WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements

June 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		Six months ended	
	June 30, 2023	June 30, 2022 Restated	**June 30, 2023**	June 30, 2022 Restated
	$'000	$'000	**$'000**	$'000
Revenue (Note 5)	**170,922**	140,326	**340,347**	266,834
Expenses				
Cost of sales (excluding depreciation and amortization)	**(80,099)**	(64,852)	**(163,355)**	(121,972)
General and administrative (Note 6)	**(60,603)**	(47,869)	**(117,176)**	(92,045)
Depreciation and amortization	**(14,041)**	(13,810)	**(28,563)**	(27,185)
Stock-based compensation (Note 13)	**(6,134)**	(8,527)	**(12,733)**	(13,666)
Foreign exchange gain	**65**	439	**349**	479
Operating income	**10,110**	5,707	**18,869**	12,445
Interest income (Note 7)	**127**	109	**315**	211
Interest expense (Note 7)	**(7,828)**	(5,254)	**(15,602)**	(10,408)
Time-based earnout expense (Note 8)	**(1,476)**	(4,515)	**(12,330)**	(7,036)
Change in fair value of investments	**-**	-	**-**	602
Gain on disposal of investments (Note 16)	**1,517**	-	**1,517**	-
Share of net loss of associates	**(91)**	(90)	**(188)**	(238)
Other (expense) income	**(2,486)**	401	**(3,143)**	(41)
Net loss before income tax	**(127)**	(3,642)	**(10,562)**	(4,465)
Income tax (expense) recovery	**(1,889)**	2,398	**(2,081)**	445
Net loss	**(2,016)**	(1,244)	**(12,643)**	(4,020)
Net income (loss) attributable to:				
Owners of WELL Health Technologies Corp.	**(5,767)**	(6,355)	**(20,125)**	(14,840)
Non-controlling interests	**3,751**	5,111	**7,482**	10,820
	(2,016)	(1,244)	**(12,643)**	(4,020)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference on translation of foreign subsidiaries and fair value changes on interest rate swaps	**(12,059)**	14,856	**(12,694)**	7,385
Total comprehensive income (loss)	**(14,075)**	13,612	**(25,337)**	3,365
Total comprehensive income (loss) attributable to:				
Owners of WELL Health Technologies Corp.	**(17,711)**	8,395	**(32,700)**	(7,516)
Non-controlling interests	**3,636**	5,217	**7,363**	10,881
	(14,075)	13,612	**(25,337)**	3,365
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	**(0.03)**	(0.03)	**(0.09)**	(0.07)
Weighted average number of common shares outstanding				
Basic and diluted	**235,434,417**	216,181,083	**233,811,786**	213,115,055

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, 2023 $'000	December 31, 2022 $'000
Assets		
Current		
Cash and cash equivalents	**35,633**	48,908
Accounts and other receivables (Note 9)	**75,411**	78,914
Inventory	**1,183**	1,370
Lease receivable	**906**	568
Prepayments and other assets	**20,001**	21,117
Total current assets	**133,134**	150,877
Financial assets at fair value through profit and loss	**6,681**	5,636
Investment accounted for using the equity method	**4,181**	4,369
Lease receivable – non-current	**1,899**	1,880
Prepayments and other assets – non-current	**3,828**	3,177
Property and equipment	**85,419**	82,535
Intangible assets (Note 10)	**541,315**	571,267
Goodwill (Note 10)	**494,582**	499,290
Total assets	**1,271,039**	1,319,031
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	**43,588**	50,728
Unearned revenue	**7,158**	6,797
Loans and borrowings (Note 12(a))	**25,288**	30,303
Lease liability	**10,748**	9,107
Convertible debentures (Note 12(b))	**3,850**	3,850
Deferred acquisition costs (Note 11(a))	**15,154**	18,229
Other liabilities (Note 11(b))	**15,897**	17,489
Total current liabilities	**121,683**	136,503
Loans and borrowings - non-current (Note 12(a))	**206,439**	222,171
Lease liability – non-current	**54,057**	52,156
Convertible debentures - non-current (Note 12(b))	**43,094**	40,829
Deferred tax liabilities	**22,729**	30,706
Unearned revenue - non-current	**324**	403
Deferred acquisition costs – non-current (Note 11(a))	**20,235**	20,268
Other liabilities – non-current (Note 11(b))	**1,801**	744
Total liabilities	**470,362**	503,780
Equity		
Share capital (Note 13)	**729,422**	705,186
Contributed surplus (Note 13)	**51,412**	51,765
Accumulated other comprehensive income	**26,484**	39,059
Accumulated deficit	**(83,791)**	(63,666)
Equity attributable to owners of WELL Health Technologies Corp.	**723,527**	732,344
Non-controlling interests	**77,150**	82,907
Total equity	**800,677**	815,251
Total equity and liabilities	**1,271,039**	1,319,031

