare system. In addition, the company claims its services are entirely compliant with applicable provincial and federal privacy and data protection laws to ensure patient confidentiality.
- **Hybrid Brick-and-Mortar Telemedicine Providers.** While WELL Health has established a strong brick-and-mortar footprint in BC, CloudMD considers itself a telemedicine-focused provider with its physical clinics and pharmacies serving as a testing ground for its new technologies, in addition to providing care to patients. The company also claims it has complete ownership of all IP as a point of differentiation, which allows the company to keep all revenue and feature development in-house.
- **Health Technologies.** CloudMD points to its OSCAR-based EMR as a differentiator relative to its health technologies competitors, as the company’s service is based on an open-source framework that makes it more extensible into other clinical software used by practitioners.

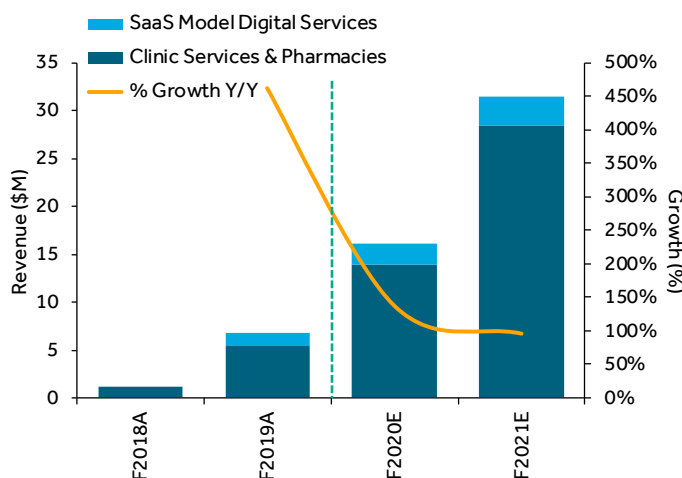
Financial Overview

With a limited financial history given the flurry of acquisitions since 2018, CloudMD historically reported consolidated revenue across its businesses and recently began segmenting its revenue between Clinic Services & Pharmacies and SaaS Model Digital Services, in Q3/19. The company has recently seen significant growth in its combined MyHealthAccess and CloudMD telemedicine user bases in BC and Ontario, which we expect to flow into higher Clinic Services & Pharmacies revenue as more virtual care sessions are conducted on its platforms. In addition, we expect the company to earn higher SaaS Model Digital Services revenue as brick-and-mortar clinics increasingly adopt the company's EMR, medical billing, and Livecare telemedicine technologies to offer hybrid (in-person and virtual care) healthcare to their patients. We model 137% and 96% revenue growth in 2020E and 2021E, respectively. As the company gains operating leverage from an increasingly digital patient network relative to its largely fixed brick-and-mortar footprint, we expect the company to transition into positive EBITDA territory in late 2020 followed by positive free cash flow in early 2021. We walk through the key components of our financial forecasts below.

Revenue: Telemedicine Visits to Drive Growth in 2020/2021

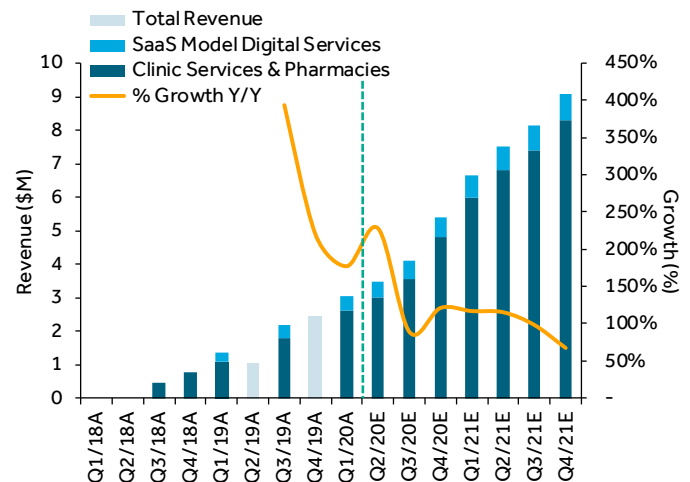
With a userbase that has quickly crossed the 100,000 mark in March, CloudMD is seeing significantly higher traffic on its telemedicine platforms, with the company earning ~30% of the gross billing fee paid to physicians for each visit. We expect the company's recent telemedicine kiosk pilot announcement in BC to expand to 59 locations by the end of 2020, further inflecting revenue higher due to both rental revenue and the ~30% fee per visit. We also expect growth from its SaaS Model Digital Services as the sales cycle is slower with clinics looking to implement digital care solutions, telemedicine offerings, and outsourced nursing. After generating 463% revenue growth in 2019, we model revenue growth of 137% in 2020E to \$16.1M and 96% in 2021E to \$31.4M. See Figures 28 and 29.

Figure 28: Revenue - Quarterly



Source: Company Reports, Canaccord Genuity estimates

Figure 29: Revenue - Annual



Source: Company Reports, Canaccord Genuity estimates

In 2019, the company generated 80% of its 2019 revenue from Clinic Services & Pharmacy, which includes re-occurring revenue based on the quantity and nature of patient visits such as consultations or follow-up appointments, and pharmacy revenue from prescription drugs, over-the-counter drugs, and other items. Once its pharmacy kiosk footprint ramps, we expect the company to include each kiosk's per-visit revenues within its Clinic Services & Pharmacy revenue.

SaaS Digital Services business accounted for 20% of total 2019 revenue and consists of subscription-based recurring revenue recognized over the life of each contract on a per clinician basis. We expect the company to include monthly rental revenue from its pharmacy kiosks within this revenue segment.

Going forward, we expect the volatility of the company's revenue to fall as the company earns a higher mix of re-occurring telemedicine revenue and recurring SaaS-based revenue while growth from its pharmacies increases at rates closer to inflation.

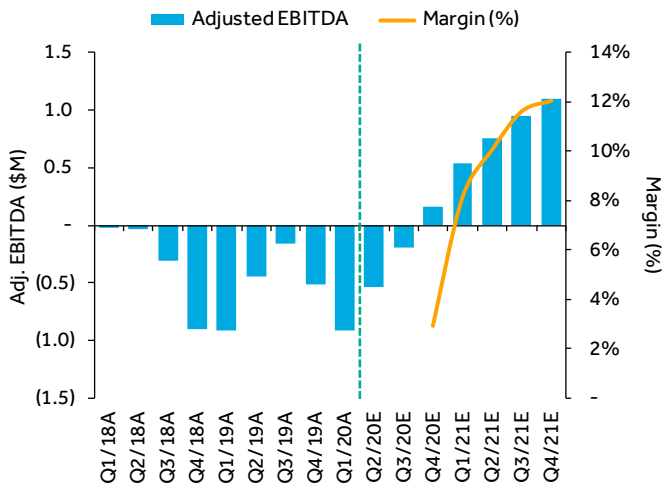
Our revenue growth projections are supported by the following factors and assumptions:

- **Telemedicine - Clinics** – With a user base of 90,000 as of January 2020, we expect the number of registered users to climb to 160,000 in 2020 and 200,000 by the end of 2021, with growth in 2020 driven by COVID-19 and prolonged physical distancing measures. We expect the company to achieve higher gross billing per visit (before deducting physician fees of ~70%) as we expect the additional and higher-priced billing codes added during the pandemic to remain in place throughout our forecasted period. We model \$3.7M in revenue in 2020 and \$5.2M in 2021.
- **Brick-and-Mortar - Clinics** – We expect the ongoing COVID-19 pandemic will lead to fewer in-person visits at the company's clinics during 2020 versus 2019, offsetting the addition of Coast Medical's two locations in early 2020. We expect a recovery through 2021 as patients return while many adopt virtual care for some health interactions. We estimate the company's brick-and-mortar clinics will decline from an estimated \$3.1M in 2019 to \$2.8M in 2020 before recovering in 2021 to \$3.3M.
- **Telemedicine - Pharmacies** – We expect the company's recently announced pilot for telemedicine kiosks at nine Save-On-Foods and Pure Integrative Pharmacies to expand during 2020 and 2021 to reach 119 locations by Q4/21. We expect each location to generate approximately 5-8 virtual visits per day with similar gross physician fees as the Company's other telemedicine platforms. We forecast revenue of \$2.2M in 2020 and \$13.8M in 2021.
- **Pharmacies** – While the pharmacies represented 36% of total 2019 revenue, we expect slower growth going forward, resulting in a lower share of CloudMD's longer-term revenue mix. We model revenue of \$5.6M in 2020 and \$6.3M in 2021.
- **SaaS Model Digital Services** – After generating \$1.4M in 2019 revenue, we expect steady growth over our forecast driven by continued adoption of digital health technologies, outsourcing nursing, rental revenue from its pharmacy kiosk footprint (~\$500 per month per kiosk) and the company's Livecare acquisition completed in January 2020. We forecast revenue of \$2.1M in 2020 and \$2.9M in 2021.

