



HEALTHSPACE DATA SYSTEMS LTD.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIVE MONTHS ENDED DECEMBER 31, 2020**

HEALTHSPACE DATA SYSTEMS LTD.

Management's Discussion and Analysis

For the five months ended December 31, 2020

(Expressed in US dollars)

GENERAL

The following is management's discussion and analysis ("MD&A") of HealthSpace Data Systems Ltd.'s ("HealthSpace" or the "Company") operating and financial results for the five months ended December 31, 2020, as well as information and expectations concerning the Company's outlook based on currently available information. This report is dated April 23, 2021.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the five months ended December 31, 2020. Additional information is available at www.sedar.com.

During the five months ended December 31, 2020, the company changed its fiscal year end from July 31 to December 31, in order to better align the Company's financial disclosure with other reporting issuers and for operational and administrative efficiency. The change in fiscal year end is effective December 31, 2020 and this MD&A is prepared for the transitional fiscal period for the five months ended December 31, 2020, with comparative information for the year ended July 31, 2020. Accordingly, readers are cautioned that the comparative amounts presented in this MD&A are not directly comparable to the five months ended December 31, 2020 due to the different lengths of the reporting periods.

On December 8, 2020, the Company completed an 8 to 1 share consolidation of its issued and outstanding common shares. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the share consolidations. All share and per share data presented in the Company's consolidated financial statements for the five months ended December 31, 2020 and in this MD&A have also been retroactively adjusted to reflect the share consolidation.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management no less than quarterly to review consolidated financial statements and the MD&A and to discuss other financial, operating and internal control matters.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "pipeline" "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to Company's future plans and management's belief as to the Company's potential involve known and unknown risks, uncertainties and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ

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materially from those anticipated. These risks include, but are not limited to: the risks associated with the commercial viability of any technologies the Company is in the process of developing or deploying, delays or changes in plans with respect to any technologies, costs and expenses, the risk of foreign exchange rate fluctuations, risks associated with securing the necessary regulatory approvals and financing to proceed with any planned business venture, product development or deployment, and risks and uncertainties regarding the potential to economically scale and bring to profitability any of the Company's current or planned endeavors. Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the results of the Company's business to not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risk Management section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures such as Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and "Annual Recurring Revenue" ("ARR"). These non-IFRS measures are not recognized, defined or standardized measures under IFRS. Our definition of EBITDA and ARR may differ from that used by other companies and therefore comparability may be limited.

EBITDA and ARR should not be considered a substitute for or considered in isolation from measures prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with our annual consolidated financial statements and the related notes thereto as at and for the five months ended December 31, 2020. Readers should not place undue reliance on non-IFRS measures and should instead view them in conjunction with the most comparable IFRS financial measures.

1. SUMMARY OF OPERATIONS, EVENTS AND FUTURE PLANS

HealthSpace is a software as a service ("SaaS") company focused on providing an efficient data and workflow management platform for federal, state, county and municipal governments. Over the last decade, HealthSpace has successfully developed both enterprise cloud based and mobile applications currently serving over 500 state and local government organizations across North America. HealthSpace currently offers the only self-serve platform for integrated inspection, administration and analytics in North America.

Further, HealthSpace now delivers its government grade technologies to private businesses enabling them to gain visibility and predictability into their own organizations and move from a reactive to a proactive operational status. HealthSpace continues to deliver focused service and innovative solutions to government organizations, while expanding into commercial enterprise verticals to enable new customers with proactive environmental health best practices and policies. HealthSpace has additionally entered into the FinTech space by creating a payment platform that streamlines the intake of government revenue for the agencies it serves.

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Effect of COVID-19 Pandemic

During the COVID-19 pandemic accounts receivable aging has extended, in some cases considerably, beyond industry and Company averages. This extension has been due to mass furloughing, or work from home status, of state and local government staff all over North America. As at December 31, 2020 approximately \$235,490 in cash receivables have extended beyond 90 days as a direct result of the COVID-19 pandemic, though no receivables at this time are in jeopardy of not being received. We expect to see this trend continue in some form for the first half of the 2021 before more normal operations are restored in the government space in North America and in-office operations resume as they were prior to the pandemic. There have been multiple contracts that were expected to close during the five months ended December 31, 2020 which have been delayed due to the same reasons stated above. At this time, HealthSpace does not expect any of those contracts to not be completed.

At this time, it is difficult to estimate the impact of the COVID-19 pandemic to the Company's growth in the long term as the situation remains very fluid and is rapidly evolving. It is known that state and local government budgets will be under severe strain due to parts of the economy closing and a resulting decrease in tax and fee revenue. HealthSpace believes, at this time, that the impact of this on our business is not likely to be severe enough to negatively impact sales growth.

HealthSpace's customers perform a regulatory function which is classified as a vital public service. Further, our customers, primarily public health agencies in the USA, are beginning to receive federal CARES Act grants, as well as funds supplied by the CDC and FEMA, for the use in public health preparedness and system improvement. HealthSpace has already had contracts funded through these programs and, at this time, believes that there is a likelihood our customers will have additional funds to spend on products like HSCloud Suite. HealthSpace is taking definitive steps to position itself to leverage these funds across the USA and grow revenue through 2021.

