Year End 2018

Management's Discussion and Analysis

For the Years Ended
December 31, 2018 and 2017

Viemed Healthcare, Inc.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Viemed Healthcare, Inc. ("Viemed " or the "Company"), prepared as of February 26, 2019 and should be read in conjunction with the consolidated financial statements for the periods ended December 31, 2018 and 2017, including the notes therein. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise specified, all financial data is presented in U.S. dollars. The words "we", "our", "us", "Company", and "Viemed" refer to the Company and/or the management and employees of the Company. The Company's quarterly and annual financial information, its Annual Information Form and other financial documents are available through SEDAR at www.sedar.com. SEDAR is the electronic system for the official filing of documents by public companies with the Canadian securities regulatory authorities. None of the information contained on, or connected to Viemed's website is incorporated by reference or otherwise part of this MD&A.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to the Company, including, the disclosure regarding future outlook, are intended to identify forward-looking information. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Company's current views and intentions with respect to future events, and current information available to the Company, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. These factors include, without limitation: the general business and economic conditions in the regions in which the Company operates; the ability of the Company to execute on key priorities, including the successful completion of acquisitions, business retention, and strategic plans and to attract, develop and retain key executives; difficulty integrating newly acquired businesses; the ability to implement business strategies and pursue business opportunities; low profit market segments; disruptions in or attacks (including cyber-attacks) on the Company's information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behavior to which the Company is exposed; the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; decline of reimbursement rates; dependence on few payors; possible new drug discoveries; a novel business model; dependence on key suppliers; granting of permits and licenses in a highly regulated business; the overall difficult litigation environment, including in the U.S.; increased competition; changes in foreign currency rates; increased funding costs and market volatility due to market illiquidity and competition for funding; the availability of funds and resources to pursue operations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events; as well as those risk factors discussed or referred to in Viemed's disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The Company cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the section titled "Risks Factors" in the Company's Annual Information Form for the year ended December 31, 2018, as updated in the Company's subsequently filed MD&A, filed with the securities regulatory authorities in Canada, available on SEDAR at www.sedar.com. The forward-looking statements herein reflect the Company's expectations as at the date hereof, and are subject to change after this date. The Company does not undertake to update publicly or to revise any such forward-looking statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

ANNUAL 2018 HIGHLIGHTS

→ Generated revenues of $65,271,000 for the year,

- As compared to $46,928,000 from the prior year, an increase of 39%.

→ Gross Margin of 74% for the year,

- As compared to 74% from the prior year.

→ Adjusted EBITDA of $17,210,000 during the year,

- As compared to $11,992,000 from the prior year, an increase of 44%.

→ CapEx of $14,522,000 during the year,

- As compared to $10,527,000 from the prior year, an increase of 38%.

4TH QUARTER 2018 HIGHLIGHTS

→ Generated revenues of $18,489,000 during the quarter,

- As compared to $17,163,000 from the prior quarter, an increase of 8%, and $13,548,000 from the prior year fourth quarter, an increase of 36%.

→ Gross Margin of 74% during the quarter,

- As compared to 76% from the prior quarter and 75% from the prior year fourth quarter.

→ Adjusted EBITDA of $4,974,000 during the quarter,

- As compared to $4,360,000 during the prior quarter, an increase of 14%, and $1,877,000 from the prior year fourth quarter.(3)

→ Cash on hand of $10,413,000 as of December 31, 2018,

- As compared to $10,174,000 as of September 30, 2018 and $5,098,000 as of December 31, 2017.

→ Capital expenditures of $4,763,000 during the quarter,

- As compared to $3,116,000 from the prior quarter and $3,059,000 from the prior year fourth quarter.

→ Active vent patients of 5,905 as of December 31, 2018,

- As compared to 5,444 from the prior quarter, an increase of 8%, and 4,385 from the prior year fourth quarter, an increase of 35%.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

SELECTED FINANCIAL INFORMATION

For the quarter ended	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Financial Information:								
Revenue	$ 18,489	$ 17,163	$ 15,508	$ 14,111	$ 13,548	$ 12,451	$ 10,901	$ 10,028
Gross Margin	$ 13,645	$ 13,062	$ 11,323	$ 10,552	$ 10,186	$ 9,312	$ 7,859	$ 7,258
Gross Margin %	74%	76%	73%	75%	75%	75%	72%	72%
Adjusted EBITDA[1]	$ 4,974	$ 4,360	$ 4,114	$ 3,762	$ 1,877[3]	$ 4,690	$ 2,408	$ 3,017
Cash (As at)	$ 10,413	$ 10,174	$ 8,551	$ 4,634	$ 5,098	$ 7,273	$ 6,917	$ 6,189
Total Assets (As at)	$ 53,525	$ 49,147	$ 44,168	$ 40,566	$ 37,691	$ 32,740	$ 30,199	$ 28,305
Operational Information:								
Total CapEx	$ 4,763	$ 3,116	$ 3,713	$ 2,930	$ 3,059	$ 2,271	$ 2,691	$ 2,506
Vent Patients[2]	5,905	5,444	5,078	4,685	4,385	4,044	3,754	3,404

(1) Refer to page five (5) for definition of Adjusted EBITDA
(2) Vent Patients represents the number of active ventilator patients on recurring billing service at the end of each calendar quarter.
(3) Fourth quarter 2017 Adjusted EBITDA is burdened by the Company's annual performance incentive compensation program which was recorded in full during the quarter due to the effective date of the corporate spinout. During the current year, the Company accrual for these types of costs was recorded throughout the year. Normalized Adjusted EBITDA for the fourth quarter 2017 would have been $4,308,000 had this compensation been accrued throughout the year.