EBITDA: Looking to Operating Leverage as Healthcare Migrates to the Cloud

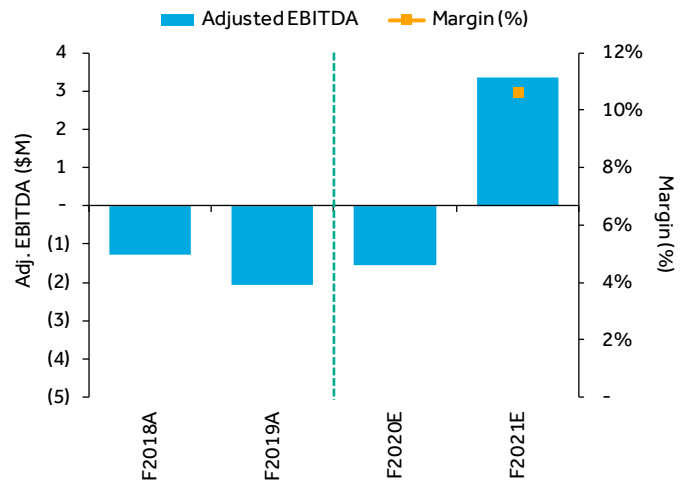
As we expect telemedicine and SaaS-based revenue to far outpace CloudMD's brick-and-mortar clinics and pharmacy revenue over the next two years, this should result in higher operating leverage from a slow-growth fixed cost base. We expect the company to achieve and maintain positive Adjusted EBITDA beginning in Q4/20, resulting in a full-year -\$1.6M Adj. EBITDA in 2020E and \$3.3M in 2021E.

Figure 30: EBITDA – quarterly



Source: Company Reports, Canaccord Genuity estimates

Figure 31: EBITDA – annual



Source: Company Reports, Canaccord Genuity estimates

Specific considerations to the expense line items are as follows:

- Gross Margins** – The company generated ~45% gross margin in 2019 which consisted of ~30% gross margin from its in-person and virtual clinic visits, ~35% from its pharmacy business and over 80% margins from its SaaS Model Digital Services. We expect gross margin to decline somewhat during our forecast as the rapid growth in virtual visits offsets growth in higher-margin SaaS revenue, with overall gross margin falling to 39.5% in 2020 and 36.5% in 2021.
- Marketing and Advertising** – This operating expense item has varied widely in recent quarters and totalled \$1.0M in 2019. We expect slight Y/Y growth before settling to around \$0.25M per quarter and \$1.1M for full-year 2020 and 2021 as the company is now seeing increasing demand for its services.
- Office and Administration** – After adding an Ontario clinic in early 2020, we expect the company to add its first brick-and-mortar location in Alberta this year to gain local billing in that province. This should result in a jump in quarterly expense to over \$0.2M in 2020 and \$0.3M in 2021.
- Research and Development** – We expect a small ramp in R&D as the company develops and deploys new technologies, including its ConnectCart/Pharmacy Kiosk for pharmacy telemedicine, and develops new features for both its clinic-facing MyHealthAccess and direct-to-patient CloudMD telemedicine apps. We expect R&D of ~\$0.15M/quarter in 2020 and 2021.
- Wages and Salaries** – After the company’s acquisition of Livecare in January 2020, we expect CloudMD to dial back new hiring as the company now appears to have the headcount to scale its platforms to support its growth over the next two years. Wages and salaries ranged from \$0.5 – 1.0M/quarter in 2019, and we expect it to stay in the \$1.0 – 1.2M/quarter range in 2020 and 2021.

Free Cash Flow Conversion

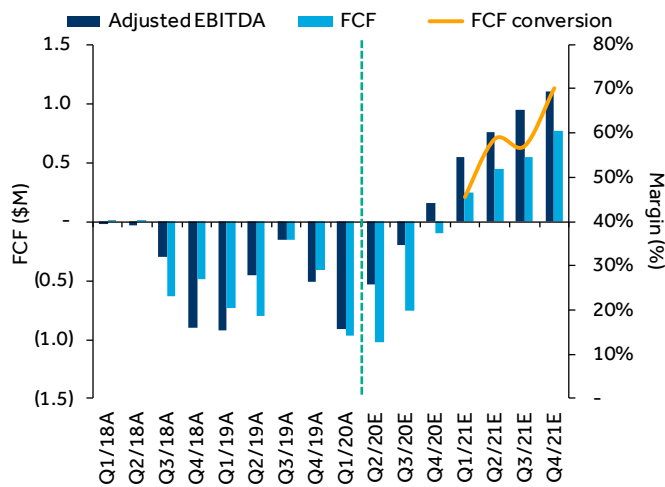
After achieving breakeven EBITDA in late 2020, we expect breakeven free cash flow to follow by Q1/21. The company has interest expense of around \$70k/quarter on its long-term debt and is not expecting to pay income taxes over the next two years. As a result, the largest delta between EBITDA and FCF is expected to be capital expenditures and working capital over the next two years.

Capital expenditures have historically been very light, with the company investing only \$40k in PP&E and intangible assets in 2019. We expect the company will ramp

up its capex as it rolls out its recently announced telemedicine pilot with Save-On-Foods and Pure Integrative Pharmacy over the next six months, before expanding it to 119 total kiosks by the end of 2021. We understand each kiosk carries a capex of ~\$2.5k. We also expect slightly higher overall capex after the company's recent acquisitions of its two pharmacies and Livecare business. We model annual capex of \$0.3M in each of 2020 and 2021.

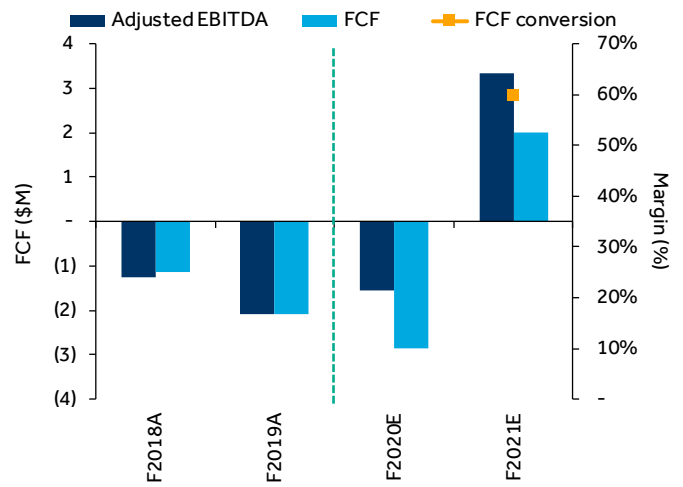
We expect the company's working capital commitments in accounts receivable and inventory to grow during 2020, driven respectively by its pharmacies and expected ramp in telemedicine kiosks. We anticipate net working capital investment to slow as a percentage of revenue during 2021 as the pharmacy business accounts for a declining share of overall business. We model net working capital investment of \$0.9M in 2020 and \$0.5M in 2021.

Figure 32: FCF – Quarterly



Source: Company Reports, Canaccord Genuity estimates

Figure 33: FCF – Annual



Source: Company Reports, Canaccord Genuity estimates

Balance Sheet

As of Q1/20, CloudMD held \$2.8M in cash on hand and \$4.7M in debt (including \$2.3M in lease liabilities) which it assumed upon acquisition of its two pharmacies in July 2019. However, following the company's recent bought deal equity raise for gross proceeds of ~\$15M, CloudMD holds pro-forma net cash of ~\$13.0M. The company held \$0.9M in working capital as of Q1/20. With its current pro-forma cash position, we believe the company now has sufficient capital to scale its businesses to achieve breakeven EBITDA. We would view any accretive acquisitions that accelerate the company's growth profile or market share in the Canadian market as positive developments. Figure 34 summarizes the company's equity financing activity since 2015.

Figure 34: Summary of Recent Equity Financings

Date Closed	Proceeds (\$000s)	Price (\$/Share)	Shares Issued (000s)	Warrants		Compensation Warrants		Advisory Warrants	
				Issued (000s)	Exercise Terms	Issued (000s)	Exercise Terms	Issued (000s)	Exercise Terms
06/02/2020	\$14,950	\$0.70	21,358	10,679	\$1.00; 24-month term	1,495	\$1.00; 24-month term	0	N/A
03/30/2020	\$683	\$0.48	1,423	712	\$0.70; 24-month term	104	~79K@\$0.48, ~25K@\$0.70; 24-month term	233	\$0.70; 24-month term
03/20/2020	\$2,300	\$0.48	4,875	2,438	\$0.70; 24-month term	500	~381K@\$0.48, ~119K@\$0.70; 24-month term	0	N/A
09/30/2019	\$2,100	\$0.40	5,250	2,625	\$0.65; 24-month term	340	\$0.65; 24-month term	0	N/A
05/16/2019	\$445	\$0.65	685	342	\$1.00; 24-month term	0	N/A	0	N/A
04/26/2019	\$2,040	\$0.65	3,139	0	N/A	145	\$1.00; 24-month term	0	N/A
07/25/2018	\$3,555	\$0.25	14,220	0	N/A	0	N/A	0	N/A
10/27/2017	\$207	\$1.00	207	0	N/A	0	N/A	0	N/A
05/09/2016	\$200	\$1.50	133	133	\$1.50; 24-month term	0	N/A	0	N/A

