



**WELL Health**  
TECHNOLOGIES CORP

**WELL HEALTH TECHNOLOGIES CORP.**  
**Condensed Interim Consolidated Financial Statements**  
**Three months ended March 31, 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)

	<b>Three months ended</b>	
	March 31, 2022	restated (Note 19) March 31, 2021
	\$'000	\$'000
<b>Revenue (Note 5)</b>	<b>126,508</b>	25,560
<b>Expenses</b>		
Cost of sales (excluding depreciation and amortization)	<b>(57,120)</b>	(15,521)
General and administrative (Note 6)	<b>(44,176)</b>	(11,232)
Depreciation and amortization	<b>(12,739)</b>	(2,029)
Stock-based compensation (Note 16)	<b>(5,139)</b>	(2,993)
Foreign exchange gain (loss)	<b>40</b>	(11)
<b>Operating income (loss)</b>	<b>7,374</b>	(6,226)
Interest income (Note 7)	<b>102</b>	320
Interest expense (Note 7)	<b>(5,154)</b>	(458)
Time-based earn-out expense	<b>(2,521)</b>	(891)
Income tax expense	<b>(2,123)</b>	(215)
Change in fair value of investments	<b>602</b>	-
Other (loss) income	<b>(442)</b>	14
<b>Net loss for the period before share of net loss of associates</b>	<b>(2,162)</b>	(7,456)
Share of net loss of associates	<b>(148)</b>	(64)
<b>Net loss for the period</b>	<b>(2,310)</b>	(7,520)
<b>Net (loss) income for the period attributable to:</b>		
Owners of WELL Health Technologies Corp.	<b>(8,019)</b>	(7,474)
Non-controlling interests	<b>5,709</b>	(46)
	<b>(2,310)</b>	(7,520)
<b>Other comprehensive income (loss)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange difference on translation of foreign operations	<b>(7,471)</b>	(46)
<b>Total comprehensive loss for the period</b>	<b>(9,781)</b>	(7,566)
<b>Total comprehensive (loss) income for the period attributable to:</b>		
Owners of WELL Health Technologies Corp.	<b>(15,445)</b>	(7,506)
Non-controlling interests	<b>5,664</b>	(60)
	<b>(9,781)</b>	(7,566)
<b>Loss per share attributable to WELL Health Technologies Corp.</b>		
Basic and diluted	<b>(0.04)</b>	(0.05)
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	<b>210,014,960</b>	163,123,252

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)

<b>As at</b>	<b>March 31, 2022 \$'000</b>	December 31, 2021 \$'000
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	36,055	61,919
Accounts and other receivables (Note 8)	74,350	66,592
Inventory	902	793
Lease receivable – current	503	520
Prepayments and other assets – current (Note 9)	9,178	13,084
<b>Total current assets</b>	<b>120,988</b>	<b>142,908</b>
Financial assets at fair value through profit and loss	5,355	5,392
Investment accounted for using the equity method	5,106	5,453
Lease receivable – non-current	2,093	2,210
Prepayments and other assets – non-current (Note 9)	474	644
Property and equipment	86,426	88,551
Intangible assets (Note 10)	410,240	405,518
Goodwill (Note 10)	607,293	611,747
<b>Total assets</b>	<b>1,237,975</b>	<b>1,262,423</b>
<b>Liabilities and equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	38,369	38,669
Unearned revenue (Note 11)	4,936	4,242
Notes payable and other borrowings (Note 13)	35,331	45,914
Lease liability	7,812	7,217
Convertible debentures (Note 14)	4,235	4,235
Deferred acquisition costs - current (Note 12(a))	49,438	24,344
Other liabilities – current (Note 12(b))	9,434	12,675
<b>Total current liabilities</b>	<b>149,555</b>	<b>137,296</b>
Notes payable and other borrowings - non-current (Note 13)	234,746	253,125
Lease liability – non-current	51,592	53,971
Convertible debentures - non-current (Note 14)	39,079	37,474
Deferred tax liabilities (Note 15)	13,723	10,662
Unearned revenue - non-current (Note 11)	470	510
Deferred acquisition costs – non-current (Note 12(a))	47,653	61,259
Other liabilities – non-current (Note 12(b))	76	76
<b>Total liabilities</b>	<b>536,894</b>	<b>554,373</b>
<b>Equity</b>		
Share capital (Note 16)	637,014	633,509
Contributed surplus (Note 16)	45,843	43,988
Accumulated other comprehensive income (loss)	(2,043)	5,383
Accumulated deficit	(72,662)	(64,643)
<b>Equity attributable to owners of WELL Health Technologies Corp.</b>	<b>608,152</b>	<b>618,237</b>
Non-controlling interests	92,929	89,813
<b>Total equity</b>	<b>701,081</b>	<b>708,050</b>
<b>Total equity and liabilities</b>	<b>1,237,975</b>	<b>1,262,423</b>

