



WELL Health
TECHNOLOGIES CORP

WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements
Three and six months ended June 30, 2022
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		Six months ended	
	June 30, 2022	Restated (Note 15) June 30, 2021	June 30, 2022	Restated (Note 15) June 30, 2021
	\$'000	\$'000	\$'000	\$'000
Revenue (Note 5)	140,326	61,793	266,834	87,353
Expenses				
Cost of sales (excluding depreciation and amortization)	(64,852)	(31,589)	(121,972)	(47,110)
General and administrative (Note 6)	(47,869)	(20,054)	(92,045)	(31,286)
Depreciation and amortization	(13,193)	(9,362)	(25,950)	(11,391)
Stock-based compensation (Note 12)	(8,527)	(4,309)	(13,666)	(7,302)
Foreign exchange gain (loss)	439	(4,842)	479	(4,853)
Operating income (loss)	6,324	(8,363)	13,680	(14,589)
Interest income (Note 7)	109	94	211	414
Interest expense (Note 7)	(5,254)	(1,351)	(10,408)	(1,809)
Time-based earn-out expense	(4,515)	(996)	(7,036)	(1,887)
Change in fair value of investment	-	-	602	-
Share of net (loss) income of associates	(90)	8	(238)	(56)
Other income (expense)	401	401	(41)	415
Loss for the period before income tax	(3,025)	(10,207)	(3,230)	(17,512)
Income tax recovery (expense)	2,233	(1,313)	114	(1,528)
Net loss for the period	(792)	(11,520)	(3,116)	(19,040)
Net (loss) income for the period attributable to:				
Owners of WELL Health Technologies Corp.	(5,903)	(14,967)	(13,936)	(22,441)
Non-controlling interests	5,111	3,447	10,820	3,401
	(792)	(11,520)	(3,116)	(19,040)
Other comprehensive income (loss)				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	14,856	(335)	7,385	(381)
Total comprehensive income (loss) for the period	14,064	(11,855)	4,269	(19,421)
Total comprehensive (loss) income for the period attributable to:				
Owners of WELL Health Technologies Corp.	8,847	(15,285)	(6,612)	(22,791)
Non-controlling interests	5,217	3,430	10,881	3,370
	14,064	(11,855)	4,269	(19,421)
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	(0.03)	(0.08)	(0.07)	(0.13)
Weighted average number of common shares outstanding				
Basic and diluted	216,181,083	187,778,646	213,115,055	175,519,058

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	June 30, 2022	Restated (Note 15) December 31, 2021
	\$'000	\$'000
Assets		
Current		
Cash and cash equivalents	57,125	61,919
Accounts and other receivables (Note 8)	86,591	66,049
Inventory	1,000	793
Lease receivable	611	520
Prepayments and other assets	12,264	13,084
Total current assets	157,591	142,365
Financial assets at fair value through profit and loss	5,464	5,392
Investments accounted for using the equity method	5,015	5,453
Lease receivable – non-current	2,142	2,210
Prepayments and other assets – non-current	777	644
Property and equipment	79,391	83,114
Intangible assets (Note 9)	557,736	552,595
Goodwill (Note 9)	489,973	484,747
Total assets	1,298,089	1,276,520
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	44,605	38,669
Unearned revenue	5,568	4,242
Loans and borrowings (Note 11(a))	26,340	45,914
Lease liability	7,301	7,217
Convertible debentures (Note 11(b))	3,850	4,235
Deferred acquisition costs (Note 10(a))	31,117	24,344
Other liabilities (Note 10(b))	19,629	12,675
Total current liabilities	138,410	137,296
Loans and borrowings - non-current (Note 11(a))	237,512	253,125
Lease liability – non-current	51,110	53,971
Convertible debentures - non-current (Note 11(b))	38,758	37,474
Deferred tax liabilities	21,193	24,799
Unearned revenue - non-current	451	510
Deferred acquisition costs – non-current (Note 10(a))	48,043	61,259
Other liabilities – non-current (Note 10(b))	1,327	76
Total liabilities	536,804	568,510
Equity		
Share capital (Note 12)	682,093	633,509
Contributed surplus (Note 12)	52,233	43,988
Accumulated other comprehensive income	12,707	5,383
Accumulated deficit	(78,619)	(64,683)
Equity attributable to owners of WELL Health Technologies Corp.	668,414	618,197
Non-controlling interests	92,871	89,813
Total equity	761,285	708,010
Total liabilities and equity	1,298,089	1,276,520

Approved by the Directors:

"Hamed Shahbazi"

"Thomas Liston"

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

WELL Health Technologies Corp. 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 comprehensive income (loss) \$'000	Accumulated deficit \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at December 31, 2021	209,147,462	633,509	43,988	5,383	(64,643)	618,237	89,813	708,050
Finalization of 2021 PPAs in 2022 (Note 15)					(40)	(40)		(40)
Restated balance at December 31, 2021	209,147,462	633,509	43,988	5,383	(64,683)	618,197	89,813	708,010
Private placement (Note 12)	9,327,765	34,513	-	-	-	34,513	-	34,513
Share issue costs (Note 12)	-	(2,184)	-	-	-	(2,184)	-	(2,184)
Shares repurchased under normal course issuer bid (Note 12)	(50,000)	(243)	(512)	-	-	(243)	-	(243)
Options exercised (Note 12)	688,282	1,142	(4,909)	-	-	630	-	630
Shares issued for RSUs/PSUs (Note 12)	1,392,620	4,909	13,666	-	-	-	-	-
Stock-based compensation (Note 12)	-	-	-	-	-	-	-	-
Shares issued for deferred acquisition costs (Note 10(a))	336,555	1,094	-	-	-	13,666	-	13,666
Shares issued for settlement of note payable (Note 11(a)(ii))	2,320,897	9,353	-	-	-	1,094	-	1,094
Non-controlling interests via business combination (Note 15)	-	-	-	-	-	9,353	2,501	9,353
Distributions	-	-	-	-	-	-	(10,324)	(10,324)
Foreign currency translation of foreign operations (Loss)/income for the period	-	-	-	7,324	-	7,324	61	7,385
	-	-	-	-	(13,936)	(13,936)	10,820	(3,116)
Balance at June 30, 2022	223,163,581	682,093	52,233	12,707	(78,619)	668,414	92,871	761,285
Restated balance at December 31, 2020	162,998,852	231,885	6,374	(746)	(20,860)	216,653	1,695	218,348
Private placements (Note 12)	30,867,324	302,500	-	-	-	302,500	-	302,500
Share issue costs (Note 12)	-	(4,027)	-	-	-	(4,027)	-	(4,027)
Options exercised (Note 12)	311,323	428	(177)	-	-	251	-	251
Warrants exercised (Note 12)	119,656	172	(64)	-	-	108	-	108
Shares issued for RSUs/PSUs (Note 12)	887,884	1,645	(1,645)	-	-	-	-	-
Shares issued for deferred acquisition costs (Note 10)	6,139	45	-	-	-	45	-	45
Shares issued for acquisitions (Note 10)	1,105,611	8,057	-	-	-	8,057	-	8,057
Shares issued for working capital holdback	429,826	3,363	-	-	-	3,363	-	3,363
Stock-based compensation (Note 12)	-	-	7,302	-	-	7,302	-	7,302
Non-controlling interests via business combination (Note 15)	-	-	-	-	-	-	66,436	66,436
Distributions	-	-	-	-	-	-	(5,043)	(5,043)
Other transactions with non-controlling interests	-	-	151	-	-	151	24	175
Foreign currency translation of foreign operations (Loss)/income for the period	-	-	-	(350)	-	(350)	(31)	(381)
	-	-	-	-	(22,441)	(22,441)	3,401	(19,040)
Restated Balance at June 30, 2021	196,726,615	544,068	11,941	(1,096)	(43,301)	511,612	66,482	578,094

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)