Source: Company Reports

Summary of Model Assumptions

Figure 35: Model Assumptions

Denomination: C\$MM	CG estimates		Assumptions and rationale
	F2020	F2021	
Revenue:			
Clinic Services & Pharmacies	14.0	28.5	We forecast growth of 158% in 2020 and 104% in 2021, supported by: 1) Organic growth in telemedicine usage with a growing userbase in BC and Ontario; 2) Our expectation that its pharmacy kiosk pilot expands into 119 locations by 2021; and 3) Our expectation that the company gains traction in Alberta and other provinces adopting telemedicine.
SaaS Model Digital Services	2.1	2.9	We model 2020 revenue growth of 53% and 41% in 2021 driven by: 1) Clinics adopting EMR, medical billing, and telehealth solutions provided by the company's Cloud Practice and Livecare businesses; and 2) Rental revenue from its pharmacy kiosks.
Total revenue	16.1	31.4	
Expenses:			
Gross Margins	40%	36%	We model gross margin declining slightly in 2020 and 2021 as the company earns a greater share of revenue from its telemedicine business which delivers ~30% margins due to revenue sharing arrangements with physicians.
Marketing and Advertising	1.1	1.1	After varying widely over the past several quarters, we expect marketing and advertising to settle around \$0.2 - 0.3M/quarter as the company is currently gaining strong market traction.
Office and Administration	1.0	1.2	We expect the additions of brick-and-mortar locations in both Ontario and Alberta during 2020 will lead to a jump in quarterly expense to ~\$0.2M/quarter in 2020 and ~\$0.3M/quarter in 2021.
Research and Development	0.5	0.6	We expect CloudMD to invest more heavily into R&D as the company develops and deploys new features for its telehealth apps and launches its Livecare ConnectCart system for its pharmacy telehealth contract, rising to ~\$0.15M/quarter in 2020 through 2021.
Wages and Salaries	4.2	4.4	Following the company's acquisition of Livecare in February 2020, we expect CloudMD to slow down hiring as the company appears to have the headcount to scale its businesses to support its high growth expected over the next two years. We model wages and salaries staying in the \$1.0 - \$1.2M/quarter range in 2020 and 2021.
Adjusted EBITDA margin	-9.7%	10.7%	
Other:			
Capital Expenditures	(0.3)	(0.3)	Following the company's historically light capex spend, we expect the company will ramp up its PP&E over the next several quarters as it executes and expands on its pharmacy telehealth pilot program. We expect each kiosk to carry a capex of \$2.5k/unit, and for the company to install 119 units by the end of 2021.
Working Capital Investment	(0.9)	(0.5)	We expect the company's investments in accounts receivable and inventory to ramp in 2020 driven by its pharmacy business and telemedicine kiosk rollout, before declining as a percentage of revenue during 2021 as its pharmacies account for a smaller share of revenue.

Source: Company Reports, Canaccord Genuity estimates

Q1/20 Results Summary

On June 1, 2020 the company reported Q1 results (March) reflecting its first quarter including its Livecare acquisition in January 2020.

- **Revenue:** Q1 revenue was \$3.1M compared with \$1.1M in Q1/19, representing 178% growth Y/Y. Clinic Services and Pharmacies revenue increased 206% Y/Y from \$0.9M to \$2.6M driven by the company acquisition of its two pharmacies in Q3/19. SaaS Model Digital Services increased 77% from \$0.2M to \$0.4M driven by organic growth in its Cloud Practice business and partial Q1/20 contribution from its January 2020 acquisition of Livecare.
- **Gross Margin:** The company reported 41% gross margin, unchanged Y/Y. The company's higher-margin revenue contributions from its digital services and telemedicine businesses were offset by higher variable costs as the company expanded its presence into the Ontario market. The company expects gross margin to improve as it realizes efficiencies and realizes further revenue from high margin sources including digital services, pharmacy kiosk partnerships and telemedicine visits.
- **EBITDA:** Adj. EBITDA came in at -\$0.9M in Q1 compared with a similar -\$0.9M loss in Q1/19, with the company's revenue growth offset by higher professional fees and wages and salaries from additional headcount through its acquisitions.
- **Cash and Working Capital:** CloudMD ended Q1/20 with cash of \$2.8M after completing an equity financing during the quarter for proceeds of ~\$2.8M net of fees. The company ended the quarter with working capital of \$0.9M.

Valuation

We are initiating coverage of CloudMD with a C\$1.10 target price, which is based on a 3-stage DCF model and equates to 6.4x EV/Sales on our 2020E estimates, 3.3x on 2021E EV/Sales, and 30.9x 2021E EV/EBITDA. We have decided to relate our valuation to EV/Sales as we expect the company to generate strong top-line growth but without meaningful profitability over the near term. As the company has a short operating history with revenue since mid-2018, historic valuation multiples are not relevant to our analysis. Its peer group of direct-to-patient telemedicine companies trades at 9.6x NTM EV/Sales, brick-and-mortar and other health providers at 2.9x NTM EV/Sales, and SaaS health and other technology companies at 5.6x NTM EV/Sales. We also point to several precedent transactions, including the acquisitions of QHR Technologies and Best Doctors at 4.7x and 5.2x LTM Revenue, respectively. Our target equates to a 39% potential one-year return based on the current share price. We are initiating with a SPECULATIVE BUY recommendation on that basis.

Figure 36: Valuation Based on Current and Target Price

	F2018A	F2019A	F2020E	F2021E	LTM	NTM	NTM+1
Based on current price of \$0.79:							
EV/Sales	58.8x	10.4x	4.4x	2.3x	8.1x	3.9x	2.3x
EV/EBITDA	neg	neg	neg	21.1x	neg	neg	18.9x
P/E	neg	neg	neg	88.2x	neg	neg	55.1x
P/FCF	neg	neg	neg	35.3x	neg	neg	25.7x
Based on target price of \$1.10:							
EV/Sales	86.2x	15.3x	6.4x	3.3x	11.9x	5.8x	3.3x
EV/EBITDA	neg	neg	neg	30.9x	neg	neg	27.4x
P/E	neg	neg	neg	>100x	neg	neg	76.7x
P/FCF	neg	neg	neg	51.7x	neg	neg	37.2x

Source: Company Reports, Canaccord Genuity estimates

Discounted Cash Flow Analysis

Given our expectation for hyper growth in the medium term, we are basing our valuation on a 3-stage DCF analysis. The key assumptions underpinning our DCF are as follows:

- Revenue:** Following a steep ramp over our explicit forecast period, we expect revenue to moderate somewhat to double-digit growth in the medium term as the company's telemedicine solutions achieve a degree of market penetration. We expect mid- to high single-digit growth in our long-term model as this nascent industry begins to saturate with maturing demand. We then expect CloudMD to settle at a terminal 2% growth rate as the industry matures with several large players acting as industry consolidators.
- Margins:** We expect the company to continue generating operating leverage as its telemedicine services and SaaS-based technologies account for a growing share of its overall revenue mix, with more patients and clinics adopting hybrid and virtual-first care over in-person health visits. This accelerating trend should allow CloudMD to maintain a low fixed-cost structure, and as such we see margins rising to 14% overall in our long-term model.
- Capital Expenditures:** We expect capex to remain low in proportion to revenue as the company's focus on telemedicine and SaaS technologies should require only modest physical capital requirements, with the only major expenditures coming from its Pharmacy Kiosks at \$2.5k per unit. We

expect capex to settle at 0.6 – 0.7% of revenue in our medium-term and long-term model.

- **Working Capital:** We expect the required working capital investment to increase in 2020 driven by its pharmacy kiosk ramp, but then moderate over 2021 and into the medium term as the pharmacy business accounts for a declining share of the company's operations. In comparison, its telemedicine and SaaS-based technologies should feature faster cash collections and lower inventory requirements. We model net working capital investment to decline to 1.1% of revenue over our medium-term and long-term model.
- **WACC:** Our DCF valuation utilizes a WACC of 13.1%, which reflects the higher equity risk premium in the current market environment. In addition, our WACC incorporates the company's small market capitalization and limited trading history. We assume a terminal growth rate of 2% and discount our model to the end of our 2020 valuation period.

Figure 37: Discounted Cash Flow Analysis

(In CAD\$ MM)	Explicit Forecast Period				Medium-Term Model				Long-Term Model				Terminal	
FYE: December 31	F2018A	F2019A	F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2028E	F2029E
Clinic Services & Pharmacies	1.2	5.4	14.0	28.5	40.0	52.8	67.5	84.4	101.3	116.5	130.5	143.6	155.0	161.2
SaaS Model Digital Services	0.0	1.4	2.1	2.9	3.7	4.5	5.4	6.2	7.0	7.8	8.6	9.3	9.9	10.5
Revenue	1.2	6.8	16.1	31.4	43.6	57.3	73.0	90.7	108.4	124.3	139.1	152.8	165.0	171.8
Y/Y Growth %		463.4%	137.3%	95.6%	38.9%	31.2%	27.4%	24.3%	19.5%	14.7%	11.9%	9.9%	7.9%	4.1%
EBITDA	(2.1)	(3.8)	(3.2)	1.7	5.2	6.9	9.5	12.7	15.2	17.4	19.5	21.4	23.1	24.0
EBITDA Margin %	(176.7%)	(56.6%)	(20.0%)	5.6%	11.9%	12.0%	13.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Less: Depreciation and Amortization	(0.0)	(0.5)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
EBIT	(2.1)	(4.4)	(3.5)	1.6	5.0	6.7	9.3	12.4	14.8	17.0	19.1	20.9	22.6	23.5
Less: Taxes	-	-	-	(0.4)	(1.3)	(1.8)	(2.5)	(3.3)	(3.9)	(4.5)	(5.1)	(5.5)	(6.0)	(6.2)
Effective Tax Rate %	0.0%	0.0%	0.0%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Add: Stock-based Compensation	0.9	1.8	1.6	1.6	1.6	2.0	2.3	2.7	3.3	3.7	4.2	4.6	4.9	5.2
% of Revenue	72.0%	25.9%	10.2%	5.1%	3.7%	3.5%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Add: Depreciation and Amortization	0.0	0.5	0.3	0.1	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.5
% of Revenue	1.2%	8.1%	1.6%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Less: Capital Expenditures	0.0	(0.0)	(0.3)	(0.3)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)	(0.8)	(0.9)	(1.0)	(1.0)
% of Revenue	0%	0%	1.7%	0.8%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Less: Net Working Capital Investment	(0.0)	(0.1)	(0.9)	(0.5)	(0.6)	(0.6)	(0.8)	(1.0)	(1.2)	(1.4)	(1.5)	(1.7)	(1.8)	(1.9)
% of Revenue	0.5%	1.3%	5.6%	1.5%	1.3%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
FCFF	(1.3)	(2.2)	(2.7)	2.2	4.7	6.1	8.1	10.6	12.7	14.5	16.2	17.9	19.3	20.1