2. DESCRIPTION OF BUSINESS

HealthSpace is a SaaS provider that offers a suite of products to state and local government agencies across the United States and Canada. The products offered create numerous efficiencies for these agencies that include time and cost savings, proactive reporting and tracking, detailed surveillance of private businesses, and quick implementation time of complex software. HealthSpace's product suite includes a configurable enterprise cloud-based data management and mobile inspection apps for iPad, Android and Windows operating systems. These are necessary facets for the agencies allowing them to license, invoice and inspect various private sector businesses ranging from restaurants to farms, daycares to tattoo parlors, septic to building companies and a myriad of others. Historically, HealthSpace has provided its solutions exclusively to Environmental and Public Health agencies, but it is now offering its solutions to Agriculture, Code Enforcement, Septic and other various agencies in the same regions.

In addition to its core SaaS market, the Company is currently developing a proprietary payments solution to create a governmental FinTech platform for online and mobile payments. This new platform will revolutionize the way state and local governments agencies collect revenue from private businesses they regulate. This new platform will target the tens of billions of dollars these agencies charge to private businesses to allow them to operate. These charges include annual licensing fees, such as a restaurant permits, as well as application fees, fines and more. The Company will be able to share in the revenue through a profit share from payment processors and convenience fees charged to the local business. This

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new line of revenue is not only accretive to its current market, but also has the potential to far exceed the amount of revenue generated from software sales.

The Company's products are unique to the industry in that they are easy to implement, fully cloud based and can be configured on-the-fly. Government agencies have to be adaptable to change, whether that be new laws enacted, or proactively working to prevent issues such as foodborne illness as well as other potential public health outbreaks. The Company facilitates and exceeds these needs by providing a software suite that is adaptable to the environment it is deployed in. Changing governmental codes, business requirements and more is all done with a click of a mouse within the Company's proprietary Form Builder application.

The governmental market that HealthSpace targets spends billions of dollars every year on IT solutions that address the very needs and challenges the Company's products solve. Within state and local agencies, there is a vast opportunity to capture the revenue rich and underserved agencies that require complex software needs, but desire to do so in a way that is comparable to SaaS companies that sell into the private sector. Because of this, the Company continues to increase its sales force, market presence and is rapidly building up its product offerings in order to capture a larger portion of this market.

Technology and Infrastructure

HSCloud

HSCloud is a first of its kind, no-code data management platform for government. No-code allows non-technical users to create fully-customizable cloud-based systems for managing applications, licenses, permits, inspections and virtually any other data needed to operate state and local government agencies. It is one of the only "self-serve" software platforms offered in the government space. This means users of the system, whether IT administrators or back-office clerical staff, can change the platform to suit their regulatory needs with a few clicks. By doing so, HSCloud puts the full power and benefits of the cloud data management into the hands of users without needing specialized software skills.

HSTouch

HSTouch is the Company's proprietary mobile and tablet solution available for iOS and Windows operating systems. It is designed for data collection in the field and can work either connected to or disconnected from the internet and provides field inspectors an easy-to-use touch screen experience when recording observations in the field. Data, such as calendars, past inspections, regulatory codes and violations, can be seamlessly synchronized with HSCloud. The application also provides the ability to electronically capture signatures and insert photos and email inspection reports.

EnviroIntel EHS Manager

The HealthSpace EnviroIntel EHS Manager (the "EHS") is the Company's legacy application still used throughout North America. It is an internet-based Windows client/server application that can run on desktop, laptop and tablet computers. Users can access the system through a web browser to fill out forms, request information and view data including real-time reports. The Company has embarked on a program to migrate current EHS users to the new system. Two thirds of all customers utilizing the EHS application are in the process of migration or have already migrated to the Company's HSCloud platform.

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FinTech Platform (HSPay)

HealthSpace has entered into a partner agreement with PayPal in order to create a unique and proprietary payment solution that streamlines and digitizes the revenue collection for the agencies it serves. This new platform will allow government to realize revenue faster, provide easier methods of payment to private businesses, and greatly extend the revenue generation abilities of the Company. This new platform also creates a unique selling point that no other vendor offers, which creates a future opportunity for the Company to white-label the solution to larger software providers who manage larger regulatory agencies outside of the Company's purview.

Open-source Web Platform (MyHealthDepartment.com)

HealthSpace is developing sophisticated public facing web platform for business owners under the regulation of the Company's customers. The platform will be multi-functional and allow users to apply for services, view and interact with inspection reports as well as permits, review the status of applications and streamline communication with the regulating agency. This portal will also serve as the initial delivery vehicle for HSPay in order to allow businesses to pay their fees through online and mobile platforms. The result of this continuing development is that regulatory organizations can provide much faster service to their stakeholders at no cost to the organization. In turn, private businesses are provided a tool not yet available in today's market, especially across multiple jurisdictions.

Disease Surveillance

HealthSpace disease surveillance tools, allow for public health agencies to track new cases in an outbreak, and provides an advanced suite of communication and tracking tools so they can stay in close touch with constituents that are sick. The largest use case of this came during the Pandemic, HealthSpace was the solution used by numerous health departments to manage their COVID-19 cases, and to do automated contact tracing with the product.