	Six months ended	
	June 30,	Restated (Note 15) June 30,
	2022	2021
	\$'000	\$'000
Cash flows provided by/(used in)		
Operating activities		
Net loss for the period	(3,116)	(19,040)
<i>Adjustments to net loss for non-cash items:</i>		
Interest income accretion	(96)	(60)
Interest expense accretion	6,008	792
Exchange difference on translation of foreign operations and others	(283)	(530)
Change in fair value of investments	(602)	-
Depreciation and amortization	25,950	11,391
Share of net loss of associates	238	56
Stock-based compensation (Note 12)	13,666	7,302
Non-cash gain included in other income	(865)	(469)
Change in non-cash operating items (Note 16)	(8,060)	6,312
Net cash provided by operating activities	32,840	5,754
Investing activities		
Increase in restricted cash	-	4,169
Business acquisitions, net of cash acquired (Note 16)	-	(293,214)
Asset acquisitions (Note 16)	(211)	(10,391)
Acquisition transaction costs included in accounts payable and accrued liabilities	-	(24,121)
Equity and debt investments in associates and others (Note 16)	-	(773)
Other transactions with non-controlling interests	-	175
Acquisition of property and equipment	(2,052)	(340)
Settlement of working capital holdbacks	(185)	(3,737)
Settlement of deferred acquisition costs (Note 10(a))	(22,422)	(401)
Net cash used in investing activities	(24,870)	(328,633)
Financing activities		
Proceeds from private placements (Note 12)	34,513	302,500
Share issue costs	(2,184)	(4,027)
Shares repurchased under NCIB	(243)	-
Payment of interest on convertible debentures (Note 11(b))	(2,310)	-
Proceeds from loans and borrowings	21,706	14,516
Repayment of loans and borrowings	(50,233)	(702)
Proceeds from options exercised	614	251
Proceeds from agent warrants exercised	-	108
Distribution from equity investment	-	31
Transactions with non-controlling interests	(10,324)	(4,775)
Lease payments	(4,917)	(1,961)
Lease payments received	367	222
Net cash used in (provided by) financing activities	(13,011)	306,163
Effects of foreign exchange differences on cash and cash equivalents	247	440
Net change in cash	(4,794)	(16,276)
Cash and cash equivalents - beginning of period	61,919	86,890
Cash and cash equivalents - end of period	57,125	70,614
Cash (paid) recovered for:-		
Interest	(6,844)	(1,092)
Income tax	758	394

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)

1. Nature of operations

WELL Health Technologies Corp. (the "Company") is a practitioner-focused digital healthcare company. Its objective is to empower and support healthcare practitioners and their patients.

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" and on OTCQX under the symbol "WHTCF".

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 August 11, 2022.

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, 2021 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, 2021 annual consolidated financial statements.

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.

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.

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)

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, 2021 annual consolidated financial statements.

Going concern

Judgement is required in determining if disclosure of a material uncertainty related to events or conditions which might cast significant doubt on the Company's ability to continue as going concern is required in the notes to the condensed interim consolidated financial statements. In management's judgement, such disclosure is not required. This judgement is dependent on management's expectations of revenue, future net cash flows for the year ending December 31, 2022, existing borrowing capacity, availability of overdraft facility and financial obligations due within the next 12 months.

5. Revenue

The following table shows the details of revenue for the three and six months ended June 30, 2022, and 2021:

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Public insured	43,959	14,460	85,882	22,128
Non-public and other	48,838	34,846	95,344	38,860
Omni-channel Patient Services	92,797	49,306	181,226	60,988
Virtual Services	47,529	12,487	85,608	26,365
Total Revenue	140,326	61,793	266,834	87,353

6. General and administrative expenses

The following table shows the details of general and administrative expenses by nature for the three and six months ended June 30, 2022, and 2021:

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Salaries and benefits	25,459	9,516	49,259	15,365
Professional and consulting fees	6,351	3,697	11,167	7,113
Office expenses	2,912	537	5,994	1,059
Marketing and promotion	10,080	4,128	19,987	4,810
Others	3,067	2,176	5,638	2,939
	47,869	20,054	92,045	31,286

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 shows a breakdown of interest income and interest expense for the three and six months ended June 30, 2022, and 2021:

	Three months ended		Six months ended	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Interest accretion on subleases	33	28	66	54
Interest income on cash and cash equivalents and others	76	66	145	360
Interest income	109	94	211	414
Interest accretion on leases	(644)	(268)	(1,301)	(537)
Interest accretion on deferred acquisition costs (Note 10(a))	(602)	(83)	(1,211)	(136)
Interest on convertible debentures (Note 11(b))	(1,604)	-	(3,209)	-
Interest on loans and borrowings	(2,285)	(956)	(4,450)	(1,092)
Amorization of deferred financing fees	(119)	(44)	(237)	(44)
Interest expense	(5,254)	(1,351)	(10,408)	(1,809)

8. Accounts and other receivables

The following table shows the details of the Company's accounts and other receivables as of June 30, 2022 and December 31, 2021:

	June 30, 2022 \$'000	December 31, 2021 \$'000
Accounts Receivable - gross	89,342	67,969
Less: Expected credit losses	(2,751)	(1,920)
	86,591	66,049
Accounts receivable - gross		
Omni-channel Patient Services - Specialized - CRH	52,769	40,269
Omni-channel Patient Services - Specialized - MyHealth	12,759	12,490
Omni-channel Patient Services - Primary	9,245	6,823
Virtual Services and others	14,569	8,387
	89,342	67,969