WACC	13.1%
Present Value of Forecast Cash Flows	59
Present Value of Terminal Cash Flow	51
	110
Add: Current Net Cash	(2)
Add: Equity Raised in June 2020	15
Equity Value	123
Shares Outstanding (000)	93
Add: Shares Issued in June 2020 Raise	21
DCF Value Per Share (\$)	1.08

	Discount Rate (%)				
	9.0%	11.0%	13.0%	15.0%	17.0%
Terminal	0.0%	1.57	1.24	1.01	0.85
Growth	1.0%	1.67	1.29	1.04	0.87
Rate (%)	2.0%	1.80	1.36	1.08	0.90
	3.0%	1.97	1.44	1.13	0.92
	4.0%	2.21	1.55	1.18	0.95

Source: Company Reports, Canaccord Genuity estimates

Relative Valuation

As CloudMD operates in several healthcare IT and services categories through its recent acquisitions, we decided to segment its peer group into three major categories. Note that several companies in CloudMD's peer group also offer services in more than one category listed below, such as Teladoc (TDOC-NYSE: US\$173.62 | BUY, US\$195 target, Richard Close), which is both a direct-to-patient telemedicine provider and also a technology provider to insurance companies and hospital networks looking to develop their own telemedicine capabilities. We list the key comparable companies below, which include a cross-section of companies operating in several categories:

We believe CloudMD longer-term valuation will justify a higher-multiple peer group as its telemedicine and SaaS businesses overtake its brick-and-mortar operations.

- **Direct-to-Patient Telemedicine.** This category includes companies such as Teladoc and WELL Health, which offer virtual care through phone calls and video chat, like the CloudMD app.
- **Brick-and-Mortar & Other Health Providers.** This includes health clinics, specialty pharmacies, and companies offering other health services and products. Companies in this category include WELL Health, Medical Facilities Corp. (DR-TSX | Not rated) and CRH Medical (CRHM-NYSE: US\$1.93 | BUY, US\$3.00, Richard Close) and are comparable to CloudMD's brick-and-mortar clinics and pharmacies.
- **SaaS Health & Other Technology.** This category includes healthcare IT companies providing EMR, patient management, RCM, telemedicine and other software that enables health practitioners to digitize their practices and offer telemedicine services, similar to CloudMD's Cloud Practice and Livecare businesses. This group also includes Canadian technology companies offering SaaS-based solutions, such as Open Text (TSX: OTEX | Not rated) and Descartes Systems Group (DSGX-NASDAQ: US\$49.24 | BUY, US\$45, Robert Young).

Figure 38: CloudMD Comps

Name	Ticker	Price	Market cap	EV	EV/Sales			EV/EBITDA			EV/FCF		
					NTM	2020	2021	NTM	2020	2021	NTM	2020	2021
1Life	ONEM-US	\$ 34.01	2,887	2,671	7.7x	9.0x	6.4x	n/a	n/a	n/a	n/a	n/a	n/a
Akumin	AKU-CA	\$ 2.90	204	794	2.2x	2.4x	1.9x	9.1x	8.6x	6.9x	23.7x	36.5x	15.9x
Castlight Health	CSLT-US	\$ 0.76	113	88	0.7x	0.7x	0.7x	n/a	n/a	n/a	n/a	n/a	n/a
Centric Health	CHH-CA	\$ 0.22	109	169	0.9x	1.0x	0.8x	10.3x	18.0x	8.7x	n/a	n/a	29.7x
Constellation	CSU-CA	\$ 1,522.4	32,261	32,583	5.5x	5.9x	5.0x	20.4x	26.3x	18.5x	24.9x	27.8x	21.7x
CRH Medical	CRH-CA	\$ 2.62	188	269	2.0x	2.4x	1.6x	8.5x	5.3x	5.8x	7.3x	8.9x	5.7x
Descartes	DSG-CA	\$ 66.78	5,707	5,660	11.6x	12.0x	10.8x	29.0x	34.4x	26.7x	35.4x	36.7x	33.1x
Enghouse	ENGH-CA	\$ 60.80	3,360	3,283	6.1x	6.6x	5.7x	20.2x	28.4x	18.9x	24.6x	27.4x	23.0x
Extendicare	EEX-CA	\$ 5.72	513	959	0.9x	0.9x	0.9x	9.9x	10.4x	9.1x	n/a	n/a	n/a
Founders Bay Holdings	FDBH-US	\$ 8.43	84	84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Greenbrook Tms	GTMS-CA	\$ 1.58	85	119	1.4x	1.9x	1.1x	n/a	n/a	10.4x	n/a	n/a	n/a
Medical Facilities Corp	DR-CA	\$ 4.34	161	430	0.9x	0.9x	0.8x	5.9x	3.6x	5.3x	n/a	n/a	n/a
MTBC	MTBC-US	\$ 6.71	83	91	0.9x	0.9x	0.9x	6.9x	11.3x	5.8x	10.4x	22.3x	5.9x
Opex Text	OTEX-CA	\$ 57.06	15,532	19,827	4.3x	4.6x	4.2x	11.4x	13.6x	11.2x	17.2x	19.1x	17.1x
OptimizeRx	OPRX-US	\$ 11.39	166	152	4.1x	4.6x	3.6x	n/a	n/a	33.8x	n/a	n/a	n/a
Teladoc	TDOC-US	\$ 173.62	12,723	12,694	13.9x	15.4x	12.3x	n/a	n/a	n/a	n/a	n/a	n/a
VitalHub	VHI-CA	\$ 1.58	31	17	1.4x	1.6x	1.3x	9.5x	10.6x	6.0x	n/a	n/a	n/a
Well Health	WELL-CA	\$ 2.95	349	359	7.2x	8.3x	6.1x	n/a	n/a	n/a	28.0x	17.5x	n/a
Direct-to-Patient Telehealth					5.6x	10.9x	8.2x	n/a	n/a	n/a	28.0x	17.5x	n/a
Brick-and-Mortar & Other Health Providers					2.9x	3.3x	2.4x	8.7x	9.2x	7.7x	19.7x	20.9x	17.1x
SaaS Health & Other Technology					5.6x	6.1x	5.1x	16.2x	20.8x	17.3x	23.4x	25.1x	20.2x
Overall					4.2x	4.7x	3.8x	12.8x	15.5x	12.9x	21.4x	24.5x	19.0x
CloudMD (Current; CG Estimates)	DOC-CA	\$ 0.79	84	71	3.9x	4.4x	2.3x	n/a	n/a	21.1x	n/a	n/a	35.3x
CloudMD (Target; CG Estimates)	DOC-CA	\$ 1.10	117	105	5.8x	6.4x	3.3x	n/a	n/a	30.9x	n/a	n/a	51.7x

Source: FactSet, Company Reports, Canaccord Genuity estimates

CloudMD currently generates ~80% of its revenue through brick-and-mortar and pharmacy businesses, with the remainder through its SaaS businesses. However, over the next two years we expect the company's telemedicine and SaaS revenues will overtake its brick-and-mortar businesses as the company's core focus areas, accounting for ~70% of revenue in 2021. As a result, we believe its direct-to-patient and SaaS health and other technology peer groups should better reflect the company's longer-term relative valuation range.

Precedent Transactions

There have been several recent industry M&A transactions involving EMR, digital care and related healthcare IT. Loblaw Companies' takeover of QHR Technologies in 2016 for ~\$142M is a particularly notable datapoint given QHR's EMR, prescription streamlining software, and virtual care platform offerings compete against CloudMD's Cloud Practice and Livecare businesses. We also point to Teladoc's 2017 acquisition of Best Doctors, which enables "patient-centric care" that connects users with top specialists in across a variety of health fields. This acquisition can relate to CloudMD's longer-term vision of providing longitudinal, patient-centric care that includes more complex cases and access to health specialists.