ABOUT OUR BUSINESS

Viemed Healthcare, Inc. business objective

The explosive growth in the number of elderly patients in the US healthcare market is creating pressure to provide more efficient and cost effective delivery systems. Healthcare providers, such as hospitals, physicians and pharmacies, are seeking partners that can offer a range of products and services that improve outcomes, reduce hospital readmissions, and help control costs. Viemed fills this need through a highly effective home treatment model that integrates easily into the processes of referral partners. Viemed is a positive cash flow and profitable company that serves patients with respiratory health diseases and other chronic health conditions. Viemed's organic growth strategy is to increase active patients by increasing patient quality of life while reducing cost for health care providers, mainly through a reduction in hospital readmission rates. The expected result is sustainable organic growth in revenue and earnings.

Future outlook

Viemed is expecting to generate net profit and positive EBITDA, excluding IFRS treatment of non-cash items. Our top priority continues to be the generation of operational net profit, positive cash flow, and positive EBITDA in 2019 and beyond. As we continue to expand our existing patient base, we plan to enter into new markets through organic sales growth. As we grow and achieve scale, the increasing cash generated from operations will be used to gain market share and further expand our geographical footprint.

Going forward, we will seek to find ways to continue providing our high quality, patient-centric philosophy while generating positive cash flow and operational profits. We will continue to improve on operational efficiencies and sales of our more profitable products so as to maintain a healthy gross margin while increasing revenues.

DISCUSSION OF OPERATIONS

Accounting policies and estimates

The consolidated financial statements are prepared under International Financial Reporting Standards ("IFRS") issued by the governing body of the International Accounting Standards Board ("IASB'). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements.

IFRS accounting treatment

Management does not rely upon non-cash IFRS accounting treatment of certain items when planning, monitoring, and evaluating the company's performance or in making financial decisions.

Non-IFRS measures

Throughout this MD&A, references are made to a number of measures which are believed to be meaningful in the assessment of the Company's performance. All of these metrics are non-standard measures under IFRS, and may not be identical to similarly titled measures reported by other companies. Also, in the future, we may disclose different non-IFRS financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations. Readers are cautioned that the disclosure of these items is meant to add to, and not replace the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance.

EBITDA and Adjusted EBITDA

In calculating EBITDA and Adjusted EBITDA, certain items (mostly non-cash) are excluded from net income including interest, taxes and depreciation. Set forth below are descriptions of the financial items that have been excluded from net income to calculate EBITDA and Adjusted EBITDA and the material limitations associated with using these non-IFRS financial measures as compared to net income.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

– Depreciation may be useful for investors to consider because it generally represents the wear and tear on our property and equipment used in our operations. However, we do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating costs.

– The amount of interest expense we incur or interest income we generate may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense or interest income to be a representative component of the day-to-day operating performance of our business.

– Gain/loss on derivative financial liability may be useful for investors to consider as it represents changes in the fair value of warrants and exchangeable shares of subsidiaries, driven predominantly by changes in the Company's stock price and exchange rates. These changes are non-cash, as is the settlement of the underlying derivative liability, which occurs upon the conversion of the derivative instrument into Viemed stock.

– Stock-based compensation may be useful for investors to consider because it is an estimate of the non-cash component of compensation received by the Company's directors, officers, employees and consultants. However, stock-based compensation is being excluded from the Company's operating expenses because the decisions which gave rise to these expenses were not made to increase revenue in a particular period, but were made for the Company's long-term benefit over multiple periods. While strategic decisions, such as those to issue stock-based awards are made to further the Company's long-term strategic objectives and do impact the Company's earnings under IFRS, these items affect multiple periods and management is not able to change or affect these items within any period.

– Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes and may reduce or increase the amount of funds otherwise available for use. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of our business.

Management uses both IFRS and non-IFRS measures when planning, monitoring, and evaluating the Company's performance.

The following table shows our Non-IFRS measures reconciled to our net income for the indicated periods:

	Three months ended December 31,		Years ended December 31,	
	2018	**2017**	**2018**	**2017**
Net Income (loss)	**$ 3,046**	**$ (27)**	**$ 10,177**	**$ 8,176**
Add back:				
Depreciation	1,177	739	3,783	2,543
Interest expense	30	49	181	272
Loss on financial derivative	(210)	158	205	158
Stock-based compensation	804	828	2,702	828
Income tax expense	127	130	162	15
Adjusted EBITDA	**$ 4,974**	**$ 1,877**	**$ 17,210**	**$ 11,992**

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

	Three months ended December 31,		Years ended December 31,	
	2018	**2017**	**2018**	**2017**
Revenue	$ 18,489	$ 13,548	$ 65,271	$ 46,928
Cost of Revenue	4,844	3,362	16,689	12,313
Gross Margin	13,645	10,186	48,582	34,615
Selling, general and administrative	9,744	8,901	34,442	24,561
Stock-based compensation	804	828	2,702	828
Depreciation	130	106	588	402
Loss (gain) on disposal of property and equipment	(57)	41	54	203
Loss on warrant conversion liability	(210)	158	205	158
Other expense	31	—	71	—
Net income before financing expenses	3,203	152	10,520	8,463
Financing expenses				
Interest expense	30	49	181	272
Net income before taxes	3,173	103	10,339	8,191
Provision for income taxes	127	130	162	15
Net Income and comprehensive income	$ 3,046	$ (27)	$ 10,177	$ 8,176
Income per share				
Basic	$ 0.08	$ —	$ 0.27	$ 0.22
Diluted	$ 0.08	$ —	$ 0.26	$ 0.22