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its receivables. As at June 30, 2022, the Company recognized expected credit losses of \$2,751 (December 31, 2021 – \$1,920), which has been recorded as a reduction of accounts receivable. The expected lifetime credit loss provision for our trade receivables is based on historical counterparty default rates and 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)

9. Intangible assets and Goodwill

	Customer relationships \$'000	Technology \$'000	Brand \$'000	Licences and Patents \$'000	Intangibles Total \$'000	Goodwill \$'000
COST						
Restated balance at December 31, 2020	28,984	13,778	531	-	43,293	94,008
Acquired via business combinations	260,672	10,206	-	40,248	311,126	513,960
Acquired via asset acquisitions	79,073	-	-	1,105	80,178	-
Exchange difference on foreign currency translation	8,049	99	-	-	8,148	3,779
Balance at December 31, 2021	376,778	24,083	531	41,353	442,745	611,747
PPA finalization	519	-	4,733	142,070	147,322	(127,000)
Restated balance at December 31, 2021	377,297	24,083	5,264	183,423	590,067	484,747
Acquired via asset acquisitions (Note 15)	20,386	-	-	830	21,216	-
Disposals	-	-	-	(1,800)	(1,800)	-
Exchange difference on foreign currency translation	9,480	141	-	-	9,621	5,226
Balance at June 30, 2022	407,163	24,224	5,264	182,453	619,104	489,973
ACCUMULATED AMORTIZATION						
Restated balance at December 31, 2020	(2,873)	(177)	(22)	-	(3,072)	-
Amortization for the period	(28,237)	(2,309)	(53)	-	(30,599)	-
Exchange difference on foreign currency translation	(3,540)	(16)	-	-	(3,556)	-
Balance at December 31, 2021	(34,650)	(2,502)	(75)	-	(37,227)	-
Amortization for the period	(28)	-	(217)	-	(245)	-
Restated balance at December 31, 2021	(34,678)	(2,502)	(292)	-	(37,472)	-
Amortization for the period	(18,256)	(1,334)	(243)	-	(19,833)	-
Exchange difference on foreign currency translation	(4,042)	(21)	-	-	(4,063)	-
Balance at June 30, 2022	(56,976)	(3,857)	(535)	-	(61,368)	-
NET CARRYING AMOUNTS						
Restated balance at December 31, 2021	342,619	21,581	4,972	183,423	552,595	484,747
As at June 30, 2022	350,187	20,367	4,729	182,453	557,736	489,973

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. Deferred acquisition costs and other liabilities**a) Deferred acquisition costs**

Deferred acquisition costs relate to time-based earnout payments that are treated as purchase consideration for business combinations and asset acquisitions (Note 15).

	June 30, 2022 \$'000	December 31, 2021 \$'000
Current portion	31,117	24,344
Non-current portion	48,043	61,259
	79,160	85,603
		\$'000
Balance at December 31, 2020		2,159
Additions via business combinations and asset acquisitions		83,656
Accretion of discount		1,174
Settlement in cash		(1,457)
Settlement in common shares		(67)
Exchange difference on foreign currency translation		138
Balance at December 31, 2021		85,603
Additions via business combinations and asset acquisitions (Note 15)		15,939
Accretion of discount (Note 7)		1,211
Settlement in cash		(22,422)
Settlement in common shares		(1,094)
Gain in settlement included in other income (expense)		(169)
Exchange difference on foreign currency translation		92
Balance at June 30, 2022		79,160

b) Other liabilities

	June 30, 2022 \$'000	December 31, 2021 \$'000
<i>Current:</i>		
Working capital holdback	700	882
Time-based earnouts	5,411	2,046
Income tax payable	6,231	3,288
Payroll liabilities and others	7,287	6,459
	19,629	12,675
<i>Non-current:</i>		
Time-based earnouts	1,251	-
Others	76	76
	1,327	76

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. Loans and borrowings, and convertible debentures**a) Loans and borrowings**

	June 30, 2022 \$'000	December 31, 2021 \$'000
CRH syndicated credit facility with JPM:		
Revolving loan	192,149	206,479
MyHealth and Canadian Clinics syndicated credit facility with RBC:		
Revolving loan	24,600	23,400
Term loan	48,125	49,375
Promissory notes	-	20,000
Other loans and borrowings	683	1,401
Less: Financing fees	(1,705)	(1,616)
Total Loans and Borrowings	263,852	299,039
Current portion	26,340	45,914
Non-current portion	237,512	253,125
Total Loans and Borrowings	263,852	299,039

i) Syndicated credit facilities

On June 29, 2022, the Company amended its syndicated senior secured credit facility with the Royal Bank of Canada ("RBC") to include the net assets of certain Canadian clinics businesses as security and extend the term by one year until July 15, 2026.