*Commitments and contingencies (Note 12(c))*  
*Events after the reporting period (Note 22)*

Approved by the Directors:

"Hamed Shahbazi"

"Thomas Liston"

## 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
<b>Balance at December 31, 2021</b>	<b>209,147,462</b>	<b>633,509</b>	<b>43,988</b>	<b>5,383</b>	<b>(64,643)</b>	<b>618,237</b>	<b>89,813</b>	<b>708,050</b>
Options exercised (Note 16)	159,375	418	(197)	-	-	221	-	221
Shares issued for RSUs/PSUs (Note 16)	899,016	3,087	(3,087)	-	-	-	-	-
Stock-based compensation (Note 16)	-	-	5,139	-	-	5,139	-	5,139
Non-controlling interests via business combination (Note 19)	-	-	-	-	-	-	2,501	2,501
Distributions	-	-	-	-	-	-	(5,049)	(5,049)
Foreign currency translations of foreign subsidiaries (Loss)/income for the period	-	-	-	(7,426)	-	(7,426)	(45)	(7,471)
					(8,019)	(8,019)	5,709	(2,310)
<b>Balance at March 31, 2022</b>	<b>210,205,853</b>	<b>637,014</b>	<b>45,843</b>	<b>(2,043)</b>	<b>(72,662)</b>	<b>608,152</b>	<b>92,929</b>	<b>701,081</b>
<b>Restated balance at December 31, 2020</b>	<b>162,998,852</b>	<b>231,885</b>	<b>6,374</b>	<b>(746)</b>	<b>(20,860)</b>	<b>216,653</b>	<b>1,695</b>	<b>218,348</b>
Share issue costs (Note 16)	-	(753)	-	-	-	(753)	-	(753)
Options exercised (Note 16)	9,375	28	(7)	-	-	21	-	21
Warrants exercised (Note 16)	119,656	172	(64)	-	-	108	-	108
Shares issued for deferred acquisition costs (Note 12(a))	2,989	23	-	-	-	23	-	23
Shares issued for working capital holdback	156,746	1,279	-	-	-	1,279	-	1,279
Stock-based compensation (Note 16)	-	-	2,993	-	-	2,993	-	2,993
Foreign currency translations of foreign subsidiaries Loss for the period (Note 19)	-	-	-	(32)	-	(32)	(14)	(46)
					(7,474)	(7,474)	(46)	(7,520)
<b>Restated Balance at March 31, 2021</b>	<b>163,287,618</b>	<b>232,634</b>	<b>9,296</b>	<b>(778)</b>	<b>(28,334)</b>	<b>212,818</b>	<b>1,635</b>	<b>214,453</b>

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

**WELL Health Technologies Corp.**  
**Consolidated Statements of Cash Flows**

(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated)

	Three months ended	
	restated (Note 19)	
	March 31, 2022	March 31, 2021
	\$'000	\$'000
<b>Cash flows provided by/(used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(2,310)	(7,520)
<i>Adjustments to net loss for non-cash items:</i>		
Interest income accretion	(33)	(40)
Interest expense accretion and accreted interest on convertible debentures	2,957	321
Exchange difference on translation of foreign subsidiaries and others	(1,008)	(46)
Change in fair value of investments	(602)	-
Depreciation and amortization	12,739	2,029
Share of loss of associates	148	64
Stock-based compensation (Note 16)	5,139	2,993
Change in non-cash operating items (Note 20)	(3,630)	3,397
<b>Net cash provided by/(used in) operating activities</b>	<b>13,400</b>	<b>1,198</b>
<b>Investing activities</b>		
Restricted cash	-	4,169
Business acquisitions, net of cash acquired (Notes 19 & 20)	-	(4,033)
Asset acquisitions (Notes 19 & 20)	(111)	-
Equity and debt investments in associates and others (Note 20)	-	(773)
Acquisition of property and equipment	(1,075)	(105)
Working capital holdbacks	13	(2,301)
Deferred acquisition costs (Note 12(a))	(4,746)	(308)
<b>Net cash used in investing activities</b>	<b>(5,919)</b>	<b>(3,351)</b>
<b>Financing activities</b>		
Share issue costs	-	(753)
Loan advances	3,482	-
Loan repayments	(29,768)	(47)
Options exercised	221	21
Agent warrants exercised	-	108
Transactions with non-controlling interests	(5,049)	-
Lease payments	(2,399)	(911)
Lease payments received	168	95
<b>Net cash used in financing activities</b>	<b>(33,345)</b>	<b>(1,487)</b>
<b>Net change in cash</b>	<b>(25,864)</b>	<b>(3,640)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>61,919</b>	<b>86,890</b>
<b>Cash and cash equivalents - end of period</b>	<b>36,055</b>	<b>83,250</b>
Cash paid for:-		
Interest	(2,128)	(136)
Income tax	(1,134)	-