Figure 39: Recent Precedent Transactions

Date Announced	Target	Acquirer	Transaction Size (\$M)	Target Financials		Implied Valuation	
				Revenue (\$M)	EBITDA (\$M)	EV/Revenue	EV/EBITDA
05/20/2020	Indivica Inc.	WELL Health Technologies (TSX: WELL)	6.2	1.8	n/a	3.4x	n/a
02/12/2020	MedBASE EMR business	WELL Health Technologies (TSX: WELL)	0.6	n/a	0.15 ¹	n/a	4.3x
11/21/2019	Trinity Healthcare Technologies	WELL Health Technologies (TSX: WELL)	7.2	2.0	n/a	3.6x	n/a
05/30/2019	KAI Innovations	WELL Health Technologies (TSX: WELL)	17.8	3.5	n/a	5.1x	n/a
05/18/2018	Symbility Health	TELUS (TSX: T)	16.5	6.0	-0.01	2.8x	n/a
06/19/2017	Best Doctors, Inc.	Teladoc, Inc. (NYSE: TDOC)	USD 482.0	USD 92.2	6.50	5.2x	74.2x
04/12/2017	Entrada, Inc.	Quality Systems, Inc.	USD 34.0	USD 11.9	n/a	2.9x	n/a
08/22/2016	QHR Corporation	Loblaw Companies Limited (TSX: L)	142.3	30.6	3.61	4.7x	39.5x
Average						3.9x	39.3x

¹Expected normalized EBITDA as per acquirer's management

Source: FactSet, Company Reports, Canaccord Genuity estimates

Appendix 1: Summary Financial Statements

Figure 40: CloudMD Summary Income Statement

Summary Income Statement											
FYE: December 31	F2015A	F2016A	F2017A	F2018A	F2019A	Q1/20A	Q2/20E	Q3/20E	Q4/20E	F2020E	F2021E
Denomination: CAD 000s	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20	31-Dec-21
Operating Revenue:											
Clinic Services & Pharmacies	-	-	-	1,202	5,418	2,630	3,002	3,553	4,807	13,992	28,507
SaaS Model Digital Services	-	-	-	-	1,352	427	485	549	607	2,068	2,907
Total Revenue	-	-	-	1,202	6,769	3,057	3,487	4,102	5,415	16,061	31,414
Consensus Revenue (FactSet)						N/A	N/A	N/A	N/A	N/A	N/A
Physician Fees	-	-	-	887	2,156	881	1,211	1,508	2,288	5,887	15,536
Cost of Sales	-	-	-	-	1,574	919	876	966	1,065	3,826	4,421
Gross Profit	-	-	-	314	3,039	1,257	1,401	1,628	2,062	6,348	11,458
% Gross Margin	n/a	n/a	n/a	26.1%	44.9%	41.1%	40.2%	39.7%	38.1%	39.5%	36.5%
Marketing and Advertising	-	-	-	710	996	324	279	246	271	1,119	1,099
Office and Administration	-	11	6	132	534	235	244	246	271	996	1,170
Research and Development	-	-	-	-	150	-	174	164	162	501	583
Wages and Salaries	-	-	-	408	2,812	1,242	1,011	943	975	4,171	4,358
Total Operating expenses	26	152	443	2,452	7,417	2,898	2,345	2,251	2,320	9,813	9,814
EBITDA	(26)	(152)	(443)	(2,123)	(3,831)	(1,439)	(933)	(596)	(241)	(3,210)	(1,746)
EBITDA Margin (%)	n/a	n/a	n/a	-176.7%	-56.6%	-47.1%	-26.8%	-14.5%	-4.5%	-20.0%	5.6%
Consensus EBITDA (FactSet)						N/A	N/A	N/A	N/A	N/A	N/A
Adjusted EBITDA	(26)	(152)	(443)	(1,258)	(2,076)	(915)	(533)	(196)	159	(1,565)	3,346
Adjusted EBITDA Margin (%)	n/a	n/a	n/a	-104.7%	-30.7%	-29.9%	-15.3%	-4.8%	2.9%	-9.7%	10.7%
EBIT	(26)	(152)	(443)	(2,138)	(4,377)	(1,641)	(944)	(623)	(257)	(3,466)	(1,644)
EBIT Margin (%)	n/a	n/a	n/a	-177.9%	-64.7%	-53.7%	-27.1%	-15.2%	-4.8%	-21.6%	5.2%
Accretion and Interest Expense on Convertible Debt	-	131	283	316	86	-	-	-	-	-	-
Interest Expense	0	23	0	1	123	61	61	61	61	245	245
Other	-	(1,999)	539	(229)	(131)	79	-	-	-	79	-
Income (loss) Before Taxes	(26)	(2,305)	(188)	(2,683)	(4,718)	(1,623)	(1,006)	(684)	(319)	(3,631)	1,399
Income Taxes:											
Current	-	-	-	-	-	-	-	-	-	-	-
Future	-	-	-	-	-	-	-	-	-	-	371
Total Income Taxes	-	-	-	-	-	-	-	-	-	-	371
Net Income	(26)	(2,305)	(188)	(2,683)	(4,718)	(1,623)	(1,006)	(684)	(319)	(3,631)	1,028
% Net Income Margin	n/a	n/a	n/a	(2)	(1)	(1)	(0)	(0)	(0)	(0)	0
EPS - Basic (\$)	(255.40)	(0.18)	(0.01)	(0.06)	(0.07)	(0.02)	(0.01)	(0.01)	(0.00)	(0.04)	0.01
EPS - Diluted (\$)	(255.40)	(0.18)	(0.01)	(0.06)	(0.07)	(0.02)	(0.01)	(0.01)	(0.00)	(0.04)	0.01
Consensus EPS (FactSet)						N/A	N/A	N/A	N/A	N/A	N/A
Weighted Average S/O (Basic)	0	13,111	15,715	46,249	71,966	84,575	100,175	114,413	114,513	103,419	114,763
Weighted Average S/O (Diluted)	0	13,111	15,715	46,249	71,966	84,575	100,175	114,413	114,513	103,419	114,763
Y/Y Growth:											
Clinic Services & Pharmacy Revenue Y/Y		n/a	n/a	n/a	350.9%	205.9%	n/a	98.5%	n/a	158.3%	103.7%
SaaS Model Digital Services Revenue Y/Y		n/a	n/a	n/a	n/a	77.4%	n/a	46.2%	n/a	53.0%	40.6%
Total revenue Y/Y		n/a	n/a	n/a	463.4%	177.8%	228.5%	89.5%	121.7%	137.3%	95.6%
Adjusted EBITDA Y/Y		496.7%	191.0%	184.1%	65.0%	-0.3%	18.6%	23.2%	-131.0%	-24.6%	-313.8%
EBIT Y/Y		496.7%	191.0%	382.7%	104.8%	28.3%	4.1%	-17.4%	-82.1%	-20.8%	-147.4%
Net Income Y/Y		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Diluted EPS Y/Y		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
% of Revenue:											
Clinic Services & Pharmacies	n/a	n/a	n/a	100.0%	80.0%	86.0%	86.1%	86.6%	88.8%	87.1%	90.7%
SaaS Model Digital Services	n/a	n/a	n/a	0.0%	20.0%	14.0%	13.9%	13.4%	11.2%	12.9%	9.3%

Source: FactSet, Company Reports, Canaccord Genuity estimates

Figure 41: CloudMD Summary Balance Sheet

Summary Balance Sheet											
FYE: December 31	F2015A	F2016A	F2017A	F2018A	F2019A	Q1/20A	Q2/20E	Q3/20E	Q4/20E	F2020E	F2021E
Denomination: CAD 000s	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20	31-Dec-21
Assets:											
Current Assets:											
Cash	3	16	0	1,056	1,696	2,760	16,673	15,906	15,792	15,792	17,693
Subscriptions Receivable	-	-	-	-	-	200	200	200	200	200	200
Accounts Receivable	2	44	11	113	260	297	446	654	803	803	1,571
Deposits on Investments	-	-	-	700	327	-	-	-	-	-	-
Marketable Securities	0	537	0	0	0	0	0	0	0	0	0
Short-Term Investment	-	-	-	-	-	25	25	25	25	25	25
Due from Related Parties	-	44	45	43	-	-	-	-	-	-	-
Convertible Note Receivable	-	-	-	220	-	-	-	-	-	-	-
Inventory	-	-	-	-	761	752	892	1,440	1,927	1,927	3,456
Prepaid Expenses and Advances	-	23	-	245	342	752	223	262	321	321	628
Other Current Assets	-	5	-	-	-	-	-	-	-	-	-
Total Current Assets	5	668	57	2,377	3,386	4,786	18,459	18,487	19,068	19,068	23,573
Note Receivable	-	-	220	-	-	-	-	-	-	-	-
Due from Related Parties	-	-	134	-	-	-	-	-	-	-	-
Deposits - Long Term	-	-	-	-	125	125	125	125	125	125	125
Property, Plant and Equipment	-	91	-	95	228	338	372	434	513	513	663
Right-Of-Use Assets	-	-	-	-	2,380	2,257	2,257	2,257	2,257	2,257	2,257
Other Non-Current Assets	-	-	-	-	13	13	13	13	13	13	13
Intangible Assets	-	-	-	-	2,097	2,502	2,513	2,526	2,542	2,542	2,645
Goodwill	-	-	-	3,952	9,498	11,986	11,986	11,986	11,986	11,986	11,986
Total Assets	5	759	411	6,423	17,726	22,007	35,725	35,829	36,505	36,505	41,261
Current Liabilities:											
Accounts Payable and Accrued Liabilities	14	219	135	627	943	1,789	2,007	2,356	2,891	2,891	4,712
Current Portion of Long-Term Debt	-	29	-	-	295	372	372	372	372	372	372
Revolving Loans	-	6	-	-	-	-	-	-	-	-	-
Deferred Acquisition Costs	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	877	1,068	223	262	321	321	628
Lease Liability Current Portion	-	-	-	-	459	466	466	466	466	466	466
Due to Related Parties	29	22	-	-	-	-	-	-	-	-	-
Convertible Debenture	-	1,157	1,189	1,452	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	12	12	12	12	12	12
Contingent Liabilities	-	-	-	-	-	174	174	174	174	174	174
Liabilities from Discontinued Operations	-	-	45	139	-	-	-	-	-	-	-
Total Current Liabilities	43	1,433	1,370	2,218	2,575	3,881	3,255	3,642	4,237	4,237	6,365
Lease Liability Non-Current Portion	-	-	-	-	1,979	1,870	1,870	1,870	1,870	1,870	1,870
Long-Term Debt	-	-	-	-	1,931	2,012	2,012	2,012	2,012	2,012	2,012
Total Liabilities	43	1,433	1,370	2,218	6,485	7,763	7,137	7,524	8,119	8,119	10,247
Shareholder's Equity:											
Share Capital	0	850	1,057	8,047	16,792	20,784	35,734	35,734	35,734	35,734	35,734
Equity Component of Convertible Debenture	-	881	881	881	-	-	-	-	-	-	-
Reserves	(400)	-	-	865	2,285	2,918	3,318	3,718	4,118	4,118	5,718
Shares to be Issued	400	-	-	-	-	-	-	-	-	-	-
Accumulated Other Comprehensive Loss	-	(62)	(399)	(407)	-	-	-	-	-	-	-
Deficit	(39)	(2,344)	(2,498)	(5,181)	(7,835)	(9,458)	(10,464)	(11,147)	(11,466)	(11,466)	(10,438)
Total Shareholder's Equity	(39)	(675)	(959)	4,205	11,241	14,244	28,588	28,304	28,386	28,386	31,014
Total Liabilities and Shareholder's Equity	5	759	411	6,423	17,726	22,007	35,725	35,829	36,505	36,505	41,261