Revenue

For the three months ended December 31, 2018, revenue totaled $18.5 million, an increase of $4.9 million (or 36%) from the comparable period in 2017. For the year ended December 31, 2018, revenue totaled $65.2 million, an increase of $18.3 million (or 39%) from the prior year. The increase in revenues for these periods was driven by organic increases in our total patient base, primarily vent patients. Vent patients as of December 31, 2018 totaled 5,905 as compared to 4,385 as of December 31, 2017, an increase of 35%. We expect a continued increase in our patient base throughout the upcoming year and thus expect our revenue to continue to trend higher in 2019.

Cost of revenue and gross margin

For the three months ended December 31, 2018, cost of revenue totaled $4.8 million, an increase of $1.5 million (or 44%) from the comparable period in 2017. For the year ended December 31, 2018, cost of revenue totaled $16.7 million, an increase of $4.4 million (or 36%) from the comparable period in 2017. Gross margin percentage during the three months ended December 31, 2018 was 74% compared to 75% for the three months ended December 31, 2017. For the years ended December 31, 2018 and 2017, gross margin percentage remained consistent at 74%. During 2019, we expect our gross margin percentage to remain materially consistent with historical percentages.

Selling, general & administrative expense

For the three months ended December 31, 2018, selling, general and administrative expenses totaled $9.7 million, an increase of $0.8 million, (or 9%) from the comparable period in 2017. For the year ended December 31, 2018, selling, general and administrative expenses totaled $34.4 million, an increase of $9.8 million, (or 40%) from the prior year. The increase during the three and twelve month periods ended December 31, 2018 was primarily the result of an increase in employee costs to accommodate the Company's operational expansion. Additionally, the Company incurred higher absolute bad debt expense as a result of higher revenue, and greater administrative costs associated with being a publicly traded company. We expect that as the Company continues to grow, selling, general and administrative expenses will increase accordingly.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Stock-based compensation

For the three months ended December 31, 2018, stock-based compensation totaled $0.8 million, consistent with the comparable period in 2017. For the year ended December 31, 2018, stock-based compensation totaled $2.7 million, an increase of $1.9 million, (or 226%) from the prior year. As the Company became publicly listed effective December 21, 2017, the 2018 period includes a full year of stock-based compensation expense as compared to the shortened 2017 period. We expect that as the Company continues to grow, stock-based compensation expense will increase accordingly.

Interest expense

For the three months ended December 31, 2018, interest expense totaled $0.03 million, a decrease of $0.02 million (or 39%) from the comparable period in 2017. For the year ended December 31, 2018, interest expense totaled $0.18 million, a decrease of $0.09 million (or 33%) from the prior year. The decrease for these periods was due to a decrease in interest rates on new twelve month leases signed in the current year. Interest expense will continue to be relatively inconsequential as a result of the Company's favorable lease terms and ability to purchase equipment through cash generated from operations.

Provision for income taxes

For the three month period ended December 31, 2018, the provision for income taxes totaled $0.13, consistent with the comparable period in 2017. For the year ended December 31, 2018, the provision for income taxes and $0.16 million, an increase of $0.14 million from the prior year. These increases were primarily the result of state income tax liabilities incurred.

Net income

For the three months ended December 31, 2018, net income was $3.0 million, an increase of $3.1 million from the comparable period in 2017. For the year ended December 31, 2018, net income was $10.2 million, an increase of $2.0 million from the prior year. The increase in net income for these periods was mainly driven by economies of scale as a result of our increased patient base along with lower medical equipment rental expenses.

FINANCIAL CONDITION

	As at December 31, 2018	As at December 31, 2017
Cash	$ 10,413	$ 5,098
Accounts receivable and other current assets	12,550	11,903
Property and equipment	30,562	20,690
Total assets	**$ 53,525**	**$ 37,691**
Trade payables and other current liabilities	$ 16,981	$ 13,149
Long term liabilities	1,511	798
Total liabilities	**18,492**	**13,947**
Share Capital	71	67
Contributed Surplus	5,390	2,688
Retained earnings	29,572	20,989
Total Liabilities and Shareholders' equity	**$ 53,525**	**$ 37,691**

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Liquidity

As of December 31, 2018, the Company had cash on hand of $10.4 million. Management considers liquid assets to consist of cash and cash equivalents, accounts receivable and inventory. According to this definition, the Company's liquid assets equal $22.1 million. While working capital is traditionally used as a measure of a company's liquidity, management believes that a more accurate view of the Company' s liquidity is liquid assets less current liabilities. The Company's liquid assets less current liabilities equals $5.2 million. Additionally, the Company secured a commercial business loan agreement for term loans and lines of credit for up to $5.0 million. The unused borrowing base was $5.0 million and there were no amounts drawn on the line of credit as of December 31, 2018. The line of credit is secured by the assets of the Company. As at December 31, 2018 the Company is required to maintain the following quarterly and annual financial covenants in respect to the line of credit:

Financial Covenant	Require Ratio
Current Ratio (Quarterly)	greater than 1.00:1.00
Senior Debt to EBITDA (Quarterly)	less than 2.00:1.00
Fixed Charge Coverages Ratio (Annual)	greater than 1.5:1.00

The Company is in compliance with all covenants at December 31, 2018.