Research and Development

The Company is currently engaged in research and development activities in the following areas:

Infrastructure

The Company has considerable resources to upgrade its server and network infrastructure to ensure security and performance and to reduce ongoing system operating costs while staying current and compliant in a rapidly changing technology environment. The server infrastructure is housed in Tier III colocation facilities with failover capacity to insure continuous service.

Intellectual Property

Intellectual property with respect to SaaS is managed through the non-disclosure of software source code and application know-how. The HSCloud platform design, function and entire code base are proprietary.

For additional, important information related to our intellectual property, please review the information set forth in "Business Risk Factors."

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3. SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial operations for the five months ended December 31, 2020 and two most recently completed fiscal years. For more detailed information pertaining to the Company, please see HealthSpace's annual audited consolidated financial statements for the five months ended December 31, 2020 and years ended July 31, 2020 and 2019.

	Five months ended December 31, 2020 \$	Year ended July 31, 2020 \$	Year ended July 31, 2019 \$
Revenue	1,657,362	2,648,067	2,586,241
Cost of revenue	534,193	873,389	877,956
Operating expenses	2,251,192	3,598,398	2,340,630
Interest and other income (expenses)	(29,119)	(9,298)	(121,052)
Net loss	(1,157,142)	(1,833,018)	(753,397)
Loss per post consolidated share, basic and fully diluted	(0.043)	(0.090)	(0.040)
Operating cash	4,387,093	957,517	122,370
Working capital (deficiency)	3,373,267	(696,034)	(804,652)
Total assets	8,634,089	4,640,019	4,061,695
Total long-term liabilities	171,243	70,989	707,353
Shareholders' equity (deficiency)	(6,762,775)	(2,555,250)	(1,784,860)
EBITDA ⁽¹⁾	(1,022,090)	(1,306,256)	(415,423)

¹ EBITDA is a non-IFRS measure that is used as a measure of profit and loss. Management believes EBITDA provides a meaningful measure for assessment of Company performance as it removes non-cash and non-operating expenses such as financing costs. EBITDA is defined and calculated as net loss adjusted to remove interest, taxes, depreciation and amortization.

Annual Recurring Revenue (ARR) is a non-IFRS measure that provides an indication of subscription revenue and billings from customers as of the reporting date. ARR represents the sum of the annual recurring revenue from existing customer contracts or commitments as of the reporting period end date, and as such management believes ARR to be a meaningful measure for assessment of Company performance.

Annual Recurring Revenue (ARR) Under Contract represents the sum of the annual recurring revenue from existing customer contracts or commitments as of the reporting period end date, and as such management believes ARR Under Contract to be a meaningful measure for assessment of Company performance. ARR Under Contract includes a Backlog, which represents amounts contracted but not yet being invoiced in full, generally while the customer receives Professional Services.

We have continued to experience growth in ARR Under Contract. During the five months ended December 31, 2020, ARR Under Contract grew to \$4.00 million, from \$3.66 million as at July 31, 2020. The Backlog has fallen slightly, dropping to \$0.42 million as at December 31, 2020 from \$0.49 million as at July 31, 2020.

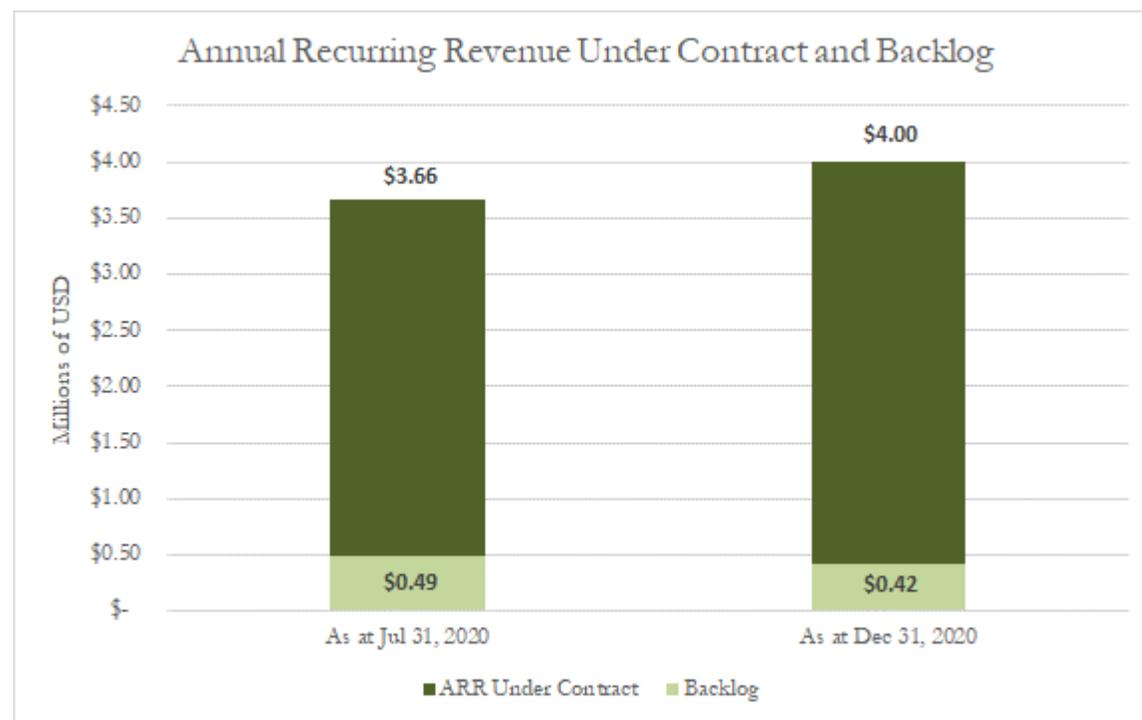
The following graph represents the Company's current Annual Recurring Revenue Under Contract and Backlog as of the date of this MD&A:

