WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements

Three and Six months ended June 30, 2021

Expressed in thousands of Canadian Dollars

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

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	$'000	$'000	**$'000**	$'000
Revenue (Note 5)	**61,793**	10,578	**87,353**	20,805
Expenses				
Cost of sales (excluding depreciation and amortization)	**(31,589)**	(6,351)	**(47,110)**	(12,636)
General and administrative (Note 6)	**(20,054)**	(4,494)	**(31,286)**	(8,363)
Depreciation and amortization	**(12,144)**	(826)	**(13,586)**	(1,554)
Stock-based compensation (Note 15)	**(4,309)**	(1,044)	**(7,302)**	(1,676)
Foreign exchange loss	**(4,842)**	-	**(4,853)**	-
Operating loss	**(11,145)**	(2,137)	**(16,784)**	(3,424)
Interest income (Note 7)	**94**	86	**414**	175
Interest expense (Note 7)	**(1,351)**	(642)	**(1,809)**	(1,094)
Time-based earn-out expense (Note 18)	**(996)**	(511)	**(1,887)**	(845)
Income tax expense	**(1,120)**	(113)	**(1,487)**	(169)
Other income	**401**	14	**415**	40
Net loss for the period before share of loss of associates	**(14,117)**	(3,303)	**(21,138)**	(5,317)
Share of income (loss) of associates, net of tax	**8**	(85)	**(56)**	(85)
Net loss for the period	**(14,109)**	(3,388)	**(21,194)**	(5,402)
Net (loss) profit for the period attributable to:				
Owners of WELL Health Technologies Corp.	**(15,605)**	(3,422)	**(22,644)**	(5,463)
Non-controlling interests	**1,496**	34	**1,450**	61
	(14,109)	(3,388)	**(21,194)**	(5,402)
Other comprehensive loss				
Items that will not be reclassified to profit or loss:				
Exchange difference on translation of foreign operations	**(335)**	-	**(381)**	-
Total comprehensive loss for the period	**(14,444)**	(3,388)	**(21,575)**	(5,402)
Total comprehensive loss for the period attributable to:				
Owners of WELL Health Technologies Corp.	**(15,923)**	(3,422)	**(22,994)**	(5,463)
Non-controlling interests	**1,479**	34	**1,419**	61
	(14,444)	(3,388)	**(21,575)**	(5,402)
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	**(0.08)**	(0.03)	**(0.13)**	(0.04)
Weighted average number of common shares outstanding				
Basic and diluted	**187,778,646**	126,181,778	**175,519,058**	122,162,548

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)

	June 30, 2021	31 December, 2020
As at	**$'000**	$'000
Assets		
Current		
Cash and cash equivalents	**70,614**	86,890
Restricted cash	**-**	4,169
Accounts and other receivables (Note 8)	**40,384**	8,654
Inventory and work in progress	**640**	1,268
Lease receivable – current	**413**	282
Other assets – current (Note 9)	**9,602**	2,114
Total current assets	**121,653**	103,377
Financial assets at fair value through profit and loss (Note 18)	**3,582**	304
Investment accounted for using the equity method	**5,082**	5,042
Lease receivable – non-current	**1,708**	1,521
Other assets – non-current (Note 9)	**452**	246
Deferred tax assets (Note 10)	**28,379**	-
Property and equipment	**22,269**	20,892
Intangible assets (Notes 11 & 18)	**647,811**	131,346
Total assets	**830,936**	262,728
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	**22,602**	6,262
Unearned revenue (Note 12)	**3,675**	2,900
Notes payable and other borrowings (Note 14)	**2,399**	753
Lease liability	**3,355**	2,618
Other liabilities – current (Note 13)	**14,161**	10,103
Total current liabilities	**46,192**	22,636
Notes payable and other borrowings - non-current (Note 14)	**181,612**	948
Lease liability – non-current	**20,295**	19,249
Other liabilities - non-current (Note 13)	**6,270**	920
Total liabilities	**254,369**	43,753
Equity		
Share capital (Note 15)	**544,068**	231,885
Contributed surplus (Note 15)	**11,941**	6,374
Accumulated other comprehensive loss	**(419)**	(69)
Accumulated deficit	**(43,467)**	(20,823)
Equity attributable to owners of WELL Health Technologies Corp.	**512,123**	217,367
Non-controlling interests	**64,444**	1,608
Total equity	**576,567**	218,975
Total equity and liabilities	**830,936**	262,728