The Company's near term cash requirements relate primarily to working capital and general corporate purposes, capital expenditures for medical equipment, finance lease payments and potential acquisitions. Based on the current business plan, the Company believes cash and cash equivalents and the availability of its line of credit will be sufficient to fund the Company's cash requirements for at least the next 12 months

Capital Resources

The Company considers its capital to be shareholders' equity, which is comprised of share capital, contributed surplus, and retained earnings, which is $35.0 million at December 31, 2018 (December 31, 2017 - $23.7 million) along with the debt incurred on finance leases, which totaled $3.4 million at December 31, 2018 ($5.2 million at December 31, 2017). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a low to moderate tolerance level for risk. The Company meets its capital needs through a variety of finance leasing and bank debt. Funds are primarily secured through internally generated cash from operations. There have been no changes to management's approach to managing its capital during the periods ended December 31, 2018 and December 31, 2017.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Share Capital

At December 31, 2018, there are 37,500,815 common shares of Viemed issued and outstanding, incentive stock options outstanding exercisable for up to 1,545,000 common shares of Viemed, restricted stock units outstanding exercisable for up to 1,715,000 common shares of Viemed and common share purchase warrants outstanding exercisable for up to 177,000 common shares of Viemed.

Financing

The company has financed its operations primarily through funds generated from operations. Cash flow from operations for the year ended December 31, 2018 was $22.4 million as compared to $12.0 million for the year ended December 31, 2017. Additionally, the Company has historically financed a portion of its capital investments through finance leases, and expects to use this financing in the future. The Company's outstanding finance leases at December 31, 2018 totaled $3.4 million.

The Company has a two year commercial business loan agreement for term loans and lines of credit for up to $5.0 million. This agreement will carry an interest rate that is based on one month ICE libor plus 3.00% per annum from the date of advance until paid. Any amounts advanced will be secured by substantially all our assets. While we currently have no immediate plans to draw on this facility, the line of credit allows flexibility in funding our future operations. The unused borrowing base was $5.0 million and there were no amounts drawn on the line of credit as of December 31, 2018.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Commitments

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lesser of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. The associated lease liability is drawn down over the life of the lease by allocating a portion of each lease payment to the liability with the remainder being recognized as finance charges. Leases that do not transfer the risks and rewards of ownership to the Company are treated as operating leases and are expensed as incurred.

(a) Contractual obligations

Future payments pursuant to these operating lease and finance lease obligations are as follows:

	As at December 31, 2018		
	Operating Leases	Finance Lease Obligations	Total
Less than 1 year	$ 343	$ 3,031	$ 3,374
Between 1 and 4 years	922	394	1,316
Five years or more	306	—	306
Total Contractual Obligations	**$ 1,571**	**$ 3,425**	**$ 4,996**

Related party transactions

On August 1, 2015, the Company entered a ten-year triple net lease agreement for office space with a rental company that is affiliated with the Company's CEO and President, Casey Hoyt and Mike Moore. Rental payments under this lease agreement are US $18,000 per month, plus taxes, utilities and maintenance.

In addition to the above agreements, the Company paid key management personnel the following:

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Salaries and Benefits	$ 1,128	$ 2,002	$ 4,121	$ 3,481
Stock-based Compensation	368	143	1,473	143
Rent	61	56	235	238
Total	$ 1,557	$ 2,201	$ 5,829	$ 3,862

Off balance sheet arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its results of operations or financial condition.

ACCOUNTING AND DISCLOSURE MATTERS

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the Internal Control - Integrated Framework (2013 COSO Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. There has been no material change in the Company's internal controls over financial reporting during 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of December 31, 2018, that the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately designed. Since the December 31, 2017 evaluation, there have been no material changes to the Company's disclosure controls and procedures. The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the condensed consolidated interim financial statements. We constantly evaluate these estimates and assumptions.

We base our estimates and assumptions on past experiences and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the condensed consolidated interim financial statements could prove to be inaccurate in the future.

We consider the estimates and assumptions described in this section to be an important part in understanding the condensed consolidated interim financial statements. These estimates and assumptions are subject to change, as they rely heavily on management' s judgment and are based on factors that are inherently uncertain.

Revenue recognition

Revenue from a customer consists of any combination of the sale and rental of medical equipment and / or patient medical services. Revenues are billed to and collections received from Medicare, third-party insurers, co-insurance and patient-pay. Revenue is recognized at the time services are provided net of contractual adjustments based on an evaluation of expected collections resulting from the analysis of current and past due accounts, past collection experience in relation to amounts billed and other relevant information. Contractual adjustments result from the differences between the rates charged for services and reimbursements by government-sponsored healthcare programs and insurance companies for such services. Interest revenue is recognized as earned.

Accounts receivable

Accounts receivable are recorded at the time revenue is recognized. The amount billed is the amount the Company believes is the allowable charge as determined by the payer (i.e. MediCare, insurance companies, etc.). These billings can be challenged by the payer. These modified amounts will be the total payment for the services, unless the Company decides to appeal the determination. The historical rate of modifications and appeals results has been used to determine the allowance for bad debts.

