WELL Health
TECHNOLOGIES CORP

WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements

March 31, 2024

Expressed in thousands of Canadian dollars

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

	Three months ended	
	March 31, 2024	March 31, 2023
	$'000	$'000
Revenue (Note 5)	**231,562**	169,425
Expenses		
Cost of sales (excluding depreciation and amortization)	**(129,342)**	(83,256)
General and administrative (Note 6)	**(71,362)**	(56,573)
Depreciation and amortization	**(16,560)**	(14,522)
Stock-based compensation (Note 14)	**(5,477)**	(6,599)
Foreign exchange gain	**32**	284
Operating income	**8,853**	8,759
Interest income (Note 7)	**238**	188
Interest expense (Note 7)	**(9,541)**	(7,774)
Time-based earnout expense (Note 8)	**(2,112)**	(10,854)
Change in fair value of investments (Note 10)	**13,957**	-
Gain on disposal of assets and investments (Note 17)	**11,284**	-
Share of net loss of associates	**(1,064)**	(97)
Other expense	**(2,193)**	(657)
Net income (loss) before income tax	**19,422**	(10,435)
Income tax recovery (expense)	**178**	(192)
Net income (loss)	**19,600**	(10,627)
Net income (loss) attributable to:		
Owners of WELL Health Technologies Corp.	**15,087**	(14,358)
Non-controlling interests	**4,513**	3,731
	19,600	(10,627)
Other comprehensive income (loss):		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translation of foreign operations	**12,548**	(635)
Fair value gain on derivative instruments designated as cash flow hedges	**889**	2
Reclassification of fair value gain on derivative financial instruments to net income	**(129)**	(2)
Total comprehensive income (loss)	**32,908**	(11,262)
Total comprehensive income (loss) attributable to:		
Owners of WELL Health Technologies Corp.	**28,290**	(14,989)
Non-controlling interests	**4,618**	3,727
	32,908	(11,262)
Earnings (loss) per share attributable to WELL Health Technologies Corp.		
Basic and diluted	**0.06**	(0.06)
Weighted average number of common shares outstanding		
Basic and diluted	**243,133,444**	232,171,126

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, 2024**	December 31, 2023	January 1, 2023
		(Restated - Note 3)	(Restated - Note 3)
	$'000	$'000	$'000
Assets			
Current			
Cash and cash equivalents	**48,227**	43,423	48,908
Accounts and other receivables (Note 9)	**129,802**	94,991	78,914
Inventory	**1,174**	1,180	1,370
Lease receivable	**971**	1,107	568
Prepayments and other assets	**24,328**	21,487	21,117
Assets held for sale	**-**	14,208	-
Total current assets	**204,502**	176,396	150,877
Financial assets at fair value through profit and loss (Note 10)	**70,307**	56,170	5,636
Investment accounted for using the equity method	**18,587**	4,690	4,369
Lease receivable – non-current	**1,803**	1,852	1,880
Prepayments and other assets – non-current	**2,743**	4,393	3,177
Property and equipment	**101,600**	102,540	82,535
Intangible assets (Note 11)	**552,654**	555,200	571,267
Goodwill (Note 11)	**516,063**	508,061	499,290
Total assets	**1,468,259**	1,409,302	1,319,031
Liabilities and equity			
Current			
Accounts payable and accrued liabilities	**55,178**	47,877	50,728
Unearned revenue	**6,730**	6,648	6,797
Loans and borrowings (Note 13(a))	**4,691**	5,264	2,624
Lease liability	**15,430**	14,869	9,107
Convertible debentures (Note 13(b))	**3,850**	3,850	3,850
Deferred acquisition costs (Note 12(a))	**11,694**	14,493	18,229
Other liabilities (Note 12(b))	**40,693**	21,087	17,489
Liabilities associated with assets held for sale	**-**	1,871	-
Total current liabilities	**138,266**	115,959	108,824
Loans and borrowings - non-current (Note 13(a))	**295,833**	290,337	249,850
Lease liability – non-current	**64,427**	66,392	52,156
Convertible debentures - non-current (Note 13(b))	**47,888**	45,571	40,829
Deferred tax liabilities	**18,129**	18,487	30,706
Unearned revenue - non-current	**467**	255	403
Deferred acquisition costs – non-current (Note 12(a))	**12,294**	22,578	20,268
Other liabilities – non-current (Note 12(b))	**2,181**	3,577	744
Total liabilities	**579,485**	563,156	503,780
Equity			
Share capital (Note 14)	**769,262**	751,550	705,186
Contributed surplus (Note 14)	**51,222**	54,048	51,765
Accumulated other comprehensive income	**38,855**	25,652	39,059
Accumulated deficit	**(48,497)**	(63,584)	(63,666)
Equity attributable to owners of WELL Health Technologies Corp.	**810,842**	767,666	732,344
Non-controlling interests	**77,932**	78,480	82,907
Total equity	**888,774**	846,146	815,251
Total equity and liabilities	**1,468,259**	1,409,302	1,319,031

Commitments and contingencies (Notes 19 and 20)
Events after the reporting period (Note 21)

Approved by the Directors:

"Hamed Shahbazi" *"Thomas Liston"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
Certain comparative figures have been reclassified to conform with the current year's presentation as described in Note 3

