



WELL Health
TECHNOLOGIES CORP

WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements
September 30, 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		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Revenue (Note 5)	204,461	145,789	544,808	412,623
Expenses				
Cost of sales (excluding depreciation and amortization)	(110,225)	(67,597)	(273,580)	(189,569)
General and administrative (Note 6)	(65,204)	(48,726)	(182,380)	(140,771)
Depreciation and amortization	(15,449)	(13,918)	(44,012)	(41,103)
Stock-based compensation (Note 13)	(7,043)	(5,883)	(19,776)	(19,549)
Foreign exchange gain (loss)	539	(1,087)	888	(608)
Operating income	7,079	8,578	25,948	21,023
Interest income (Note 7)	114	200	429	411
Interest expense (Note 7)	(8,966)	(7,122)	(24,568)	(17,530)
Time-based earnout expense (Note 8)	(1,589)	(2,669)	(13,919)	(9,705)
Change in fair value of investments	-	-	-	602
Gain on disposal of assets and investments	7	5,240	1,524	5,240
Share of net loss of associates	(102)	(195)	(290)	(433)
Other expense	(1,050)	(442)	(4,193)	(483)
Net income (loss) before income tax	(4,507)	3,590	(15,069)	(875)
Income tax recovery (expense)	25	(2,979)	(2,056)	(2,534)
Net income (loss)	(4,482)	611	(17,125)	(3,409)
Net income (loss) attributable to:				
Owners of WELL Health Technologies Corp.	(7,606)	(4,419)	(27,731)	(19,259)
Non-controlling interests	3,124	5,030	10,606	15,850
	(4,482)	611	(17,125)	(3,409)
Other comprehensive income (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange difference on translation of foreign subsidiaries and fair value changes on interest rate swaps	11,713	32,039	(981)	39,424
Total comprehensive income (loss)	7,231	32,650	(18,106)	36,015
Total comprehensive income (loss) attributable to:				
Owners of WELL Health Technologies Corp.	4,008	27,330	(28,692)	19,814
Non-controlling interests	3,223	5,320	10,586	16,201
	7,231	32,650	(18,106)	36,015
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	(0.03)	(0.02)	(0.12)	(0.09)
Weighted average number of common shares outstanding				
Basic and diluted	238,104,415	226,783,493	235,258,386	217,721,268

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	September 30, 2023 \$'000	December 31, 2022 \$'000
Assets		
Current		
Cash and cash equivalents	41,971	48,908
Restricted cash (Note 19)	3,292	-
Accounts and other receivables (Note 9)	87,778	78,914
Inventory	1,344	1,370
Lease receivable	906	568
Prepayments and other assets	27,488	21,117
Total current assets	162,779	150,877
Financial assets at fair value through profit and loss	6,766	5,636
Investment accounted for using the equity method	4,078	4,369
Lease receivable – non-current	1,751	1,880
Prepayments and other assets – non-current	3,398	3,177
Property and equipment	83,951	82,535
Intangible assets (Note 10)	575,831	571,267
Goodwill (Note 10)	520,407	499,290
Total assets	1,358,961	1,319,031
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	47,883	50,728
Unearned revenue	7,462	6,797
Loans and borrowings (Note 12(a))	36,420	30,303
Lease liability	9,636	9,107
Convertible debentures (Note 12(b))	3,850	3,850
Deferred acquisition costs (Note 11(a))	16,239	18,229
Other liabilities (Note 11(b))	16,095	17,489
Total current liabilities	137,585	136,503
Loans and borrowings - non-current (Note 12(a))	255,370	222,171
Lease liability – non-current	53,272	52,156
Convertible debentures - non-current (Note 12(b))	45,295	40,829
Deferred tax liabilities	24,453	30,706
Unearned revenue - non-current	296	403
Deferred acquisition costs – non-current (Note 11(a))	21,018	20,268
Other liabilities – non-current (Note 11(b))	2,084	744
Total liabilities	539,373	503,780
Equity		
Share capital (Note 13)	741,369	705,186
Contributed surplus (Note 13)	52,285	51,765
Accumulated other comprehensive income	38,098	39,059
Accumulated deficit	(91,397)	(63,666)
Equity attributable to owners of WELL Health Technologies Corp.	740,355	732,344
Non-controlling interests	79,233	82,907
Total equity	819,588	815,251
Total equity and liabilities	1,358,961	1,319,031

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

Approved by the Directors:

"Hamed Shahbazi"

"Thomas Liston"

