WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements
March 31, 2023

Expressed in thousands of Canadian dollars

WELL Health Technologies Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except per share and share amounts)

	Three months ended	
	March 31, 2023	March 31, 2022 Restated
	$'000	$'000
Revenue (Note 5)	**169,425**	126,508
Expenses		
Cost of sales (excluding depreciation and amortization)	**(83,256)**	(57,120)
General and administrative (Note 6)	**(56,573)**	(44,176)
Depreciation and amortization	**(14,522)**	(13,375)
Stock-based compensation (Note 13)	**(6,599)**	(5,139)
Foreign exchange gain	**284**	40
Operating income	**8,759**	6,738
Interest income (Note 7)	**188**	102
Interest expense (Note 7)	**(7,774)**	(5,154)
Time-based earnout expense (Note 8)	**(10,854)**	(2,521)
Change in fair value of investments	**-**	602
Share of net loss of associates	**(97)**	(148)
Other expense	**(657)**	(442)
Net loss before income tax	**(10,435)**	(823)
Income tax expense	**(192)**	(1,953)
Net loss	**(10,627)**	(2,776)
Net income (loss) attributable to:		
Owners of WELL Health Technologies Corp.	**(14,358)**	(8,485)
Non-controlling interests	**3,731**	5,709
	(10,627)	(2,776)
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translation of foreign operations	**(635)**	(7,471)
Total comprehensive loss	**(11,262)**	(10,247)
Total comprehensive income (loss) attributable to:		
Owners of WELL Health Technologies Corp.	**(14,989)**	(15,911)
Non-controlling interests	**3,727**	5,664
	(11,262)	(10,247)
Loss per share attributable to WELL Health Technologies Corp.		
Basic and diluted	**(0.06)**	(0.04)
Weighted average number of common shares outstanding		
Basic and diluted	**232,171,126**	210,014,960

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

WELL Health Technologies Corp.
Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated)

As at	**March 31, 2023 $'000**	December 31, 2022 $'000
Assets		
Current		
Cash and cash equivalents	**41,690**	48,908
Accounts and other receivables (Note 9)	**82,632**	78,914
Inventory	**1,398**	1,370
Lease receivable	**544**	568
Prepayments and other assets	**20,751**	21,117
Total current assets	**147,015**	150,877
Financial assets at fair value through profit and loss	**6,334**	5,636
Investment accounted for using the equity method	**4,271**	4,369
Lease receivable – non-current	**1,743**	1,880
Prepayments and other assets – non-current	**3,303**	3,177
Property and equipment	**84,941**	82,535
Intangible assets (Note 10)	**573,906**	571,267
Goodwill (Note 10)	**498,233**	499,290
Total assets	**1,319,746**	1,319,031
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	**53,985**	50,728
Unearned revenue	**7,001**	6,797
Loans and borrowings (Note 12(a))	**25,286**	30,303
Lease liability	**9,461**	9,107
Convertible debentures (Note 12(b))	**3,850**	3,850
Deferred acquisition costs (Note 11(a))	**14,885**	18,229
Other liabilities (Note 11(b))	**14,595**	17,489
Total current liabilities	**129,063**	136,503
Loans and borrowings - non-current (Note 12(a))	**226,383**	222,171
Lease liability – non-current	**54,075**	52,156
Convertible debentures - non-current (Note 12(b))	**42,924**	40,829
Deferred tax liabilities	**27,895**	30,706
Unearned revenue - non-current	**367**	403
Deferred acquisition costs – non-current (Note 11(a))	**19,559**	20,268
Other liabilities – non-current (Note 11(b))	**743**	744
Total liabilities	**501,009**	503,780
Equity		
Share capital (Note 13)	**721,181**	705,186
Contributed surplus (Note 13)	**51,757**	51,765
Accumulated other comprehensive income	**38,428**	39,059
Accumulated deficit	**(78,024)**	(63,666)
Equity attributable to owners of WELL Health Technologies Corp.	**733,342**	732,344
Non-controlling interests	**85,395**	82,907
Total equity	**818,737**	815,251
Total equity and liabilities	**1,319,746**	1,319,031

Commitments and contingencies (Note 11(c))
Events after the reporting period (Note 19)

Approved by the Directors:

"Hamed Shahbazi" *"Thomas Liston"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

WELL Health Technologies Corp.
Consolidated Statements of Changes in Equity
(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share amounts)

