

Reliq Health Technologies, Inc. Files Q3 FY2022 Quarterly Financial Statements, Provides Corporate Update

HAMILTON, Ontario, May 30, 2022 — **Reliq Health Technologies Inc. (TSXV:RHT or OTCQB:RQHTF)** (“**Reliq**” or the “**Company**”), a rapidly growing global healthcare technology company that specializes in developing innovative Virtual Care solutions for the multi-billion dollar Healthcare market, today announced that the consolidated financial statements (“Financial Statements”) and Management’s Discussion and Analysis (“MD&A”) for the quarter ended March 31, 2022, are now available on the Company’s profile on SEDAR (www.sedar.com).

“We have now filed our quarterly financials for Q3 Fiscal Year 2022,” said Dr. Lisa Crossley, CEO of Reliq Health Technologies, Inc. “The first three quarters of FY2022 were a period of rapid growth for the Company. Revenues for the nine months ended March 31, 2022 increased by over 490% to \$6,263,304 as compared to \$1,060,701 for the nine months ended March 31, 2021. Gross Margin improved to 70% for the nine month period as compared to 47% for the comparable period in FY2021. Despite the significant resurgence of COVID-19 (Omicron variant) in late 2021 / early 2022, revenue from software and services sales more than doubled quarter-over-quarter from Q2 to Q3 FY2022, consistent with the Company’s prior statements that by the end of Calendar 2022 the majority of the Company’s revenue would be generated by software and services sales vs device sales. The Company expects the bulk of its growth to occur in the second half of this calendar year as previously disclosed larger clients come online and the impact of COVID-19 on operations is reduced.”

The Company is also pleased to provide the following corporate update.

1. Highlights from Q3 FY2022 Quarterly Financial Statements

During the nine month period ending March 31, 2022 and subsequent, the Company:

- Increased sales for the nine months ended March 31, 2022 by over 490% to \$6,263,304 relative to the nine months ended March 31, 2021 (\$1,060,701).
- Increased revenue from software and services quarter-over-quarter doubled to \$1,067,426 (December 31, 2021 - \$524,547). Going forward the Company expects the majority of its revenue to come from software and services vs hardware sales.
- Increased gross profits for the nine months ended March 31, 2022 to \$4,378,830 (March 31, 2021 - \$502,529). Gross margins for the period increased to 70% (March 31, 2021 - 47%) as high margin software and services revenues increased and margins on device sales improved as customer demand increased.
- Increased gross profits quarter-over-quarter to \$1,636,105 for the three-months ended March 31, 2022 (three-months ended December 31, 2021 - \$1,583,702). Gross Margin

for the quarter was 65%. The slight decrease in gross margin during this period was due to a temporary increase in device costs which has subsequently been resolved as the Company identified new device suppliers. Gross margins are expected to return to the target 75% in the second half of calendar year 2022 due to reduced device costs and an increase in the percentage of the Company's total revenues from higher margin software and services vs hardware.

- Increased working capital to \$6,941,912 (December 31, 2021 - \$5,921,491).
- After adjusting for non-cash expenses including share-based compensation and accretion, and one-time non-reoccurring expenses including development costs associated with implementing the FHIR standard, the Company's adjusted EBITDA (gain) for Q3 FY2022 was \$63,235 (Q3 FY2021 adjusted EBITDA (loss) - \$1,216,689).
- On January 1, 2022 CMS introduced five new billing codes for Remote Therapeutic Monitoring (RTM), allowing clinicians to provide ongoing in-home treatment and monitoring for patients with musculoskeletal and respiratory conditions. RTM involves having patients use medical devices that collect non-physiological data such as therapy/medication adherence and therapy/medication response, and also allows for patient self-reporting of key metrics such as pain level, mobility, nighttime waking due to breathing difficulties, etc. The new RTM codes have increased Reliq's target patient population by over 20 million newly eligible patients to over 57 Million total eligible patients in the US alone.
- Signed an agreement with Data Soft Logic (DSL) to provide iUGO Care to DSL's existing and new clients. Data Soft Logic currently has over 600 home health and hospice care agency clients who work with more than 1,000 primary care physicians to provide care to over 500,000 Medicare and Medicaid patients. Reliq expects to begin onboarding DSL's patients in Q2 Calendar Year 2022 and to ramp up to adding over 50,000 new patients per year each year beginning in 2023, at an estimated revenue of \$60 per patient per month.
- Signed an agreement with Cognizant to leverage Cognizant's Care Management resources for future deployments of Reliq's iUGO Care software to large scale clients. Cognizant provides services to 300+ health systems and over 347,000 care providers who together provide care to over 200 million lives globally. The agreement with Cognizant will allow Reliq to scale to new levels and provide even the largest healthcare organizations with confidence that the Company can meet the needs of their patient populations, no matter the size, allowing Reliq to access new opportunities to provide virtual care to much larger patient populations both within the US and globally.
- Signed contracts with 80 new US primary care physician practices and 13 other healthcare organizations in specialties including hospice care, nephrology, orthopedics, long term care, skilled nursing, hospital care, cardiology and care management.
- Signed contracts with 16 new home health agencies in the US and 3 adult medical day

care facilities.