Accounts receivable are regularly reviewed for collectability and an allowance is credited to cover the estimated bad debts and billing modifications. The accounts receivable are presented on the Condensed Consolidated Interim Statement of Financial Position net of the allowance for doubtful accounts. It is possible that the estimates of the allowance for doubtful accounts could change, which could have a material impact on our operations and cash flows.

The Company writes off receivables when the likelihood for collection is remote, and when the Company believes collection efforts have been fully exhausted and it does not intend to devote additional resources in attempting to collect. The write-offs are charged against the allowance for doubtful accounts.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. The Company's income tax provisions reflect management's interpretation of country and state tax laws. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and may remain uncertain for several years after their occurrence. The Company recognizes assets and liabilities for taxation when it is probable that the Company will receive refunds or pay taxes to the relevant tax authority. Where the final determination of tax assets and liabilities is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes provision in the period in which such a determination is made. Changes in tax law or changes in the way tax law is interpreted may also impact the Company's effective tax rate as well as its business and operations.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying value of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The calculation of current and deferred income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying value of assets and liabilities. The current and deferred income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Changes or differences in these estimates or assumptions may result in changes to the current and deferred tax assets and liabilities on the consolidated statements of financial position and a charge to or recovery of income tax expense.

Significant accounting judgments

The following are the critical judgments, apart from those involving estimations, that have been made in the process of applying the Company' s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional currency

Management has exercised judgment in selecting the functional currency of each of the entities that it combines based on the primary economic environment in which the entity operates and in reference to the various indicators including the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs and the currency whose competitive forces and regulations mainly determine selling prices. The Company's functional currency was determined to be the US dollar, which was determined using management's assumption that the primary economic environment from which it will derive its revenue and expenses incurred to generate those revenues is the United States.

Segmented reporting

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's Chief Executive Officer as he is primarily responsible for the allocation of resources and the assessment of performance.

The CODM uses operating profit, as reviewed at monthly business review meetings, as the key measure of the Company's results as it reflects the Company's underlying performance for the period under evaluation. Operating profit is defined as profit on operations before interest, taxes, stock-based compensation, amortization of intangibles and impairment expenses.

The CODM's primary focus for review and resource allocation is the Company as a whole and not any component part of the business. All revenue streams for the business are managed centrally by functional teams (Demand, Supply, Procurement and Finance) that have responsibility for the whole of the Company's product portfolio. Although some discrete financial information is available to provide insight to the management team of the key performance drivers, the product group profit is not part of the CODM's review. Having considered these factors, management has judged that the Company comprises one operating segment under IFRS 8. As such, the disclosures required under IFRS 8 for the consolidated financial statements are shown on the face of the consolidated statement of income and comprehensive income and consolidated statement of financial position.

Asset impairment and cash generating units

a. Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had such a negative effect on the estimated future cash flows of the asset that the carrying value of the asset can no longer be recovered.

If a financial asset carried at amortized cost is impaired, the impairment is measured as the difference between the carrying amount, or amortized cost of the asset, and the present value of the future cash flows discounted at the instrument's original effective interest rate. The impairment is recognized in earnings or loss. An impairment loss may be reversed if the reversal can be objectively related to an event occurring after the impairment loss recognition. For financial assets measured at amortized cost, the reversal is recognized in earnings or loss.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics

b. Impairment of non-financial assets

Property and equipment is also tested for impairment at each reporting period if impairment indicators exist. Property and equipment impairment is assessed at the Cash Generating Unit ("CGU") level.

When the carrying amount of CGU or group of CGUs exceeds their recoverable amount, the CGU or group of CGUs is considered impaired and written down to its recoverable amount. Recoverable amount is the higher of (i) the fair value less costs to sell and (ii) the value in use.

Fair value less costs to sell is determined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from the asset or CGU discounted using a pre-tax discount rate reflecting market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized within earnings or loss. A previously recognized impairment loss may be reversed if the assumptions used to determine the recoverable amount have changed since the impairment loss recognition. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and depletion, if no impairment loss had been recognized.

Recognition of leases

Management has exercised judgment in the determination of whether or not a contract to rent equipment represents a financing lease. Using historical returns and other operational data, management has determined that in cases where the Company is the lessor, no rental agreements represent financing leases.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instrument risk exposure

Risk management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

As at December 31, 2018 and December 31, 2017 both the carrying and fair value amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, accounts payable - related parties, accrued liabilities, and the current and long term portion of finance lease and long term debt are approximately equivalent due to their short term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk are primarily cash and accounts receivable. Each subsidiary places its cash with one major financial institution. At times, the cash in the financial institution is temporarily in excess of the amount insured by the Federal Deposit Insurance Corporation. Substantially all accounts receivable are due under fee-for-service contracts from third party payors, such as insurance companies and government-sponsored healthcare programs, directly from patients or for rebates due from manufacturers. Receivables generally are collected within industry norms for third-party payors and from manufacturers. The Company continuously monitors collections from its clients and maintains an allowance for bad debts based upon any specific payor collection issues that are identified and historical experience.

As of December 31, 2018, no one customer represented more than 10% of outstanding accounts receivable. The Company does have receivables from Medicare and Medicaid, 47% and 13% respectively. There is very little credit risk associated with these balances as these receivables are from government programs. At December 31, 2018, the Company had approximately $1.7 million in outstanding accounts receivable related to payments held under a CMS audit that was concluded during the period. The Company expects to receive payment for substantially all of these claims.