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)

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**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.

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

The Company's Board of Directors approved these condensed interim consolidated financial statements on May 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 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 revenues for the three months ended March 31, 2022, and 2021:

	Three months ended			
	March 31, 2022		March 31, 2021	
	\$'000		\$'000	
Public insured	41,923	33%	7,668	30%
Non-public and other	46,506	37%	4,014	16%
<b>Omni-channel Patient Services</b>	<b>88,429</b>	<b>70%</b>	11,682	46%
<b>Virtual Services</b>	<b>38,079</b>	<b>30%</b>	13,878	54%
<b>Total Revenue</b>	<b>126,508</b>	<b>100%</b>	25,560	100%

#### 6. General and administrative expenses

The following table shows the details of general and administrative expenses for the three months ended March 31, 2022, and 2021:

	Three months ended	
	March 31, 2022	March 31, 2021
	\$'000	\$'000
Wages and benefits	23,800	5,849
Professional and consulting fees	4,816	3,416
Office expenses	3,082	522
Marketing and promotion	9,907	682
Others	2,571	763
	<b>44,176</b>	11,232

**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 months ended March 31, 2022, and 2021:

	<b>Three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$'000</b>	\$'000
Interest accretion on subleases	<b>33</b>	26
Interest income on cash and cash equivalents and others	<b>69</b>	294
<b>Interest income</b>	<b>102</b>	320
Interest accretion on leases	<b>(657)</b>	(269)
Accretion of discount on deferred acquisition costs (Note 12(a))	<b>(609)</b>	(53)
Interest on convertible debentures	<b>(1,605)</b>	-
Interest on note payable and other borrowings	<b>(2,165)</b>	(136)
Amorization of deferred financing fees	<b>(118)</b>	-
<b>Interest expense</b>	<b>(5,154)</b>	(458)

**8. Accounts and other receivables**

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

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$'000</b>	\$'000
Accounts Receivable - gross	<b>76,270</b>	67,683
Less Expected credit losses	<b>(1,920)</b>	(1,091)
	<b>74,350</b>	66,592
Accounts receivable - gross		
Omni-channel Patient Services - Specialized - CRH	<b>46,672</b>	40,269
Omni-channel Patient Services - Specialized - MyHealth	<b>12,342</b>	12,204
Omni-channel Patient Services - Primary	<b>8,507</b>	6,823
Virtual Services and others	<b>8,749</b>	8,387
	<b>76,270</b>	67,683

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its receivables. As at March 31, 2022, the Company recognized expected credit losses of \$1,920 (December 31, 2021 – \$1,091), 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. Prepayments and other assets**

	<b>March 31,</b>	December 31,
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<i>Current:</i>		
Prepayments	<b>3,461</b>	4,688
Others	<b>5,717</b>	8,396
	<b>9,178</b>	13,084
<i>Non-current:</i>		
Others	<b>474</b>	644
	<b>9,652</b>	13,728