Source: Company Reports, Canaccord Genuity estimates

Figure 42: CloudMD Summary Cash Flow Statement

Summary Cash Flow Statement											
FYE: December 31	F2015A	F2016A	F2017A	F2018A	F2019A	Q1/20A	Q2/20E	Q3/20E	Q4/20E	F2020E	F2021E
Denomination: CAD 000s	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Dec-20	31-Dec-21
Cash Flow From Operations:											
Net Income	(26)	(2,305)	(188)	(2,683)	(4,718)	(1,623)	(1,006)	(684)	(319)	(3,631)	1,028
Amortization	-	11	17	15	546	202	11	26	16	255	102
Impairment of Goodwill	-	1,777	-	-	-	-	-	-	-	-	-
Bad Debts Expense	-	101	-	-	-	-	-	-	-	-	-
Loss from Discontinued Operations	-	-	-	-	163	-	-	-	-	-	-
Loss on Sale of Equipment	-	-	-	-	6	-	-	-	-	-	-
Realized Gain on Sale of Investments	-	-	(476)	-	-	-	-	-	-	-	-
Unrealized Foreign Exchange Loss	-	37	(10)	105	(28)	-	-	-	-	-	-
Share-Based Payments	-	-	-	865	1,756	445	400	400	400	1,645	1,600
Gain on Forgiveness of Debt	-	-	-	-	-	(79)	-	-	-	(79)	-
Shares Issued for Marketing and Advertising	-	-	-	435	179	-	-	-	-	-	-
Changes to Non-Cash Working Capital:	-	-	-	-	-	-	(387)	(407)	(101)	(895)	(475)
Accounts Receivable	(1)	(31)	33	(100)	17	41	-	-	-	41	-
Medical Supplies	-	6	5	-	-	-	-	-	-	-	-
Prepaid Expenses	-	20	23	(237)	(73)	(37)	-	-	-	(37)	-
Inventory	-	-	-	-	26	26	-	-	-	26	-
Other Current Assets	-	-	-	-	(125)	-	-	-	-	-	-
Accounts Payable and Accrued Liabilities	9	100	116	100	64	65	-	-	-	65	-
Deferred Revenue	-	-	-	-	-	12	-	-	-	12	-
Due from Related Parties	-	-	-	136	-	-	-	-	-	-	-
Net Liabilities from Discontinued Operations	-	-	27	94	-	-	-	-	-	-	-
Total Cash Flow from Operations (CFO)	(17)	(154)	(334)	(1,120)	(2,086)	(922)	(981)	(665)	(4)	(2,572)	2,256
FCF	(17)	(154)	(335)	(1,123)	(2,098)	(968)	(1,026)	(754)	(98)	(2,846)	2,004
Cash Flow From Investing:											
Acquisition of HealthVue	-	-	-	(1,000)	-	-	-	-	-	-	-
Cash Received from Acquisition of HealthVue	-	-	-	323	114	-	-	-	-	-	-
Acquisition of Cloud Practice	-	-	-	-	(2,323)	-	-	-	-	-	-
Acquisition of Pharmacies	-	-	-	-	-	-	-	-	-	-	-
Business Acquisitions	-	-	-	-	-	(60)	-	-	-	(60)	-
Deferred Acquisition Cost for Cloud Practice	-	-	-	-	-	-	-	-	-	-	-
Cash Received from Acquisition of Cloud Practice	-	-	-	-	-	-	-	-	-	-	-
Cash Received from Acquisition of Pharmacies	-	3	-	-	-	-	-	-	-	-	-
Cash Received from Acquisition of Premier Clinicas	-	-	-	-	-	-	-	-	-	-	-
Cash Received from Acquisitions	-	-	-	-	-	1	-	-	-	1	-
Deposits on Investments	-	-	-	(700)	(327)	-	-	-	-	-	-
Investment in Franchise	-	-	-	-	(13)	-	-	-	-	-	-
Intangible Assets	-	-	-	-	(20)	(5)	(11)	(13)	(16)	(45)	(102)
Loss on Sale of Clinicas	-	-	-	-	-	-	-	-	-	-	-
Sale of Marketable Securities	-	19	707	-	-	-	-	-	-	-	-
Purchase of property, plant and intangible equipment	-	-	(1)	(3)	(21)	(46)	(45)	(89)	(95)	(274)	(252)
Proceeds from disposal of PPE	-	-	-	-	10	-	-	-	-	-	-
Short Term Investment	-	-	-	-	-	(25)	-	-	-	(25)	-
Total Cash Flow from Investing	-	22	706	(1,380)	(2,580)	(135)	(56)	(102)	(111)	(403)	(355)
Cash Flow From Financing:											
Proceeds from Share Issuances	-	200	7	3,555	4,528	2,823	14,950	-	-	17,773	-
Share Issuance Costs	-	-	-	-	(244)	(380)	-	-	-	(380)	-
Line of Credit	-	-	-	-	810	-	-	-	-	-	-
Subscription Receivable	-	-	-	-	-	-	-	-	-	-	-
Related Party	20	(51)	(157)	-	-	-	-	-	-	-	-
Exercise of Options	-	-	-	-	700	-	-	-	-	-	-
Lease Payments Made	-	-	-	-	(337)	(127)	-	-	-	(127)	-
Loan to an Officer and Director	-	-	-	-	-	-	-	-	-	-	-
Principle Payment on Non-Related Party Loan	-	-	(220)	-	(5)	-	-	-	-	-	-
Principle Payment on Term Loan	-	(5)	(17)	-	(144)	(196)	-	-	-	(196)	-
Total Cash Flow from Financing	20	144	(387)	3,555	5,307	2,121	14,950	-	-	17,071	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-	-	-	-
Net Increase in Cash	3	12	(15)	1,055	641	1,064	13,913	(767)	(114)	14,095	1,901
Cash at the Beginning of the Period	-	3	16	0	1,056	1,696	2,760	16,673	15,906	1,696	15,792
Cash at the End of the Period	3	16	0	1,056	1,696	2,760	16,673	15,906	15,792	15,792	17,693

Source: Company Reports, Canaccord Genuity estimates

Appendix 2: Investment Risk Summary

Limited Operating History

CloudMD has a limited operating history as a publicly traded company. The company has accumulated losses since its inception and cannot assure that losses will not continue in the future. The company is subject to all the business risks and uncertainties associated with any small business enterprise, including the risk that it may not achieve its growth objectives.

Dependence on Key Personnel

CloudMD's success relies on the continued performance of key senior management personnel. Failure to retain and attract key employees could negatively impact the company's growth and profitability.

Limited Insider Ownership

Company insiders currently control ~4% of the outstanding shares, which raises the risk of a principal-agent problem, whereby the management and board of directors are not sufficiently aligned with shareholders to act in their best interest with the company's resources. With insiders less financially aligned with shareholders, they may be less inclined to undertake measures which maximize shareholder returns.

Technology

CloudMD operates in an industry that features rapid continuous technological changes and evolving industry standards. The company's ability to earn revenue from existing and potential customers depends on its ability to respond to technological changes and evolving standards by continually improving its services and developing new features and capabilities to meet increasingly sophisticated customer needs. Failure to keep up with industry technology changes and standards could harm the company competitive positioning, leading to lost customers and revenue. In addition, failure to develop capabilities that satisfy changing customer requirements could also negatively impacted the company's financial performance.