		Attributable to owners of WELL Health Technologies Corp.						
	Number of Shares	Share Capital $'000	Contributed Surplus $'000	Accumulated other comprehensive income (loss) $'000	Accumulated Deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at December 31, 2022	**231,047,290**	**705,186**	**51,765**	**39,059**	**(63,666)**	**732,344**	**82,907**	**815,251**
Stock options exercised (Note 13)	110,783	321	(144)	-	-	177	-	177
Shares issued for RSUs/PSUs (Note 13)	1,197,949	6,463	(6,463)	-	-	-	-	-
Shares issued for settlement of deferred acquisition costs (Note 11(a))	1,728,167	7,602	-	-	-	7,602	-	7,602
Shares issued for time-based earnout payments	433,776	1,609	-	-	-	1,609	-	1,609
Stock-based compensation (Note 13)	-	-	6,599	-	-	6,599	-	6,599
Non-controlling interests via business combination (Note 16)	-	-	-	-	-	-	6,062	6,062
Distributions paid to non-controlling interests	-	-	-	-	-	-	(7,305)	(7,305)
PPA finalization (Note 16)	-	-	-	-	-	-	4	4
Foreign currency translation of foreign subsidiaries	-	-	-	(631)	-	(631)	(4)	(635)
Net loss for the period	-	-	-	-	(14,358)	(14,358)	3,731	(10,627)
Balance at March 31, 2023	**234,517,965**	**721,181**	**51,757**	**38,428**	**(78,024)**	**733,342**	**85,395**	**818,737**
Restated balance at December 31, 2021	**209,147,462**	**633,509**	**43,988**	**5,383**	**(64,643)**	**618,237**	**89,813**	**708,050**
Stock options exercised (Note 13)	159,375	418	(197)	-	-	221	-	221
Shares issued for RSUs/PSUs (Note 13)	899,016	3,087	(3,087)	-	-	-	-	-
Stock-based compensation (Note 13)	-	-	5,139	-	-	5,139	-	5,139
Non-controlling interests via business combination	-	-	-	-	-	-	2,501	2,501
Distributions paid to non-controlling interests	-	-	-	-	-	-	(5,049)	(5,049)
Foreign currency translation of foreign subsidiaries	-	-	-	(7,426)	-	(7,426)	(45)	(7,471)
Net income (loss) for the period – restated	-	-	-	-	(8,485)	(8,485)	5,709	(2,776)
Balance at March 31, 2022	**210,205,853**	**637,014**	**45,843**	**(2,043)**	**(73,128)**	**607,686**	**92,929**	**700,615**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

WELL Health Technologies Corp.
Consolidated Statements of Cash Flows
(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated)

	Three months ended	
	March 31, 2023 $'000	March 31, 2022 $'000
Cash flows provided by/(used in)		
Operating activities		
Net loss for the period	**(10,627)**	(2,776)
Adjustments to net loss for non-cash items:		
Interest income accretion	**(49)**	(33)
Interest expense accretion	**3,217**	2,957
Time-based earnout payments settled via shares	**1,609**	-
Unrealized foreign exchange and others	**(328)**	(1,008)
Loss on revaluation of deferred acquisition cost liability	**7,891**	-
Change in fair value of investments	**-**	(602)
Depreciation and amortization	**14,522**	13,375
Share of net loss of associates	**97**	148
Stock-based compensation (Note 13)	**6,599**	5,139
Loss on deferred acquisition cost liability settled via shares (Note 11(a))	**917**	-
Change in non-cash operating items (Note 17)	**(6,225)**	(3,800)
Net cash provided by operating activities	**17,623**	13,400
Investing activities		
Asset acqusitions (Notes 16 & 17)	**(6,310)**	(111)
Equity and debt investments in associates and others (Note 17)	**(681)**	-
Acquisition of property and equipment and internally generated intangible assets	**(1,999)**	(1,075)
Settlement of working capital holdbacks	**(489)**	13
Settlement of deferred acquisition costs (Note 11(a))	**(5,321)**	(4,746)
Net cash used in investing activities	**(14,800)**	(5,919)
Financing activities		
Proceeds from loans and borrowings	**13,490**	3,482
Repayments of loans and borrowings	**(13,589)**	(29,768)
Proceeds from stock options exercised	**177**	221
Transactions with non-controlling interests	**(7,305)**	(5,049)
Lease payments	**(2,981)**	(2,399)
Lease payments received	**190**	168
Net cash used in financing activities	**(10,018)**	(33,345)
Effects of foreign exchange difference on cash and cash equivalents	**(23)**	-
Net change in cash	**(7,218)**	(25,864)
Cash and cash equivalents - beginning of period	**48,908**	61,919
Cash and cash equivalents - end of period	**41,690**	36,055
Cash paid for:		
Interest	**(3,995)**	(2,128)
Income tax	**(3,823)**	(1,134)
	(7,818)	(3,262)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations

WELL Health Technologies Corp. (the "Company") is an omni-channel digital health company. Its objective is to empower doctors to provide advanced care while leveraging the latest trends in digital health technology.

The Company was incorporated under the Business Corporations Act of British Columbia on November 23, 2010. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the symbol WELL.

The Company's head office is located at Suite 550 - 375 Water Street, Vancouver, BC, V6B 5C6.

The Company's Board of Directors approved these condensed interim consolidated financial statements on May 11, 2023.

2. Basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the December 31, 2022 annual consolidated financial statements, which have been prepared in accordance with IFRS issued by the IASB.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. All financial information in these condensed interim consolidated financial statements, except share and per share amounts, is presented in thousands of Canadian dollars, which is the functional currency of the Company. All amounts are rounded to the nearest thousands of Canadian dollars.

3. Significant accounting policies

The preparation of financial statements is based on accounting principles and practices consistent with those used in the preparation of December 31, 2022 annual consolidated financial statements, except for the following:

Income tax

Income tax expense recognized in interim periods is based on the best estimate of the income tax rate expected for the full financial year. At the date of each interim financial report, the effective annual tax rate is re-estimated and is applied to profits earned, or losses incurred, to date.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage risk associated with foreign currency rates and interest rates. Derivative financial instruments are initially measured at fair value. When derivative financial instruments are designated in a qualifying hedging relationship and hedge accounting is applied, the effectiveness of the hedges is measured at the end of each reporting period and the effective portion of changes in fair value is recognized in other comprehensive income (loss) and any ineffective portion is recognized immediately in net income (loss). For interest rate swaps used to manage risk associated with interest rates, amounts are transferred from accumulated other comprehensive income to interest expense when the underlying transaction affects net income (loss). The Company has not currently designated any foreign exchange forward contracts used to manage risk associated with foreign currency contracts in a qualifying hedging relationship. For derivative instruments not in a qualifying hedging relationship, changes in fair value are recognized immediately in net income (loss) as either foreign exchange gain (loss) or interest expense, as appropriate.