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, 2023	**241,427,825**	**751,550**	**54,048**	**25,652**	**(63,584)**	**767,666**	**78,480**	**846,146**
Stock options exercised (Note 14)	257,500	691	(325)	-	-	366	-	366
Shares issued for RSUs/PSUs (Note 14)	1,636,515	7,978	(7,978)	-	-	-	-	-
Shares issued for settlement of deferred acquisition costs (Note 12(a))	1,767,874	6,899	-	-	-	6,899	-	6,899
Shares issued for time-based earnout payments	537,563	2,144	-	-	-	2,144	-	2,144
Stock-based compensation (Note 14)	-	-	5,477	-	-	5,477	-	5,477
Distributions paid to non-controlling interests	-	-	-	-	-	-	(5,166)	(5,166)
Exchange difference on translation of foreign subsidiaries	-	-	-	12,443	-	12,443	105	12,548
Derivative instruments designated in cash flow hedges	-	-	-	760	-	760	-	760
Net income for the period	-	-	-	-	15,087	15,087	4,513	19,600
Balance at March 31,2024	**245,627,277**	**769,262**	**51,222**	**38,855**	**(48,497)**	**810,842**	**77,932**	**888,774**
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	110,783	321	(144)	-	-	177	-	177
Shares issued for RSUs/PSUs	1,197,949	6,463	(6,463)	-	-	-	-	-
Shares issued for settlement of deferred acquisition costs	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 14)	-	-	6,599	-	-	6,599	-	6,599
Non-controlling interests via business combination	-	-	-	-	-	-	6,062	6,062
Distributions paid to non-controlling interests	-	-	-	-	-	-	(7,305)	(7,305)
Other transactions with non-controlling interests	-	-						
PPA finalization	-	-	-	-	-	-	4	4
Exchange difference on translation of foreign subsidiaries	-	-	-	(631)	-	(631)	(4)	(635)
Net (loss) income 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**

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, 2024	March 31, 2023
	$'000	$'000
Cash flows provided by/(used in)		
Operating activities		
Net income (loss) for the period	**19,600**	(10,627)
Adjustments to net income (loss) for non-cash items:		
Interest income accretion	**(140)**	(49)
Interest expense accretion	**3,832**	3,217
Time-based earnout payments settled in shares	**2,144**	1,609
Unrealized foreign exchange	**1,309**	(328)
Loss on revaluation of deferred acquisition cost liability	**-**	7,891
Change in fair value of investments	**(13,957)**	-
Depreciation and amortization	**16,560**	14,522
Gain on disposal of assets and investments (Note 17)	**(11,284)**	-
Share of net loss of associates	**1,064**	97
Stock-based compensation (Note 14)	**5,477**	6,599
Loss on deferred acquisition cost liability settled in shares (Note 11(a))	**175**	917
Deferred income taxes	**(1,020)**	(3,092)
Change in non-cash operating items (Note 18)	**(4,696)**	(3,133)
Net cash provided by operating activities	**19,064**	17,623
Investing activities		
Asset acqusitions (Notes 18)	**-**	(6,310)
Equity and debt investments in associates and others (Note 18)	**-**	(681)
Proceeds from disposal of investments	**2,390**	-
Acquisition of property and equipment and internally generated intangible assets	**(1,612)**	(1,999)
Settlement of working capital holdbacks	**(95)**	(489)
Settlement of deferred acquisition costs (Note 12(a))	**(6,492)**	(5,321)
Net cash used in investing activities	**(5,809)**	(14,800)
Financing activities		
Proceeds from loans and borrowings	**12,904**	13,490
Repayments of loans and borrowings	**(13,540)**	(13,589)
Proceeds from stock options exercised	**366**	177
Transactions with non-controlling interests	**(5,166)**	(7,305)
Lease payments	**(4,519)**	(2,981)
Lease payments received	**220**	190
Net cash used in financing activities	**(9,735)**	(10,018)
Effect of foreign exchange rate changes on cash and cash equivalents	**581**	(23)
Net change in cash	**4,101**	(7,218)
Cash and cash equivalents - beginning of period	**43,423**	48,908
Cash included in assets held for sale at the beginning period	**703**	-
Cash and cash equivalents - end of period	**48,227**	41,690
Cash paid for:		
Interest	**(5,621)**	(3,995)
Income tax	**(1,564)**	(3,823)
	(7,185)	(7,818)

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 7, 2024.

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, 2023 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. Material accounting policy information

The preparation of financial statements is based on accounting principles and practices consistent with those used in the preparation of December 31, 2023 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.

Adoption of new accounting standards

On January 1, 2024, the Company retrospectively adopted "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" and "Non-current Liabilities with Covenants (Amendments to IAS 1)". The amendments clarify the requirements for classifying liabilities as current or non-current, specifically to introduce certain requirements related to the determination of the existence of a right at the end of a reporting period to defer settlement of a liability for at least twelve months after the reporting period. The amendments also specify that if a right to defer settlement of a liability for at least twelve months is subject to an entity complying with covenants after the reporting period, then those covenants would not affect the classification of the liability as current or non-current at the reporting date. The amendments also require entities to provide additional disclosures for liabilities classified as non-current and subject to covenants within twelve months of the reporting date. The adoption of the amendments resulted in the Company reclassifying revolving loans subject to covenants under its syndicated credit facility with the Royal Bank of Canada (net of deferred financing costs) of $36,994 as of December 31, 2023 and $27,679 as of January 1, 2023 from current liabilities to non-current liabilities on its consolidated statements of financial position (Note 13).