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The Company currently does not pay and does not anticipate paying any dividends on its common shares, as all available funds will be used to develop the Company's business for the foreseeable future.

4. DISCUSSION OF OPERATIONS

Following is a discussion of the Company's financial results for the five months ended December 31, 2020, compared to the year ended July 31, 2020. The consolidated financial statements of the Company for the five months ended December 31, 2020 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All inter-company balances and transactions have been eliminated on consolidation.

Revenue recognition

The Company adopted IFRS 15 *Revenues from contracts with customers* effective August 1, 2018. Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The Company's contracts often include multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations.

The Company's hosted software-as-a-service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and recognized ratably over the contract period, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform.

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Professional services are provided for implementation and configuration of software licenses and SaaS, as well as ongoing technical services and training. Professional services are typically billed on fixed fee basis and revenue is recognized at the point in time when the services have been performed.

Maintenance and support services provided to customers on legacy perpetual software licenses is recognized ratably over the term of the maintenance and support services.

Revenue

The Company has experienced significant growth over the last two years through the signing contracts with several major customers in the US which the Company expects will result in increasing revenue from Subscriptions in future years.

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Subscriptions	\$ 1,304,603	\$ 1,785,902	\$ (481,299)	-27%
Professional services	352,759	862,165	(509,406)	-59%
Total	\$ 1,657,362	\$ 2,648,067	\$ (990,705)	-37%

Consolidated revenues decreased by 27% during the five months ended December 31, 2020 compared to the twelve months ended July 31, 2020. Revenues related to subscriptions decreased by 59% and revenue related to professional services decreased by 37% for the same comparative periods. The Company increased subscription revenue on a proportionate basis during the five months ended December 31, 2020 primarily due to signing new customers in the United States.

	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Subscriptions	\$ 598,590	\$ 283,135	\$ 315,455	111%
Professional services	166,352	175,314	(8,962)	-5%
Total	\$ 764,942	\$ 458,449	\$ 306,493	67%

Consolidated revenues increased by 67% during the two months ended December 31, 2020 compared to the three months ended January 31, 2020. Revenues related to subscriptions increased by 111% and revenue related to professional services decreased by 5% for the same comparative periods. The Company increased subscription revenue on a proportionate basis during the five months ended December 31, 2020 primarily due to signing new customers in the United States.

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Revenues and Direct Costs

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Revenue	\$ 1,657,362	\$ 2,648,067	\$ (990,705)	-37%
Data hosting and customer support	534,193	873,389	(339,196)	-39%
Gross profit	\$ 1,123,169	\$ 1,774,678	\$ (651,509)	-37%

Gross profit for the five months ended December 31, 2020 compared to the twelve months ended July 31, 2020 decreased by 37%. Hosting costs and customer support expense decreased by 39%. Revenue decreased by 37% for the same comparative periods. On a proportionate basis, the Company's revenues increased during the five months ended December 31, 2020 primarily as a result of new contracts entered into with customers in United States over the previous two years.

	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Revenue	\$ 764,942	\$ 458,449	\$ 306,493	67%
Data hosting and customer support	278,812	224,212	54,597	24%
Gross profit	\$ 486,133	\$ 234,237	\$ 251,896	108%

Gross profit for the two months ended December 31, 2020 compared to the three months ended January 31, 2020 increased by 108%. Hosting costs and customer support expense increased by 24%. Revenue increased by 67% for the same comparative periods. The Company's revenues increased during the two months ended December 31, 2020 primarily as a result of new contracts entered into with customers in United States over the previous two years.

Revenue by geographic region

Canada	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Subscriptions	\$ 224,363	\$ 475,973	\$ (251,610)	-53%
Professional services	(5,654)	5,507	(11,161)	-203%
Total, Canada	\$ 218,709	\$ 481,480	\$ (262,771)	-55%
% of Total	13%	18%	-5%	

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United States	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Subscriptions	\$ 1,080,240	\$ 1,309,929	\$ (229,689)	-18%
Professional services	358,413	856,658	(498,245)	-58%
Total, United States	\$ 1,438,653	\$ 2,166,587	\$ (727,934)	-34%
% of Total	87%	82%	5%	
TOTAL	\$ 1,657,362	\$ 2,648,067	\$ (990,705)	-37%

Total revenues in Canada decreased by 55% during the five months ended December 31, 2020 compared to the twelve months ended July 31, 2020. Subscription revenues in Canada decreased by 53% and professional services decreased by 203% for the same comparative periods.