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

Approved by the Directors:

"Hamed Shahbazi" *"Thomas Liston"*

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

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

		Attributable to owners of WELL Health Technologies Corp.						
	Number of Shares	Share Capital $'000	Contributed Surplus $'000	Accumulated other comprehensive income (loss) $'000	Accumulated Deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at December 31, 2022	**231,047,290**	**705,186**	**51,765**	**39,059**	**(63,666)**	**732,344**	**82,907**	**815,251**
Stock options exercised (Note 13)	769,974	946	(422)	-	-	524	-	524
Shares issued for RSUs/PSUs (Note 13)	2,362,140	12,169	(12,169)	-	-	-	-	-
Shares issued for settlement of deferred acquisition costs (Note 11(a))	1,801,487	7,951	-	-	-	7,951	-	7,951
Shares issued for time-based earnout payments	597,045	2,396	-	-	-	2,396	-	2,396
Shares issued for consideration in business combinations (Note 16)	152,170	774	-	-	-	774	-	774
Stock-based compensation (Note 13)	-	-	12,733	-	-	12,733	-	12,733
Non-controlling interests via business combination (Note 16)	-	-	-	-	-	-	6,062	6,062
Distributions paid to non-controlling interests	-	-	-	-	-	-	(13,441)	(13,441)
Other transactions with non-controlling interests	-	-	(495)	-	-	(495)	(5,745)	(6,240)
PPA finalization (Note 16)	-	-	-	-	-	-	4	4
Exchange difference on translation of foreign subsidiaries and fair value changes on interest rate swaps	-	-	-	(12,575)	-	(12,575)	(119)	(12,694)
Net (loss) income for the period	-	-	-	-	(20,125)	(20,125)	7,482	(12,643)
Balance at June 30, 2023	**236,730,106**	**729,422**	**51,412**	**26,484**	**(83,791)**	**723,527**	**77,150**	**800,677**
Restated balance at December 31, 2021	**209,147,462**	**633,509**	**43,988**	**5,383**	**(64,643)**	**618,237**	**89,813**	**708,050**
Private placement	9,327,765	34,513	-	-	-	34,513	-	34,513
Share issue costs	-	(2,184)	-	-	-	(2,184)	-	(2,184)
Shares repurchased under normal course issuer bid	(50,000)	(243)	-	-	-	(243)	-	(243)
Stock options exercised (Note 13)	688,282	1,142	(512)	-	-	630	-	630
Shares issued for RSUs/PSUs (Note 13)	1,392,620	4,909	(4,909)	-	-	-	-	-
Stock-based compensation (Note 13)	-	-	13,666	-	-	13,666	-	13,666
Shares issued for deferred acquisition costs	336,555	1,094	-	-	-	1,094	-	1,094
Shares issued for settlement of note payable	2,320,897	9,353	-	-	-	9,353	-	9,353
Non-controlling interests via business combination	-	-	-	-	-	-	2,501	2,501
Distributions paid to non-controlling interests	-	-	-	-	-	-	(10,324)	(10,324)
Foreign currency translation of foreign subsidiaries	-	-	-	7,324	-	7,324	61	7,385
Net (loss) income for the period – restated	-	-	-	-	(14,840)	(14,840)	10,820	(4,020)
Restated balance at June 30, 2022	**223,163,581**	**682,093**	**52,233**	**12,707**	**(79,483)**	**667,550**	**92,871**	**760,421**