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

New accounting standard

On April 9, 2024, the IASB issued IFRS Accounting Standard 18 "Presentation and Disclosures in Financial Statements". The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will assess the impact of the new standard in due course.

4. Critical accounting estimates and judgments

The preparation of interim financial statements in accordance with IFRS 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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, 2023 annual consolidated financial statements.

5. Revenue

The following table shows the details of revenues for the three months ended March 31, 2024, and 2023:

	Three months ended	
	March 31, 2024	March 31, 2023
	$'000	$'000
Public insured	**71,015**	50,480
Non-public and other	**145,117**	99,582
Patient Services	**216,132**	150,062
SaaS and Technology Services (Note 16)	**15,430**	19,363
Total Revenue	**231,562**	169,425

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

6. General and administrative expenses

The following table provides a breakdown of general and administrative expenses for the three months ended March 31, 2024, and 2023:

	Three months ended	
	March 31, 2024 $'000	March 31, 2023 $'000
Salaries and benefits	**36,837**	29,074
Professional and consulting fees	**5,509**	3,945
Office expenses	**6,328**	3,648
Marketing and promotion	**18,004**	15,199
Others	**4,684**	4,707
	71,362	56,573

7. Interest income and expense

The following table provides a breakdown of interest income and interest expense for the three months ended March 31, 2024, and 2023:

	Three months ended	
	March 31, 2024 $'000	March 31, 2023 $'000
Interest accretion on subleases and interest accrual on debt investments	**140**	49
Interest income on cash and cash equivalents and others	**98**	139
Interest income	**238**	188
Interest on loans and borrowings	**(5,613)**	(4,548)
Interest on convertible debentures (Note 13(b))	**(2,317)**	(2,095)
Interest accretion on leases	**(943)**	(654)
Accretion of discount on deferred acquisition costs (Note 12)	**(210)**	(292)
Amorization of deferred financing fees	**(458)**	(185)
Interest expense	**(9,541)**	(7,774)

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

8. Time-based earnout expense

The following table provides a breakdown of time-based earnout expense for the three months ended March 31, 2024, and 2023:

	Three months ended	
	March 31, 2024 $'000	March 31, 2023 $'000
Time-based earnout expense	**(1,922)**	(1,836)
Gain (loss) on settlement of certain deferred acquisition cost and time-based earnout liabilities via shares	**(190)**	(1,127)
Loss on revaluation of deferred acquisition cost liability (Note 12(a))	-	(7,891)
	(2,112)	(10,854)

9. Accounts and other receivables

The following table shows the details of the Company's accounts and other receivables as at March 31, 2024 and December 31, 2023:

	March 31, 2024 $'000	December 31, 2023 $'000
Accounts Receivable - gross	**132,774**	97,991
Less: Expected credit losses	**(2,972)**	(3,000)
	129,802	94,991
Accounts receivable - gross		
Canadian Patient Services - Primary	**11,455**	9,403
Canadian Patient Services - Specialized - MyHealth	**13,087**	10,279
US Patient Services - Primary - Circle	**16,712**	14,360
US Patient Services - Primary - WISP	**902**	898
US Patient Services - Specialized - CRH Medical	**54,846**	38,233
US Patient Services - Specialized - Provider Staffing	**15,936**	13,290
SAAS and Technology Services	**13,459**	11,350
Other receivables	**6,377**	178
	132,774	97,991

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its accounts receivable. As at March 31, 2024, the Company had recognized expected credit losses of $2,972 (December 31, 2023 - $3,000), 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.

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

10. Financial assets at fair value through profit and loss

The following table provides the carrying values of the Company's investments in financial assets measured at fair value through profit and loss as at March 31, 2024 and December 31, 2023:

	March 31, 2024 $'000	December 31, 2023 $'000
HEALWELL	**59,997**	45,940
Tali.ai	**2,094**	2,094
Phelix	**2,859**	2,859
Anesthesia RCM	**2,732**	2,666
Others	**2,625**	2,611
	70,307	56,170

Financial asset investments include both debt and equity instruments and are measured at fair value through profit and loss (FVPL) in accordance with IFRS 9. The Company uses various fair value techniques to estimate the fair value of these investments. During the three months ended March 31, 2024, the Company recognized fair value gains of $13,957 on the HEALWELL financial assets ($4,500 on the convertible debentures, $3,930 on the warrants and $5,527 on the call option) and nil on all other financial assets (three months ended March 31, 2023 – nil on all financial assets). During the three months ended March 31, 2024, the Company also recognized $100 of interest income on the HEALWELL convertible debentures.