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

4. Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the December 31, 2022 annual consolidated financial statements, except for the following:

Hedge accounting

The Company applies considerable judgment when assessing whether a hedging relationship meets the criteria to qualify for hedge accounting and when assessing ongoing hedge effectiveness requirements. Hedge accounting is discontinued prospectively when a hedging relationship ceases to meet the qualifying criteria including when the hedging instrument or hedged item ceases to exist as a result of maturity, expiry or termination. The fair values of hedging instruments are primarily derived from market values adjusted for credit risk, which can fluctuate greatly from period to period. When a hedging relationship does not qualify for hedge accounting, the changes in fair value are recognized immediately in earnings and can result in significant variability in net income (loss).

5. Revenue

The following table shows the details of revenues for the three months ended March 31, 2023, and 2022:

	Three months ended			
	March 31, 2023		March 31, 2022	
	$'000		$'000	
Public insured	**50,480**	**30%**	42,815	34%
Non-public and other	**99,582**	**59%**	70,548	56%
Omni-channel Patient Services	**150,062**	**89%**	113,363	90%
SaaS and Technology Services (Note 15)	**19,363**	**11%**	13,145	10%
Total Revenue	**169,425**	**100%**	126,508	100%

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

6. General and administrative expenses

The following table shows the details of general and administrative expenses for the three months ended March 31, 2023, and 2022:

	Three months ended	
	March 31, 2023 $'000	March 31, 2022 $'000
Salaries and benefits	**29,074**	23,800
Professional and consulting fees	**3,945**	4,816
Office expenses	**3,648**	3,082
Marketing and promotion	**15,199**	9,907
Others	**4,707**	2,571
	56,573	44,176

7. Interest

The following table shows a breakdown of interest income and interest expense for the three months ended March 31, 2023, and 2022:

	Three months ended	
	March 31, 2023 $'000	March 31, 2022 $'000
Interest accretion on subleases and debt investments	**49**	33
Interest income on cash and cash equivalents and others	**139**	69
Interest income	**188**	102
Interest on loans and borrowings	**(4,548)**	(2,165)
Interest on convertible debentures	**(2,095)**	(1,605)
Interest accretion on leases	**(654)**	(657)
Accretion of discount on deferred acquisition costs (Note 11(a))	**(292)**	(609)
Amorization of deferred financing fees	**(185)**	(118)
Interest expense	**(7,774)**	(5,154)

8. Time-based earnout expense

The following table shows a breakdown of time-based earnout expense for the three months ended March 31, 2023, and 2022:

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

	Three months ended	
	March 31, 2023 $'000	March 31, 2022 $'000
Time-based earnout expense	**(1,836)**	(2,521)
Loss on settlement of certain deferred acquisition cost and time-based earnout liabilities via shares	**(1,127)**	-
Loss on revaluation of deferred acquisition cost liability (Note 11(a))	**(7,891)**	-
	(10,854)	(2,521)

During the three months ended March 31, 2023 and 2022, the Company recognized time-based earnout expense of $1,836 and $2,521, respectively, in relation to earnouts that are recognized over time during post acquisition requisite service periods.

During the three months ended March 31, 2023, the Company recognized a loss of $1,127 on settlement of certain deferred acquisition cost liabilities and time-based earnout liabilities via shares due to differences between the weighted average share price used to calculate the number of shares to be issued and the closing share price on the dates of settlement.

In February 2023, the Company signed an agreement that amended the terms of the MyHealth earnout arrangement and recognized a loss on revaluation of the related deferred acquisition cost liability of $7,891 during the three months ended March 31, 2023. During the year ended December 31, 2022, the Company recognized a gain of $27,750 on the revaluation of deferred acquisition cost liabilities. On an aggregate basis, the net gain was $19,859.

9. Accounts and other receivables

The following table shows the details of the Company's accounts and other receivables as at March 31, 2023 and December 31, 2022:

	March 31, 2023 $'000	December 31, 2022 $'000
Accounts Receivable - gross	**86,483**	82,533
Less: Expected credit losses	**(3,851)**	(3,619)
	82,632	78,914
Accounts receivable - gross		
Canadian Patient Services - Primary	**3,469**	3,374
Canadian Patient Services - Specialized - MyHealth	**11,996**	11,615
US Patient Services - Primary - Circle	**11,059**	6,676
US Patient Services - Primary - WISP	**175**	372
US Patient Services - Specialized - CRH	**44,514**	45,652
SAAS and Technology Services	**15,270**	14,844
	86,483	82,533

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its accounts receivable. As at March 31, 2023, the Company had recognized expected credit losses of $3,851 (December 31, 2022 - $3,619), which have been recorded as a reduction of accounts receivable. The expected lifetime credit loss provision for trade receivables is based on historical counterparty default rates and is adjusted for relevant forward-looking information as required.