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, 2023 $'000	June 30, 2022 $'000
Cash flows provided by/(used in)		
Operating activities		
Net loss for the period	**(12,643)**	(4,020)
Adjustments to net loss for non-cash items:		
Interest income accretion	**(99)**	(96)
Interest expense accretion	**6,560**	6,008
Time-based earnout payments settled via shares	**2,397**	-
Unrealized foreign exchange and others	**(1,549)**	(283)
Loss on revaluation of deferred acquisition cost liability	**7,891**	-
Change in fair value of investments	**-**	(602)
Depreciation and amortization	**28,563**	27,185
Gain on disposal of investments (Note 16)	**(1,517)**	-
Share of net loss of associates	**188**	238
Stock-based compensation (Note 13)	**12,733**	13,666
Loss on deferred acquisition cost liability settled via shares (Note 11(a))	**917**	-
Non-cash loss (gain) included in other income	**1,798**	(865)
Change in non-cash operating items (Note 17)	**(13,402)**	(8,391)
Net cash provided by operating activities	**31,837**	32,840
Investing activities		
Business acquisitions, net of cash acquired (Notes 16 & 17)	**(1,158)**	-
Asset acqusitions (Notes 16 & 17)	**(6,310)**	(211)
Equity and debt investments in associates and others (Note 17)	**(1,069)**	-
Proceeds from disposal of investments (Note 16)	**11,438**	-
Acquisition of property and equipment and internally generated intangible assets	**(3,767)**	(2,052)
Settlement of working capital holdbacks	**(489)**	(185)
Settlement of deferred acquisition costs (Note 11(a))	**(5,438)**	(22,422)
Net cash used in investing activities	**(6,793)**	(24,870)
Financing activities		
Proceeds from private placements (Note 13)	**-**	34,513
Share issue costs (Note 13)	**-**	(2,184)
Shares repurchased under NCIB (Note 13)	**-**	(243)
Payment of interest on convertible debentures (Note 12(b))	**(1,925)**	(2,310)
Proceeds from loans and borrowings	**17,588**	21,706
Repayments of loans and borrowings	**(34,149)**	(50,233)
Proceeds from stock options exercised	**524**	614
Transactions with non-controlling interests	**(14,221)**	(10,324)
Lease payments	**(6,060)**	(4,917)
Lease payments received	**383**	367
Net cash used in financing activities	**(37,860)**	(13,011)
Effects of foreign exchange difference on cash and cash equivalents	**(459)**	247
Net change in cash	**(13,275)**	(4,794)
Cash and cash equivalents - beginning of period	**48,908**	61,919
Cash and cash equivalents - end of period	**35,633**	57,125
Cash (paid for)/recovered from:		
Interest	**(10,494)**	(6,844)
Income tax	**(8,472)**	758
	(18,966)	(6,086)

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

1. Nature of operations

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

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

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

The Company's Board of Directors approved these condensed interim consolidated financial statements on August 10, 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 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).

(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 six months ended June 30, 2023, and 2022:

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	$'000	$'000	**$'000**	$'000
Public insured	**54,975**	45,518	**105,455**	88,333
Non-public and other	**102,682**	77,840	**202,264**	148,388
Patient Services	**157,657**	123,358	**307,719**	236,721
SaaS and Technology Services (Note 15)	**13,265**	16,968	**32,628**	30,113
Total Revenue	**170,922**	140,326	**340,347**	266,834

6. General and administrative expenses

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

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	$'000	$'000	**$'000**	$'000
Salaries and benefits	**30,808**	25,459	**59,882**	49,259
Professional and consulting fees	**5,154**	6,351	**9,099**	11,167
Office expenses	**2,880**	2,912	**6,528**	5,994
Marketing and promotion	**16,261**	10,080	**31,460**	19,987
Others	**5,500**	3,067	**10,207**	5,638
	60,603	47,869	**117,176**	92,045