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)	840,469	1,165	(520)	-	-	645	-	645	
Shares issued for RSUs/PSUs (Note 13)	3,250,335	18,241	(18,241)	-	-	-	-	-	
Shares issued for settlement of deferred acquisition costs (Note 11(a))	1,887,726	8,327	-	-	-	8,327	-	8,327	
Shares issued for time-based earnout payments	811,160	3,326	-	-	-	3,326	-	3,326	
Shares issued for consideration in business combinations (Note 16)	1,071,928	5,124	-	-	-	5,124	-	5,124	
Stock-based compensation (Note 13)	-	-	19,776	-	-	19,776	-	19,776	
Non-controlling interests via business combination (Note 16)	-	-	-	-	-	-	7,785	7,785	
Distributions paid to non-controlling interests	-	-	-	-	-	-	(19,304)	(19,304)	
Other transactions with non-controlling interests	-	-	(495)	-	-	(495)	(2,745)	(3,240)	
PPA finalization (Note 16)	-	-	-	-	-	-	4	4	
Exchange difference on translation of foreign subsidiaries and fair value changes on interest rate swaps	-	-	-	(961)	-	(961)	(20)	(981)	
Net (loss) income for the period	-	-	-	-	(27,731)	(27,731)	10,606	(17,125)	
Balance at September 30, 2023	238,908,908	741,369	52,285	38,098	(91,397)	740,355	79,233	819,588	
Balance at December 31, 2021	209,147,462	633,509	43,988	5,383	(65,035)	617,845	89,911	707,756	
Private placement	9,327,765	34,513	-	-	-	34,513	-	34,513	
Share issue costs	-	(2,229)	-	-	-	(2,229)	-	(2,229)	
Shares repurchased under normal course issuer bid	(50,000)	(243)	-	-	-	(243)	-	(243)	
Stock options exercised (Note 13)	3,030,161	2,581	(1,529)	-	-	1,052	-	1,052	
Shares issued for RSUs/PSUs (Note 13)	2,467,067	11,521	(11,521)	-	-	-	-	-	
Stock-based compensation (Note 13)	-	-	19,549	-	-	19,549	-	19,549	
Shares issued for deferred acquisition costs	1,539,196	4,815	-	-	-	4,815	-	4,815	
Shares issued for time-based earnout payments	385,388	1,464	-	-	-	1,464	-	1,464	
Shares issued for settlement of note payable	2,320,897	9,353	-	-	-	9,353	-	9,353	
Non-controlling interests via business combination	-	-	-	-	-	-	(2,793)	(2,793)	
Distributions paid to non-controlling interests	-	-	-	-	-	-	(15,961)	(15,961)	
Foreign currency translation of foreign subsidiaries	-	-	-	39,073	-	39,073	351	39,424	
Net (loss) income for the period	-	-	-	-	(19,259)	(19,259)	15,850	(3,409)	
Balance at September 30, 2022	228,167,936	695,284	50,487	44,456	(84,294)	705,933	87,358	793,291	

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

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

	Nine months ended	
	September 30, 2023	September 30, 2022
	\$'000	\$'000
Cash flows provided by/(used in)		
Operating activities		
Net loss for the period	(17,125)	(3,409)
<i>Adjustments to net loss for non-cash items:</i>		
Interest income accretion	(151)	(397)
Interest expense accretion	10,045	9,415
Time-based earnout payments settled in shares	3,326	1,463
Unrealized foreign exchange	(1,141)	1,959
Loss on revaluation of deferred acquisition cost liability	7,891	-
Change in fair value of investments	-	(602)
Depreciation and amortization	44,012	41,103
Gain on disposal of assets and investments	(1,524)	(5,240)
Share of net loss of associates	290	433
Stock-based compensation (Note 13)	19,776	19,549
Loss on deferred acquisition cost liability settled in shares (Note 11(a))	887	-
Non-cash loss (gain) included in other income	1,798	(1,052)
Change in non-cash operating items (Note 17)	(16,340)	(15,686)
Net cash provided by operating activities	51,744	47,536
Investing activities		
Change in restricted cash	(3,292)	-
Business acquisitions, net of cash acquired (Notes 16 & 17)	(46,996)	(9,766)
Asset acquisitions (Notes 16 & 17)	(14,765)	(2,107)
Equity and debt investments in associates and others (Note 17)	(1,069)	-
Proceeds from disposal of investments	11,438	16,510
Acquisition of property and equipment and internally generated intangible assets	(6,199)	(4,662)
Settlement of working capital holdbacks	(737)	(185)
Settlement of deferred acquisition costs (Note 11(a))	(6,779)	(23,847)
Net cash used in investing activities	(68,399)	(24,057)
Financing activities		
Proceeds from private placements (Note 13)	-	34,513
Share issue costs (Note 13)	-	(2,229)
Shares repurchased under normal course issuer bid (Note 13)	-	(243)
Payment of interest on convertible debentures (Note 12(b))	(1,925)	(2,310)
Proceeds from loans and borrowings	88,246	33,899
Repayments of loans and borrowings	(48,866)	(75,292)
Proceeds from stock options exercised	645	1,031
Transactions with non-controlling interests	(20,084)	(16,561)
Lease payments	(8,804)	(7,541)
Lease payments received	562	557
Net cash provided by (used in) financing activities	9,774	(34,176)
Effects of foreign exchange difference on cash and cash equivalents	(56)	1,213
Net change in cash	(6,937)	(9,484)
Cash and cash equivalents - beginning of period	48,908	61,919
Cash and cash equivalents - end of period	41,971	52,435
Cash paid for:		
Interest	(15,818)	(10,147)
Income tax	(14,082)	(2,171)
	(29,900)	(12,318)