10. Intangible assets and Goodwill

	Customer relationships $'000	Technology $'000	Brand $'000	Licences $'000	Intangibles Total $'000	Goodwill $'000
COST						
Restated balance at December 31, 2021	**392,818**	**28,596**	**9,735**	**183,483**	**614,632**	**471,549**
Acquired via asset acquisitions	-	-	-	830	**830**	**-**
Acquired via business combination	28,273	-	-	-	**28,273**	**12,882**
Internally generated intangible assets	-	1,852	-	-	**1,852**	**-**
Disposals/others	(28,869)	-	-	(1,800)	**(30,669)**	**(5,859)**
Exchange difference on foreign currency translation	39,782	860	185	-	**40,827**	**20,718**
Balance at December 31, 2022	**432,004**	**31,308**	**9,920**	**182,513**	**655,745**	**499,290**
PPA finalization	574	476	-	-	**1,050**	**(801)**
Acquired via asset acquisitions (Note 16)	12,372	-	-	-	**12,372**	**-**
Internally generated intangible assets	-	608	-	-	**608**	**-**
Exchange difference on foreign currency translation	(598)	(12)	(2)	-	**(612)**	**(256)**
Balance at March 31, 2023	**444,352**	**32,380**	**9,918**	**182,513**	**669,163**	**498,233**
ACCUMULATED AMORTIZATION						
Restated balance at December 31, 2021	**(35,023)**	**(2,551)**	**(379)**	**-**	**(37,953)**	**-**
Amortization for the period	(38,687)	(3,151)	(981)	-	**(42,819)**	**-**
Disposals	13,680	-	-	-	**13,680**	**-**
Exchange difference on foreign currency translation	(17,300)	(86)	-	-	**(17,386)**	**-**
Balance at December 31, 2022	**(77,330)**	**(5,788)**	**(1,360)**	**-**	**(84,478)**	**-**
Amortization for the period	**(9,546)**	**(1,236)**	**(248)**	-	**(11,030)**	**-**
Exchange difference on foreign currency translation	249	2	-	-	**251**	**-**
Balance at March 31, 2023	**(86,627)**	**(7,022)**	**(1,608)**	**-**	**(95,257)**	**-**
NET CARRYING AMOUNTS						
As at December 31, 2022	354,674	25,520	8,560	182,513	571,267	499,290
As at March 31, 2023	357,725	25,358	8,310	182,513	573,906	498,233

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

11. Deferred acquisition costs and other liabilities

a) Deferred acquisition costs

Deferred acquisition costs are liabilities for certain time-based earnout payments that are treated as purchase consideration for business combinations and asset acquisitions (Note 16).

	March 31, 2023 $'000	December 31, 2022 $'000
Current	**14,885**	18,229
Non-current	**19,559**	20,268
	34,444	38,497

	$'000
Balance at December 31, 2021	**85,603**
Additions via business combinations and asset acquisitions	17,447
Accretion of discount	2,428
Settlement in cash	(31,341)
Settlement in common shares	(8,488)
Gain in settlement via shares	(446)
Gain on revaluation included in time-based earnout expense	(27,750)
Exchange difference	1,044
Balance at December 31, 2022	**38,497**
Accretion of discount	292
Settlement in cash	(5,321)
Settlement in common shares	(7,602)
Loss in settlement via shares	917
Loss on revaluation included in time-based earnout expense (Note 8)	7,891
Exchange difference	(230)
Balance at March 31, 2023	**34,444**

b) Other Liabilities

	March 31, 2023 $'000	December 31, 2022 $'000
Current:		
Working capital holdback	**718**	1,207
Time-based earnouts	**5,297**	6,517
Income tax payable	**1,908**	4,201
Payroll liabilities and others	**6,672**	5,564
	14,595	17,489
Non-current:		
Time-based earnouts	**636**	636
Others	**107**	108
	743	744

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

c) Maturities of financial liabilities

		Undiscounted payments due by period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
At March 31, 2023	**$'000**	$'000	$'000	$'000	$'000
Deferred acquisition costs and time-based earnouts	**48,565**	14,313	23,762	10,490	-
Lease obligations' minimum payments	**76,195**	12,058	21,767	17,684	24,686
Accounts payable and accrued liabilities	**53,985**	53,985	-	-	-
Working capital holdbacks	**718**	718	-	-	-
Other current and non-current liabilities	**14,620**	13,877	743	-	-
Loans and borrowings	**254,089**	5,314	189,000	59,775	-
Convertible debentures	**85,400**	3,850	7,700	73,850	-
	533,572	**104,115**	**242,972**	**161,799**	**24,686**

12. Loans and borrowings, and convertible debentures

a) Syndicated credit facilities

	March 31, 2023	December 31, 2022
	$'000	$'000
CRH syndicated credit facility with JPM:		
Revolving loan	**113,291**	178,394
Term loan	**73,501**	-
MyHealth and Canadian Clinics syndicated credit facility with RBC:		
Revolving loan	**20,400**	28,400
Term loan	**46,250**	46,875
Other loans and borrowings	**647**	654
Less: Financing fees	**(2,420)**	(1,849)
Total Loans and Borrowings	**251,669**	252,474
Current portion	**25,286**	30,303
Non-current portion	**226,383**	222,171
Total Loans and Borrowings	**251,669**	252,474

(i) CRH syndicated credit facility with JPMorgan Chase Bank, N.A. ("JPM"):

The Company, through its wholly-owned subsidiaries, holds a syndicated four-year revolving credit facility with JPM as syndicate lead which provides up to US$175 million in borrowing capacity and access to an accordion feature that increases the amount of the credit available to the Company by US$125 million. On March 27, 2023, the Company amended the credit facility with JPM to (i) convert the existing US$175 million revolving credit facility into a term loan facility of US$55 million and a revolving credit facility of US$120 million, (ii) adjust applicable margin on interest obligations such that interest is calculated with reference to SOFR plus 1.50% to 2.75%, dependent on the total leverage ratio of the consolidated financial results of CRH, and (iii) to amend certain financial covenants and other terms. The new term loan has a US$688 quarterly repayment requirement with the first repayment paid on March 31, 2023 as well as additional potential repayment requirements based on excess cash flow, dependent on the total leverage ratio of the consolidated financial results of CRH. The amended JPM facility is secured by the assets of CRH and matures on April 22, 2025. As of March 31, 2023, the Company had drawn $186,792 (US$138,027) under this facility (December 31, 2022 – $178,394 (US$131,704)).