Events after the reporting period (Note 21)

Approved by the Directors:

"Hamed Shahbazi"
Director

"Thomas Liston"
Director

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

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

		Attributable to owners of WELL Health Technologies Corp.						
	Number of Shares	Share Capital $'000	Contributed Surplus $'000	Accumulated other comprehensive income (loss) $'000	Accumulated Deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at December 31, 2020	**162,998,852**	**231,885**	**6,374**	**(69)**	**(20,823)**	**217,367**	**1,608**	**218,975**
Private placement (Note 15)	30,867,324	302,500	-	-	-	302,500	-	302,500
Share issue costs (Note 15)	-	(4,027)	-	-	-	(4,027)	-	(4,027)
Options exercised (Note 15)	311,323	428	(177)	-	-	251	-	251
Warrants exercised (Note 15)	119,656	172	(64)	-	-	108	-	108
Shares issued for RSUs/PSUs	887,884	1,645	(1,645)	-	-	-	-	-
Shares issued for deferred acquisition costs (Note 13)	6,139	45	-	-	-	45	-	45
Shares issued for acquisitions (Note 18)	1,105,611	8,057	-	-	-	8,057	-	8,057
Shares issued for working capital holdback	429,826	3,363	-	-	-	3,363	-	3,363
Stock-based compensation (Note 15)	-	-	7,302	-	-	7,302	-	7,302
Non-controlling interests via business combination	-	-	-	-	-	-	66,436	66,436
Distributions/Other transactions with non-controlling interests	-	-	-	-	-	-	(5,043)	(5,043)
Other transactions with non-controlling interests	-	-	151	-	-	151	24	175
Foreign currency translations of foreign subsidiaries	-	-	-	(350)	-	(350)	(31)	(381)
(Loss)/profit for the period	-	-	-	-	(22,644)	(22,644)	1,450	(21,194)
Balance at June 30, 2021	**196,726,615**	**544,068**	**11,941**	**(419)**	**(43,467)**	**512,123**	**64,444**	**576,567**
Balance at December 31, 2019	**115,571,194**	**45,412**	**3,671**	**24**	**(17,137)**	**31,970**	**32**	**32,002**
Private placements	6,534,300	14,375	-	-	-	14,375	-	14,375
Share issue costs	-	(1,091)	-	-	-	(1,091)	-	(1,091)
Options exercised	268,750	203	(98)	-	-	105	-	105
Warrants exercised	471,456	627	(182)	-	-	445	-	445
Shares issued for deferred acquisition costs	69,415	134	-	-	-	134	-	134
Shares issued for acquisitions	1,625,092	3,600	-	-	-	3,600	-	3,600
Shares issued for RSUs/PSUs vested	388,669	169	(169)	-	-	-	-	-
Conversion rights of convertible debentures	-	-	744	-	-	744	-	744
Shares issued for conversion of convertible debentures	3,411,566	3,001	(216)	-	-	2,785	-	2,785
Stock-based compensation	-	-	1,676	-	-	1,676	-	1,676
Investment in associate	2,625,204	3,754	-	-	-	3,754	-	3,754
Transactions with non-controlling interests	-	-	-	-	-	-	(6)	(6)
(Loss)/profit for the period	-	-	-	-	(5,463)	(5,463)	61	(5,402)
Balance at June 30, 2020	**130,965,646**	**70,184**	**5,426**	**24**	**(22,600)**	**53,034**	**87**	**53,121**