Total revenues in the United States decreased by 34% during the five months ended December 31, 2020 compared to the twelve months ended July 31, 2020. Subscription revenues in the United States decreased by 18% and professional services decreased by 58% for the same comparative periods.

Revenues from Canada and the United States accounted for 13% and 87%, respectively, of total revenues during the five months ended December 31, 2020 and 18% and 82%, respectively, of total revenues during the year ended July 31, 2020.

Canada	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Subscriptions	\$ 69,283	\$ 120,725	\$ (51,442)	-43%
Professional services	(25,065)	5,682	(30,747)	-541%
Total, Canada	\$ 44,218	\$ 126,407	\$ (82,189)	-65%
% of Total	6%	28%	-27%	

United States	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Subscriptions	\$ 529,307	\$ 162,410	\$ 366,897	226%
Professional services	191,417	169,632	21,785	13%
Total, United States	\$ 720,724	\$ 332,042	\$ 388,682	117%
% of Total	94%	72%	127%	
TOTAL	\$ 764,942	\$ 458,449	\$ 306,493	67%

Total subscription revenues in Canada decreased by 43% during the two months ended December 31, 2020 compared to subscription revenue during the three months ended January 31, 2020 in part due to the change in the currency exchange rate from US dollars to Canadian dollars as revenue is recorded in Canadian dollars and reported in US dollars. Professional services revenue decreased by 541% during the two months ended December 31, 2020 compared to professional services revenue during the three months ended January 31, 2020 due to a customer adjustment.

Subscription revenues in the United States increased by 223% during the two months ended December 31, 2020 compared to subscription revenue during the three months ended January 31, 2020. Professional

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services revenue increased by 13% during the two months ended December 31, 2020 compared to the three months ended January 31, 2020. The increase in subscription revenue is mainly due to signing contracts with new customers.

Revenues from Canada and the United States accounted for 6% and 94%, respectively, of total revenues during the two months ended December 31, 2020 and 28% and 72%, respectively, of total revenues during the three months ended January 31, 2020. The Company continues to focus its marketing efforts towards US market as it presents better growth potential.

Sales wages, commissions and marketing

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Advertising and promotion	\$ 55,773	\$ 59,434	\$ (3,661)	-6%
Sales commissions	48,768	46,069	2,699	6%
Travel	15,613	175,632	(160,019)	-91%
Wages	94,279	247,960	(153,681)	-62%
Total	\$ 214,433	\$ 529,095	\$ (314,662)	-59%

Sales wages, commissions and marketing expenses decreased by \$314,662 or 59% during the five months ended December 31, 2020 compared to the twelve months ended July 31, 2020. The changes are due to a decrease in traveling expenses due to the COVID-19 pandemic and an offsetting increase in advertising and promotion and sales commissions due to the Company adopting a new promotional strategy.

	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Advertising and promotion	\$ 42,014	\$ 2,451	\$ 39,563	1614%
Sales commissions	18,468	3,136	15,332	489%
Travel	5,310	44,837	(39,528)	-88%
Wages	36,992	55,290	(18,298)	-33%
Total	\$ 102,784	\$ 105,714	\$ (2,931)	-3%

Sales wages, commissions and marketing expenses decreased by \$2,931 or 3% during the two months ended December 31, 2020 compared to the three months ended January 31, 2020. The changes are mainly due to signing contracts with new customers for which commissions are paid. The increases in advertising and promotion and sales commissions were partially offset by decrease in travel and wages expense.

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General and Administrative ("G&A") Expense

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Accounting and legal	\$ 132,008	\$ 243,806	\$ (111,798)	-46%
Amortization of intangible assets	57,181	141,554	(84,373)	-60%
Amortization of tangible assets	27,472	79,358	(51,886)	-65%
Amortization of office lease	18,683	41,767	(23,084)	-55%
Consulting	269,722	101,168	168,554	167%
Filing fee	49,696	81,498	(31,802)	-39%
Insurance	23,800	229,490	(205,690)	-90%
Office expenses	57,441	173,362	(115,921)	-67%
Rent	29,171	49,372	(20,201)	-41%
Other	21,739	60,824	(39,085)	-64%
Total G&A expenses	\$ 686,913	\$ 1,202,199	\$ (515,286)	-43%

G&A expenses decreased by 43% or by \$515,286 during the five months ended December 31, 2020 compared to twelve months ended July 31, 2020. The decrease is mainly due to the difference in reporting periods. The increase in consulting expense is due to the Company using recruiting agents to hire employees. Due to the increased number of customers, the Company is hiring additional employees to support customers as well as maintain the newly developed HSCloud system. Insurance expense decreased as health care benefits provided by the Company to its US employees were capitalized as part of software development costs for related employees.