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

(ii) MyHealth and Canadian Clinics syndicated credit facility with Royal Bank of Canada ("RBC"):

The Company, through its wholly-owned subsidiaries, MyHealth and WELL Health Clinics Canada Inc. ("WHCC"), holds a syndicated five-year revolving credit facility and a term loan with RBC as syndicate lead which provides an up to $90 million revolving facility, a $50 million term loan facility and access to an accordion feature that increases the amount of the credit available to the Company by $60 million. Interest on the facility is calculated with reference to CDOR plus 1.50% to 3.25%, dependent on the total funded debt to EBITDA ratio of the consolidated results of MyHealth and WHCC. The RBC facility is secured by the assets of MyHealth and WHCC and matures on July 15, 2026. Under the term loan facility, there is a $625 quarterly repayment requirement, with the first repayment paid on December 31, 2021. As of March 31, 2023, the Company had drawn $66,650 under this facility (December 31, 2022 – $75,275).

(iii) Financial covenants

The Company's syndicated credit facilities are subject to certain customary positive and negative covenants, as well as financial covenants based on the consolidated financial results of CRH, MyHealth and WHCC. The Company was in compliance with all positive, negative and financial covenants and other terms and conditions under its syndicated credit facilities as at March 31, 2023 and December 31, 2022.

(iv) Minimum principal repayments:

Total minimum principal repayments under the syndicated credit facilities were as follows as at March 31, 2023:

	CRH (JPM) US$'000	**MyHealth and Canadian Clinics (RBC) $'000**
2023	2,063	1,875
2024	2,750	2,500
2025	133,214	2,500
2026	-	59,775
	138,027	**66,650**

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

b) Convertible debentures

	$'000
Balance as of December 31, 2021	**41,709**
Interest accreted	7,205
Interest paid	(4,235)
Balance as of December 31, 2022	**44,679**
Interest accreted (Note 7)	2,095
Balance as of March 31, 2023	**46,774**
Current (Interest payable within one year)	**3,850**
Non-current	**42,924**
Total convertible debentures	**46,774**

13. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at March 31, 2023, the issued share capital consisted of 234,517,965 (December 31, 2022 – 231,047,290) common shares.

c) Private Placements

During the year ended December 31, 2022, the Company completed a private placement financing for gross proceeds of $34,513. The financing was structured as a bought deal offering of 9,327,765 common shares at a price of $3.70 per share. Share issue costs incurred were $2,184.

d) Normal Course Issuer Bid ("NCIB")

On May 30, 2022, the Company received approval from the TSX for a renewal of its existing NCIB that expired on May 11, 2022. Under the NCIB, the Company may acquire up to an aggregate of 5,555,386 common shares from June 1, 2022 to May 31, 2023. In accordance with TSX rules, daily purchases made by the Company on the TSX will not exceed 276,932 common shares, subject to certain prescribed exemptions, being 25% of the average daily trading volume over the preceding six calendar months of 1,107,730 common shares. As of March 31, 2023, 50,000 shares were purchased (at an average price of $4.85 per share) and cancelled in conjunction with the previous NCIB and no shares have been purchased under the current NCIB.

e) Options to purchase common shares

(i) Movement in stock options

The changes in stock options during the three months ended March 31, 2023 and the year ended December 31, 2022 were as follows:

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

	March 31, 2023		December 31, 2022	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Balance outstanding, beginning of year	**3,054,041**	**1.74**	6,437,274	1.03
Options granted	**-**	**-**	168,702	3.95
Options exercised	**(110,783)**	**(1.60)**	(3,132,286)	(0.60)
Options expired	**-**	**-**	(407,774)	(0.25)
Options forfeited	**(160,726)**	**(6.07)**	(11,875)	(2.77)
Balance outstanding, end of period	**2,782,532**	**1.50**	3,054,041	1.74

During the three months ended March 31, 2023 and 2022, the Company recognized stock-based compensation expense of $19 and $147 respectively, relating to stock options in the condensed interim consolidated statements of loss.

(ii) Stock options outstanding at the end of the period

The following table summarizes information relating to outstanding and exercisable stock options of the Company as at March 31, 2023:

Exercise price $	**Options outstanding**	**Options exercisable**	**Weighted average remaining contractual life (years)**
0.43	325,000	325,000	0.81
0.50	650,000	650,000	0.15
1.42	843,120	666,890	1.28
2.24	645,000	405,928	2.10
3.06	100,000	-	4.50
3.25	202,061	122,945	2.34
5.24	17,351	17,351	0.21
	2,782,532	**2,188,114**	**1.34**

The weighted average exercise price of options exercisable as at March 31, 2023 was $1.28 (December 31, 2022 - $1.37).