7. Interest

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

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

	Three months ended		Six months ended	
	June 30, 2023 $'000	June 30, 2022 $'000	**June 30, 2023 $'000**	June 30, 2022 $'000
Interest accretion on subleases and debt investment	**50**	33	**99**	66
Interest income on cash and cash equivalents and others	**77**	76	**216**	145
Interest income	**127**	109	**315**	211
Interest on loans and borrowings	**(4,495)**	(2,285)	**(9,043)**	(4,450)
Interest on convertible debentures	**(2,095)**	(1,604)	**(4,190)**	(3,209)
Interest accretion on leases	**(697)**	(644)	**(1,351)**	(1,301)
Accretion of discount on deferred acquisition costs (Note 11(a))	**(282)**	(602)	**(574)**	(1,211)
Amorization of deferred financing fees	**(259)**	(119)	**(444)**	(237)
Interest expense	**(7,828)**	(5,254)	**(15,602)**	(10,408)

8. Time-based earnout expense

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

	Three months ended		Six months ended	
	June 30, 2023 $'000	June 30, 2022 $'000	**June 30, 2023 $'000**	June 30, 2022 $'000
Time-based earnout expense	**(1,541)**	(4,515)	**(3,377)**	(7,036)
Gain (loss) on settlement of certain deferred acquisition cost and time-based earnout liabilities via shares	**65**	-	**(1,062)**	-
Loss on revaluation of deferred acquisition cost liability (Note 11(a))	-	-	**(7,891)**	-
	(1,476)	(4,515)	**(12,330)**	(7,036)

During the six months ended June 30, 2023 and 2022, the Company recognized time-based earnout expense of $3,377 and $7,036, respectively, in relation to earnouts that are recognized over time during post acquisition requisite service periods.

During the six months ended June 30, 2023, the Company recognized a loss of $1,062 on settlement of certain deferred acquisition cost liabilities and time-based earnout liabilities via shares due to differences between the weighted average share price used to calculate the number of shares to be issued and the closing share price on the dates of settlement.

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

(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 June 30, 2023 and December 31, 2022:

	June 30, 2023 $'000	December 31, 2022 $'000
Accounts Receivable - gross	**78,873**	82,533
Less: Expected credit losses	**(3,462)**	(3,619)
	75,411	78,914
Accounts receivable - gross		
Canadian Patient Services - Primary	**3,747**	3,374
Canadian Patient Services - Specialized - MyHealth	**13,080**	11,615
US Patient Services - Primary - Circle	**10,508**	6,676
US Patient Services - Primary - WISP	**184**	372
US Patient Services - Specialized - CRH	**40,093**	45,652
SAAS and Technology Services	**11,261**	14,844
	78,873	82,533

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its accounts receivable. As at June 30, 2023, the Company had recognized expected credit losses of $3,462 (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.

(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)	12,372	-	-	-	**12,372**	**-**
Acquired via business combination (Note 16)	1,031		-	-	**1,031**	**3,318**
Internally generated intangible assets	-	1,198	-	-	**1,198**	**-**
Disposals/others	(23,438)			(810)	**(24,248)**	
Exchange difference on foreign currency translation	(13,385)	(345)	(59)	-	**(13,789)**	**(7,225)**
Balance at June 30, 2023	**409,158**	**32,637**	**9,861**	**181,703**	**633,359**	**494,582**
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	**(19,630)**	**(1,624)**	**(496)**	-	**(21,750)**	**-**
Disposals	7,760				**7,760**	**-**
Exchange difference on foreign currency translation	6,382	42	-	-	**6,424**	**-**
Balance at June 30, 2023	**(82,818)**	**(7,370)**	**(1,856)**	**-**	**(92,044)**	**-**
NET CARRYING AMOUNTS						
As at December 31, 2022	354,674	25,520	8,560	182,513	571,267	499,290
As at June 30, 2023	326,340	25,267	8,005	181,703	541,315	494,582

(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).

	June 30, 2023 $'000	December 31, 2022 $'000
Current	**15,154**	18,229
Non-current	**20,235**	20,268
	35,389	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	1,290
Accretion of discount	574
Settlement in cash	(5,438)
Settlement in common shares	(7,951)
Loss on settlement via shares	917
Loss on revaluation included in time-based earnout expense (Note 8)	7,891
Exchange difference	(391)
Balance at June 30, 2023	**35,389**