**10. Intangible assets and Goodwill**

	Customer relationships \$'000	Technology \$'000	Brand \$'000	Licences and Patents \$'000	Intangibles Total \$'000	Goodwill \$'000
<b>COST</b>						
<b>Restated balance at December 31, 2020</b>	28,984	13,778	531	-	<b>43,293</b>	<b>94,008</b>
Acquired via business combinations (Note 19)	260,672	10,206	-	40,248	<b>311,126</b>	<b>513,960</b>
Acquired via asset acquisitions (Note 19)	79,073	-	-	1,105	<b>80,178</b>	-
Exchange difference	8,049	99	-	-	<b>8,148</b>	<b>3,779</b>
<b>Balance at December 31, 2021</b>	<b>376,778</b>	<b>24,083</b>	<b>531</b>	<b>41,353</b>	<b>442,745</b>	<b>611,747</b>
Acquired via asset acquisitions (Note 19)	20,386	-	-	730	<b>21,116</b>	-
Disposals	-	-	-	(1,800)	<b>(1,800)</b>	-
Exchange difference	(8,162)	(270)	-	(60)	<b>(8,492)</b>	<b>(4,454)</b>
<b>Balance at March 31, 2022</b>	<b>389,002</b>	<b>23,813</b>	<b>531</b>	<b>40,223</b>	<b>453,569</b>	<b>607,293</b>
<b>ACCUMULATED AMORTIZATION</b>						
<b>Restated balance at December 31, 2020</b>	(2,873)	(177)	(22)	-	<b>(3,072)</b>	-
Amortization for the period	(28,237)	(2,309)	(53)	-	<b>(30,599)</b>	-
Exchange difference	(3,540)	(16)	-	-	<b>(3,556)</b>	-
<b>Balance at December 31, 2021</b>	<b>(34,650)</b>	<b>(2,502)</b>	<b>(75)</b>	-	<b>(37,227)</b>	-
Amortization for the period	(8,930)	(666)	(13)	-	<b>(9,609)</b>	-
Exchange difference	3,496	11	-	-	<b>3,507</b>	-
<b>Balance at March 31, 2022</b>	<b>(40,084)</b>	<b>(3,157)</b>	<b>(88)</b>	-	<b>(43,329)</b>	-
<b>NET CARRYING AMOUNTS</b>						
As at December 31, 2021	342,128	21,581	456	41,353	405,518	611,747
As at March 31, 2022	<b>348,918</b>	<b>20,656</b>	<b>443</b>	<b>40,223</b>	<b>410,240</b>	<b>607,293</b>

**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. Unearned revenue**

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$'000</b>	\$'000
Balance, beginning of period	<b>4,752</b>	2,900
Acquired via business combinations (Note 19)	-	2,177
Billings	<b>5,144</b>	13,665
Revenue recognized	<b>(4,490)</b>	(13,990)
<b>Balance, end of the period</b>	<b>5,406</b>	4,752
Current portion of Unearned revenue	<b>4,936</b>	4,242
Non-current portion of Unearned revenue	<b>470</b>	510
<b>Balance, end of the period</b>	<b>5,406</b>	4,752

**12. Deferred acquisition costs and Other liabilities****(a) Deferred acquisition costs**

Deferred acquisition costs are certain time-based earn-out payments that are treated as purchase consideration for business combinations and asset acquisitions (Note 19).

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$'000</b>	\$'000
<i>Current:</i>	<b>49,438</b>	24,344
<i>Non-current:</i>	<b>47,653</b>	61,259
	<b>97,091</b>	85,603
		\$'000
<b>Balance at December 31, 2020</b>		<b>2,159</b>
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		138
<b>Balance at December 31, 2021</b>		<b>85,603</b>
Additions via business combinations and asset acquisitions (Note 19)		15,939
Accretion of discount		609
Settlement in cash		(4,746)
Exchange difference		(314)
<b>Balance at March 31, 2022</b>		<b>97,091</b>

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

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

**(b) Other liabilities**

	March 31, 2022 \$'000	December 31, 2021 \$'000
<i>Current:</i>		
Working Capital Holdback	<b>898</b>	882
Others	<b>8,536</b>	11,793
	<b>9,434</b>	12,675
<i>Non-current:</i>		
Others	<b>76</b>	76

**(c) Maturities of financial liabilities**

	<i>Undiscounted payments due by period</i>				
	<b>Total</b> \$'000	Less than 1 year \$'000	1-3 years \$'000	4-5 years \$'000	After 5 years \$'000
<b>At March 31, 2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred acquisition costs and time-based earnouts	<b>124,530</b>	54,689	51,887	17,954	-
Lease obligations' minimum payments	<b>72,471</b>	9,721	17,981	15,884	28,885
Accounts payable and accrued liabilities	<b>38,369</b>	38,369	-	-	-
Working capital holdbacks	<b>898</b>	898	-	-	-
Other current and non-current liabilities	<b>8,612</b>	8,536	76	-	-
Notes payable and other borrowings	<b>270,809</b>	35,331	396	235,082	-
Convertible debentures	<b>89,635</b>	4,235	7,700	77,700	-
Other operating commitments	<b>1,134</b>	1,134	-	-	-
	<b>606,458</b>	<b>152,913</b>	<b>78,040</b>	<b>346,620</b>	<b>28,885</b>

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

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

**13. Notes payable and other borrowings**

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$'000</b>	\$'000
<i>Current portion:</i>		
RBC	<b>25,268</b>	25,767
Others	<b>10,063</b>	20,147
	<b>35,331</b>	45,914
<i>Non-current portion:</i>		
RBC	<b>45,833</b>	46,408
JPM	<b>188,100</b>	205,676
Others	<b>813</b>	1,041
	<b>234,746</b>	253,125
Total	<b>270,077</b>	299,039

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

On May 11, 2022, the Company settled the third tranche of the promissory note issued to the former shareholders of MyHealth (Note 22) including accrued interest with an issuance of 2,320,897 units of common shares.