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

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 November 14, 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.

In May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12 (the "Amendments") to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The Amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

rules and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception applies immediately, and the remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023. The Company is evaluating the Amendments, but does not expect them to have a material effect on its consolidated financial statements.

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.

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 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 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, which can fluctuate from period to period, are primarily derived from credit risk adjusted valuation models. When hedge accounting is not applied to a hedging relationship, the changes in fair value during the period are recognized immediately in earnings and can result in significant variability in net income (loss).

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

5. Revenue

The following table shows the details of revenues for the three and nine months ended September 30, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Public insured	60,604	46,151	166,059	134,484
Non-public and other	127,917	85,181	330,181	233,569
Patient Services	188,521	131,332	496,240	368,053
SaaS and Technology Services (Note 15)	15,940	14,457	48,568	44,570
Total Revenue	204,461	145,789	544,808	412,623

6. General and administrative expenses

The following table provides a breakdown of general and administrative expenses for the three and nine months ended September 30, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Salaries and benefits	32,774	24,407	92,656	73,666
Professional and consulting fees	6,583	2,871	15,682	14,038
Office expenses	4,413	2,983	10,941	8,977
Marketing and promotion	16,572	13,926	48,032	33,913
Others	4,862	4,539	15,069	10,177
	65,204	48,726	182,380	140,771

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

7. Interest

The following table provides a breakdown of interest income and interest expense for the three and nine months ended September 30, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest accretion on subleases and debt investment	63	32	162	98
Interest income on cash and cash equivalents and others	51	168	267	313
Interest income	114	200	429	411
Interest on loans and borrowings	(5,474)	(3,714)	(14,517)	(8,164)
Interest on convertible debentures	(2,201)	(1,999)	(6,391)	(5,208)
Interest accretion on leases	(686)	(638)	(2,037)	(1,939)
Accretion of discount on deferred acquisition costs (Note 11(a))	(323)	(641)	(897)	(1,852)
Amorization of deferred financing fees	(282)	(130)	(726)	(367)
Interest expense	(8,966)	(7,122)	(24,568)	(17,530)

8. Time-based earnout expense

The following table provides a breakdown of time-based earnout expense for the three and nine months ended September 30, 2023, and 2022:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Time-based earnout expense	(1,652)	(2,669)	(5,029)	(9,705)
Gain (loss) on settlement of certain deferred acquisition cost and time-based earnout liabilities via shares	63	-	(999)	-
Loss on revaluation of deferred acquisition cost liability (Note 11(a))	-	-	(7,891)	-
	(1,589)	(2,669)	(13,919)	(9,705)

In February 2023, the Company signed an agreement that amended the terms of the MyHealth earnout arrangement and recognized a loss of \$7,891 on revaluation of the related deferred acquisition cost liability during the nine months ended September 30, 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.

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

9. Accounts and other receivables

The following table shows the details of the Company's accounts and other receivables as at September 30, 2023 and December 31, 2022:

	September 30, 2023 \$'000	December 31, 2022 \$'000
Accounts Receivable - gross	90,589	82,533
Less: Expected credit losses	(2,811)	(3,619)
	87,778	78,914
Accounts receivable - gross		
Canadian Patient Services - Primary	4,520	3,374
Canadian Patient Services - Specialized - MyHealth	10,915	11,615
US Patient Services - Primary - Circle	9,498	6,676
US Patient Services - Primary - WISP	529	372
US Patient Services - Specialized - CRH	52,605	45,652
SAAS and Technology Services	12,522	14,844
	90,589	82,533

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its accounts receivable. As at September 30, 2023, the Company had recognized expected credit losses of \$2,811 (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.