Accounts receivable aging for each reporting period is as follows:

	Current	30 - 60	60 - 90	Over 90	Total accounts receivable	Allowance for doubtful accounts
December 31, 2018	$ 5,241	$ 1,451	$ 956	$ 5,457	$ 13,105	$ 4,266
December 31, 2017	$ 4,531	$ 2,761	$ 2,750	$ 2,799	$ 12,841	$ 3,060

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's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due by continuously monitoring actual and budgeted cash flows, and monitoring financial market conditions for signs of weakness.

As of December 31, 2018, the Company faces no material liquidity risk and is able to meet all of its current financial obligations as they become due and payable. The Company has $17.0 million of current liabilities (December 31, 2017 - $13.1 million) that are due within one year but has $23.0 million of current assets (December 31, 2017 - $17.0 million), in addition to cash flow generated during 2018 to meet those obligations.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with registered US financial institutions. The Company considers this risk to be immaterial. The interest on the long term debt and finance leases are not subject to cash flow interest rate risk as these instruments bear interest at fixed rates.

RISK FACTORS

The following major risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to Viemed's business. Any of the following risk factors could cause circumstances to differ materially from those described in forward-looking statements relating to Viemed, and could have a material adverse effect upon Viemed, its business and future prospects. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to Viemed. In addition, other risks and uncertainties not presently known by management could impair Viemed and its business in the future.

Market Price of the Shares

The Viemed Shares are listed and posted for trading on the TSX. Securities of small-cap and healthcare companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Viemed Shares is also likely to be significantly affected by short term changes in cost of goods, or in financial condition or results of operations of Viemed. Other factors unrelated to the performance of Viemed that may have an effect on the price of the Viemed Shares include the following: the extent of analytical coverage available to investors concerning the business of Viemed may be limited if investment banks with research capabilities do not follow Viemed securities; lessening in trading volume and general market interest in Viemed's securities may affect an investor's ability to trade significant numbers of the Viemed Shares; the size of Viemed's public float may limit the ability of some institutions to invest in Viemed's securities; and a substantial decline in the price of the Viemed Shares that persists for a significant period of time could cause Viemed's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Viemed Shares at any given point in time may not accurately reflect the long-term value of Viemed. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Viemed may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution

Viemed will require additional funds in respect of the further development of Viemed's business. If Viemed raises funds by issuing additional equity securities, such financing will dilute the equity interests of its shareholders.

Future Sales of Shares by Existing Shareholders

Sales of a large number of the Viemed Shares in the public markets, or the potential for such sales, could decrease the trading price of the Viemed Shares and could impair Viemed's ability to raise capital through future sales of the Viemed Shares. Viemed may from time to time have previously issued securities at an effective price per share which will be lower than the market price of the Viemed Shares. Accordingly, certain shareholders of Viemed may have an investment profit in the Viemed Shares that they may seek to liquidate.

Limited History of Operations

Viemed has a limited history of operations. There can be no assurance that the business of Viemed and/or its subsidiaries will be successful and generate, or maintain, any profit.

Novel Business Model

Home monitoring of patients is a relatively new business, making it difficult to predict market acceptance, development, expansion and direction. The home monitoring services to be provided by Viemed represent a relatively new development in the United States healthcare industry. Accordingly, adoption by patients and physicians can require education, which can result in a lengthy sales cycle. The market may take time to develop. Physicians and/or patients may be slow to adopt new methods. The development of Viemed's home monitoring business is dependent on a number of factors. These factors include: Viemed's ability to differentiate its services from those of its competitors; the extent and timing of the acceptance of Viemed's services as a replacement for, or supplement to, traditional methods of servicing patients; the effectiveness of Viemed's sales and marketing and engagement efforts with customers and their health plan participants; Viemed's ability to provide quality customer service, as perceived by patients and physicians.

Reimbursement Rates May Decline

Reimbursement for services to be provided by Viemed come primarily from Medicare and private health insurance companies. The reimbursement rates offered are outside the control of Viemed. Reimbursement rates in this area, and much of the United States health care market in general, have been subject to continual reductions as health insurers and governmental entities attempt to control health care costs. The extent and timing of any reduction in reimbursement rates cannot be predicted by Viemed.

Reductions in reimbursement rates can have a material impact on the profitability of Viemed's operations. A reduction in reimbursement may be unrelated to any concurrent decline in the cost of operations, thereby resulting in reduced profitability. Viemed's costs of operations could increase, but the cost increases may not be passed on to customers because reimbursement rates are set without regard to the cost of service.

Dependence Upon Relationships With Key Suppliers

There are few manufacturers of equipment which can be used for home treatment of patients with ventilation respiratory therapy. The emerging nature of the market presents risks that suppliers may not be able to provide equipment to satisfy demand. Demand may outstrip supply, leading to equipment shortages. Conversely, incorrect demand forecasting could lead to excess inventory. If Viemed fails to achieve certain volume of sales, prices of ventilators may increase. The industry is subject to a high level of regulatory scrutiny, and government or manufacturer recalls could adversely affect Viemed's ability to provide services and achieve revenue targets. Inadequate supply could impair Viemed's ability to attract new business and could create upward pricing pressure on equipment and supplies, adversely affecting margins for Viemed. Additionally, the market for financing ventilators other supplies needed by Viemed could be more difficult in the future.