	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Accounting and legal	\$ 75,694	\$ 52,800	\$ 22,894	43%
Amortization of intangible assets	26,062	35,633	(9,571)	-27%
Amortization of tangible assets	11,194	18,898	(7,704)	-41%
Amortization of office lease	8,058	10,670	(2,612)	-24%
Consulting	178,282	33,451	144,831	433%
Filing fee	23,590	18,655	4,935	26%
Insurance	(56,668)	50,150	(106,818)	-213%
Office expenses	(14,332)	330	(14,662)	-4443%
Rent	10,668	5,184	5,484	106%
Other	(55,930)	-	(55,930)	100%
Total G&A expenses	\$ 206,618	\$ 225,771	\$ (19,153)	-8%

G&A expenses decreased by 8% or by \$19,153 during the two months ended December 31, 2020 compared to the three months ended January 31, 2020. The change is mainly comprised of an increase in consulting expense. The increase in consulting expense is due to the Company using recruiting agents to hire employees. Due to the increased number of customers, the Company hired additional employees to support customers as well as maintain the newly developed HSCloud system. Insurance expense decreased as health care benefits provided by the Company to its US employees were capitalized as part of software development costs for related employees.

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Interest and financing costs

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Interest	\$ 31,716	\$ 235,218	\$ (203,502)	-87%
Factoring fee	-	28,866	(28,866)	-100%
Total	\$ 31,716	\$ 264,084	\$ (232,368)	-88%

Interest and financing costs for the five months ended December 31, 2020 decreased by \$232,368 to \$31,716 from \$264,084 incurred during the twelve months ended July 31, 2020. Interest and financing costs decreased as the Company had sufficient financial resources without using short-term financing facilities such as accounts receivable factoring and the Company converted or repaid its outstanding convertible debts in September 2020.

	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Interest	\$ 13,206	\$ 36,772	\$ (23,566)	-64%
Factoring fee	-	51,095	(51,095)	-100%
Total	\$ 13,206	\$ 87,867	\$ (74,661)	-85%

Interest and financing costs for the two months ended December 31, 2020 decreased by \$74,661 to \$13,206 from \$87,867 incurred during the three months ended January 31, 2020. The Company had sufficient financial resources without using short-term financing facilities such as factoring.

Net Loss

	Five months ended December 31, 2020	Year ended July 31, 2020	Change from year ended July 31, 2020 to five months ended December 31, 2020	
Net Loss from operations	\$ 1,128,023	\$ 1,823,720	\$ (695,697)	-38%
Net Loss	1,157,142	1,833,018	(675,876)	-37%
Net Loss per post consolidated share	\$ 0.043	\$ 0.090	\$ (0.047)	-54%
Basic and diluted weighted average number of shares outstanding	27,208,531	19,927,658		

The Company had a net loss of \$1,157,142 during the five months ended December 31, 2020 compared to a net loss of \$1,833,018 during the twelve months ended July 31, 2020. The change in the net loss is mainly due to the hiring of new employees, which resulted in an increase in software implementation and consulting expenses, as well as research and development expenses and management expenses, to support both current and forward-looking customer growth.

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	Two months ended December 31, 2020	Three months ended January 31, 2020	Change from three months ended January 31, 2020 to two months ended December 31, 2020	
Net Loss from operations	\$ (571,088)	\$ (409,744)	\$ (161,344)	39%
Net Loss	(582,868)	(497,935)	(84,933)	17%
Net Loss per post consolidated share	\$ 0.020	\$ 0.028	\$ 0.001	4%
Basic and diluted weighted average number of shares outstanding	29,615,589	17,938,867		

The Company had a net loss of \$582,868 during the two months ended December 31, 2020 compared to a net loss of \$497,935 during the three months ended January 31, 2020. The increase in the net loss is mainly due to the hiring of new employees, which resulted in an increase in software implementation and consulting expenses, as well as research and development expenses and management expenses, to support both current and forward-looking customer growth.

5. SELECTED QUARTERLY INFORMATION

The following table presents selected consolidated financial information for each of the previous eight quarters.

Period	Two months ¹ ended December 31, 2020	Quarter ended October 31, 2020	Quarter ended July 31, 2020	Quarter ended April 30, 2020
Revenues	\$ 764,942	\$ 892,420	\$ 396,576	\$ 1,162,512
Net gain (loss)	(582,868)	(574,274)	(1,021,983)	31,588
Net gain (loss) per post consolidated share	\$ (0.020)	\$ (0.024)	\$ (0.048)	\$ 0.002

Quarter ended	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Revenues	\$ 458,449	\$ 630,530	\$ 921,064	\$ 557,200
Net loss	(497,935)	(344,688)	(47,891)	(207,346)
Net loss per post consolidated share	\$ (0.028)	\$ (0.016)	\$ (0.008)	\$ (0.008)

¹Shortened period due to the change in year end from July 31 to December 31 during the five months ended December 31, 2020.

The Company's revenues may fluctuate from quarter to quarter primarily as a result of the amount of professional services completed during that quarter and the timing of recognition of related revenues. Revenues generally increased during the quarters ended in 2020 compared to the previous year due to an increase in subscriptions from new customers and professional services provided by the Company to new customers and customers converting from legacy software to the Company's HSCloud platform. Revenues decreased during the quarter ended July 31, 2020 from prior quarters as a result of the impact of the COVID-19 pandemic which resulted in reduced professional services activity.