Cybersecurity

The company's offerings leverage web-based technologies such as online applications, mobile technologies, and cloud computing resources. Unauthorized access to sensitive or personal information or operational disruptions as they relate to the nature of these technologies could compromise the company's proprietary information, patient information, or third parties with whom the company interacts or integrates its services. This could result in loss of patients, inability to process transactions, remediation costs, loss of revenue, reputational damage, additional regulatory scrutiny, and litigation.

Reliance on Third Party Providers

The company relies on third-party service providers to conduct or support critical operations such as maintenance on the IT and EMR systems. Should these vendors and/or partners discontinue their services, CloudMD would need to find suitable replacements, which could result in additional costs or service interruptions, which could impact the company's performance.

Risks Related to Investments

CloudMD intends to expand its operations by investing in additional technologies, products, or businesses, which each involve their own sets of risks. Risks can include diversion of management's attention, failure to retain key employees, unanticipated events or circumstances, and legal liabilities which may arise. In addition, certain investments could involve potentially dilutive share issuances. The company could be negatively impacted across its operations and financial performance should it fail to management its investment strategy.

Healthcare Regulations

CloudMD operates in the Canadian healthcare industry, which features complex regulations and significant government funding. Any changes in government regulations, including de-listing of healthcare services, licensing requirements related to services, or their interpretation and application, could have a significant impact on the company's operations and financial performance. In addition, the company could face significant compliance costs in meeting changing regulations, and a failure to comply could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls, or seizures. Any of these events could negatively impact the company's reputation, operations, or financial performance.

Liquidity and Capital Requirements

In order to fund its business expansion and potential M&A activity as part of its growth strategy, CloudMD may consider additional public or private financings such as equity or debt raises. These financings could potentially dilute the value of the company's shares, depending on their structure and share issuance prices. If the company can not secure the necessary additional capital, it may need to substantially reduce or eliminate certain expenditures. In addition, the company's ability to raise equity or other securities exchangeable into equity could be limited if it faces a lack of investor interest or regulatory impediments, which could further harm its growth strategy as a result.

Availability of Healthcare Professionals

The company relies on recruiting certain professional medical personnel such as physicians, nurses, and other practitioners as it expands its operations. Given the ongoing shortage of certain medical professionals in Canada, should the company fail to attract the needed talent it could face negative impacts to its operations and financial performance.

Confidentiality of Personal and Health Information

The company's employees are privy to sensitive patient information, such as medical histories. While the company has clear policies and procedures in place to safeguard such information from breaches of confidentiality, should such privacy issues arise the company could be liable for criminal fines, penalties, or other damages.

Competition

The company operates in an industry with several competitors offering similar telemedicine and digital care services. Should the company fail to competitively differentiate its products and services in the marketplace it could underperform its competitive set, leading to challenges sustaining its market share and weakened financial performance.

Geographic Concentration

The company primarily generates revenue from clinics and pharmacy customers in British Columbia, and only recently expanded its telemedicine services to Ontario in March 2020. As a result, the company's performance is reliant on its performance in a single province. Any reduction in anticipated future demand for its services, along with economic changes or increases in competition or regulation in BC could all impact the company's prospects, operating results, or financial performance.

Other Regulations

The company incurs significant costs to comply with various increasing and complex securities regulatory reporting and standards. Changes to regulatory standards, account policy, and compliance reporting could further raise the expense burden on the company. As the company grows, it could face higher insurance premiums, affecting the company's expenses and financial performance.

Insurance

The company may carry insurance to protect against certain risks. As of now the company does not insure against lost records, loss or damage or other hazards where the risk can not be insured or where it has not elected to insure.

Conflicts of Interest

Certain directors of the company also serve as directors and/or officers of other public and private companies. While the company is not currently aware of any conflicts of interest facing its directors in these roles, there exists the possibility that certain directors may be conflict. Directors are responsible for making decisions in accordance with their duties and obligations to deal fairly and in good faith with the company and such other companies. Directors in conflict will declare, and abstain from voting on, any matters involving the company.

Appendix 3: Leadership Team

Figure 43: Insider ownership

Name	Position	Common Shares	Options	% of Common Shares	% of Diluted Shares
Management Team:					
Dr. Essam Hamza	CEO, Director	4,141,000	1,000,000	3.62%	4.49%
Mena Beshay	CFO	126,000	600,000	0.11%	0.63%
Dr. Amit Mathur, OD	President, Director	-	550,000	-	0.48%
Management Team		4,267,000	2,150,000	3.73%	5.61%
Board of Directors:					
Dr. Essam Hamza	CEO, Director	4,141,000	1,000,000	3.62%	4.49%
Mark William Kohler	Chairman	70,000	80,000	0.06%	0.13%
Dr. Amit Mathur, OD	President, Director	-	550,000	-	0.48%
Christopher Cherry	Director	-	-	-	-
Board of Directors		4,211,000	1,630,000	3.68%	5.11%
Total		4,337,000	2,230,000	3.79%	5.74%

*Excluding deferred share units, options, restricted and performance share units that are payable in cash

Source: SEDI, Company Reports

Management Team

Dr. Essam Hamza, MD – CEO

Dr. Hamza has served as CEO of CloudMD since August 2018. Prior to his appointment, Dr. Hamza founded HealthVue Ventures Ltd. in 2005, which has since grown into four interconnected clinics serving over 100,000 patients. Dr. Hamza also has extensive capital markets experience, taking private companies public and sitting on public company boards.

Dr. Amit Mathur, OD – President

Dr. Mathur has nearly 20 years of health experience as an optometrist and entrepreneur, and was the co-founder of Livecare, which was acquired by CloudMD in January 2020. Dr. Mathur also co-founded Omni & Vision, an eyecare clinic group, and has served as a consultant-lecturer and on the Advisory panels at several pharmaceutical companies.

Mena Beshay, CPA, CMA, CFE – CFO

Mr. Beshay has over 16 years of experience in auditing, account, and entrepreneurial management, having held progressively senior roles at Deloitte, Domtar, and Enercare. Mr. Beshay holds a Bachelor of Commerce in Finance and Accounting from McGill University along with several accounting designations in Canada and the US.

Kanchan Thindal, MBA - COO

Ms. Thindal joined CloudMD after serving at Scotiabank's head office, and previously worked with start-ups in the healthcare and technology sectors. Ms. Thindal holds an MBA from the University of Toronto and a Bachelor of Commerce in Finance from the University of Northern British Columbia.

Dr. David Ostrow, MD, BSc., MA, FRCPC – Chief Medical Officer

Dr. Ostrow served as President and CEO of Vancouver Coastal Health and has previously held progressively senior roles at Vancouver General Hospital and Fraser

Health. Dr. Ostrow is an Emeritus Professor of Medicine at the University of British Columbia and was the founding Medical Director of the BC Transplant Society and CGH Lung Transplant Program. Dr. Ostrow has authored or co-authored over 90 publications and continues to consult on matters concerning health policy and economics, technology, and genomics.

Richard Atkins – Senior Vice President Sales

Mr. Atkins has over 30 years of experience in global business development and sales and has led sales teams in the healthcare space over the past 10 years. Mr. Atkins has won omni-channel clinical decision support solutions and services business in North America, Europe, Australia, and Africa. Prior to joining CloudMD, Mr. Atkins most recently held a senior sales leadership role at Health Navigator, which was acquired by Amazon in October 2019 and provides online symptom checking and triage tools.

Mona Ellesseily – Strategic Marketing Advisor

Ms. Ellesseily has over 15 years of marketing experience, focusing on online marketing strategy, direct marketing, and consumer acquisition. Ms. Ellesseily has worked with brands such as Cathay Pacific, Capital One, Sony, The Jimmy Pattison, and Princess Auto, and has written two books and spoken at over 100 conferences around the world.

Board of Directors (“BoD”)

Dr. Essam Hamza, MD – Chair

Please see Dr. Hamza’s profile in the Management Team section above.

Dr. Amit Mathur, OD – Director

Please see Dr. Mathur’s profile in the Management Team section above.

Christopher Cherry – Director

Mr. Cherry joined the CloudMD Board of Directors in September 2019, bringing over 14 years of corporate accounting and audit experience. Mr. Cherry has also held senior-level roles at several public companies, including as director, CFO, and secretary.

Mark Kohler, CPA, CA, ICD.D – Director and Chairman

Mr. Kohler joined the CloudMD Board of Directors in March 2020 and brings over 32 years of experience as an entrepreneur, financial executive and board member at leading North American healthcare, technology, and financial services companies. Mr. Kohler currently leads Exelerate Inc., a strategic advisory group specializing in corporate development and strategy, M&A, and growth capital funding. Mr. Kohler was previously the Executive Chairman at QHR Technologies Inc. until its sale to Loblaw Companies Limited for ~\$170M in 2016, and a director at VersaPay Corporation until its ~\$126M acquisition by a private equity firm in 2020.

Appendix: Important Disclosures

Analyst Certification

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Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: June 02, 2020, 09:39 ET

Date and time of production: June 02, 2020, 09:39 ET

Target Price / Valuation Methodology:

CloudMD Software & Services Inc. - DOC

Our C\$1.10 target price is DCF-based given expectations of strong revenue growth in the short-to-medium term (we apply a 2% TGR and 13.1% WACC), and equates to 3.3x EV/Sales and 30.9x EV/EBITDA on our 2021 model.