Reliance Upon Few Payers

Viemed earns revenues by seeking reimbursement from Medicare and private health insurance companies, with the Medicare program of the United States government being the primary entity making payments. If the Medicare program were to slow payments of Viemed receivables for any reason, Viemed would be adversely impacted. In addition, both governmental and private health insurance companies may seek ways to avoid or delay reimbursement, which could adversely affect cash flow and revenues for Viemed.

Government Regulation

Some operations of Viemed require certain licences and permits from the authorities in the United States. The ability of Viemed and its subsidiaries to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. The ability of Viemed to collect certain revenues in the future will depend on Viemed receiving approval of an independent diagnostic testing facility and entering into an agreement with Medicare. There is no guarantee that Viemed will meet these conditions. Viemed is subject to regulation from United States federal and state authorities. Regulatory action could disrupt its ability to provide services. Such regulatory action could come in the form of actions against manufacturers, unrelated to Viemed's conduct, or actions based upon Viemed's operation. Regulatory action could prevent or delay reimbursement for certain services.

There could also be legislative action that could adversely affect Viemed's business model, including, without limitation: a decision by the United States government to become the exclusive provider of health care services at some time in the future; changes in United States federal or state laws, rules, and regulations, including those governing the corporate practice of medicine, and fee splitting; and changes in the United States Anti-Kickback Statute and Stark Law and/or similar state laws, rules, and regulations. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of Viemed. Amendments to current laws and regulations could have a substantial adverse impact on Viemed.

CMS (Centers for Medicare & Medicaid Services) policies of health insurance for Medicare in the United States may affect the amount of revenue Viemed receives. Viemed is subject to risk that reimbursement rates for its services from both federal and private payers will decline over time. Reimbursement from federal programs is subject to constant regulatory review and increasing audits by federal authorities, the effect of which may be to increase costs of service and delay or affect reimbursement, which could negatively impact cash flow and/or revenue. Audits may be costly and time consuming, and could delay cash flow, even if Viemed acted properly in all respects.

The policies of health insurance carriers in the United States may affect the amount of revenue Viemed receives.

Highly Competitive Market
While Sleep Management is one of the top three providers of NIVs and related services in the United States, the respiratory care industry is highly competitive and may become more competitive as new players enter. Certain competitors will be subsidiaries or divisions of larger, much better capitalized companies. Certain competitors will have vertically integrated manufacturing and services sectors of the market. Viemed may have less capital and may encounter greater operational challenges in serving the market. Better capitalized competitors may also be expected to borrow money or raise debt to purchase equipment more easily than Viemed.

Low Profit Market Segments
Where Viemed provides services to a patient who does not use a meter often or for an extended period of time, profitability may be unlikely in respect of that patient. Also, certain patients may have a personal preference to travel to a lab for testing rather than self-testing. In these cases, Viemed may not have a meter with the patient long enough to recoup costs. Where Viemed owns the meter, the failure of the patient to return the meter to Viemed may impact profitability. Legal costs of bringing an action to obtain return of a meter may exceed the value of the machine, leading to losses with certain patient populations even under favourable reimbursement environment.

Foreign Subsidiaries
Viemed conducts all of its operations through its United States subsidiaries. Therefore, to the extent of these holdings, Viemed (directly and indirectly) will be dependent on the cash flows of these subsidiaries to meet its obligations. The ability of such subsidiaries to make payments to their parent companies may be constrained by the following factors: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which each subsidiary operates; and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Attraction and Retention of Key Personnel Including Directors
Viemed has a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on its business. Viemed may also encounter difficulties in obtaining and maintaining suitably qualified staff. The success of Viemed depends on the ability of management to interpret market data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate opportunities. No assurance can be given that individuals with the required skills will continue employment with Viemed or that replacement personnel with comparable skills can be found. Viemed is dependent on the services of key executives, including the directors of Viemed and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of Viemed, the loss of these persons or Viemed’s inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Growth Management
Viemed may have difficulty identifying or acquiring suitable acquisition targets and maintaining the organic growth which is a significant aspect of its business model. If it is unable to manage growth, Viemed may be unable to achieve its expansion strategy, which could adversely impact its earnings per share and its revenue and profits.

Dividends
Viemed currently intends to retain future earnings to finance the operation, development and expansion of its business. Viemed does not anticipate paying cash dividends on the Viemed Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board of Directors of Viemed (the “Viemed Board”) and will depend on Viemed’s financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Viemed Board may consider relevant. Accordingly, investors will only see a return on their investment if the value of the Viemed Shares appreciates.

Discretion in the Use of Available Funds
Management has broad discretion concerning the use of Viemed’s available funds as well as the timing of expenditures. As a result, shareholders and investors will be relying on the judgment of management for the application of the available funds of Viemed. Management may use the available funds in ways that an investor may not consider desirable. The results and the effectiveness of the application of the available funds are uncertain. If the available funds are not applied effectively, Viemed’s results of operations may suffer.

Potential Conflicts of Interest
Some of the directors and officers of Viemed are engaged and will continue to be engaged as directors and officers of Viemed in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Viemed. Some of Viemed’s directors and officers are or may become directors or officers of other companies engaged in other business ventures. Conflicts of interest, if any, which arise may be subject to and be governed by procedures prescribed by the Business Corporations Act which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with

Viemed to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Business Corporations Act. Any decision made by any of such directors and officers involving Viemed should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Viemed and its shareholders.