The Company was in compliance with all debt covenants under its syndicated credit facilities as at June 30, 2022.

Total minimum principal repayments under the syndicated credit facilities are as follows as at June 30, 2022:

	CRH (JPM) US\$'000	MyHealth and Canadian Clinics (RBC) \$'000
2022	-	1,250
2023	-	2,500
2024	-	2,500
2025	149,114	66,475
2026	-	-
	149,114	72,725

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)

ii) Promissory notes

On January 11, 2022, the Company settled the second tranche of the promissory note issued to former shareholders of MyHealth, including accrued interest, in cash.

On May 11, 2022, the Company settled the third tranche of the promissory note issued to former shareholders of MyHealth, including accrued interest, with an issuance of 2,320,897 common shares.

b) Convertible debentures

	\$'000
Proceeds from issuance of convertible debentures, November 25, 2021	70,000
Less: Transaction costs	(3,890)
Net proceeds	66,110
Amount classified as equity (net of transaction costs)	(25,042)
Interest accreted	641
Balance as of December 31, 2021	41,709
Interest accreted (Note 7)	3,209
Interest paid	(2,310)
Balance as of June 30, 2022	42,608
Current (Interest payable within one year)	3,850
Non-current	38,758
	42,608

12. Share capital**a) Authorized**

Unlimited common shares without par value.

b) Issued Common Shares

As at June 30, 2022, the issued share capital consisted of 223,163,581 (December 31, 2021 – 209,147,462) common shares.

c) Private placement

During the six months ended June 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 in connection with this financing were estimated at \$2,184.

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)

d) Normal Course Issuer Bid ("NCIB")

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

e) Share Options

(i) Changes in share options

The changes in share options during the six months ended June 30, 2022 and year ended December 31, 2021 were as follows:

	June 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance outstanding, beginning of year	6,437,274	1.03	6,974,099	1.03
Options granted	68,702	5.24	163,000	5.46
Options exercised	(688,282)	(0.89)	(501,075)	(0.76)
Options expired	(407,774)	(0.25)	-	-
Options forfeited	(11,875)	(2.77)	(198,750)	(5.07)
Balance outstanding, end of period	5,398,045	1.16	6,437,274	1.03

During the six months ended June 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$519 and \$957, respectively, relating to share options in the condensed interim consolidated statements of loss.

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

The following table summarizes information relating to outstanding and exercisable options of the Company as at June 30, 2022:

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contractual life (years)
0.39	794,690	794,690	0.46
0.50	2,169,000	2,126,818	0.90

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

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0.43	350,000	248,754	1.56
1.42	1,003,435	474,697	2.04
2.24	693,750	279,059	2.85
3.25	223,468	79,565	3.09
5.24	68,702	-	4.77
6.94	95,000	29,688	3.44
	5,398,045	4,033,271	1.53

The weighted average exercise price of share options exercisable as at June 30, 2022 is \$0.80 (December 31, 2021 - \$0.73).

(iii) Fair value of share options granted

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

	April 6, 2022
Exercise price	5.24
Share price	5.00
Risk-free interest rate	2.51%
Expected term	5 years
Volatility	69%
Expected dividend	None
Grant date fair value	\$2.89

In estimating expected volatility, the Company considers the historical share price volatility of its common shares as well the historical share price of similar publicly listed entities.

f) Restricted Share Units ("RSUs")

The changes in RSUs during the six months ended June 30, 2022 and year ended December 31 2021 were as follows:

	June 30, 2022	December 31, 2021
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	4,367,723	3,564,497
Units granted	1,894,883	3,473,584
Units vested	(1,274,360)	(2,028,521)
Units forfeited	(72,405)	(641,837)
Balance outstanding, end of period	4,915,841	4,367,723

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

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During the six months ended June 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$8,308 and \$5,390, respectively, relating to RSUs in the condensed interim consolidated statements of loss.

g) Performance Share Units (“PSUs”)

The changes in PSUs during the six months ended June 30, 2022 and year ended December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	1,505,091	719,729
Units granted	2,061,040	1,373,059
Units vested	(118,260)	(295,248)
Units forfeited	(49,841)	(292,449)
Balance outstanding, end of period	3,398,030	1,505,091

During the six months ended June 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$4,839 and \$955, respectively, relating to PSUs in the condensed interim consolidated statements of loss.