The Company was in compliance with all covenants as at March 31, 2022.

The consolidated minimum loan payments (principal) for CRH and MyHealth loan agreements in the future are as follows:

<b>At March 31, 2022</b>	<b>CRH Minimum Principal US\$'000</b>	<b>MyHealth Minimum Principal \$'000</b>
2022	-	1,875
2023	-	2,500
2024	-	2,500
2025	151,114	64,775
	<u>151,114</u>	<u>71,650</u>

**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)

**14. Convertible debentures**

	<b>\$'000</b>
<b>Balance as of December 31, 2020</b>	-
Proceeds from the issuance of convertible debentures, November 25, 2021	70,000
Less transaction costs	(3,890)
	66,110
Amount classified as equity (conversion rights), net of transaction costs	(25,042)
Interest accreted (Note 7)	641
<b>Balance as of December 31, 2021</b>	41,709
Interest accreted (Note 7)	1,605
<b>Balance as of March 31, 2022</b>	43,314
<b>Current (Interest payable within one year)</b>	4,235
<b>Non-current</b>	39,079
	43,314

**15. Deferred tax liabilities**

As at March 31, 2022, the Company had net recognized deferred tax liabilities related to its operations. The Company has recorded deferred income tax assets available as it is probable that the benefits of these assets will be realized. Movement in the deferred tax balances is recorded in the consolidated statement of loss. The following table summarizes the Company's net recognized deferred tax liabilities as at March 31, 2022 and December 31, 2021:

	<b>March 31, 2022 \$'000</b>	December 31, 2021 \$'000
Deferred income tax assets:		
Non-capital losses carried forwards	<b>12,342</b>	4,153
Property and equipment	<b>1,633</b>	1,722
Share and debt transaction costs	<b>1,567</b>	1,510
Accounts receivable	<b>1,101</b>	1,101
Accrued interest	<b>2,151</b>	1,593
ROU Assets, lease receivable, and lease liabilities	<b>334</b>	286
Contingent liability	<b>1,911</b>	1,902
Stock-based compensation	<b>1,732</b>	1,606
Deferred income tax liabilities:		
Intangible assets	<b>(36,477)</b>	(24,519)
Other	<b>(17)</b>	(16)
<b>Net deferred income tax liabilities</b>	<b>(13,723)</b>	(10,662)

## 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)

As at March 31, 2022, the Company also has unrecognized deferred tax assets related to its operations. The non-capital losses carried forward are available in the respective jurisdictions of the entities, including Canada, United States, Australia, and New Zealand. These deferred tax assets have not been recognized in the consolidated statements of financial position because of the significant uncertainty regarding whether such benefits will be realized. The following table summarizes the Company's unrecognized deferred tax assets as at March 31, 2022 and December 31, 2021:

	<b>March 31, 2022 \$'000</b>	December 31, 2021 \$'000
Nature of deferred tax assets:		
Non-capital losses carried forward	<b>48,793</b>	39,846
Fixed assets	<b>9,569</b>	9,561
Share and debt transaction costs	<b>6,800</b>	7,376
ROU Assets, lease receivable, and lease liabilities	<b>1,325</b>	1,321
Convertible debentures	<b>2,246</b>	642
Charitable donations	<b>152</b>	102
<b>Unrecognized deferred tax assets</b>	<b>68,885</b>	58,848

## 16. Share capital

### a) Authorized

Unlimited common shares without par value.

### b) Issued Common Shares

As at March 31, 2022, the issued share capital consisted of 210,205,853 (December 31, 2021 – 209,147,462) common shares.

### c) Normal Course Issuer Bid ("NCIB")

On May 10, 2021, the Company announced that the Notice of an Intention it filed to make an NCIB was approved by the TSX. Under the NCIB, the Company may acquire up to an aggregate of 4,879,031 common shares from May 12, 2021 to May 11, 2022. In accordance with TSX rules, daily purchases made by the Company on the TSX will not exceed 260,501 common shares, subject to certain prescribed exemptions, being 25% of the average daily trading volume over the preceding six calendar months of 1,042,004 common shares. As of April 26, 2022, 50,000 shares have been purchased and cancelled in conjunction with this NCIB.