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

b) Other Liabilities

	June 30, 2023 $'000	December 31, 2022 $'000
Current:		
Working capital holdback	**1,098**	1,207
Time-based earnouts	**5,825**	6,517
Income tax payable	**1,995**	4,201
Payroll liabilities and others	**6,979**	5,564
	15,897	17,489
Non-current:		
Time-based earnouts	**-**	636
Others	**1,801**	108
	1,801	744

c) Maturities of financial liabilities

		Undiscounted payments due by period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
At June 30, 2023	**$'000**	$'000	$'000	$'000	$'000
Deferred acquisition costs and time-based earnouts	**46,104**	11,851	23,763	10,490	-
Lease obligations' minimum payments	**75,386**	12,143	23,576	17,161	22,506
Accounts payable and accrued liabilities	**43,588**	43,588	-	-	-
Working capital holdbacks	**1,098**	1,098	-	-	-
Other current and non-current liabilities	**16,600**	14,799	1,801	-	-
Loans and borrowings	**233,877**	7,877	186,625	39,375	-
Convertible debentures	**83,475**	3,850	7,700	71,925	-
	500,128	**95,206**	**243,465**	**138,951**	**22,506**

(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

	June 30, 2023 $'000	December 31, 2022 $'000
CRH syndicated credit facility with JPM:		
Revolving loan	**96,046**	178,394
Term loan	**71,000**	-
MyHealth and Canadian Clinics syndicated credit facility with RBC:		
Revolving loan	**20,400**	28,400
Term loan	**45,625**	46,875
Other loans and borrowings	**806**	654
Less: Financing fees	**(2,150)**	(1,849)
Total Loans and Borrowings	**231,727**	252,474
Current portion	**25,288**	30,303
Non-current portion	**206,439**	222,171
Total Loans and Borrowings	**231,727**	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 June 30, 2023, the Company had drawn $167,046 (US$126,168) 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 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 June 30, 2023, the Company had drawn $66,025 under this facility (December 31, 2022 – $75,275).

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

(iii) Financial covenants

The Company's syndicated credit facilities are subject to certain customary positive and negative covenants, as well as financial covenants based on the consolidated financial results of CRH, MyHealth and WHCC. The Company was in compliance with all positive, negative and financial covenants and other terms and conditions under its syndicated credit facilities as at June 30, 2023 and December 31, 2022.

(iv) Minimum principal repayments:

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

	CRH (JPM) US$'000	**MyHealth and Canadian Clinics (RBC) $'000**
2023	1,375	1,250
2024	2,750	2,500
2025	122,043	2,500
2026	-	59,775
	126,168	**66,025**

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)	4,190
Interest paid	(1,925)
Balance as of June 30, 2023	**46,944**
Current (Interest payable within one year)	**3,850**
Non-current	**43,094**
Total convertible debentures	**46,944**

13. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at June 30, 2023, the issued share capital consisted of 236,730,106 (December 31, 2022 - 231,047,290) common shares.

c) Private Placements

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 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 have been 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 six months ended June 30, 2023 and the year ended December 31, 2022 were as follows:

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

	June 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	**(769,974)**	**(0.68)**	(3,132,286)	(0.60)
Options expired	**(17,351)**	**(5.24)**	(407,774)	(0.25)
Options forfeited	**(164,160)**	**(6.01)**	(11,875)	(2.77)
Balance outstanding, end of period	**2,102,556**	**1.77**	3,054,041	1.74

During the six months ended June 30, 2023 and 2022, the Company recognized stock-based compensation expense of $222 and $519 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 June 30, 2023:

Exercise price $	**Options outstanding**	**Options exercisable**	**Weighted average remaining contractual life (years)**
0.43	325,000	325,000	0.56
1.42	838,745	750,642	1.04
2.24	645,000	453,114	1.85
3.06	100,000	-	4.25
3.25	193,811	131,318	2.09
	2,102,556	**1,660,074**	**1.46**

The weighted average exercise price of options exercisable as at June 30, 2023 was $1.59 (December 31, 2022 - $1.37).