(iii) Fair value of stock options granted

The fair value of each stock option granted was estimated at the time of grant using the Black-Scholes option pricing model with the following significant inputs:

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

	Grant date	
	April 6, 2022	**September 30, 2022**
Exercise price	**5.24**	**3.06**
Share price	**5.00**	**3.08**
Risk-free interest rate	**2.51%**	**3.32%**
Expected term	**5 years**	**5 years**
Volatility	**69%**	**68%**
Expected dividend	**None**	**None**
Grant date fair value	**$2.89**	**$1.81**

In estimating expected volatility, the Company considers the historical share price volatility of its common shares.

f) Restricted Share Units ("RSUs")

The changes in RSUs during the three months ended March 31, 2023 and the year ended December 31, 2022 were as follows:

	March 31, 2023	December 31, 2022
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	**3,884,965**	4,367,723
Units granted	**2,300,586**	2,322,763
Units vested	**(745,092)**	(2,547,287)
Units forfeited	**(60,765)**	(258,234)
Balance outstanding, end of period	**5,379,694**	3,884,965

During the three months ended March 31, 2023 and 2022, the Company recognized stock-based compensation expense of $4,322 and $3,549, respectively, relating to RSUs in the condensed interim consolidated statements of loss.

g) Performance Share Units ("PSUs")

The changes in PSUs during the three months ended March 31, 2023 and the year ended December 31, 2022 were as follows:

	March 31, 2023	December 31, 2022
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	**2,946,088**	1,505,091
Units granted	**1,113,877**	2,182,770
Units vested	**(452,857)**	(585,965)
Units forfeited	**(140,718)**	(155,808)
Balance outstanding, end of period	**3,466,390**	2,946,088

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

During the three months ended March 31, 2023 and 2022, the Company recognized stock-based compensation expense of $2,258 and $1,443, respectively, relating to PSUs in the condensed interim consolidated statements of loss.

14. Related Party Transactions

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Board of Directors and certain members of the senior executive team. The remuneration of the Company's key management personnel during the three months ended March 31, 2023 and 2022 was as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	$'000	$'000
Salaries	**250**	220
Directors' fees	**60**	-
Stock-based compensation expense	**1,953**	1,406
	2,263	1,626

During the three months ended March 31, 2023, the Company granted 985,000 RSUs (625,000 to CEO, 50,000 to CFO, 50,000 to COO and 260,000 to Board of Directors), and 225,000 PSUs (125,000 to CEO, 50,000 to CFO 50,000 to COO). There were no RSU, PSU and stock options granted for the three months ended March 31, 2022.

Included in other current assets as at March 31, 2023 and December 31, 2022 is $4,426 ($2,489 from CEO, $857 from CFO, $1,046 from COO, and $34 from Board of Directors) of receivables from related parties. These receivables were primarily due to payroll taxes on stock issuance with respect to the RSUs for the related parties.

15. Segment reporting

The Company is organized into operating segments based on its product and service offerings. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Effective January 1, 2023, the Company re-grouped its operating segments after a change in organizational structure and a corresponding change in internal reporting to the chief operating decision-maker. The Company now has six reportable segments as shown below that are grouped into three key business units: Canadian Patient Services, U.S. Patient Services and SaaS and Technology Services.

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

Reportable Segment	Operations
Canadian Patient Services - Primary	Primary care and allied health clinic operations in Canada
Canadian Patient Services - Specialized MyHealth	Specialty care and accredited diagnostic health services from MyHealth
U.S. Patient Services - Primary Circle Medical	U.S. primary care telehealth operations from Circle Medical
U.S. Patient Services - Primary WISP	U.S. primary care operations from WISP
U.S. Patient Services - Specialized CRH	Specialized care gastroenterology anesthesia services from CRH
SaaS and Technology Services	Aggregation of electronic medical records ("EMR"), billing and revenue cycle management solutions, digital applications, and cybersecurity operating segments

Three months ended March 31 2023

	<--Canadian Patient Services->			<------------U.S. Patient Services------>						
	Primary	Specialized-MyHealth	TOTAL	Primary-Circle Medical	Primary-WISP	Specialized-CRH	TOTAL	SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	24,796	26,083	**50,879**	23,082	18,638	57,501	**99,221**	**20,621**	**4,320**	**175,041**
Inter-segment revenue	(7)	-	**(7)**	-	-	(31)	**(31)**	**(1,258)**	**(4,320)**	**(5,616)**
Revenue from external customers	24,789	26,083	**50,872**	23,082	18,638	57,470	**99,190**	**19,363**	**-**	**169,425**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	3,057	5,976	**9,033**	1,329	183	16,488	**18,000**	**3,099**	**(18,459)**	**11,673**
Goodwill and intangible assets	39,212	228,437	**267,649**	21,513	56,870	592,229	**670,612**	**133,878**	**-**	**1,072,139**

Three months ended March 31 2022 (restated)

	<--Canadian Patient Services->			<------------U.S. Patient Services------>						
	Primary	Specialized-MyHealth	TOTAL	Primary-Circle Medical	Primary-WISP	Specialized-CRH	TOTAL	SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	17,134	24,154	**41,288**	11,990	11,914	48,208	**72,112**	**13,929**	**1,570**	**128,899**
Inter-segment revenue	(9)	-	**(9)**	-	-	(28)	**(28)**	**(784)**	**(1,570)**	**(2,391)**
Revenue from external customers	17,125	24,154	**41,279**	11,990	11,914	48,180	**72,084**	**13,145**	**-**	**126,508**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	1,234	3,439	**4,673**	(790)	(370)	21,355	**20,195**	**1,196**	**(8,460)**	**17,604**
Goodwill and intangible assets	30,391	204,433	**234,824**	20,648	48,336	579,094	**648,078**	**134,634**	**-**	**1,017,536**

Notes:

1 (a) Included in segment profit (loss) is $15,199 and $9,907 of marketing and promotion expense for the three months ended March 31, 2023 and 2022 respectively; and $6,599 and $5,139 of non-cash stock-based compensation expense for the three months ended March 31, 2023 and 2022 respectively;

(b) Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16; and

(c) Included a loss on revaluation of deferred acquisition cost liability in the amount of $7,891 (Note 8) under Corporate/shared service for the three months ended March 31, 2023.