Insurance and Uninsured Risks

Viemed's business is subject to a number of risks and hazards generally, including general liability. Such occurrences could result in damage to property, inventory, facilities, personal injury or death, damage to the properties of Viemed, or the properties of others, monetary losses and possible legal liability. Viemed may be subject to product liability and medical malpractice claims, which may adversely affect its operations. Viemed's industry is highly regulated, and may be subject to regulatory scrutiny for violations of regulations and laws. Viemed could be adversely affected by the time and cost involved with regulatory investigations even if it has operated in compliance with all laws. Investigations could also adversely affect the timely payment of receivables. Although Viemed maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Viemed may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Viemed might also become subject to liability which may not be insured against or which Viemed may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Viemed to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Additional Capital

The development and the business (including acquisitions) of Viemed may require additional financing, which may involve high transaction costs, dilution to shareholders, high interest rates or unfavorable terms and conditions. Failure to obtain sufficient financing may result in the delay or indefinite postponement of its business plans. The initial primary source of funding available to Viemed consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Viemed.

Loss of Foreign Private Issuer Status

Viemed may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. As a foreign private issuer, as defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Viemed is currently exempt from certain of the provisions of United States federal securities laws. For example, an issuer with total assets in excess of US$10 million and whose outstanding equity securities are held by 2,000 or more persons, or 500 or more persons who are not "accredited investors", must register such securities as a class under the Exchange Act. However, as a foreign private issuer subject to Canadian continuous disclosure requirements, Viemed may claim the exemption from registration under the Exchange Act provided by Rule 12g3-2(b) thereunder, even if these thresholds are exceeded. To be considered a foreign private issuer, Viemed must satisfy a United States shareholder test (not more than 50% of the voting securities of a company must be held by residents of the United States) if any of the following disqualifying conditions apply: (i) the majority of Viemed's executive officers or directors are United States citizens or residents; (ii) more than 50 percent of Viemed's assets are located in the United States; or (iii) Viemed's business is administered principally in the United States. Based on information available as at June 30, 2018, approximately 23.4% of Viemed's outstanding voting securities are anticipated to be directly or indirectly held of record by residents of the United States. If Viemed loses its status as a foreign private issuer, theseregulations could apply and it could also be required to commence reporting on forms required of United States domestic companies, such as Forms 10-K, 10-Q and 8-K. It could also become subject to United States proxy rules, and certain holders of its equity securities could become subject to the insider reporting and "short swing" profit rules under Section 16 of the Exchange Act. In addition, any securities issued by Viemed if it loses foreign private issuer status would become subject to certain rules and restrictions under the Securities Act of 1933, as amended, even if they are issued or resold outside the United States. Compliance with the additional disclosure, compliance and timing requirements under these securities laws would likely result in increased expenses and would require Viemed's management to devote substantial time and resources to comply with new regulatory requirements.

United States Operations and Exchange Rate Fluctuations:

All of Viemed's revenue is generated from operations in the United States. Viemed is subject to a number of risks associated with its operations that may increase liability and costs and require significant management attention. These risks include:

- compliance with laws of the United States that apply to Viemed's United States operations, including lawful access, privacy laws and anti-corruption laws;
- instability in economic or political conditions, including inflation, recession and political uncertainty;
- potential adverse tax consequences; and
- litigation in United States courts.

In addition, Viemed is exposed to foreign exchange risk as a result of substantially all of its revenue generating operations taking place in the United States and thus, revenues and expenses being earned and paid in United States dollars while Viemed reports its financial statements in Canadian dollars. If the Canadian dollar appreciates relative to the United States dollar, Viemed's Canadian dollar expenses and revenues will decrease when translated from United States dollars for financial reporting purposes. Conversely, if the Canadian dollar depreciates relative to the United States dollar, Viemed's Canadian dollar expenses and revenues will increase when translated from United States dollars for financial reporting purposes. In addition, exchange rate fluctuations may affect the costs that Viemed incurs in its operations. The appreciation of non-United States dollar currencies against the United States dollar can increase the cost of operations in United States dollar terms. Foreign exchange rate fluctuations may materially affect Viemed's financial condition and results of operations in future periods.

Viemed will continue to translate the assets and liabilities of its United States dollar functional currency subsidiaries into Canadian dollars using exchange rates in effect at the end of each period. Revenue and expenses for these subsidiaries are translated using average exchange rates that approximate those in effect during the period. Viemed will continue to maintain cash balances in both United States and Canadian dollars, but management anticipates that it will not purchase any securities or financial instruments to speculate on or hedge against a rise or fall in the value of the United States dollar.

Global Economy

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede Viemed's access to capital or increase the cost of capital. From 2007 to 2009, the United States credit markets began to experience serious disruption due to deterioration in residential property values, defaults and delinquencies in the residential mortgage market and a decline in the credit quality of mortgage-backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader United States and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions which continued throughout 2012 with continued uncertainty in the European marketplace and continued uncertainty surrounding the "fiscal cliff", the United States government deficit and the United States government spending cuts. Notwithstanding various actions by the United States and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to deteriorate and stock markets to fluctuate substantially.

These disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for Viemed to obtain, or increase its cost of obtaining, capital and financing for its operations. Access to additional capital may not be available to Viemed on terms acceptable to it, or at all.