(iii) Fair value of stock options granted

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

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

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

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

f) Restricted Share Units ("RSUs")

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

	June 30, 2023	December 31, 2022
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	**3,884,965**	4,367,723
Units granted	**2,501,680**	2,322,763
Units vested	**(1,581,088)**	(2,547,287)
Units forfeited	**(153,612)**	(258,234)
Balance outstanding, end of period	**4,651,945**	3,884,965

During the six months ended June 30, 2023 and 2022, the Company recognized stock-based compensation expense of $8,481 and $8,308, 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, 2023 and the year ended December 31, 2022 were as follows:

	June 30, 2023	December 31, 2022
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	**2,946,088**	1,505,091
Units granted	**1,113,877**	2,182,770
Units vested	**(781,052)**	(585,965)
Units forfeited	**(195,515)**	(155,808)
Balance outstanding, end of period	**3,083,398**	2,946,088

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

During the six months ended June 30, 2023 and 2022, the Company recognized stock-based compensation expense of $4,030 and $4,839, 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 six months ended June 30, 2023 and 2022 was as follows:

	Three months ended		**Six months ended**	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	$'000	$'000	**$'000**	$'000
Salaries	**250**	220	**500**	440
Directors' fees	**60**	120	**120**	120
Stock-based compensation expense	**1,960**	1,780	**3,913**	3,186
	2,270	2,120	**4,533**	3,746

During the six months ended June 30, 2023, the Company granted 985,000 RSUs (625,000 to CEO, 50,000 to CFO, 50,000 to COO and 260,000 to Board of Directors), and 225,000 PSUs (125,000 to CEO, 50,000 to CFO 50,000 to COO). 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), and 200,379 PSUs (119,274 to CEO, 47,709 to CFO, and 33,396 to COO).

Included in other current assets as at June 30, 2023 is $5,038 ($2,489 from CEO, $1,503 from CFO, $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 issuance for the related parties.

15. Segment reporting

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

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

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

Three months ended June 30, 2023

	<--Canadian Patient Services->			<--WELL Health USA Patient Services-->						
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	24,869	29,311	**54,180**	20,958	19,135	63,429	**103,522**	**14,273**	**4,494**	**176,469**
Inter-segment revenue	(7)	-	**(7)**	-	-	(37)	**(37)**	**(1,009)**	**(4,494)**	**(5,547)**
Revenue from external customers	24,862	29,311	**54,173**	20,958	19,135	63,392	**103,485**	**13,264**	**-**	**170,922**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	1,747	7,400	**9,147**	(1,103)	(717)	21,955	**20,135**	**1,660**	**(9,327)**	**21,615**

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

	<--Canadian Patient Services->			<--WELL Health USA Patient Services-->						
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	17,890	25,836	**43,726**	15,642	13,119	50,898	**79,659**	**17,880**	**5,632**	**146,897**
Inter-segment revenue	(9)	-	**(9)**	-	-	(18)	**(18)**	**(912)**	**(5,632)**	**(6,571)**
Revenue from external customers	17,881	25,836	**43,717**	15,642	13,119	50,880	**79,641**	**16,968**	**-**	**140,326**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	3,012	4,936	**7,948**	2,704	590	19,251	**22,545**	**437**	**(15,617)**	**15,313**

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

Six months ended June 30, 2023

	<--Canadian Patient Services->			<--WELL Health USA Patient Services-->						
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	49,665	55,394	**105,059**	44,040	37,773	120,930	**202,743**	**34,894**	**8,814**	**351,510**
Inter-segment revenue	(14)	-	**(14)**	-	-	(68)	**(68)**	**(2,267)**	**(8,814)**	**(11,163)**
Revenue from external customers	49,651	55,394	**105,045**	44,040	37,773	120,862	**202,675**	**32,627**	**-**	**340,347**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	4,804	13,376	**18,180**	226	(534)	38,443	**38,135**	**4,759**	**(27,786)**	**33,288**
Goodwill and intangible assets	41,386	227,569	**268,955**	20,841	55,759	555,772	**632,372**	**134,570**	**-**	**1,035,897**

Six months ended June 30, 2022 (restated)(2)

