

## **WELL Health Provides Update on the Organic Growth of its Virtual Services Business, and announces Tuck-in Acquisition of CognisantMD's Ocean Platform, Canada's Leader in Patient Engagement Technology and eReferral Software**

- As of Q3 2021 and inclusive of recently completed acquisitions<sup>1</sup>, WELL's Virtual Services line of business<sup>2</sup> had a run-rate revenue approaching \$110M with over 50% Adjusted gross margins<sup>3</sup> and positive Adjusted EBITDA<sup>3</sup>. Organic Growth for Virtual Services was greater than 50%<sup>4</sup> in Q3 2021.
- On December 1, WELL completed a 100% tuck-in acquisition of CognisantMD whose Ocean platform is the category leader in digital patient engagement technology and eReferral software in Canada.
- As an existing Apps.Health partner, Ocean adds best-in-class digital tools for patient engagement such as online booking, secure messaging, appointment reminders, digital forms & check-in kiosks, as well as provider network solutions including eReferral and eConsult.
- CognisantMD currently generates \$4.0M in in yearly SaaS revenues, 95% gross margins, and has a history of generating 50%+ organic growth and positive Adjusted EBITDA. The Ocean platform currently supports approximately 8,000 physicians and delivers over 35,000 e-referrals per month.

Vancouver, B.C. and Toronto ONT. – December 2, 2021 - **WELL Health Technologies Corp.** (TSX: **WELL**) (the “**Company**” or “**WELL**”), a company focused on positively impacting health outcomes by leveraging technology to empower healthcare practitioners and their patients globally, is pleased to provide key updates on the company's Virtual Services business and announce the 100% acquisition of CognisantMD and its Ocean Platform (“Ocean”), an integral part of clinical workflows for practitioners across Canada.

### **Virtual Services Update:**

WELL's Virtual Services encompasses all aspects of our Practitioner enablement platform. This includes key services such as Electronic Medical Records (EMR) software, Revenue Cycle Management (RCM) and digitally oriented patient service businesses such as Circle Medical, Tia Health & WISP. This also includes WELL's digital app business unit, which hosts numerous physician productivity tools & applications through our Apps.Health ecosystem.

Hamed Shahbazi, Chairman and CEO of WELL Health commented, “We are pleased to report WELL's virtual services ecosystem continues to exhibit strong organic growth across the

organization with over 50% organic growth as measured on a year over year basis<sup>4</sup>. As of Q3 2021 and inclusive of our recently completed acquisitions<sup>1</sup>, our platform was generating approximately \$110M in run-rate revenues with 50%+ Adjusted gross margins. We continue to invest through our income statement to activate further organic growth. We are also very pleased to be welcoming the CognisantMD team to the WELL family. Their strong organic growth, experienced healthcare IT brain trust and culture of ingenuity will only add momentum to the success of our digital practitioner enablement platform”

### **Acquisition of CognisantMD Creator of the Ocean Platform**

WELL is pleased to announce the acquisition of CognisantMD whose Ocean platform includes a full suite of virtual patient engagement tools, including online appointment booking, secure messaging, appointment reminders, and digital forms as well as in-clinic check-in kiosks and tablets. Each month, Canadians complete over 800,000 patient engagements with their healthcare providers using Ocean’s digital tools. Ocean has built unparalleled interoperability, with integrations into over 18 EMRs, Electronic Health Records (EHRs), and provincial healthcare assets and third-party technology platforms using industry-leading open standards including HL7 FHIR<sup>5</sup>.

Ocean’s interoperability is highly strategic for government initiatives, as evidenced by their platform powering eReferrals for the province of Ontario's eServices Program. Ocean’s platform supports over 8,000 physicians, and approximately 35,000 referrals and consults are sent electronically through the platform monthly. Ocean’s eReferral system has resulted in reduced wait times, a 12% reduction in unnecessary MRIs, and has a 97% patient satisfaction rate. Ontario’s reduced wait times, improved patient outcomes, and cost efficiencies has attracted attention from new provinces, with Ocean recently launching a Proof of Concept for eConsult with the Nova Scotia Health Authority (NSHA), with the aim to add further provinces in the future.

CognisantMD will operate as a stand-alone business within the WELL Digital App Business Unit and will be operated by its current President, Jeff Kavanagh and Medical Director, Dr. Doug Kavanagh.

Ocean has established deep integrations and long-standing partnerships with all the major EMR systems in Canada, including OSCAR Pro on apps.health. Post transaction, CognisantMD will prioritize increasingly advanced integrations with its ecosystem of reseller partners to market and sell the integrated suite of Ocean solutions across Canada. Together, Ocean & WELL also plan to build integrations into other EMR assets, including Intrahealth & Cerebrum, creating a sizeable addressable market of new physicians for Ocean’s suite of services. In addition, WELL will look to benefit from the suite of Ocean products across its substantial clinical and specialty businesses.

Amir Javidan WELL's Chief Operating Officer commented, "WELL has been impressed with CognisantMD and its leadership from the very beginning of our journey together. Watching CognisantMD develop from an app partner to the progression of joining the WELL family as a tuck-in acquisition shows the power of WELL's platform and industry connectivity. With Ocean now powering the Provider Network platform of two provinces, we believe they are well positioned as the category leader for eReferral and eConsult purposes across Canada. A suite of best-in-class engagement tools and eReferral connectivity from primary to specialty and acute care are key areas of focus for our practitioner enablement platform, and we are excited to get CognisantMD further integrated into the WELL ecosystem in the coming months."