### d) Options to purchase common shares

#### (i) Movement in share options

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

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

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

	<b>March 31, 2022</b>		December 31, 2021	
	<b>Number of options</b>	<b>Weighted average exercise price \$</b>	Number of options	Weighted average exercise price \$
Balance outstanding, beginning of year	<b>6,437,274</b>	<b>1.03</b>	6,974,099	1.03
Options granted	-	-	163,000	5.46
Options exercised	<b>(159,375)</b>	<b>(1.39)</b>	(501,075)	(0.76)
Options forfeited	<b>(11,875)</b>	<b>(2.77)</b>	(198,750)	(5.07)
Balance outstanding, end of period	<b>6,266,024</b>	<b>1.02</b>	6,437,274	1.03

During the three months ended March 31, 2022 and 2021, the Company recognized \$147 and \$449 respectively, of stock-based compensation expense through the condensed interim consolidated statements of loss related to stock options.

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

The following table summarizes information concerning outstanding and exercisable options of the Company as at March 31, 2022:

<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price \$</b>	<b>Weighted average remaining contractual life (years)</b>
407,774	407,774	0.25	0.21
894,690	894,690	0.39	0.71
2,469,000	2,426,818	0.50	1.15
350,000	248,754	0.43	1.81
1,115,935	587,197	1.42	2.28
703,125	275,309	2.24	3.10
230,500	86,128	3.25	3.34
95,000	29,688	6.94	3.69
<b>6,266,024</b>	<b>4,956,358</b>		<b>1.60</b>

The weighted average exercise price of options exercisable as at March 31, 2022 is \$0.75 (December 31, 2021 - \$0.73).

**e) Restricted Share Units ("RSUs")**

The changes in RSUs during the three months ended March 31, 2022 and year ended December 31 2021 were as follows:

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

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

	<b>March 31, 2022</b>	December 31, 2021
	<b>Number of RSUs</b>	Number of RSUs
Balance outstanding, beginning of year	<b>4,367,723</b>	3,564,497
Units granted	-	3,473,584
Units vested	<b>(896,836)</b>	(2,028,521)
Units forfeited	<b>(60,181)</b>	(641,837)
Balance outstanding, end of period	<b>3,410,706</b>	4,367,723

During the three months ended March 31, 2022 and 2021, the Company recognized \$3,549 and \$2,084, respectively, of stock-based compensation expense through the condensed interim consolidated statements of loss related to RSUs.

**f) Performance Share Units ("PSUs")**

The changes in PSUs during the three months ended March 31, 2022 and 2021 were as follows:

	<b>March 31, 2022</b>	December 31, 2021
	<b>Number of PSUs</b>	Number of PSUs
Balance outstanding, beginning of year	<b>1,505,091</b>	719,729
Units granted	-	1,373,059
Units vested	<b>(2,180)</b>	(295,248)
Units forfeited	<b>(47,096)</b>	(292,449)
Balance outstanding, end of period	<b>1,455,815</b>	1,505,091

During the three months ended March 31, 2022 and 2021, the Company recognized \$1,443 and \$460, respectively, of stock-based compensation expense through the condensed interim consolidated statements of loss related to PSUs.

**17. 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 members of the senior executive team. The remuneration of the Company's key management personnel during the three months ended March 31, 2022 and 2021 was as follows:



## WELL Health Technologies Corp.

### Notes to Condensed Interim Consolidated Financial Statements

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

	<b>Three months ended</b>	
	<b>March 31,</b>	March 31,
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Wages	<b>220</b>	145
Consulting fees	-	45
Stock-based compensation expense	<b>1,406</b>	415
	<b>1,626</b>	605

Included in Prepayments and other assets - current as at March 31, 2022 and December 31, 2021 is \$2,789 and \$2,550, respectively, of receivables from related parties. These receivables were primarily due to payroll tax on stock issuance with respect to the RSUs for the related parties.

## 18. Segment reporting

The Company has the following operating segments: (1) clinical operations and allied health, (2) electronic medical record ("EMR"), (3) billing and revenue cycle management solutions, (4) digital apps, (5) cybersecurity, (6) CRH, (7) MyHealth, and (8) corporate/shared services. They are grouped into the reporting segments in the tables below. Please refer to footnote (1) of the tables below for groupings.