13. Related party transactionsKey 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 members of the senior executive team. The remuneration of the Company’s key management personnel during the three and six months ended June 30, 2022 and 2021 was as follows:

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	\$’000	\$’000	\$’000	\$’000
Salaries	220	145	440	290
Directors’ fees	120	-	120	-
Consulting fees	-	45	-	90
Stock-based compensation expense	1,780	283	3,186	698
	2,120	473	3,746	1,078

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

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During the six months ended June 30, 2022, the Company granted 316,788 RSUs (119,274 to CEO, 47,709 to CFO, 33,396 to COO and 116,409 to Board of Directors), 200,379 PSUs (119,274 to CEO, 47,709 to CFO and 33,396 to COO) and nil share options (six months ended June 30, 2021 – 550,000 RSUs, 487,500 PSUs and nil share options) to members of key management personnel.

Included in Prepayments and other assets - current as at June 30, 2022 and December 31, 2021 is \$2,811 and \$2,550, respectively, of receivables from related parties. These receivables were primarily due to payroll tax on stock issuance for the related parties.

14. 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 and are grouped into reportable segments as follows:

Reportable Segment	Operations
Omni-channel Patient Services - Primary	Primary care clinic and allied health operations
Omni-channel Patient Services - CRH	Specialized care gastroenterology anesthesia services
Omni-channel Patient Services - MyHealth	Primary care, specialty care and accredited diagnostic health services
Virtual Services	Aggregation of electronic medical records ("EMR"), billing and revenue cycle management solutions, digital applications, and cybersecurity operating segments

For the three months ended June 30, 2022 and 2021:

	<-----Omni-channel Patient Services----->											
	Primary		Specialized-CRH		Specialized-MyHealth		Virtual Services		Corporate/shared services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	16,081	12,579	50,880	36,727	25,836	-	47,529	12,916	5,632	1,476	145,958	63,698
Inter-segment revenue	-	-	-	-	-	-	-	(429)	(5,632)	(1,476)	(5,632)	(1,905)
Revenue from external customers	16,081	12,579	50,880	36,727	25,836	-	47,529	12,487	-	-	140,326	61,793
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	3,178	1,369	19,251	15,410	4,936	-	3,565	(1,778)	(15,617)	(14,589)	15,313	412

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)

For the six months ended June 30, 2022 and 2021:

	<-----Omni-channel Patient Services----->											
	Primary		Specialized-CRH		Specialized-MyHealth		Virtual Services		Corporate/shared services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	32,176	24,261	99,060	36,727	49,990	-	85,608	26,794	7,202	2,826	274,036	90,608
Inter-segment revenue	-	-	-	-	-	-	-	(429)	(7,202)	(2,826)	(7,202)	(3,255)
Revenue from external customers	32,176	24,261	99,060	36,727	49,990	-	85,608	26,365	-	-	266,834	87,353
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	4,784	2,518	40,606	15,410	8,375	-	3,229	(1,898)	(24,077)	(20,756)	32,917	(4,726)
Goodwill and intangible assets	30,300	27,726	584,139	481,749	228,891	-	204,379	138,336	-	-	1,047,709	647,811

Notes:

(1) (a) Included in segment profit (loss) is \$10,080 and \$19,987 of marketing and promotion expense for the three and six months ended June 30, 2022 (2021 - \$4,128 and \$4,810) and \$8,527 and \$13,666 of non-cash stock-based compensation expense for the three and six months ended June 30, 2022 (2021 - \$4,309 and \$7,302).

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

Geographic information

Revenue by geographic location of customers and goodwill and intangible assets by location are summarized as follows:

For the three months ended June 30, 2022 and 2021:

	US		Canada and others		Canada (Corporate/shared services)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	79,641	39,533	60,685	22,689	5,632	1,476	145,958	63,698
Inter-segment revenue	-	-	-	(429)	(5,632)	(1,476)	(5,632)	(1,905)
Revenue from external customers	79,641	39,533	60,685	22,260	-	-	140,326	61,793

For the six months ended June 30, 2022 and 2021:

	US		Canada and others		Canada (Corporate/shared services)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	151,725	42,051	115,109	45,731	7,202	2,826	274,036	90,608
Inter-segment revenue	-	-	-	(429)	(7,202)	(2,826)	(7,202)	(3,255)
Revenue from external customers	151,725	42,051	115,109	45,302	-	-	266,834	87,353
Goodwill and intangible assets	655,068	504,881	392,641	142,930	-	-	1,047,709	647,811

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

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15. Business combinations and asset acquisitions

During the six months ended June 30, 2022, the Company acquired interests in the following companies:

Company name	Date of Acquisition	Business/asset acquisition	% Ownership	Place of incorporation	Line of business
Western Carolina Sedation Associates, LLC (" WCSA ")	Jan 1, 2022	Asset	51%	US	Patient Services - Specialized
Greater Connecticut Anesthesia Associates, LLC (" GCAA ")	Mar 7, 2022	Asset	100%	US	Patient Services - Specialized

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

- (i) cash 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.