Dr. Doug Kavanagh, Medical Director of CognisantMD also commented, "Over the past few years, clinicians across Canada have embraced the Ocean Platform as an integral part of clinical workflows from their EMR. We're excited to join forces with WELL as we continue to pursue our shared goal of improving outcomes for patients by providing clinicians with technology that helps to improve the efficiency, reliability, and accuracy of healthcare records."

"We look forward to being a part of the larger WELL Health ecosystem, allowing us to leverage the management, capital allocation and shared services expertise of WELL while continuing to expand and serve patients and providers, who are universally demanding better health data interoperability," commented Jeff Kavanagh, CEO, CognisantMD. "With the resources of the WELL organization, we see huge potential for the Ocean platform not just in Canada but outside as well; really we're just getting started."

### **Transaction Details**

The consideration paid by WELL in connection with the acquisition of CognisantMD was approximately \$10,570,000, in cash at closing. In addition, WELL will pay \$7,000,000 in time-based payments, as well as a conditional earn-out based on overall operating performance of up to approximately \$7,000,000. The consideration is subject to standard closing adjustments and a working capital holdback. Full achievement of the performance based earnout would imply an acquisition multiple of less than 5X future EBITDA.

### **Footnotes:**

- 1- The figures noted in this sentence include the acquisitions of WISP and AwareMD but not CognisantMD within the Virtual Services line of business
- 2- **Virtual Services** includes all SaaS, services or product revenues associated with the Company's practitioner enablement platform that is billed to companies or practitioners outside of WELL's patient service businesses including any patient services business that has little to no reliance on physical brick and mortar clinics (such as Tia Health, VirtualClinic+, WISP and Circle Medical). This group of revenue does not include WELL's omni-channel patient services businesses which include a combination of virtual and/or brick and mortar operations (such as WELL's primary clinic network, CRH Medical, and MyHealth).

- 3- **Non-GAAP measure.** Adjusted gross profit and adjusted gross margin do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines adjusted gross profit as revenue less cost of sales (excluding depreciation and amortization) and adjusted gross margin as adjusted gross profit as a percentage of revenue. Adjusted gross profit and adjusted gross margin should not be construed as an alternative for revenue or net loss determined in accordance with IFRS. The Company believes that adjusted gross profit and adjusted gross margin are meaningful metrics in assessing the Company's financial performance and operational efficiency.

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines **Adjusted EBITDA** as EBITDA (i) less net rent expense on premise leases considered to be finance leases under IFRS and (ii) before transaction, restructuring, and integration costs, time-based earn-out expense, change in fair value of investments, share of loss of associates, foreign exchange gain/loss, and stock-based compensation expense. The Company considers Adjusted EBITDA a financial metric that measures cash that the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives.

- 4- The 50% growth figure includes all assets that were owned in the WELL family within the virtual services group as of Oct 1, 2021 (the day after our Q3)
- 5- HL7 FHIR means Fast Healthcare Interoperability Resources which is a standard describing data formats and elements and an application programming interface for exchanging electronic health records. The standard was created by the Health Level Seven International health-care standards organization.

## **WELL HEALTH TECHNOLOGIES CORP.**

Per: "Hamed Shahbazi"

Hamed Shahbazi

Chief Executive Officer, Chairman and Director

## **About WELL Health Technologies Corp.**

WELL is a technology enabled healthcare company whose overarching objective is to positively impact health outcomes to empower and support healthcare practitioners and their patients. WELL has built an innovative practitioner enablement platform that includes comprehensive end to end practice management tools inclusive of virtual care and digital patient engagement capabilities as well as Electronic Medical Records (EMR), Revenue Cycle Management (RCM) and data protection services. WELL uses this platform to power healthcare practitioners both inside and outside of WELL's own omni-channel patient services offerings. WELL owns and operates Canada's largest network of outpatient medical clinics serving primary and specialized healthcare services and is the provider of a leading multi-national multi-disciplinary telehealth

offering. WELL is publicly traded on the Toronto Stock Exchange under the symbol "**WELL**" and is part of the TSX Composite Index. To learn more about the company, please visit: [www.well.company](http://www.well.company).

### **Forward-Looking Information**

This news release may contain "Forward-Looking Information" within the meaning of applicable Canadian securities laws, including, without limitation: information regarding the Company's goals, strategies and growth plans; the expected benefits and synergies of completed acquisitions; the expected financial performance as well as information in the "Outlook" section herein. Forward-looking information are necessarily based upon a few estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies. Forward-looking information generally can be identified using forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking information involve known and unknown risks, uncertainties and other factors that may cause future results, performance or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by those forward-looking information and the forward-looking information are not guarantees of future performance. WELL's statements expressed or implied by these forward-looking information are subject to a number of risks, uncertainties, and conditions, many of which are outside of WELL 's control, and undue reliance should not be placed on such statements. Forward-looking information are qualified in their entirety by inherent risks and uncertainties, including: direct and indirect material adverse effects from the COVID-19 pandemic; adverse market conditions; risks inherent in the primary healthcare sector in general; regulatory and legislative changes; that future results may vary from historical results; inability to obtain any requisite future financing on suitable terms; any inability to realize the expected benefits and synergies of acquisitions; that market competition may affect the business, results and financial condition of WELL and other risk factors identified in documents filed by WELL under its profile at [www.sedar.com](http://www.sedar.com), including its most recent Annual Information Form. Except as required by securities law, WELL does not assume any obligation to update or revise any forward-looking statements, whether because of new information, events or otherwise.

### **For further information**

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