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

11. Intangible assets and Goodwill

	Customer relationships $'000	Technology $'000	Brands $'000	Licences $'000	Intangibles Total $'000	Goodwill $'000
COST						
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 business combination (Note 17)	48,329	-	4,959	-	**53,288**	**23,547**
Internally generated intangible assets	-	2,428	-	-	**2,428**	**-**
Assets classified as held for sale and other disposals	(25,327)	(3,854)	-	(752)	**(29,933)**	**(6,491)**
Exchange difference on foreign currency translation	(14,135)	(357)	(55)	-	**(14,547)**	**(7,484)**
Balance at December 31, 2023	**441,445**	**30,001**	**14,824**	**181,761**	**668,031**	**508,061**
Internally generated intangible assets	**-**	**909**	**-**	**-**	**909**	**-**
Exchange difference on foreign currency translation	**14,988**	**409**	**180**	**-**	**15,577**	**8,002**
Balance at March 31, 2024	**456,433**	**31,319**	**15,004**	**181,761**	**684,517**	**516,063**
ACCUMULATED AMORTIZATION						
Balance at December 31, 2022	**(77,330)**	**(5,788)**	**(1,360)**	**-**	**(84,478)**	**-**
Amortization for the period	(40,749)	(3,461)	(1,491)	-	**(45,701)**	**-**
Assets classified as held for sale and other disposals	7,760	568	2,120	-	**10,448**	**-**
Exchange difference on foreign currency translation	6,840	49	11	-	**6,900**	**-**
Balance at December 31, 2023	**(103,479)**	**(8,632)**	**(720)**	**-**	**(112,831)**	**-**
Amortization for the period	**(10,586)**	**(903)**	**(247)**	**-**	**(11,736)**	**-**
Exchange difference on foreign currency translation	**(7,234)**	**(50)**	**(12)**	**-**	**(7,296)**	**-**
Balance at March 31, 2024	**(121,299)**	**(9,585)**	**(979)**	**-**	**(131,863)**	**-**
NET CARRYING AMOUNTS						
As at December 31, 2023	**337,966**	**21,369**	**14,104**	**181,761**	**555,200**	**508,061**
As at March 31, 2024	**335,134**	**21,734**	**14,025**	**181,761**	**552,654**	**516,063**

12. 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 17).

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

	March 31, 2024 $'000	December 31, 2023 $'000
Current	**11,694**	14,493
Non-current	**12,294**	22,578
	23,988	37,071

	$'000
Balance at December 31, 2022	**38,497**
Additions via business combinations and asset acquisitions	5,791
Accretion of discount	1,283
Settlement in cash	(9,560)
Settlement in common shares	(12,375)
Loss on settlement via shares	1,172
Loss on revaluation included in time-based earnout expense (Note 8)	12,469
Exchange difference	(206)
Balance at December 31, 2023	**37,071**
Accretion of discount	210
Settlement in cash	(6,492)
Settlement in common shares	(6,899)
Loss on settlement via shares	175
Exchange difference	(77)
Balance at March 31, 2024	**23,988**

b) Other Liabilities

	March 31, 2024 $'000	December 31, 2023 $'000
Current:		
Working capital holdback	**593**	688
Time-based earnouts	**6,476**	7,083
Income tax payable	**864**	862
Advances payable	**17,446**	-
Payroll liabilities and others	**15,314**	12,454
	40,693	21,087
Non-current:		
Others	**2,181**	3,577

During the three months ended March 31, 2024, the Company received cash advance payments of $17,446 from CRH Medical's third-party billing company which will be repaid via collection of accounts receivable during the remainder of 2024.

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

13. Loans and borrowings, and convertible debentures

a) Syndicated credit facilities

	March 31, 2024	December 31, 2023
	$'000	$'000
CRH syndicated credit facility with JPM:		
Revolving loan	**146,262**	145,873
Term loan	**73,662**	69,106
WHCC and MyHealth syndicated credit facility with RBC:		
Revolving loan	**39,200**	37,400
Term loan	**43,750**	44,375
Other loans and borrowings	**420**	722
Less: Financing fees	**(2,770)**	(1,875)
Total Loans and Borrowings	**300,524**	295,601
Current portion	**4,691**	5,264
Non-current portion	**295,833**	290,337
Total Loans and Borrowings	**300,524**	295,601

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

On January 26, 2024, the Company refinanced its syndicated credit facility with JPM to include two new syndicate members and extend the term to January 26, 2027. Interest on the refinanced credit facility is calculated with reference to SOFR plus 1.75% to 3.00%, dependent on the total leverage ratio of the consolidated financial results of CRH. All other key terms of the previous credit facility remained materially unchanged. As of March 31, 2024, the Company had drawn $219,924 (US$162,255) under this facility (December 31, 2023 – $214,979 (US$162,543)).

(ii) WELL Health Clinics Canada Inc. (“WHCC”) and MyHealth syndicated credit facility with Royal Bank of Canada (“RBC”):

On January 1, 2024, the Company adopted “Non-current Liabilities with Covenants (Amendments to IAS 1)” (Note 3). The adoption of the amendments resulted in the Company reclassifying $36,994 of revolving loans under its syndicated credit facility (net of deferred financing costs) as of December 31, 2023 from current liabilities to non-current liabilities. In March 2024, the Company completed an amendment to its syndicated credit facility to replace CDOR as the benchmark interest rate with the Canadian Overnight Repo Rate Average (“CORRA”). As of March 31, 2024, the Company had drawn $82,950 under this facility (December 31, 2023 – $81,775).