	<--Canadian Patient Services->			<--WELL Health USA Patient Services-->						
	Primary	Specialized-MyHealth	**TOTAL**	Primary-Circle Medical	Primary-WISP	Specialized-CRH	**TOTAL**	**SaaS and Technology Services**	**Corporate/ Shared Services**	**GRAND TOTAL**
	$'000	$'000	**$'000**	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	35,024	49,990	**85,014**	27,632	25,033	99,106	**151,771**	**31,809**	**7,202**	**275,796**
Inter-segment revenue	(18)	-	**(18)**	-	-	(46)	**(46)**	**(1,696)**	**(7,202)**	**(8,962)**
Revenue from external customers	35,006	49,990	**84,996**	27,632	25,033	99,060	**151,725**	**30,113**	**-**	**266,834**
Segment profit (loss) before tax, interest and depreciation and amortization (1)	4,246	8,375	**12,621**	1,914	220	40,606	**42,740**	**1,633**	**(24,077)**	**32,917**
Goodwill and intangible assets	30,300	228,891	**259,191**	21,090	49,845	584,139	**655,074**	**133,444**	**-**	**1,047,709**

Notes:

1 (a) Included in segment profit (loss) is $16,261 and $31,460 of marketing and promotion expense for the three and six months ended June 30, 2023, respectively ($10,080 and $19,987 for the three and six months ended June 30, 2022, respectively); and $6,134 and $12,733 of non-cash stock-based compensation expense for the three and six months ended June 30, 2023, respectively ($8,527 and $13,666 for the three and six months ended June 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 six months ended June 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.

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

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

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	$'000	$'000	**$'000**	$'000
Segment profit before tax, interest and depreciation and amortization	**21,615**	15,313	**33,288**	32,917
Interest expense	**(7,828)**	(5,254)	**(15,602)**	(10,408)
Interest income	**127**	109	**315**	211
Depreciation and amortization	**(14,041)**	(13,810)	**(28,563)**	(27,185)
Net loss before income tax	**(127)**	(3,642)	**(10,562)**	(4,465)

Geographic information

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

Three months ended June 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	**68,453**	61,606	**103,522**	79,659	**4,494**	5,632	**176,469**	146,897
Inter-segment revenue	**(1,016)**	(921)	**(37)**	(18)	**(4,494)**	(5,632)	**(5,547)**	(6,571)
Revenue from external customers	**67,437**	60,685	**103,485**	79,641	**-**	-	**170,922**	140,326

Six months ended June 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	**139,953**	116,823	**202,743**	151,771	**8,814**	7,202	**351,510**	275,796
Inter-segment revenue	**(2,281)**	(1,714)	**(68)**	(46)	**(8,814)**	(7,202)	**(11,163)**	(8,962)
Revenue from external customers	**137,672**	115,109	**202,675**	151,725	**-**	-	**340,347**	266,834
Goodwill and intangible assets	**403,525**	392,641	**632,372**	655,068	**-**	-	**1,035,897**	1,047,709

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

16. Business combinations and asset acquisitions

2023 Acquisitions

During the six months ended June, 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

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 period ended June 30, 2023. Purchase price allocations have been classified as "Final" or "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.

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

	ATAA Final $'000	TMBA Final $'000	MCI AB Provisional $'000	Total $'000
Cash	6,173	263	1,000	7,436
Fair value of shares issued at closing	-	269	503	772
Working capital holdback	-	229	150	379
Deferred acquisition cost (Note 11(a))	-	1,290	-	1,290
Acquisition-related transaction cost	137	-	-	137
Purchase consideration	**6,310**	**2,051**	**1,653**	**10,014**
Assets and liabilities acquired				
Cash	-	132	(27)	105
Accounts receivable and other current assets	-	117	1,591	1,708
Accounts payable	-	(4)	(807)	(811)
Other current liabilities	-	(100)	(1,274)	(1,374)
Deferred tax liability	-	(273)	-	(273)
Non-controlling interest	(6,062)	-	-	(6,062)
Exclusive professional services agreement ("PSA")	12,372	-	-	12,372
Customer relationship (Note 10)	-	1,031	-	1,031
Goodwill (Note 10)	-	1,148	2,170	3,318
	6,310	**2,051**	**1,653**	**10,014**
PSA amortization term	15 years			

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

2022 Acquisitions

During the six months ended June 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.