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

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)	25,131	-	-	-	25,131	-
Acquired via business combination (Note 16)	21,354	-	4,966	-	26,320	22,142
Internally generated intangible assets	-	2,035	-	-	2,035	-
Disposals/others	(23,438)	-	-	(810)	(24,248)	-
Exchange difference on foreign currency translation	(399)	(156)	107	-	(448)	(224)
Balance at September 30, 2023	455,226	33,663	14,993	181,703	685,585	520,407
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	(30,061)	(2,434)	(989)	-	(33,484)	-
Disposals	7,760	-	-	-	7,760	-
Exchange difference on foreign currency translation	445	5	(2)	-	448	-
Balance at September 30, 2023	(99,186)	(8,217)	(2,351)	-	(109,754)	-
NET CARRYING AMOUNTS						
As at December 31, 2022	354,674	25,520	8,560	182,513	571,267	499,290
As at September 30, 2023	356,040	25,446	12,642	181,703	575,831	520,407

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

(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).

	September 30, 2023	December 31, 2022
	\$'000	\$'000
Current	16,239	18,229
Non-current	21,018	20,268
	37,257	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 on 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
Additions via business combinations and asset acquisitions		4,504
Accretion of discount		897
Settlement in cash		(6,779)
Settlement in common shares		(8,327)
Loss on settlement via shares		887
Loss on revaluation included in time-based earnout expense (Note 8)		7,891
Exchange difference		(313)
Balance at September 30, 2023		37,257

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

b) Other Liabilities

	September 30, 2023	December 31, 2022
	\$'000	\$'000
<i>Current:</i>		
Working capital holdback	1,249	1,207
Time-based earnouts	6,260	6,517
Income tax payable	364	4,201
Payroll liabilities and others	8,222	5,564
	16,095	17,489
<i>Non-current:</i>		
Time-based earnouts	-	636
Others	2,084	108
	2,084	744

c) Maturities of financial liabilities

	<i>Undiscounted payments due by period</i>				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
At September 30, 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred acquisition costs and time-based earnouts	44,374	9,192	24,692	10,490	-
Lease obligations' minimum payments	72,827	12,115	23,548	16,281	20,883
Accounts payable and accrued liabilities	47,883	47,883	-	-	-
Working capital holdbacks	1,249	1,249	-	-	-
Other current and non-current liabilities	16,930	14,846	2,084	-	-
Loans and borrowings	293,031	1,555	220,701	70,775	-
Convertible debentures	83,475	3,850	7,700	71,925	-
	559,769	90,690	278,725	169,471	20,883

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

12. Loans and borrowings, and convertible debentures**a) Syndicated credit facilities**

	September 30, 2023 \$'000	December 31, 2022 \$'000
CRH syndicated credit facility with JPM:		
Revolving loan	145,060	178,394
Term loan	71,572	-
MyHealth and Canadian Clinics syndicated credit facility with RBC:		
Revolving loan	31,400	28,400
Term loan	45,000	46,875
Other loans and borrowings	684	654
Less: Financing fees	(1,926)	(1,849)
Total Loans and Borrowings	291,790	252,474
Current portion	36,420	30,303
Non-current portion	255,370	222,171
Total Loans and Borrowings	291,790	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 September 30, 2023, the Company had drawn \$216,632 (US\$160,232) under this facility (December 31, 2022 – \$178,394 (US\$131,704)).

(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 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

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

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 September 30, 2023, the Company had drawn \$76,400 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 of September 30, 2023 and December 31, 2022.

(iv) Minimum principal repayments:

Total minimum principal repayments under the syndicated credit facilities were as follows as at September 30, 2023:

	CRH (JPM) US\$'000	MyHealth and Canadian Clinics (RBC) \$'000
2023	688	625
2024	2,750	2,500
2025	156,794	2,500
2026	-	70,775
	160,232	76,400

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)	6,391
Interest paid	(1,925)
Balance as of September 30, 2023	49,145
Current (Interest payable within one year)	3,850
Non-current	45,295
Total convertible debentures	49,145

WELL Health Technologies Corp.