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

A reconciliation of net loss before income tax to segment profit before tax, interest and depreciation and amortization is as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	$'000	$'000
Segment profit before tax, interest and depreciation and amortization	**11,673**	17,604
Interest expense	**(7,774)**	(5,154)
Interest income	**188**	102
Depreciation and amortization	**(14,522)**	(13,375)
Net loss before income tax	**(10,435)**	(823)

Geographic information

Revenue by geographic location of customers and goodwill and intangible assets by location for the three months ended March 31, 2023 and 2022 are summarized as follows:

	U.S.		**Canada and others**		**Canada (Corporate/shared services)**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**99,221**	72,112	**71,500**	55,217	**4,320**	1,570	**175,041**	128,899
Inter-segment revenue	**(31)**	(28)	**(1,265)**	(793)	**(4,320)**	(1,570)	**(5,616)**	(2,391)
Revenue from external customers	**99,190**	72,084	**70,235**	54,424	**-**	-	**169,425**	126,508
Goodwill and intangible assets	**670,612**	648,078	**401,527**	369,458	**-**	-	**1,072,139**	1,017,536

16. Business combinations and asset acquisitions

2023 Acquisitions:

During the three months ended March 31, 2023, the Company acquired interest in the following company:

Company name	Date of Acquisition	Business/asset acquisition	% Ownership	Place of incorporation	Line of business
Affiliated Tampa Anesthesia Associates, LLC ("ATAA")	March 1, 2023	Asset	51%	U.S.	Patient Services – Specialized

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

	ATAA Final $'000
Cash	6,173
Acquisition-related transaction cost	137
Purchase consideration	**6,310**
Non-controlling interest	(6,062)
Exclusive professional services agreement ("PSA")	12,372
Assets and liabilities acquired	**6,310**
PSA amortization term	15 years

During the three months ended March 31, 2023, the Company finalized the purchase price allocation of False Creek Wellness ("FCW"), HealthVue Ventures Ltd ("HVL") and South Surrey Medical Clinic Inc. ("SSMC"), CloudPractice Inc. ("CP"), and HASU Behavioural Health Inc. ("HASU") acquired in 2022.

	Q4 2022 acquisitions Provisional* $'000	**Adjustments $'000**	**Finalized $'000**
Cash	5,402	32	5,434
Fair value of shares issued at closing	1,806	8	1,814
Working capital holdback	650	-	650
Deferred acquisition cost (Note 11(a))	1,508	-	1,508
Fair value of previously held interest	169	-	169
Purchase consideration	**9,535**	**40**	**9,575**
Cash	868	(70)	798
Accounts receivable and other current assets	1,095	(34)	1,061
Right-of-use asset	2,162	-	2,162
Accounts payable	(1,633)	182	(1,451)
Lease liability	(2,162)	-	(2,162)
Deferred tax liability	-	(283)	(283)
Non-controlling interest	(138)	(4)	(142)
Customer relationship	-	574	574
Technology	-	476	476
Goodwill	9,343	(801)	8,542
Assets and liabilities acquired	**9,535**	**40**	**9,575**

*FCW, HVL, SSMC, CP and HASU

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

17. Cash Flow Information

	Three months ended March 31, 2023 $'000	Three months ended March 31, 2022 $'000
Change in non-cash operating items:		
Accounts and other receivables	**(3,726)**	(7,758)
Inventory	**(28)**	(109)
Other current assets	**3,788**	3,905
Other non-current assets	**(126)**	169
Accounts payable and accrued liabilities	**2,516**	(298)
Unearned revenue	**167**	654
Income tax payable	**(5,716)**	(5,155)
Deferred tax liabilities	**(3,092)**	2,891
Other non-current liabilities	**(1)**	-
Other current liabilities	**(7)**	1,901
	(6,225)	(3,800)

	Three months ended March 31, 2023 $'000	Three months ended March 31, 2022 $'000
Equity and debt investments in associates and others:		
Investment in doctorly	**(681)**	-
	(681)	-

	Three months ended March 31, 2023 $'000	Three months ended March 31, 2022 $'000
Asset acquisitions (Note 16):		
GCAA	**-**	(132)
WCSA	**-**	(1,049)
MyHealth licences	**-**	1,070
ATAA	**(6,310)**	**-**
	(6,310)	(111)

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated, except share and per share amounts)

18. Financial Instruments

a. Classification of financial instruments

The following table summarizes the Company's financial instruments and their carrying amounts:

	March 31, 2023	December 31, 2022
Financial assets at amortized cost	**$'000**	$'000
Cash and cash equivalents	**41,690**	48,908
Accounts and other receivables	**82,632**	78,914
Lease receivable	**2,287**	2,448
Other current and non-current assets	**24,054**	24,294
	150,663	154,564
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	**6,334**	5,636
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**53,985**	50,728
Loans and borrowings	**251,669**	252,474
Deferred acquisition costs	**34,444**	38,497
Convertible debentures	**46,774**	44,679
Lease liability	**63,536**	61,263
Other current and non-current liabilities	**15,338**	18,233
	465,746	465,874

b. Fair value measurements

The fair value hierarchy establishes three levels to reflect the significance of the inputs used in making the measurements:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any fair value measurements categorized within level 1 or 2 of the fair value hierarchy.

The carrying value of the Company's financial instruments approximate their fair value, except where stated below.