WELL Health Technologies - WELL

We derive our price target of C\$3.25/sh using a sum-of-the-parts valuation methodology.

1. We apply a 10.0x EV/S multiple to our 2022 estimates to value the Digital vertical.
2. We assign a 5.0x EV/S multiple to our 2022 estimates to value the Clinical vertical.
3. We assign a \$24M valuation for Insig.
4. We discount our TP by one year at 6%.

Risks to achieving Target Price / Valuation:

CloudMD Software & Services Inc. - DOC

Limited operating history; key personnel; limited insider ownership; technology; cybersecurity; reliance on third party providers; risks related to investments; healthcare regulations; liquidity and capital requirements; availability of healthcare professionals; confidentiality of personal and health information; competition; geographic concentration; other regulations; insurance; and conflicts of interest.

WELL Health Technologies - WELL

Inability to upsell EMR customers on new services

Our financial estimates factor in the company's ability to upsell existing EMR customers on new modules such as online booking and virtual check-in. We also assume the company is able to encourage these customers to increasingly outsource billing, HR and other administrative functions to WELL.

The company competes with third-party providers of these services and the adoption rate of such services by clinics is currently very low in Canada. If the company is unsuccessful in gaining material traction on this front, our financial estimates may prove too aggressive.

Inability to improve margin profile of the Clinical vertical

WELL Health's business is predominantly affected by the availability of physicians and other healthcare professionals to provide services at its facilities. Any vacancies relating to the current medical staff may impact the utilization rate of the clinics and their profitability.

Our financial estimates incorporate an improving utilization rate of clinics. There is a risk that the current tight supply and demand balance of healthcare workers could adversely impact the utilization rate of clinics as well as our estimates.

We believe the shortage of healthcare workers also means doctors have a lot of negotiation power even if WELL owns the clinics. As a result, if doctors are not open to digitizing their operations, it could adversely impact the anticipated improvement in margins for WELL's clinical vertical.

Anticipated benefits of acquisitions

The company's future growth is dependent on its ability to identify and acquire suitable acquisition targets. The process of integrating any acquired business is intrinsically risky and may create unforeseen operating difficulties and expenditures. The company's inability to realize the anticipated benefits of one or more of its acquisitions could adversely impact its overall profitability.

Access to capital markets

Historically, the company has relied on access to capital markets to fund its acquisitions. If the company is unable to raise funds at attractive rates, it will have difficulty in completing potential acquisitions, adversely impacting the future growth of the company.

Key personnel

The company has a tightly knit management team with significant expertise in the technology and healthcare space. As such, the departure of key personnel at the corporate level, especially Mr. Shahbazi, could have a material impact on the performance of the overall company. The company looks to mitigate this risk by encouraging equity ownership in the business by senior management teams at both corporate and subsidiary levels. Mr. Shahbazi owns 16% of the company.

Regulatory environment

Potential changes in government regulations that adversely impact doctor salaries can adversely impact the economics of clinics operated by WELL. That said, such changes could accelerate digitization at clinics to improve their cost structure.

As healthcare service providers in Canada are subject to various governmental regulation and licensing requirements, WELL Health's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of these business units.

Changes to legal, regulatory or local requirements may pose challenges to the portfolio companies and the business of WELL Health. Currently, there are proposed health care budget cuts in Alberta, with an estimated 85% of the cuts or roughly \$224 million affecting comprehensive primary care or family physicians, as well as a proposed bill that would provide monetary incentives for doctors operating in rural areas. In Ontario, the provincial government plans to improve oversight of the Ontario Health Insurance Plan by proactive public disclosure of doctor billings and tougher audits.

In British Columbia, a new agreement between the physicians and B.C. government will give physicians — in Vancouver, Victoria and other urban areas — premiums to help offset inflationary costs like higher rents. Doctors who have offices in Vancouver, for example, will get a five per cent increase that will be capped at a daily maximum of \$60. Doctors will also get an additional half of one per cent more in fees in each of the three years and an assortment of other compensation payments to help with retirement plans, malpractice insurance premiums, and pay for work previously not compensated. WELL Health's clinics are based in B.C. and hence expected to benefit from the rate increase.

Revenue concentration

WELL Health generates the majority of its revenues from the Province of British Columbia, Canada. Adverse changes in any economic, regulatory, legislative, or other factors that affect the Company's business could directly result in a significant negative impact on sales.

Cybersecurity

WELL Health relies extensively on digital and internet technologies to conduct and expand its operations. While the Company continues to deploy resources towards continuous protection of its networks, equipment, information technology systems and software against damage from threats, any compromise, breach or attack on its systems exposes WELL Health, its customers, and third-party service providers to several cybersecurity risks. These may have material impacts on the business operations and also expose the business to reputational harm as confidence dips amongst patients and investors. As cyber threats continue to evolve, WELL Health may be required to expend additional resources to continue to have the right protective measures in place.

Use of open source software

WELL Health's operations partially depend on how it makes use of certain open source software products, such as those utilized by OSCARprn, NerdEMR and KAI. Since these products are developed by third parties, the Company cannot guarantee that the open source components do not infringe the intellectual property rights of others. As the developers of the open source software may be under no obligation to maintain or update the software, the company may have to incur additional costs to maintain, update, or replace such software either internally or through another supplier.

Third-party reliance

WELL Health relies heavily on third parties including its IT and EMR vendors and partners. If these third parties were unable or unwilling to provide their services in the future, additional costs would be incurred to find the best replacements, on top of interruptions WELL's operations.

Confidentiality of personal and health information

Due to the nature of the business, employees at WELL Health and its subsidiaries have access to personal information of clients, including their medical histories. Although the company has policies, procedures and systems in place to address the privacy concerns of existing and future clients, there can be no assurance that the systems in place are sufficient. If a client's privacy is violated, the company could be liable for damages, criminal fines or penalties.

Distribution of Ratings:

Global Stock Ratings (as of 06/02/20)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	503	59.88%	54.08%
Hold	190	22.62%	38.95%
Sell	20	2.38%	35.00%
Speculative Buy	127	15.12%	71.65%
	840*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

Required Company-Specific Disclosures (as of date of this publication)

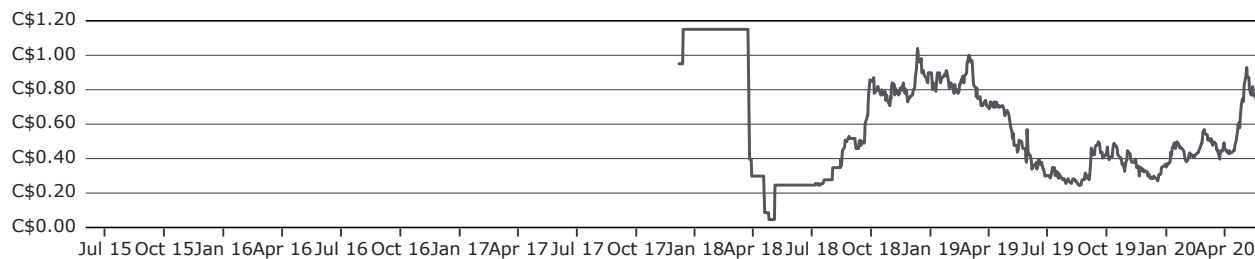
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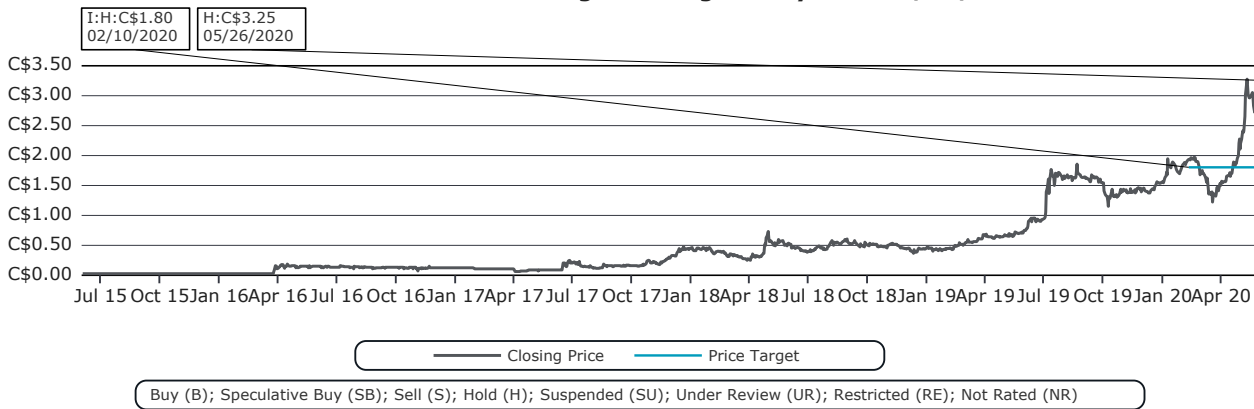
CloudMD Software & Services Inc. Rating History as of 06/01/2020



— Closing Price — Price Target

Buy (B); Speculative Buy (SB); Sell (S); Hold (H); Suspended (SU); Under Review (UR); Restricted (RE); Not Rated (NR)

WELL Health Technologies Rating History as of 06/01/2020



Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

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