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6. CAPITAL RESOURCES AND LIQUIDITY

	Five months ended December 31, 2020	Year ended July 31, 2020
Net cash flows used in operating activities	\$ (887,308)	\$ (1,309,986)
Net cash flows used in investing activities	(247,973)	(42,131)
Net cash flows provided by financing activities	4,564,857	2,188,463
Net increase in cash	3,429,576	836,346
Effect of movements in exchange rates on cash	-	(1,199)
Cash at beginning of period	957,517	122,370
Cash at end of period	\$ 4,387,093	\$ 957,517

On December 8, 2020 the Company closed an oversubscribed private placement for gross proceeds of approximately CAD\$6.5 million. The Company expects to have sufficient working capital for some time which will allow the Company to continue its growth strategy and internal development and acquisitions of technology.

The Company experiences significant fluctuations in liquidity as customers are invoiced on an annual or quarterly basis whereas the related expenses are generally incurred evenly throughout the fiscal year. The majority of the cash inflow from customer billings is collected in April through July of each year.

Despite these challenges, with recent sales efforts and the release of new technologies, the Company foresees strong growth in its revenues.

The combination of reduced debt servicing costs and an increase in revenue is expected to provide a significant improvement in the Company's working capital position.

On May 4, 2020 the Company received a loan under the United States Small Business Administration ("SBA") Paycheck Protection Program ("PPP") pursuant to the recently adopted Coronavirus Aid, Relief, and Economic Security Act. The Company received a \$153,587 unsecured PPP Loan. The two-year, SBA-administered PPP loan has an interest rate of 1% per annum, with principal and interest payments due on the first day of each month, with payments commencing on December 1, 2021.

All or a portion of the Loan may be forgiven if the Company maintains its employment and compensation within certain parameters during the eight-week period following the loan origination date and the proceeds of the loan are spent on payroll costs, rent or lease agreements. The Company incurred the related payroll costs prior to July 31, 2020 and expects the full amount of the PPP Loan to be forgiven. Accordingly, the Company has recognized the full amount of the PPP Loan as a government grant during the year ended July 31, 2020, presented as part of "other income (expenses)" on the consolidated statements of loss and comprehensive loss.

During the year ended July 31, 2020 the Company received a CAD\$40,000 loan from the Government of Canada under the Canada Emergency Business Account ("CEBA") program. No interest accrues on the loan if it is repaid by December 31, 2022. Interest will accrue on the outstanding balance commencing on January 1, 2023 at a rate of 5% per annum calculated monthly, both before and after the maturity date (December 31, 2025). No principal payments are required to be paid until the maturity date.

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Interest on the outstanding balance shall be payable monthly on the 1st day of each month commencing January 1, 2023. The outstanding principal balance of the CEBA loan together with accrued interest is payable on the maturity date.

25% of the CEBA loan will be forgiven if the remaining 75% of the CEBA loan is paid on or before December 31, 2022. The Company has recognized the forgivable portion of CAD\$10,000 as a government grant during the year ended July 31, 2020, presented as part of "other income (expenses)" on the consolidated statements of loss and comprehensive loss.

Working Capital

As at December 31, 2020, the Company had working capital of \$3,373,267 compared to the working capital deficiency of \$696,034 as at July 31, 2020. The improvement in working capital is primarily the result of the completion of the Company's oversubscribed private placement completed on December 8, 2020.

Convertible Debentures

During the five months ended December 31, 2020, the Company settled its outstanding convertible debentures by repaying outstanding convertible debentures of CAD\$500,000 and converting outstanding convertible debentures of CAD\$295,000 into common shares at a post-consolidated price of CAD\$0.80 per share, resulting in the issuance of 368,750 post consolidated common shares.

7. FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2020 and the date of this MD&A, the Company has not entered into any derivative or other off-balance sheet arrangements.

8. RELATED PARTY TRANSACTIONS

During the five months ended December 31, 2020 and the year ended July 31, 2020, the Company did not enter into any transactions with related parties other than key management personnel.

The Company defines key management personnel as being the Board of Directors and senior management. The remuneration of key management personnel during the five months ended December 31, 2020 and year ended July 31, 2020 was as follows:

	Five months ended December 31, 2020	Year ended July 31, 2020
Management and directors' fees	\$ 328,538	\$ 334,500
Administrative fees, commissions and other remuneration	91,143	220,105
Share-based compensation	6,138	348,694
	\$ 425,819	\$ 903,299

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9. FINANCIAL INSTRUMENTS

The Company adopted IFRS 9 *Financial Instruments* effective August 1, 2018. The adoption of IFRS 9 did not result in any material changes to the measurement or presentation of financial instruments in the Company's consolidated financial statements. Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value, plus transaction costs if the financial instrument is not subsequently measured at fair value through profit and loss.

Financial assets are measured subsequently at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL") based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets which are investments in equity instruments are measured subsequently at FVTPL unless they are not held for trading and are designated as FVOCI. Financial liabilities are measured subsequently at amortized cost, except for derivatives and certain other specified exceptions measured at FVTPL.

The Company classifies and measures all of its financial instruments subsequent to initial recognition at amortized cost. Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method, adjusted as required for credit-impaired financial assets.