Notes to Condensed Interim Consolidated Financial Statements

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

13. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at September 30, 2023, the issued share capital consisted of 238,908,908 (December 31, 2022 - 231,047,290) common shares.

c) Private Placements

During the nine months ended September 30, 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 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. 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 nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

	September 30, 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	(840,469)	(0.77)	(3,132,286)	(0.60)
Options expired	(17,351)	(5.24)	(407,774)	(0.25)
Options forfeited	(165,660)	(5.98)	(11,875)	(2.77)
Balance outstanding, end of period	2,030,561	1.77	3,054,041	1.74

During the nine months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$406 and \$846 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 September 30, 2023:

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contractual life (years)
0.43	325,000	325,000	0.31
1.42	790,000	790,000	0.78
2.24	626,250	483,112	1.60
3.06	100,000	25,000	4.00
3.25	189,311	140,819	1.84
	2,030,561	1,763,931	1.22

The weighted average exercise price of options exercisable as at September 30, 2023 was \$1.63 (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:

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

(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 considered the historical share price volatility of its common shares.

f) Restricted Share Units ("RSUs")

The changes in RSUs during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	3,884,965	4,367,723
Units granted	4,397,284	2,322,763
Units vested	(2,123,343)	(2,547,287)
Units forfeited	(213,875)	(258,234)
Balance outstanding, end of period	5,945,031	3,884,965

During the nine months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$12,776 and \$11,365, respectively, relating to RSUs in the condensed interim consolidated statements of loss.

g) Performance Share Units ("PSUs")

The changes in PSUs during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	2,946,088	1,505,091
Units granted	2,150,174	2,182,770
Units vested	(1,126,992)	(585,965)
Units forfeited	(329,703)	(155,808)
Balance outstanding, end of period	3,639,567	2,946,088

WELL Health Technologies Corp.

Notes to Condensed Interim Consolidated Financial Statements

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

During the nine months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$6,594 and \$7,338, 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 and nine months ended September 30, 2023 and 2022 was as follows:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries	250	220	750	660
Directors' fees	60	60	180	180
Stock-based compensation expense	2,647	1,082	6,560	4,268
	2,957	1,362	7,490	5,108

During the nine months ended September 30, 2023, the Company granted 1,696,979 RSUs (1,220,771 to CEO, 112,157 to CFO, 104,051 to COO, and 260,000 to Board of Directors), and 408,518 PSUs (208,518 to CEO, 100,000 to CFO, and 100,000 to COO). During the nine months ended September 30, 2022, the Company granted 339,771 RSUs (119,274 to CEO, 47,709 to CFO, 33,396 to COO, and 139,392 to Board of Directors), and 200,379 PSUs (119,274 to CEO, 47,709 to CFO, and 33,396 to COO).

Included in other current assets as at September 30, 2023 is \$5,738 (\$3,189 from CEO, \$1,503 from CFO, and \$1,046 from COO) and as at 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 issuances to 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, WELL Health USA Patient Services and SaaS and Technology Services.

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

Reportable Segment

Canadian Patient Services - Primary
 Canadian Patient Services - Specialized MyHealth
 WELL Health USA Patient Services - Primary Circle Medical
 WELL Health USA Patient Services - Primary WISP
 WELL Health USA Patient Services - Specialized CRH
 SaaS and Technology Services

Operations

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

Three months ended September 30, 2023

	<--Canadian Patient Services-->			<--WELL Health USA Patient Services-->				SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	Primary	Specialized-MyHealth	TOTAL	Primary-Circle Medical	Primary-WISP	Specialized-CRH	TOTAL			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	29,234	28,549	57,783	22,708	19,891	88,192	130,791	16,540	3,730	208,844
Inter-segment revenue	(3)	-	(3)	-	-	(50)	(50)	(600)	(3,730)	(4,383)
Revenue from external customers	29,231	28,549	57,780	22,708	19,891	88,142	130,741	15,940	-	204,461
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	3,338	7,389	10,727	(901)	138	18,301	17,538	2,129	(10,600)	19,794

Three months ended September 30, 2022 (restated)⁽²⁾

	<--Canadian Patient Services-->			<--WELL Health USA Patient Services-->				SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	Primary	Specialized-MyHealth	TOTAL	Primary-Circle Medical	Primary-WISP	Specialized-CRH	TOTAL			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	19,362	26,147	45,509	19,257	15,731	50,877	85,865	15,375	3,577	150,326
Inter-segment revenue	(8)	-	(8)	-	-	(34)	(34)	(918)	(3,577)	(4,537)
Revenue from external customers	19,354	26,147	45,501	19,257	15,731	50,843	85,831	14,457	-	145,789
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	2,270	5,501	7,771	2,729	1,128	22,276	26,133	1,727	(11,201)	24,430