- Signed an agreement with a US Contract Research Organization to use Reliq's iUGO Care software and Patient Engagement services to support their oncology and other clinical trials.

2. Notes on Accounts Receivable

- Receivables aged over one year as of March 31, 2022 have now been collected. These receivables related to services delivered during the pandemic to clients who were provided with flexible payment terms due to the impact of COVID-19 on their businesses. Going forward receivables are expected to be collected per the Company's standard payment terms.
- To date the majority of the Company's revenues have been generated through the sale of devices. Subsequent to July 1, 2021 all device purchases are associated with a subscription for software and services, and therefore are a direct leading indicator of future software and services revenue. Clients are offered 12- or 24-month payment plans for hardware purchases. The Company charges a higher price for devices that are paid for through payment plans and therefore generates higher margin revenue for these devices. Because hardware revenue is collected on a monthly basis over a 12- or 24-month period per the purchase payment plan, the Company's receivables will continue to increase as device sales increase. This is as expected and is not an indication that the receivables are at risk of not being collected. As the Company's software and services revenue increases as a percentage of total sales, the outstanding receivables as a percentage of total sales will decrease.
- Note that revenue from hardware sales (corresponding to the total purchase price of the devices) is recognized when the client takes possession of the hardware. Hardware revenue is then received monthly in accordance with the hardware purchase payment plan. Software and services revenue is recognized on a monthly basis for software and services delivered in the given month and is collected monthly in accordance with the Company's standard Net 60 day payment terms.

3. Impact of COVID-19 on Operations in Q3 FY2022

Revenue for the quarter ending March 31, 2022 was temporarily impacted by the COVID-19 surge caused by the Omicron variant during the period from November 2021 through February 2022. During this period, many of the patients on the iUGO Care platform contracted COVID-19. Some of these patients became sufficiently ill that they required hospitalization or were temporarily prescribed in person home care visits. Under the terms of the Medicare and Medicaid virtual care programs leveraged by the Company's clients, clinicians cannot bill for many of the proactive, preventative services delivered using the iUGO Care platform for any month in which a patient receives acute care in the form of

hospitalization or prescribed in person home care visits. The Company was therefore not able to provide billable services to those specific patients during the month in which they received acute care due to COVID-19, and as a result was not able to bill the associated client for affected patients during the acute care period. In addition, many of the Company's physician and home health agency clients and their clinical staff contracted COVID-19 during the Omicron wave, which in some cases resulted in longer training and patient engagement times for new patients. For these clients this increased the time from which their patients were onboarded to the point at which the Company was able to bill for its services to over 90 days. Despite the challenges associated with the Omicron variant surge, the Company's software and services revenue increased over 200% from Q2 to Q3.

While there is the potential for COVID-19 surges in the future, these waves will only have a short term impact on revenue. Overall the long term impact of the COVID-19 pandemic on the Company's business is strongly positive, as it led to a significant increase in the scope and reimbursement levels of the virtual care programs funded by the Centers for Medicare & Medicaid Services, and drove a dramatic increase in acceptance and adoption of virtual care solutions in the Community Healthcare market. As a result, the market demand for the Company's products and services has increased exponentially over the last nine months.

4. Date for Webinar to Review FY2022 Annual Audited Financials

The Company's consolidated audited annual financial statements for FY2022 (year ending June 30, 2022) are due to be filed on or before October 28, 2022. The webinar to review the financial statements will be scheduled on or before October 29, 2022.

About Reliq Health

Reliq Health Technologies is a rapidly growing global healthcare technology company that develops innovative Virtual Care solutions for the multi-billion dollar Healthcare market. Reliq's powerful iUGO Care platform supports care coordination and community-based healthcare. iUGO Care allows complex patients to receive high quality care at home, improving health outcomes, enhancing quality of life for patients and families and reducing the cost of care delivery. iUGO Care provides real-time access to remote patient monitoring data, allowing for timely interventions by the care team to prevent costly hospital readmissions and ER visits. Reliq Health Technologies trades on the TSX Venture under the symbol RHT and on the OTC as RQHTE.

ON BEHALF OF THE BOARD

"Dr. Lisa Crossley"

CEO and Director

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Certain statements in this press release constitute forward-looking statements, within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, are “forward-looking statements”.

We caution you that such “forward-looking statements” involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements.

Forward-looking statements include, but are not limited to, statements with respect to commercial operations, including technology development, anticipated revenues, projected size of market, and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Reliq Health Technologies Inc. (the “**Company**”) does not intend and does not assume any obligation, to update these forward-looking statements except as required by law. These forward-looking statements involve risks and uncertainties relating to, among other things, technology development and marketing activities, the Company’s historical experience with technology development, uninsured risks. Actual results may differ materially from those expressed or implied by such forward-looking statements.

SOURCE: Reliq Health Technologies Inc.