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		Six months ended	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	$'000	$'000	**$'000**	$'000
Cash flows provided by (used in)				
Operating activities				
Net loss for the period	**(14,109)**	(3,388)	**(21,194)**	(5,402)
Adjustments to net loss for non-cash items:				
Non-cash interest income accretion (Note 7)	**(20)**	(55)	**(60)**	(86)
Non-cash interest expense accretion and non-cash interest on convertible debentures (Note 7)	**471**	641	**792**	1,093
Exchange difference	**(484)**	12	**(530)**	(13)
Depreciation and amortization	**12,144**	826	**13,586**	1,555
Share of (income)/loss of associates	**(8)**	85	**56**	85
Stock-based compensation (Note 15)	**4,309**	1,044	**7,302**	1,676
Loan forgiveness in other income	**(469)**	-	**(469)**	-
Change in non-cash operating items (Note 19)	**2,722**	36	**6,271**	(161)
Net cash provided by/(used in) operating activities	**4,556**	(799)	**5,754**	(1,253)
Investing activities				
Restricted cash	**-**	59	**4,169**	61
Business acquisitions, net of cash acquired (Notes 18 & 19)	**(289,181)**	(4,552)	**(293,214)**	(8,470)
Asset acqusitions (Notes 18 & 19)	**(10,391)**	-	**(10,391)**	-
Acquisition transaction costs included in accounts payable and accrued liabilities	**(24,121)**	-	**(24,121)**	-
Share issuance costs related to business acquisitions	**-**	(51)	**-**	(86)
Equity and debt investments in associates and others	**-**	(250)	**(773)**	(2,250)
Other transactions with non-controlling interests	**175**	-	**175**	-
Acquisition of property and equipment	**(235)**	(58)	**(340)**	(585)
Working capital holdbacks (Note 13)	**(1,436)**	-	**(3,737)**	-
Deferred acquisition costs (Note 13)	**(93)**	(207)	**(401)**	(1,378)
Net cash used in investing activities	**(325,282)**	(5,059)	**(328,633)**	(12,708)
Financing activities				
Private placements (Note 15)	**302,500**	14,375	**302,500**	14,375
Share issue costs (Note 15)	**(3,274)**	(1,091)	**(4,027)**	(1,091)
Convertible debentures	**-**	-	**-**	11,000
Debt issuance costs	**-**	-	**-**	(846)
Payment of interest on convertible debentures	**-**	(117)	**-**	(132)
Loan advances	**14,516**	-	**14,516**	-
Loan repayments	**(655)**	-	**(702)**	-
Options exercised	**230**	98	**251**	106
Agent warrants exercised	**-**	89	**108**	445
Transactions with non-controlling interests	**(4,775)**	(6)	**(4,775)**	(6)
Distribution from equity investment	**31**	-	**31**	-
Lease payments	**(1,050)**	(639)	**(1,961)**	(1,246)
Lease payments received	**127**	111	**222**	222
Net cash provided by financing activities	**307,650**	12,820	**306,163**	22,827
Effects of foreign exchange rate in cash and cash equivalents	**440**	-	**440**	-
Net change in cash	**(12,636)**	6,962	**(16,276)**	8,866
Cash and cash equivalents - beginning of period	**83,250**	17,548	**86,890**	15,644
Cash and cash equivalents - end of period	**70,614**	24,510	**70,614**	24,510

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 overarching 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 200-322 Water St, Vancouver, BC, V6B 1B6.

The Company's Board of Directors approved these condensed interim consolidated financial statements on August 11, 2021.

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, 2020 annual consolidated financial statements, which have been prepared in accordance with IFRS issued by the IASB.

The preparation of these condensed interim consolidated financial statements is based on accounting principles and practices consistent with those used in the preparation of the December 31, 2020 annual consolidated financial statements, except as disclosed below.

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 head office operations. 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, 2020 audited annual consolidated financial statements, except as noted below:

a) 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.

b) Consolidation and business combinations

These condensed interim consolidated financial statements incorporate the assets and liabilities of the Company and its wholly-owned and majority-owned subsidiaries and the results of the Company and its subsidiaries for the three and six months ended June 30, 2021 and 2020.

c) Omni-channel patient services

Revenue is derived from (a) the provision of anesthesia services and (b) ligator product sales.

Anesthesia service revenues are derived from anesthesia procedures performed under CRH Medical Corporation's ("CRH") professional services agreements. The fees for such services are billed either to a third party payor, including Medicare or Medicaid, or to the patient. The Company recognizes anesthesia service revenues, net of contractual adjustments, which are estimated based on the historical trend of cash collections and contractual adjustments. There is significant judgement involved in determining the estimated revenues that will be collected in the future due to the judgment required in estimating the amounts that third party payors will pay for services based on past collections. Anesthesia services procedures for each patient qualify as a distinct performance obligation, as they are provided simultaneously with other readily available resources during the service procedure. The transaction price is variable; variable consideration relates to contractual allowances, credit provisions and other discounts. IFRS requires management to estimate the transaction price, including any implicit concessions from the credit approval process. The Company adopted a portfolio approach to estimate variable consideration transaction price by payor type (patient, government and/or insurer) and the specifics of the services being provided. These portfolios share characteristics such that the results of applying a portfolio approach are not materially different than if the standard was applied to individual patient contracts. Revenue is recognized upon completion of the services.