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

(iii) Financial covenants

The Company's syndicated credit facilities with loans outstanding of $219,924 with JPM and $82,950 with RBC are subject to financial covenants based on the consolidated financial results of CRH, WHCC and MyHealth. Financial covenants include maintenance of certain leverage ratios, fixed charge coverage ratios and guarantor and capital expenditure thresholds and compliance is evaluated quarterly as of March 31, June 30, September 30 and December 31 of each year. The Company was in compliance with all financial covenants and other terms and conditions under its syndicated credit facilities as of March 31, 2024.

(iv) Minimum principal repayments:

Total minimum principal repayments under the syndicated credit facilities were as follows as at March 31, 2024:

	CRH (JPM) US$'000	**WHCC and MyHealth (RBC) $'000**
2024	2,063	1,875
2025	2,750	2,500
2026	2,750	2,500
2027	154,692	76,075
	162,255	**82,950**

b) Convertible debentures

	$'000
Balance as of December 31, 2022	**44,679**
Interest accreted	8,592
Interest paid	(3,850)
Balance as of December 31, 2023	**49,421**
Interest accreted	2,317
Balance as of March 31, 2024	**51,738**
Current (Interest payable within one year)	**3,850**
Non-current	**47,888**
Total convertible debentures	**51,738**

14. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at March 31, 2024, the issued share capital consisted of 245,627,277 (December 31, 2023 – 241,427,825) common shares.

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

c) Normal Course Issuer Bid ("NCIB")

On May 30, 2022, the Company received approval from the TSX for a renewal of the 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. No shares were purchased under the NCIB that expired on May 31, 2023.

On May 31, 2023, the Company received approval from the TSX for a renewal of the NCIB that expired on May 31, 2023. Under the renewed NCIB, the Company may acquire up to an aggregate of 5,884,589 common shares from June 5, 2023 to June 4, 2024. In accordance with TSX rules, daily purchases made by the Company on the TSX will not exceed 213,962 common shares, subject to certain prescribed exemptions, being 25% of the average daily trading volume over the preceding six calendar months of 855,850 common shares. As of March 31, 2024, 5,100 shares have been purchased under the current NCIB.

d) Options to purchase common shares

(i) Movement in stock options

The changes in stock options during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024		December 31, 2023	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Balance outstanding, beginning of year	**1,980,873**	**1.79**	3,054,041	1.74
Options exercised	**(257,500)**	**(1.42)**	(890,157)	(0.78)
Options expired	**-**	**-**	(17,351)	(5.98)
Options forfeited	**-**	**-**	(165,660)	(2.77)
Balance outstanding, end of period	**1,723,373**	**1.84**	1,980,873	1.79

During the three months ended March 31, 2024 and 2023, the Company recognized stock-based compensation expense of $194 and $19 respectively, relating to stock options in the condensed interim consolidated statements of income (loss).

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

(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, 2024:

Exercise price $	**Options outstanding**	**Options exercisable**	**Weighted average remaining contractual life (years)**
0.43	300,000	300,000	0.08
1.42	510,000	510,000	0.28
2.24	625,000	574,672	1.10
3.06	100,000	37,500	3.50
3.25	188,373	164,133	1.33
	1,723,373	**1,586,305**	**0.84**

The weighted average exercise price of options exercisable as at March 31, 2024 was $1.76 (December 31, 2023 - $1.68).

e) Restricted Share Units ("RSUs")

The changes in RSUs during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	**5,065,068**	3,884,965
Units granted	**1,565,587**	4,397,284
Units vested	**(1,159,679)**	(2,951,845)
Units forfeited	**(141,960)**	(265,336)
Balance outstanding, end of period	**5,329,016**	5,065,068

During the three months ended March 31, 2024 and 2023, the Company recognized stock-based compensation expense of $3,421 and $4,322, respectively, relating to RSUs in the condensed interim consolidated statements of income (loss).

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

f) Performance Share Units ("PSUs")

The changes in PSUs during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	**3,401,645**	2,946,088
Units granted	**771,978**	2,150,174
Units vested	**(476,836)**	(1,307,962)
Units forfeited	**(144,609)**	(386,655)
Balance outstanding, end of period	**3,552,178**	3,401,645

During the three months ended March 31, 2024 and 2023, the Company recognized stock-based compensation expense of $1,862 and $2,258, respectively, relating to PSUs in the condensed interim consolidated statements of income (loss).

15. 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, 2024 and 2023 was as follows:

	Three months ended	
	March 31, 2024	March 31, 2023
	$'000	$'000
Salaries	**250**	250
Directors' fees	**60**	60
Stock-based compensation expense	**1,979**	1,953
	2,289	2,263

During the three months ended March 31, 2024, the Company granted 481,573 RSUs (197,367 to the CEO, 39,473 to the CFO, 39,473 to the COO, and 205,260 to the Board of Directors), and 78,946 PSUs (39,473 to the CFO and 39,473 to the COO). During the three months ended March 31, 2023, the Company granted 985,000 RSUs (625,000 to the CEO, 50,000 to the CFO, 50,000 to the COO, and 260,000 to the Board of Directors), and 225,000 PSUs (125,000 to the CEO, 50,000 to the CFO, and 50,000 to the COO).