For the three months ended March 31, 2022 and 2021:

	<----Omni-channel Patient Services---->											
	Primary <sup>(1)</sup>		Specialized- CRH <sup>(1)</sup>		Specialized- MyHealth <sup>(1)</sup>		Virtual Services <sup>(1)</sup>		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	<b>16,095</b>	11,682	<b>48,180</b>	-	<b>24,154</b>	-	<b>38,079</b>	13,878	<b>1,570</b>	1,350	<b>128,078</b>	26,910
Inter-segment revenue	-	-	-	-	-	-	-	-	<b>(1,570)</b>	(1,350)	<b>(1,570)</b>	(1,350)
<b>Revenue from external customers</b>	<b>16,095</b>	11,682	<b>48,180</b>	-	<b>24,154</b>	-	<b>38,079</b>	13,878	-	-	<b>126,508</b>	25,560
General & Administrative <sup>(2)</sup>	<b>3,771</b>	2,991	<b>4,341</b>	-	<b>10,209</b>	-	<b>23,981</b>	5,917	<b>1,874</b>	2,324	<b>44,176</b>	11,232
<b>Segment profit (loss) before tax, interest and depreciation and amortization<sup>(2)</sup></b>	<b>1,606</b>	1,149	<b>21,355</b>	-	<b>3,439</b>	-	<b>(336)</b>	(120)	<b>(8,460)</b>	(6,167)	<b>17,604</b>	(5,138)
Goodwill and intangible assets	<b>30,391</b>	18,179	<b>579,094</b>	-	<b>204,433</b>	-	<b>203,615</b>	117,872	-	-	<b>1,017,533</b>	136,051

Notes:

- (1) **Omni-channel Patient Services – Primary** includes clinical operations and allied health. **Omni-channel Patient Services - Specialized** comprises CRH and MyHealth under two segments. **Virtual Services** includes EMR, billing and revenue cycle management solutions, digital apps, and cybersecurity.
- (2) (a) General & administrative included \$10,245 and \$682 spent on marketing and promotion for the three months ended March 31, 2022 and 2021, respectively, and \$5,139 and \$2,993 of non-cash stock-based compensation expense for the three months ended March 31, 2022 and 2021 respectively.  
(b) Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16.

**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)

See below information by geographic region for the three months ended March 31, 2022 and 2021:

	US		Canada and others		Canada (Corporate/shared services)		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total segment revenue	72,084	2,518	54,424	23,042	1,570	1,350	128,078	26,910
Inter-segment revenue	-	-	-	-	(1,570)	(1,350)	(1,570)	(1,350)
<b>Revenue from external customers</b>	<b>72,084</b>	2,518	-	-	-	-	<b>126,508</b>	25,560
General & Administrative <sup>(1)</sup>	19,677	1,315	22,625	7,593	1,874	2,324	44,176	11,232
<b>Segment profit (loss) before tax, interest and depreciation and amortization<sup>(1)</sup></b>	<b>21,957</b>	(584)	<b>4,107</b>	1,613	<b>(8,460)</b>	(6,167)	<b>17,604</b>	(5,138)
Goodwill and intangible assets	649,281	23,132	368,252	112,919	-	-	1,017,533	136,051

Notes:

- (1) (a) General & administrative included \$10,245 and \$682 spent on marketing and promotion for the three months ended March 31, 2022 and 2021, and \$5,139 and \$2,993 of non-cash stock-based compensation expense for the three months ended March 31, 2022 and 2021 respectively.  
(b) Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16.

**19. Business combinations and asset acquisitions**

For the three months ended March 31, 2022

During the three months ended March 31, 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 holdback; and
- (iii) deferred purchase consideration that is considered to be deferred acquisition cost.

**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)

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Asset acquisitions

During the three months ended March 31, 2022, the Company has made the following asset acquisitions through CRH:

	<b>WCSA</b>	<b>GCAA</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash	1,649	-	1,649
Pre-transaction equity interest	765	-	765
Deferred acquisition cost (Note 12(a))	143	15,796	15,939
Acquisition-related transaction cost	45	132	177
<b>Purchase consideration</b>	<b>2,602</b>	<b>15,928</b>	<b>18,530</b>

## 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)
	<b>2,602</b>	<b>15,928</b>	<b>18,530</b>

PSA amortization term	15 years	10 years
Ownership	51%	100%

2020 and 2021 Purchase Price Allocation finalization and restatement

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 the finalization of those acquired in 2020, certain 2020 amounts were restated to reflect the final fair values allocated to the intangible assets acquired. This also impacted amortization and net loss recorded in 2020. As a result of the finalization of the purchase accounting of those businesses acquired in 2021 and those in 2020, certain amounts recorded at the acquisition date were adjusted to reflect the final fair values allocated to the intangible assets acquired, which also impacted amortization and net loss recorded for the period ended March 31, 2021. As a result, these periods have been marked as restated.