The Company's loans and borrowings, which are mainly comprised of the JPM facility and the RBC facility (Note 12), are floating rate instruments which are based on SOFR/CDOR plus 1.50% to 3.25% dependent on CRH's total leverage ratio and MyHealth's total funded debt to EBITDA ratio. The Company has estimated the fair value of these financial instruments to be $186,792 (US$138,027) for the JPM facility, as at $66,650 for RBC facility as at March 31, 2023 based on Level 3 unobservable inputs.

The investments in Phelix, Twig, Bright, Tap Medical, Tali.ai, Cherry Health, doctorly and an anesthesia revenue cycle management organization are classified as financial assets at FVPL. The fair value measurements of the investments are categorized within Level 3 of the fair value hierarchy. As at March 31, 2023 and December 31, 2022, in the absence of observable market data and any facts to suggest otherwise, management concluded that the fair value of the investments approximated the cost.

c. Financial risk management

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 obligation. Credit risk arises from the Company's financial assets. The carrying value of the financial assets represents the maximum exposure to credit risk. The Company limits its exposure to credit risk on cash and cash equivalents by placing these financial instruments with high-credit quality financial institutions and only investing in liquid, investment grade securities.

No single customer accounts for more than 10% of the Company's consolidated revenue. The Company establishes an estimate for expected credit losses on accounts receivable if it is determined that all or part of the outstanding balance is uncollectable. Collectability is reviewed regularly and an estimate is established or adjusted, as necessary, using a combination of the specific identification method, historic collection patterns and existing economic conditions. Estimates are subject to change as they are impacted by the nature of collectability, which may involve delays and the current uncertainty in the economy.

The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance. The Company's revenue from clinic operations is from billings for insured services paid for by the provincial health authorities. The Company recognizes anesthesia service revenues, net of contractual adjustments and implicit price concessions, which are estimated based on the historical trend of cash collections and contractual adjustments. As a result, anesthesia related receivables reflect the amount the Company expects to receive from patients and third-party insurers at the reporting period end and thus credit risk is considered to be limited.

As at March 31, 2023, the Company had accounts and other receivables of $82,632 (December 31, 2022 - $78,914), net of expected credit losses of $3,851 (December 31, 2022 - $3,619) (Note 9).

Liquidity risk

Liquidity risk references the Company's ability to meet its financial obligations as they fall due and remain solvent. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. To date, the Company has generated operating losses and net cash outflows from operations, and has relied on equity, convertible debentures, and bank borrowings to fund its operations and acquisitions and will need to continue to secure additional funding for operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that financing will be on terms advantageous to the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to fluctuations in interest rates through variable rate debt obligations under its syndicated credit facilities with JPM and RBC (Note 12). On March 3, 2023, the Company entered into an interest rate swap agreement to hedge variable rate interest obligations on US$50,000 of borrowings under its JPM credit facility at a fixed interest rate of 4.68% plus applicable margin. On March 3, 2023, the Company designated the interest rate swap in a qualifying hedging relationship and applied hedge accounting in accordance with its accounting policy described in Note 3. The carrying value of the interest rate swap agreement was nominal as at March 31, 2023.

With all other variables held constant, a 10% increase in the interest rate would have reduced net income by approximately $238 (2022 – $197) for the three months ended March 31, 2023. There would be an equal and opposite impact on net income with a 10% decrease in the interest rate.

Foreign currency risk

The Company is exposed to foreign exchange risk on revenue contracts, purchase contracts and loans and borrowings denominated in currencies other than the currency of the Company's contracting entity. For Canadian operations, this is typically the United States dollar and for U.S. entities, this is typically the Canadian dollar. The Company is also exposed to foreign currency risk on translation of the net assets of its foreign operations to Canadian dollars.

The Company from time-to-time uses foreign currency contracts to manage its exposure to transactions in foreign currencies. These transactions include forecasted transactions and firm commitments denominated in foreign currencies. The Company does not apply hedge accounting to any of its hedging relationships that involve foreign currency contracts.

On March 31, 2023 and December 31, 2022, the Company had an at maturity variable rate foreign currency forward contract outstanding to sell US$5,000 on April 4, 2023 if the prevailing CAD/USD spot rate on April 3, 2023 falls outside of a specified rate range. If the prevailing spot rate on April 3, 2023 falls within the specified rate range, no settlement is required. The carrying value of the at maturity variable rate forward contract was a liability of $342 as at March 31, 2023 (December 31, 2022 - $347). On April 3, 2023, the Company rolled the contract forward to settle on July 6, 2023 based on the prevailing spot rate on July 5, 2023 and a new specified rate range.

On December 31, 2022, the Company had a foreign currency forward contract to sell US$7,000 on January 13, 2023 at an exchange rate of 1.3512 CAD/USD. The carrying value of the forward contract was a liability of $22 as at December 31, 2022.

A 10% movement in foreign exchange rates versus the United States dollar would result in approximately $4,189 change in the Company's net income for the three months ended March 31, 2023 (excluding impact of foreign currency forward contracts revaluation).

19. Events After the Reporting Period

On April 1, 2023, the Company, through its subsidiary CRH, sold its 51% interest in Western Ohio Sedation Associates, LLC ("WOSA") for total cash consideration of C$10,981 (US$8,172) plus a five year management services agreement, which includes a base fee plus performance incentives.

On April 26, 2023, the Company announced that it was launching The WELL AI Investment Platform ("AI Investment Platform"). The focus of AI Investment Platform is on early-stage AI companies, with the goal of investing in at least 10 companies with a minimum investment of $250, and to ensure that each investee has a strategic alliance agreement with WELL that allows it to benefit from WELL's healthcare ecosystem.