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

Included in other current assets as at March 31, 2024 and December 31, 2023 is $6,808 ($4,231 from the CEO, $1,531 from the CFO, and $1,046 from the COO) of receivables from related parties. These receivables were primarily due to payroll taxes on stock issuances to the related parties.

Other transactions with related parties

On February 1, 2024, the Company received an advance payment of $1,400 from HEALWELL for transition services to be provided post closing of the sale of Intrahealth Systems Ltd. ("Intrahealth") to HEALWELL (Note 17) and recognized it as unearned revenue on it consolidated statement of financial position ("Intrahealth transaction"). During the three months ended March 31, 2024, the Company recognized revenue of $220 as other income for providing transition services to HEALWELL in relation to the Intrahealth transaction and recognized $113 in general and administrative expense for transition services provided by HEALWELL in relation to the sale of MCI Ontario and Alberta clinics from HEALWELL to the Company.

16. 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 updated its reportable segments to split its former Virtual Services reportable segment into three reportable segments, Circle Medical, Wisp and SaaS and Technology Services, after a change in organizational structure and a corresponding change in internal reporting to the chief operating decision-maker. During the quarter ended December 31, 2023 after the acquisition of CarePlus Medical Corporation on July 1, 2023, the Company split its CRH reportable segment into two reportable segments, CRH Medical and Provider Staffing. The Company now has seven reportable segments as shown below that are grouped into three key business units: Canadian Patient Services, WELL Health USA Patient and Provider Services and SaaS and Technology Services.

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
WELL Health USA Patient and Provider Services	
- Primary Circle Medical	U.S. primary care telehealth operations from Circle Medical
- Primary WISP	U.S. primary care operations from WISP
- Specialized CRH Medical	Specialized care gastroenterology anesthesia services
- Specialized Provider Staffing	Medical recruitment and staffing services
SaaS and Technology Services	Aggregation of electronic medical records ("EMR"), billing and revenue cycle management solutions, digital applications, and cybersecurity operating segments

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

Effective January 1, 2024, the Company changed its segment profit measure from "Segment profit (loss) before tax, interest and depreciation and amortization" to Adjusted EBITDA to align with internal reporting provided to the chief operating decision-maker. Adjusted EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization less (i) net rent expense on premise leases considered to be finance leases under IFRS and before (ii) transaction, restructuring and integration costs, time-based earn-out expense, change in fair value of investments, share of income (loss) of associates, foreign exchange gain/loss, and stock-based compensation expense, and (iii) gains/losses that are not reflective of ongoing operating performance.

Three months ended March 31, 2024

	<--Canadian Patient Services->			<-WELL Health USA Patient and Provider Services->							
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH Medical	Specialized-Provider Staffing	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'000**	$'000	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	45,371	30,417	**75,788**	28,707	21,123	61,774	29,500	**141,104**	**16,209**	**3,689**	**236,790**
Inter-segment revenue	(100)	-	**(100)**	-	-	(34)	(626)	**(660)**	**(779)**	**(3,689)**	**(5,228)**
Revenue from external customers	45,271	30,417	**75,688**	28,707	21,123	61,740	28,874	**140,444**	**15,430**	**-**	**231,562**
Adjusted EBITDA	3,969	7,332	**11,301**	477	850	15,113	2,167	**18,607**	**3,173**	**(4,767)**	**28,314**
Goodwill and intangible assets	71,362	227,253	**298,615**	20,692	57,188	563,969	27,962	**669,811**	**100,291**	**-**	**1,068,717**

Three months ended March 31, 2023

	<--Canadian Patient Services->			<-WELL Health USA Patient and Provider Services->							
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH Medical	Specialized-Provider Staffing	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'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**
Adjusted EBITDA	1,966	5,956	**7,922**	1,277	271	17,855	-	**19,403**	**3,883**	**(4,525)**	**26,683**
Goodwill and intangible assets	39,212	228,437	**267,649**	21,513	56,870	592,229	-	**670,612**	**133,878**		**1,072,139**

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

A reconciliation of net income (loss) before income tax to segment adjusted EBITDA is as follows:

	Three months ended March 31, 2024	March 31, 2023
	$'000	$'000
Adjusted EBITDA	**28,314**	26,683
Depreciation and amortization	**(16,560)**	(14,522)
Interest expense	**(9,541)**	(7,774)
Interest income	**238**	188
Rent expense on finance leases	**4,114**	2,490
Stock-based compensation	**(5,477)**	(6,599)
Foreign exchange difference	**32**	284
Time-based earnout expense	**(2,112)**	(10,854)
Change in fair value of investments	**13,957**	-
Gain on disposal of assets and investments	**11,284**	-
Share of net loss of associates	**(1,064)**	(97)
M&A and other expenses	**(3,763)**	(234)
Net income (loss) before income tax	**19,422**	(10,435)

Geographic information

Revenue by geographic location of customers and goodwill and intangible assets by location for the three months ended March 31, 2024 and 2023 are summarized as follows:

Three months ended March 31, 2024 and 2023	**Canada and others**		**U.S.**		**Canada (Corporate/shared services)**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**91,997**	71,500	**141,104**	99,221	**3,689**	4,320	**236,790**	175,041
Inter-segment revenue	**(879)**	(1,265)	**(660)**	(31)	**(3,689)**	(4,320)	**(5,228)**	(5,616)
Revenue from external customers	**91,118**	70,235	**140,444**	99,190	**-**	-	**231,562**	169,425
Goodwill and intangible assets	**403,257**	401,527	**665,460**	670,612	**-**	-	**1,068,717**	1,072,139

17. Business combinations, asset acquisitions and disposals

a) <u>2024 Acquisitions and Dispositions</u>

During the three months ended March 31, 2024, the Company did not acquire interests in any company.