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

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

Nine months ended September 30, 2023

	<--Canadian Patient Services-->			<--WELL Health USA Patient Services-->				SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	Primary	Specialized- MyHealth	TOTAL	Primary- Circle Medical	Primary- WISP	Specialized- CRH	TOTAL			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	78,899	83,943	162,842	66,748	57,664	209,122	333,534	51,434	12,544	560,354
Inter-segment revenue	(17)	-	(17)	-	-	(118)	(118)	(2,867)	(12,544)	(15,546)
Revenue from external customers	78,882	83,943	162,825	66,748	57,664	209,004	333,416	48,567	-	544,808
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	8,142	20,765	28,907	(675)	(396)	56,744	55,673	6,888	(38,386)	53,082
Goodwill and intangible assets	74,799	228,200	302,999	21,069	57,423	609,728	688,220	105,019	-	1,096,238

Nine months ended September 30, 2022 (restated)⁽²⁾

	<--Canadian Patient Services-->			<--WELL Health USA Patient Services-->				SaaS and Technology Services	Corporate/ Shared Services	GRAND TOTAL
	Primary	Specialized- MyHealth	TOTAL	Primary- Circle Medical	Primary- WISP	Specialized- CRH	TOTAL			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	54,386	76,137	130,523	46,889	40,464	149,983	237,336	47,484	10,779	426,122
Inter-segment revenue	(26)	-	(26)	-	-	(80)	(80)	(2,614)	(10,779)	(13,499)
Revenue from external customers	54,360	76,137	130,497	46,889	40,464	149,903	237,256	44,870	-	412,623
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	6,516	13,876	20,392	4,643	1,348	62,882	68,873	3,360	(35,278)	57,347
Goodwill and intangible assets	68,190	228,773	296,963	22,219	57,198	605,679	685,096	99,322	-	1,081,381

Notes:

- (a) Included in segment profit (loss) is \$16,572 and \$48,032 of marketing and promotion expense for the three and nine months ended September 30, 2023, respectively (\$13,926 and \$33,913 for the three and nine months ended September 30, 2022, respectively); and \$7,043 and \$19,776 of non-cash stock-based compensation expense for the three and nine months ended September 30, 2023, respectively (\$5,883 and \$19,549 for the three and nine months ended September 30, 2022, respectively);
 - (b) Rent expense is neither included in general & administrative expenses 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 nine months ended September 30, 2023.
- 2 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. Prior year's presentation has been re-stated to align with current year's grouping.

WELL Health Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements

(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 profit before tax, interest and depreciation and amortization is as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Segment profit before tax, interest and depreciation and amortization	19,794	24,430	53,082	57,347
Interest expense	(8,966)	(7,122)	(24,568)	(17,530)
Interest income	114	200	429	411
Depreciation and amortization	(15,449)	(13,918)	(44,012)	(41,103)
Net income (loss) before income tax	(4,507)	3,590	(15,069)	(875)

Geographic information

Revenue by geographic location of customers and goodwill and intangible assets by location for the three and nine months ended September 30, 2023 and 2022 are summarized as follows:

Three months ended September 30, 2023 and 2022	Canada and others		U.S.		Canada (Corporate/shared services)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	74,323	61,184	130,791	85,565	3,730	3,577	208,844	150,326
Inter-segment revenue	(603)	(926)	(50)	(34)	(3,730)	(3,577)	(4,383)	(4,537)
Revenue from external customers	73,720	60,258	130,741	85,531	-	-	204,461	145,789

Nine months ended September 30, 2023 and 2022	Canada and others		U.S.		Canada (Corporate/shared services)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	214,276	178,007	333,534	237,336	12,544	10,779	560,354	426,122
Inter-segment revenue	(2,884)	(2,640)	(118)	(80)	(12,544)	(10,779)	(15,546)	(13,499)
Revenue from external customers	211,392	175,367	333,416	237,256	-	-	544,808	412,623
Goodwill and intangible assets	408,018	396,285	688,220	685,096	-	-	1,096,238	1,081,381

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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

16. Business combinations and asset acquisitions2023 Acquisitions

During the nine months ended September, 2023, the Company acquired interest in the following companies:

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.	WELL Health USA Patient Services – Specialized CRH
Trillium Medical Billing Agency Inc. ("TMBA")	May 1, 2023	Business	100%	Canada	SaaS and Technology Services
MCI Medical Clinics (Alberta) Inc. ("MCI AB")	June 1, 2023	Business	100%	Canada	Canadian Patient Services - Primary
Lone Star Anesthesia Associates, LLC ("LSAA")	July 1, 2023	Asset	100%	U.S.	WELL Health USA Patient Services – Specialized CRH
Care Plus Medical Corporation ("CPMC")	July 1, 2023	Business	100%	U.S.	WELL Health USA Patient Services – Specialized CRH
Seekintoo Ltd. ("SKT")	August 1, 2023	Business	100%	Canada	SaaS and Technology Services

The purchase price of acquisitions were satisfied through, where applicable:

- (i) cash and/or shares paid to the vendor, net of working capital adjustments;
- (ii) working capital/indemnification holdbacks; and
- (iii) deferred purchase consideration that is considered to be a deferred acquisition cost.