	WCSA	GCAA	Total
	\$'000	\$'000	\$'000
Cash	1,649	-	1,649
Pre-transaction equity interest	765	-	765
Deferred acquisition cost (Note 10(a))	143	15,796	15,939
Acquisition-related transaction cost	45	132	177
Purchase consideration	2,602	15,928	18,530
Assets and liabilities acquired			
Exclusive professional services agreement ("PSA")	4,458	15,928	20,386
Cash	31	-	31
Accounts receivable	685	-	685
Accounts payable	(71)	-	(71)
Non-controlling interest	(2,501)	-	(2,501)
	2,602	15,928	18,530
PSA amortization term	15 years	10 years	
Ownership	51%	100%	

2020 and 2021 Purchase Price Allocation finalization and restatement

During the six months ended June 30, 2022, the Company finalized the purchase price allocation of certain entities acquired in 2021 and during the year ended December 31, 2021, the Company finalized the purchase price allocation of certain entities acquired in 2020 and 2021. As a result of these finalizations, certain assets and liabilities recorded at the respective acquisition dates including goodwill,

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Notes to Condensed Interim Consolidated Financial Statements

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intangible assets, property and equipment, deferred tax assets and liabilities and other amounts on the consolidated statements of financial position have been restated to reflect the final fair values allocated to net assets acquired. These restatements also impacted amortization expense, deferred income tax expense and net loss on the consolidated statements of loss and comprehensive loss for the years ended December 2021 and 2020 and the six months ended June 30, 2022 and 2021. As a result, the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and the consolidated statements of financial position as of and for the periods ended December, 31, 2021 and June 30, 2021 have been marked as restated.

During the six months ended June 30, 2022, the Company finalized the purchase price allocation of MyHealth Partners Inc. ("MyHealth") and Doctors Services Group ("DSG") acquired in 2021.

	MyHealth			DSG			TOTAL		
	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at closing, inclusive of working capital adjustment	79,277	-	79,277	439	-	439	79,716	-	79,716
Fair value of shares issued at closing	65,993	-	65,993	478	-	478	66,471	-	66,471
Working capital holdback	-	-	-	50	-	50	50	-	50
Present value of deferred acquisition cost (Note 10)	54,639	-	54,639	-	-	-	54,639	-	54,639
Note payable (Note 11)	30,000	-	30,000	-	-	-	30,000	-	30,000
Fair value of purchase consideration	229,909	-	229,909	967	-	967	230,876	-	230,876
Cash	1,756	-	1,756	170	-	170	1,926	-	1,926
Accounts receivable and other current assets	16,882	(543)	16,339	10	-	10	16,892	(543)	16,349
Property and equipment	30,944	(5,719)	25,225	-	-	-	30,944	(5,719)	25,225
Right-of use asset	28,800	(347)	28,453	-	-	-	28,800	(347)	28,453
Accounts payable and other current liabilities	(17,816)	-	(17,816)	(799)	-	(799)	(18,615)	-	(18,615)
Lease liability	(29,443)	414	(29,029)	-	-	-	(29,443)	414	(29,029)
Bank loans and other borrowings	(424)	-	(424)	(32)	-	(32)	(456)	-	(456)
Deferred tax liabilities	(3,687)	(18,557)	(22,244)	-	(138)	(138)	(3,687)	(18,695)	(22,382)
Non-controlling interests	(1,501)	-	(1,501)	319	-	319	(1,182)	-	(1,182)
Customer relationship (Note 9)	-	-	-	-	519	519	-	519	519
Brand (Note 9)	-	4,733	4,733	-	-	-	-	4,733	4,733
License (Note 9)	40,248	142,070	182,318	-	-	-	40,248	142,070	182,318
Goodwill (Note 9)	164,150	(122,051)	42,099	1,299	(381)	918	165,449	(122,432)	43,017
Fair values of assets and liabilities acquired	229,909	-	229,909	967	-	967	230,876	-	230,876