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

17. Cash Flow Information

	Six months ended	
	June 30, 2023	June 30, 2022
	$'000	$'000
Change in non-cash operating items:		
Accounts and other receivables	**2,352**	(20,542)
Inventory	**187**	(206)
Other current assets	**1,241**	820
Other non-current assets	**(651)**	(64)
Accounts payable and accrued liabilities	**(7,901)**	5,882
Unearned revenue	**282**	1,267
Income tax payable	**(2,206)**	2,943
Deferred tax liabilities	**(8,450)**	(3,937)
Other non-current liabilities	**1,057**	1,251
Other current liabilities	**687**	4,195
	(13,402)	(8,391)

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

	Six months ended	
	June 30, 2023	June 30, 2022
	$'000	$'000
Business acquisitions, net of cash acquired (Note 16):		
MCI AB	**(1,027)**	-
TMBA	**(131)**	-
	(1,158)	-
Asset acquisitions (Note 16):		
GCAA	-	(132)
WCSA	-	(1,049)
MyHealth licences	-	970
ATAA	**(6,310)**	-
	(6,310)	(211)

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

18. Financial Instruments

a. Classification of financial instruments

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

	June 30, 2023	December 31, 2022
Financial assets at amortized cost	**$'000**	$'000
Cash and cash equivalents	**35,633**	48,908
Accounts and other receivables	**75,411**	78,914
Lease receivable	**2,805**	2,448
Other current and non-current assets	**23,829**	24,294
	137,678	154,564
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	**6,681**	5,636
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**43,588**	50,728
Loans and borrowings	**231,727**	252,474
Deferred acquisition costs	**35,389**	38,497
Convertible debentures	**46,944**	44,679
Lease liability	**64,805**	61,263
Other current and non-current liabilities	**17,698**	18,233
	440,151	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.

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 $167,797 (US$126,734) for the JPM facility, and $66,025 for the RBC facility as at June 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 June 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.

As at June 30 2023, the carrying value of derivative financial instruments was a liability of $397 (December 31, 2022 - $369).

c. Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Company's financial assets. The carrying value of the financial assets represents the maximum exposure to credit risk. The Company limits its exposure to credit risk on cash and cash equivalents by placing these financial instruments with high-credit quality financial institutions and only investing in liquid, investment grade securities.

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

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

As at June 30, 2023, the Company had accounts and other receivables of $75,411 (December 31, 2022 - $78,914), net of expected credit losses of $3,462 (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 six months ended June 30, 2023, the Company recognized a fair value loss of $202 in other comprehensive loss in relation to the interest rate swap agreement. The carrying value of the interest rate swap agreement was a liability of $202 as at June 30, 2023.

With all other variables held constant, a 10% upward movement in the interest rate would have reduced net income by approximately $875 (2022 – $435) for the six months ended June 30, 2023.

There would be an equal and opposite impact on net income with a 10% downward movement in the interest rate.

<u>Foreign currency risk</u>

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.

On June 30, 2023, the Company had an at maturity variable rate foreign currency forward contract outstanding to sell US$5,000 on July 6, 2023 if the prevailing CAD/USD spot rate on July 5, 2023 falls outside of a specified rate range. If the prevailing spot rate on July 5, 2023 falls within the specified rate range, no settlement is required. The carrying value of the at maturity variable rate forward contract was a liability of $195 as at June 30, 2023. On July 4, 2023, the Company unwound the foreign currency forward contract for a loss of $75.

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 $925 change in the Company's net income for the six months ended June 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 July 1, 2023, the Company acquired a 100% interest in Lone Star Anesthesia Associates, PLLC ("LSAA"). The purchase consideration, paid via a combination of cash, shares and deferred consideration, was $16,524 (US$12,500) plus transaction costs.

On July 1, 2023, the Company acquired a 100% interest in CarePlus Medical Corporation ("CarePlus"). The purchase consideration, paid via cash, was estimated at $46,267 (US$35,000).

On July 19, 2023, the Company entered into an agreement to acquire certain Ontario based clinic assets from MCI Medical Clinics Inc., a subsidiary of MCI Onehealth Technologies Inc. (TSX: DRDR) ("MCI") and a subscription agreement for a convertible debenture financing in MCI (the "MCI Transaction"). Upon closing of the MCI Transaction, the Company will have representation on MCI's board of directors and subject to satisfaction of certain conditions, will hold a call option to acquire up to 30.8 million Class A Subordinate Voting shares and 30.8 million Class B Multiple Voting shares of MCI's go-forward business. The MCI Transaction is expected to close in the fourth quarter of 2023.