On February 1, 2024, the Company completed the sale of Intrahealth, an EMR provider within the Company's SaaS and Technology Services reportable segment, to HEALWELL AI Inc for total consideration of $24,361 consisting of cash of $3,152, shares in HEALWELL with fair value of $14,961, a holdback receivable of $606 and other deferred payments of $5,642. The gain on disposal before tax was $11,280.

b) <u>2023 Acquisitions and Dispositions</u>

During the three months ended March 31, 2024, the Company finalized the purchase accounting for the acquisition of Manitoba Clinic ("MBC"). As a result, fair value of property and equipment and accrued liabilities increased by $721.

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

18. Cash Flow Information

	Three months ended **March 31, 2024 $'000**	March 31, 2023 $'000
Change in non-cash operating items:		
Accounts and other receivables	**(28,597)**	(3,726)
Inventory	**6**	(28)
Other current assets	**(2,875)**	3,788
Other non-current assets	**1,650**	(126)
Accounts payable and accrued liabilities	**6,621**	2,516
Unearned revenue	**251**	167
Other non-current liabilities	**(1,396)**	(1)
Other current liabilities	**19,644**	(5,723)
	(4,696)	(3,133)

	Three months ended **March 31, 2024 $'000**	March 31, 2023 $'000
Equity and debt investments in associates and others:		
Investment in doctorly	**-**	(681)
	-	(681)

	Three months ended **March 31, 2024 $'000**	March 31, 2023 $'000
Asset acquisitions :		
Affiliated Tampa Anesthesia Associates, LLC	**-**	(6,310)
	-	(6,310)

19. Contingencies

In the ordinary course of business, the Company is involved in, and potentially subject to, legal actions and proceedings. There are many uncertainties involved in these legal actions and proceedings and as such, it is not possible for the Company to predict the final outcome of these matters with certainty. The Company does not believe that the ultimate resolution of these matters, including the WISP matter noted below, will have a material adverse impact on the Company's operations, financial condition or results of operations.

In November 2023, a class action was filed in the Northern District of California against the Company's subsidiary, WISP, Inc. ("WISP"), alleging pixel tracking technologies deployed on WISP's website used to improve marketing and advertising initiatives, improperly collected and disclosed personal health information to third-party social media platforms (Meta Platforms Inc. dba Facebook, Google, Bing/Microsoft, and Tik Tok Inc.), allegedly violating privacy, wiretapping and unfair business practices laws and standards of care across the U.S. In January 2024, arbitration claims were filed against WISP with similar allegations. The total claim amount being sought has not been specified in either the class action or arbitration claims. The Company intends to vigorously defend these claims and has begun coordinating mediation with plaintiff's counsel to resolve such allegations. The Company has not recognized a liability for the contingency as the amount cannot be estimated with sufficient reliability at this time.

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

20. Financial Instruments

a. Classification of financial instruments

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

	March 31, 2024	December 31, 2023
Financial assets at amortized cost	**$'000**	$'000
Cash and cash equivalents	**48,227**	43,423
Accounts and other receivables	**129,802**	94,991
Lease receivable	**2,774**	2,959
Other current and non-current assets	**27,071**	25,880
	207,874	167,253
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	**70,307**	56,170
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**55,178**	47,877
Loans and borrowings	**300,524**	295,601
Convertible debentures	**51,738**	49,421
Lease liability	**79,857**	81,261
Other current and non-current liabilities	**42,874**	23,840
	530,171	498,000
Financial liabilities at fair value through profit or loss ("FVPL")		
Deferred acquisition costs	**23,988**	37,071
Financial liabilities - derivatives designated as hedging instruments		
Interest rate swap included in other current liabilities	**84**	824

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).

Financial instruments are classified based on the lowest level of input that is significant to the fair value measurement of the asset or liability. There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy at March 31, 2024 and December 31, 2023.

Financial instruments carried at amortized cost:

The carrying values of cash and cash equivalents, accounts and other receivables, lease receivable, accounts payable and accrued liabilities, lease liability and certain other assets and liabilities measured at amortized cost, approximate their carrying value due to the short-term maturities of these instruments.

The Company's loans and borrowings, which are mainly comprised of the JPM facility and the RBC facility (Note 13), are floating rate instruments which are based on SOFR/CDOR plus 1.25% to 3.25% dependent on CRH's total leverage ratio and WHCC and MyHealth's total funded debt to EBITDA ratio. The Company estimated the fair value of these financial instruments to be $219,267 (US$161,820) for the JPM facility, and $82,950 for the RBC facility as at March 31, 2024 based on a discounted cash flow analysis using Level 2 directly observable market inputs.