Time-based earnout payments considered to be acquisition costs have been classified as a financial liability carried at amortized cost. For business combinations, the excess of the fair value of the purchase consideration over the fair values of assets and liabilities acquired is recognized as goodwill. Goodwill is attributable to the workforce, expected synergies and future profitability of the acquired businesses.

The following table summarizes the fair value of the purchase consideration and the estimated fair values of assets and liabilities acquired at the acquisition dates for business combinations and asset acquisitions that occurred during the nine-month period ended September 30, 2023. Purchase price allocations have been classified as "Final" or "Prov" (provisional) based on the status of the work performed by the Company to determine net working capital adjustments and the fair value of the assets acquired and liabilities assumed at the acquisition date. The Company may adjust preliminary purchase price allocations, as necessary, up to one year after the acquisition closing date as new information is obtained about facts and circumstances that existed as of the closing date.

WELL Health Technologies Corp.

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	ATAA Final \$'000	TMBA Final \$'000	MCI AB Prov \$'000	LSAA Prov \$'000	CPMC Prov \$'000	SKT Prov \$'000	Total \$'000
Cash	6,173	263	1,000	8,592	48,054	-	64,082
Fair value of WELL shares issued at closing	-	270	504	2,642	-	1,708	5,124
Fair value of subsidiary's shares issued at closing	-	-	-	-	-	3,000	3,000
Working capital holdback	-	229	172	-	-	399	800
Deferred acquisition cost (Note 11(a))	-	1,290	-	1,390	-	1,824	4,504
Acquisition-related transaction cost	168	-	-	104	-	-	272
Purchase consideration	6,341	2,052	1,676	12,728	48,054	6,931	77,782
Assets and liabilities acquired							
Cash	-	132	(27)	-	1,905	311	2,321
Accounts receivable and other current assets	-	117	355	-	16,904	754	18,130
Other current assets	-	-	442	-	-	-	442
Property and Equipment	-	-	747	-	453	-	1,200
Accounts payable	-	(17)	(794)	-	(5,907)	(103)	(6,821)
Other current liabilities	-	(100)	-	-	-	(336)	(436)
Lease liabilities	-	-	(1,203)	-	(290)	-	(1,493)
Deferred tax liability	-	(274)	-	-	(1,095)	-	(1,369)
Non-controlling interest	(6,062)	-	-	-	(1,723)	-	(7,785)
Exclusive professional services agreement ("PSA")	12,403	-	-	12,728	-	-	25,131
Brand (Note 10)	-	-	-	-	4,966	-	4,966
Customer relationship (Note 10)	-	1,084	-	-	20,270	-	21,354
Goodwill (Note 10)	-	1,110	2,156	-	12,571	6,305	22,142
	6,341	2,052	1,676	12,728	48,054	6,931	77,782

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2022 Acquisitions

During the nine months ended September 30, 2023, the Company finalized the purchase price allocation of 1330945 BC Ltd. dba 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*	Adjustments	Finalized
	\$'000	\$'000	\$'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

2023 Disposals

On April 1, 2023, the Company sold its 51% interest in Western Ohio Sedation Associates, LLC ("WOSA") and released any remaining restrictive covenants relating to this entity on a contemporaneous basis.

The Company received \$11,059 (US\$8,172) and recorded a pre-tax gain on disposal of \$1,717 (US\$1,274), net of transaction costs of \$205 (US\$147). The net gain resulted from the disposition of the net assets of the WOSA business including the remaining net book value of customer relationship intangible assets.