**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)

**20. Cash Flow Information**

	<b>Three months ended</b>	
	restated (Note 19)	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$'000</b>	\$'000
<b>Change in non-cash operating items:</b>		
Accounts and other receivables	(7,758)	878
Inventory	(109)	916
Other current assets	3,905	(135)
Other non-current assets	169	(24)
Accounts payable and accrued liabilities	(298)	1,392
Unearned revenue	654	(588)
Income tax payable	(5,155)	349
Deferred tax assets	3,684	-
Deferred tax liabilities	(623)	(152)
Other current liabilities	1,901	761
	<b>(3,630)</b>	3,397

	<b>Three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$'000</b>	\$'000
<b>Equity and debt investments in associates and others:</b>		
Investment in Phelix	-	(523)
Investment in Twig	-	(250)
	-	(773)

	<b>Three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$'000</b>	\$'000
<b>Business acquisitions, net of cash acquired (Note 19):</b>		
Adracare	-	(3,698)
Open Health	-	(335)
	-	(4,033)

<b>Asset acquisitions (Note 19):</b>		
Acquisition of GCAA	(132)	-
Acquisition of WCSA	(1,049)	-
MyHealth licences swap	1,070	-
	<b>(111)</b>	-

**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)

**21. Financial Instruments**

## a. Classification of financial instruments

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

	<b>March 31,</b>	December 31,
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	<b>36,055</b>	61,919
Accounts and other receivables	<b>74,350</b>	66,592
Lease receivable	<b>2,596</b>	2,730
Other current and non-current assets	<b>9,652</b>	13,728
	<b>122,653</b>	144,969
<b>Financial assets at fair value through profit or loss ("FVPL")</b>		
Equity and debt investments	<b>5,106</b>	5,392
<b>Financial liabilities at amortized cost</b>		
Accounts payable and accrued liabilities	<b>38,369</b>	38,669
Notes payable and other borrowings	<b>270,077</b>	299,039
Deferred acquisition costs	<b>97,091</b>	85,603
Convertible debentures	<b>43,314</b>	41,709
Lease liability	<b>59,404</b>	61,188
Other current and non-current liabilities	<b>9,510</b>	12,751
	<b>517,765</b>	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 March 31, 2022 the fair value of the convertible debenture, including the equity component, is \$6,860, which is based on the closing trade price of the convertible debentures on March 31, 2022.

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

**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)

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

The Company's notes payable and other borrowings balance, which is mainly comprised of the JPM facility, the RBC facility, and the promissory note with the former shareholders of MyHealth (Note 16), are floating rate instruments which are based on LIBOR/CDOR plus 1.25% 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 US\$146,313 (\$182,833) for the JPM facility, \$71,650 for RBC facility, and \$10,000 for the promissory note with the former shareholders of MyHealth as at March 31, 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 March 31, 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 March 31, 2022, the Company had \$74,350 (December 31, 2021 - \$66,592) of accounts and other receivables (Note 8).

## **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)

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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 March 31, 2022, the Company's major interest bearing liability is its JPM facility, RBC facility, and promissory note issued to the former shareholders of MyHealth (Note 13). With all other variables held constant, a 10% increase in the interest rate would have reduced net income by approximately \$197 (2021 – nil) for the three months ended March 31, 2022. There would be an equal and opposite impact on net income 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 majority part of the 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 United States dollar would result in approximately \$1.3 million change in the Company's net income.

## **22. Events after the reporting period**

On April 26, 2022, the Company filed its Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange ("TSX"). The NCIB remains subject to approval by the TSX and would be a renewal of its current NCIB expiring May 11, 2022. Since March 31, 2022, WELL purchased 50,000 shares, at an average price of \$4.85 on the TSX pursuant to its expiring NCIB.

On May 9, 2022 the Company entered into a forward contract to sell US\$5 million at a fixed foreign exchange rate from August 10 to November 8, 2022.

On May 11, 2022, the Company settled the third tranche of the promissory note issued to the former shareholders of MyHealth (Note 13) including accrued interest with an issuance of 2,320,897 units of common shares.