Financial assets measured at amortized cost are subject to a loss allowance for expected credit losses resulting from default events that are possible within 12 months after the reporting date, or an allowance for lifetime expected losses for certain trade receivables, contract assets and lease receivables, and for financial assets where credit risk has increased significantly since initial recognition. Changes in the amount of expected credit losses are recognized as an impairment gain or loss in profit and loss.

Financial assets are derecognized when the contractual rights to the cash flows expire, for certain transfers, or when there is no reasonable expectation of recovering the financial asset. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurements are determined based on quoted prices or appropriate valuation methods. Gains and losses on investments in equity instruments designated as FVOCI are recognized in other comprehensive income until they are derecognized. Dividends from these investments are recognized in profit and loss.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2020 and July 31, 2020, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value that would have been categorized as Level 2 or 3 in the fair value hierarchy above.

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11. RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required. When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues.

As at December 31, 2020, \$235,490 of customer receivables are past due (July 31, 2020 - \$177,477).

The majority of the Company's customer receivables are due from customers in the United States of America. As at December 31, 2020, two of the Company's customers accounted for \$331,718 of accounts receivable (July 31, 2020 - \$40,090).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk from its secured loans, convertible debentures and notes payable. The risk that the Company will realize a loss as a result of an increase in interest rates is minimal as the majority of the Company's borrowings are at a fixed rate.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 19 of the consolidated financial statements for the five months ended December 31, 2020. The Company's financial liabilities are due within the current fiscal year, except for the long-term portion of lease obligations and contract liabilities, which are expected to come due in fiscal year 2022, and the CEBA loan, which is due on December 31, 2022.

Other Market Risk

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies. The Company does not invest in derivatives to mitigate these risks.

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Business Risk Factors

The Company is exposed to a number of "Risk Factors", which are summarized below:

- The Company's financial results may fail to meet or exceed expectations of securities analysts or investors.
- The market for the Company's products or technology platform may not develop or perform as expected.
- The Company's data collection and analysis systems may contain material defects or we may otherwise deliver inaccurate information.
- The Company may deliver, or be perceived to deliver, inaccurate information to our customers.
- The Company's customer base consists exclusively of government bodies, whose budgets and mandates are subject to change.
- The Company may experience customer dissatisfaction or loss from changes to our methodologies or scope of information the Company collects.
- The Company may provide poor service or the Company's products may not comply with customer agreements.
- The Company may not be able to compete successfully against the Company's current and future competitors which would harm the Company's ability to retain and acquire customers.
- Any actual or perceived violations of privacy laws or perceived misuse of data could cause public relations problems and could impair the Company's ability to obtain user responses of sufficient size and scope.
- Any unauthorized disclosure or theft of private information the Company may gather could harm the Company's business.
- The Company may encounter difficulties managing its growth.
- The Company may fail to successfully market and develop its brand.
- The Company may fail to effectively expand its sales and marketing capabilities.
- The Company may experience system failures or delays in operation of our computer and communication systems.
- The Company may experience interruptions or delays in services it receives from third-party service providers, or from its own facilities, to host and deliver its products.
- The Company may fail to respond to technological developments.
- The Company may fail to protect and enforce its intellectual property rights.
- The Company may be subjected to costly and time-consuming litigation or expensive licenses from assertions of intellectual property infringement from third parties.
- Laws, regulations or enforcement actions may limit the Company's ability to collect and use information from Web users or restrict or prohibit its product offerings.
- The Company is dependent on the continued growth of the Web as a medium for widespread commerce, content, advertising and communications.
- The Company may experience an inability to attract or retain qualified personnel.
- The Company may be unsuccessful in its expansion through investments in, acquisitions of, or development of new products, or such effort may divert its management's attention.
- Changes in, or interpretations of, accounting methods or policies may require the Company to reclassify, restate, or otherwise change or revise the Company's consolidated financial statements.
- The Company may have inadequate internal control over financial reporting or significant existing or potential deficiencies or material weaknesses in such controls that it is not currently aware of.

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- The Company may require additional capital to support business growth, and this capital may not be available on acceptable terms or at all.
- A market may not continue to develop or exist for the Company's common shares.
- The Company may lack coverage by securities or industry analysts who publish research or reports about its business or such analysts may issue adverse or misleading opinions concerning the Company.
- The Company's insiders have substantial control over HealthSpace, which could limit other shareholders' influence on the outcome of key transactions.
- The Company's management has broad discretion over use of proceeds.
- The Company may issue additional shares in an equity/debt financing that may have the effect of diluting the interest of its shareholders.
- The Company may issue additional debt which may or may not be on favorable terms.
- The Company may not be able to service the debt outstanding or issued in the future.
- The Company has incurred and will continue to incur increased costs and demands upon management as a result of becoming a public company.
- The Company does not anticipate paying dividends to common shareholders in the foreseeable future.
- Intellectual property protection (such as trademarks, copyrights and patent applications) may not be granted.

12. OUTSTANDING SHARE DATA

As at April 23, 2021 the Company has outstanding:

- 36,237,635 Common shares;
- 9,067,505 Common share purchase warrants;
- 1,071,250 Common share purchase options;
- 923,438 Restricted share units exercisable into common shares.