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16. Cash Flow Information

	Six months ended	
	June 30,	Restated (Note 15) June 30,
	2022	2021
	\$'000	\$'000
Change in non-cash operating items:		
Accounts and other receivables	(20,542)	(277)
Inventory	(206)	1,249
Other current assets	820	1,467
Other non-current assets	(64)	(109)
Accounts payable and accrued liabilities	5,882	2,400
Unearned revenue	1,267	(659)
Income tax payable	2,943	(520)
Deferred tax assets	(1,227)	(1,742)
Deferred tax liabilities	(2,379)	41
Other non-current liabilities	1,251	0
Other current liabilities	4,195	4,462
	(8,060)	6,312
Equity and debt investments in associates and others:		
Investment in Phelix	-	(523)
Investment in Twig	-	(250)
	-	(773)
Business acquisitions, net of cash acquired		
Adracare	-	(3,698)
Open Health	-	(349)
IntraHealth	-	(10,652)
CRH	-	(274,310)
ExecHealth	-	(3,953)
DSG	-	(252)
	-	(293,214)
Asset acquisitions		
Acquisition of GCAA	(132)	-
Acquisition of WCSA	(1,049)	-
MyHealth licences	970	-
NEAA	-	(5,738)
NIAA	-	(2,871)
FDHS-Bradenton	-	(1,782)
	(211)	(10,391)

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

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17. Financial Instruments

a. Classification of financial instruments

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

	June 30, 2022	December 31, 2021
	\$'000	\$'000
Financial assets at amortized cost		
Cash and cash equivalents	57,125	61,919
Accounts and other receivables	86,591	66,049
Lease receivable	2,753	2,730
Other current and non-current assets	13,041	13,728
	159,510	144,426
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	5,464	5,392
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	44,605	38,669
Loans and borrowings	263,852	299,039
Convertible debentures	42,608	41,709
Deferred acquisition costs	79,160	85,603
Lease liability	58,411	61,188
Other current and non-current liabilities	20,956	12,751
	509,592	538,959

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's convertible debentures are categorized within Level 1 of the fair value hierarchy. As at June 30, 2022 the fair value of the convertible debenture, including the equity component, is \$6,818, which is based on the closing trade price of the convertible debentures on June 30, 2022.

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

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

The Company's loans and borrowings balances, which are mainly comprised of the JPM facility and the RBC facility (Note 11), are floating rate instruments which are based on SOFR/CDOR plus 1.25% to 3.25% dependent on CRH's total leverage ratio and MyHealth and Canadian Clinics total funded debt to EBITDA ratio. The Company has estimated the fair value of these financial instruments to be US\$144,790 (\$186,576) for the JPM facility and \$72,725 for RBC facility, as at June 30, 2022 based on Level 3 unobservable inputs.

The investments in Phelix, Twig, Bright, Tap Medical, Tali.ai, Cherry Health 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 June 30, 2022 and December 31, 2021, in the absence of observable market data and any facts to suggest otherwise, management concluded that the fair value of the investments approximated the cost.

c. 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 one customer accounts for more than 10% of the Company's consolidated revenue. The Company establishes an estimate for expected credit losses on accounts receivable if it is determined that all or part of the outstanding balance is uncollectable. Collectability is reviewed regularly and an estimate is established or adjusted, as necessary, using a combination of the specific identification method, historic collection patterns and existing economic conditions. Estimates are subject to change as they are impacted by the nature of collectability, which may involve delays and the current uncertainty in the economy.

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

As at June 30, 2022, the Company had \$86,591 (December 31, 2021 - \$66,049) of accounts and other receivables.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able 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.

As at June 30, 2022, the Company's primary interest bearing liabilities are borrowings under its syndicated credit facilities with JPM and RBC (Note 11). With all other variables held constant, a 10% increase in the interest rate would have increased net loss by approximately \$435 (2021 – US\$77) for the six months ended June 30, 2022. There would be an equal and opposite impact on net loss with a 10% decrease in the interest rate.

Foreign currency risk

The Company's parent company presentation and functional currency is the Canadian dollar. With the acquisition of Circle Medical Technologies, Inc. in November 2020, CRH in April 2021 and the acquisition of WISP, Inc. ("WISP") in October 2021 (functional currency is the US dollar), a significant portion of the Company's business operations is in the U.S. and these subsidiaries are exposed to foreign currency translation risk. A 10% movement in foreign exchange rates versus the US dollar would result in an approximate \$2.2 million change in the Company's net loss.