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

17. Cash Flow Information

	Nine months ended	
	September 30,	September 30,
	2023	2022
	\$'000	\$'000
Change in non-cash operating items:		
Accounts and other receivables	7,294	(30,979)
Inventory	26	(612)
Other current assets	(4,657)	706
Other non-current assets	(221)	(43)
Accounts payable and accrued liabilities	(9,877)	11,770
Unearned revenue	476	1,779
Income tax payable	(3,002)	1,251
Deferred tax liabilities	(10,070)	(5,389)
Other non-current liabilities	1,340	1,293
Other current liabilities	2,351	4,538
	(16,340)	(15,686)

	Nine months ended	
	September 30,	September 30,
	2023	2022
	\$'000	\$'000
Equity and debt investments in associates and others:		
Investment in doctorly	(681)	-
Investment in Graphium	(388)	-
	(1,069)	-

	Nine months ended	
	September 30,	September 30,
	2023	2022
	\$'000	\$'000
Business acquisitions, net of cash acquired (Note 16):		
Phymed of Arizona, LLC	-	(9,766)
MCI Medical Clinics (Alberta) Inc.	(1,027)	-
Trillium Medical Billing Agency Inc.	(131)	-
Care Plus Medical Corporation	(46,149)	-
Seekintoo Ltd.	311	-
	(46,996)	(9,766)

Asset acquisitions (Note 16):		
Greater Connecticut Anesthesia Associates, LLC	-	(132)
Western Carolina Sedation Associates, LLC	-	(1,049)
MyHealth licences	-	970
INLIV	-	(1,896)
Affiliated Tampa Anesthesia Associates, LLC	(6,173)	-
Lone Star Anesthesia Associates, LLC	(8,592)	-
	(14,765)	(2,107)

WELL Health Technologies Corp.**Notes to Condensed Interim Consolidated Financial Statements**

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18. Financial Instruments

a. Classification of financial instruments

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

	September 30, 2023	December 31, 2022
	\$'000	\$'000
Financial assets at amortized cost		
Cash and cash equivalents	41,971	48,908
Accounts and other receivables	87,778	78,914
Lease receivable	2,657	2,448
Other current and non-current assets	30,886	24,294
	163,292	154,564
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	6,766	5,636
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	47,883	50,728
Loans and borrowings	291,790	252,474
Deferred acquisition costs	37,257	38,497
Convertible debentures	49,145	44,679
Lease liability	62,908	61,263
Other current and non-current liabilities	18,179	18,233
	507,162	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 of the fair value hierarchy.

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Financial instruments carried at amortized cost:

The carrying values of financial instruments carried at amortized cost approximate their fair value, except for the Company's loans and borrowings.

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 \$216,423 (US\$160,076) for the JPM facility, and \$76,400 for the RBC facility as at September 30, 2023 based on Level 3 unobservable inputs.

Financial instruments carried at fair value:

The investments in Phelix, Twig, Bright, Tap Medical, Tali.ai, Cherry Health, doctorly, Graphium 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 September 30, 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.

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 a market approach, based on the difference between contracted foreign exchange rates and quoted forward exchange rates as of the reporting date.

No forward currency forward contracts were outstanding as of September 30, 2023. As at September 30 2023, the carrying value of derivative financial instruments (interest rate swap) was an asset of \$264 (December 31, 2022, a liability of \$369 related to forward currency forward contracts).

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

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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 September 30, 2023, the Company had accounts and other receivables of \$87,778 (December 31, 2022 - \$78,914), net of expected credit losses of \$2,811 (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 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 in accordance with its accounting policy described in Note 3. During the three and nine months ended September 30, 2023, the Company recognized a fair value gain of \$466 and \$264, respectively, in other comprehensive loss in relation to the interest rate swap agreement. The carrying value of the interest rate swap agreement was an asset of \$264 as at September 30, 2023.

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With all other variables held constant, a 10% upward movement in the interest rate would have reduced net income by approximately \$1,966 (2022 – \$435) for the nine months ended September 30, 2023 (excluding impact of interest rate swap revaluation). 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 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.

No foreign currency forward contracts were outstanding as of September 30, 2023.

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% upward movement in foreign exchange rates versus the United States dollar would result in approximately \$603 change in the Company's net income for the nine months ended September 30, 2023 (excluding impact of foreign currency forward contracts revaluation). There would be an equal and opposite impact on net income with a 10% downward movement in the foreign exchange rate.

19. Events After the Reporting Period

On October 1, 2023, the Company completed the previously announced transaction to acquire certain Ontario based clinic assets from a subsidiary of HEALWELL AI Inc. (TSX: AIDX and formerly MCI Onehealth Technologies Inc.) ("HEALWELL") and convertible debentures in HEALWELL (the "HEALWELL Transaction"). Upon closing of the HEALWELL Transaction, the Company obtained representation on HEALWELL's board of directors and acquired a conditional call option to purchase up to 30.8 million Class A Subordinate Voting shares and 30.8 million Class B Multiple Voting shares in HEALWELL over time, subject to the achievement of certain performance metrics. Total consideration paid by the Company in relation to the HEALWELL Transaction, consisting of cash and shares, amounted to \$9,000.