Financial instruments carried at fair value:

The Company's investments (excluding the Company's equity investments in associates) are classified as financial assets at FVPL. The fair value measurements of debt investments are categorized within Level 2 of the fair value hierarchy whereas investments in convertible debt, equity and equity derivative instruments are categorized within Level 3 of the fair value hierarchy. The fair values of debt instruments are based on discounted cash flow analyses using directly observable market inputs. The fair values of equity investments in unquoted private entities are based on recent follow-on financing rounds where applicable. The fair values of convertible debt, warrants and call options are estimated using complex mathematical models or option pricing models that incorporate directly observable market inputs (including share prices, interest rates and credit spreads), unobservable inputs (expected share price volatilities and expected terms) and iterative equations, as applicable. As at March 31, 2024 and December 31, 2023, the fair value of investments classified as financial assets at FVPL was $70,307 and $56,170, respectively.

The Company's deferred acquisition cost liabilities are estimated using discounted earnings models that use unobservable inputs for revenue and cash flow projections. The fair value measurements of deferred acquisition costs are categorized within Level 3 of the fair value hierarchy.

The Company's derivative financial instruments, including an interest rate swap and foreign currency forward contracts, are classified as financial assets or liabilities at FVPL. The fair value measurements are categorized within Level 2 of the fair value hierarchy. The fair value of interest rate swaps is determined by discounting expected future cash flows from the contracts. The future cash flows are determined by measuring the difference between fixed interest payments to be made to the counterparty and floating interest payments to be received based on forward interest rate curves. The fair value of foreign currency forward contracts and swaps is measured using observable inputs based on the difference between contracted foreign exchange rates and quoted forward exchange rates as of the reporting date.

There were no foreign currency forward contracts outstanding as at March 31, 2024 or December 31, 2023. As at March 31, 2024, the carrying value of the interest rate swap was a liability of $84 (December 31, 2023 - $824).

c. Financial risk management

Credit risk

Credit risk is the risk of a financial loss to one party to a financial instrument when the other party 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 its accounts receivable. Collectability is reviewed regularly and an estimate of expected credit losses is established or adjusted, as necessary, using historic collection patterns and other relevant information. 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 credit risk is expected to be limited as receivables are recognized based upon historical collection patterns.

As at March 31, 2024, the Company had accounts and other receivables of $129,802 (December 31, 2023 - $94,991), net of expected credit losses of $2,972 (December 31, 2023 - $3,000) (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 and planned growth and development activities. The Company routinely reviews the terms and conditions of its financing arrangements with a view to managing or extending maturities and/or negotiating more favourable terms and conditions. The Company believes that its principal sources of liquidity are sufficient to fund its operations on an ongoing basis.

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

The maturities of the contractual cash flows of the Company's financial liabilities are as follows:

	Undiscounted payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
At March 31, 2024	**$'000**	$'000	$'000	$'000	$'000
Deferred acquisition costs and time-based earnouts	**33,873**	19,639	13,020	1,214	-
Lease obligations' minimum payments	**93,003**	19,023	33,163	22,040	18,777
Accounts payable and accrued liabilities	**55,178**	55,178	-	-	-
Working capital holdbacks	**593**	593	-	-	-
Other current and non-current liabilities	**42,281**	40,100	2,181	-	-
Loans and borrowings	**302,805**	4,670	298,135	-	-
Convertible debentures	**81,550**	3,850	77,700	-	-
	609,283	**143,053**	**424,199**	**23,254**	**18,777**

On March 28, 2024, the Company entered into an agreement with a cloud hosting services provider to secure infrastructure services for its operations. Pursuant to this agreement, the Company has committed to spending a total of $25,000 over a period of five years.

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 13). On March 3, 2023, the Company entered into a three-year interest rate swap agreement consisting of a series of pay-fixed interest rate swaps at a fixed interest rate of 4.68% (the hedging instrument) to hedge the variability of the cash flows attributable to changes in 1-month Term SOFR, the benchmark variable interest rate, on US$50,000 of debt outstanding under JPM credit facility (the hedged item).

On March 3, 2023, the Company designated the interest rate swap in a qualifying hedging relationship and applied hedge accounting as a cash flow hedge. During the three months ended March 31, 2024 and 2023, the Company recognized fair value gains of $889 and $2, respectively, in other comprehensive loss in relation to the interest rate swap agreement and reclassified fair value gains of $129 and $2, respectively, from accumulated other comprehensive income to net income. At March 31, 2024, the carrying value of the interest rate swap agreement was a liability of $84 (December 31, 2023 - $824).

With all other variables held constant, a 10% upward movement in the interest rate would have reduced net income by approximately $522 for the three months ended March 31, 2024. There would be an equal and opposite impact on net income with a 10% downward movement 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 U.S. 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 forward 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.

The Company had no foreign currency forward contracts outstanding as at March 31, 2024 or December 31, 2023.

The Company has foreign currency subsidiaries and a 10% movement in foreign exchange rates versus the U.S. dollar would result in approximately $303 change in the Company's net income for the three months ended March 31, 2024.

21. Events After the Reporting Period

On April 16, 2024, the Company announced its entry to an agreement with Shoppers Drug Mart Inc. ("Shoppers") to acquire 10 primary care medical clinics in British Columbia and Ontario operated by Shoppers under the name "The Health Clinic by Shoppers".