The Company recognizes revenue from sale of its ligator products at the time the product is shipped, which is when title passes to the customer, and when all significant contractual obligations have been satisfied, collection is probable and the amount of revenue can be estimated reliably. Product sales contracts generally contain a single distinct performance obligation, but multiple performance obligations may exist when multiple product types are ordered by a physician in a contract. The transaction price for product sales is fixed and no variable consideration exists. Contract consideration is allocated to each distinct performance obligation in the contract based upon available stand-alone selling prices obtained from historical sales transactions for each product. Shipping services performed after control has passed to the customer, if any, is a separate performance obligation, but was determined to be nominal.

d) Asset acquisitions

Asset acquisitions are accounted for at cost. The acquisition cost includes directly related acquisition costs and transaction costs. The cost of the acquisition is allocated to the net assets acquired on a relative fair value basis. Contingent consideration, where the arrangement is not a derivative, is recognized when it is probable and estimable. After the initial acquisition accounting, changes in contingent and deferred consideration are recorded as an adjustment to the related asset.

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

The Company's policy is to recognize any non-controlling interest on consolidation either at fair value of the non-controlling interest or at the fair value of the proportionate share of the net assets acquired. Where the Company acquires an asset via a step transaction, the Company remeasures any previously held interest to fair value.

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, 2020 annual audited consolidated financial statements, except as described below.

Judgment is required in determining whether the Company is the principal in its Cybersecurity sales contracts, and report revenues on a gross basis; or the agent, and report revenues on a net basis. This evaluation includes, but is not limited to, assessing indicators such as whether the Company: (i) is primarily responsible for fulfilling the promise to provide the specified good or service, (ii) has inventory risk before the specified good or service has been transferred to a customer; and (iii) has discretion in establishing the price for the specified good or service. This evaluation could vary on a contract by contract basis. Estimates are required in the determination of anesthesia services revenues and the recoverability of the related trade receivables.

5. Revenue

The following table shows the details of revenues for the three and six months ended June 30, 2021 and 2020:

	Three months ended				**Six months ended**			
	June 30, 2021		June 30, 2020		**June 30, 2021**		June 30, 2020	
	$'000		$'000		**$'000**		$'000	
Public insured	**14,460**	**24%**	7,006	66%	**22,128**	**25%**	13,801	67%
Non-public and other	**34,846**	**56%**	1,227	12%	**38,860**	**44%**	2,955	14%
Omni-channel Patient Services	**49,306**	**80%**	8,233	78%	**60,988**	**70%**	16,756	81%
Virtual Services	**12,487**	**20%**	2,345	22%	**26,365**	**30%**	4,049	19%
Total Revenue	**61,793**	**100%**	10,578	100%	**87,353**	**100%**	20,805	100%

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

6. General and administrative expenses

The following table shows the details of general and administrative expenses for the three and six months ended June 30, 2021 and 2020:

	Three months ended		**Six months ended**	
	June 30, 2021 $'000	June 30, 2020 $'000	**June 30, 2021 $'000**	June 30, 2020 $'000
Wages and benefits	**9,516**	2,736	**15,365**	5,445
Professional and consulting fees	**3,697**	519	**7,113**	961
Office expenses	**537**	388	**1,059**	862
Marketing and promotion	**4,128**	579	**4,810**	674
Others	**2,176**	272	**2,939**	421
	20,054	4,494	**31,286**	8,363

7. Interest

The following table shows a breakdown of interest income and interest expense for the three and six months ended June 30, 2021 and 2020:

	Three months ended		**Six months ended**	
	June 30, 2021 $'000	June 30, 2020 $'000	**June 30, 2021 $'000**	June 30, 2020 $'000
Interest accretion on leases	**28**	30	**54**	61
Interest income on cash and cash equivalents	**66**	56	**346**	114
Others	**-**	-	**14**	-
Interest income	**94**	86	**414**	175
Interest accretion on leases	**(268)**	(226)	**(537)**	(444)
Accretion of discount on deferred acquisition costs (Note 13(a))	**(83)**	(44)	**(136)**	(101)
Interest on convertible debentures	**-**	(371)	**-**	(548)
Interest on loans and other	**(956)**	(1)	**(1,092)**	(1)
Amorization of deferred financing fees	**(44)**	-	**(44)**	-
Interest expense	**(1,351)**	(642)	**(1,809)**	(1,094)

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

8. Accounts and other receivables

The following table shows the details of the Company's accounts and other receivables at June 30, 2021 and December 31, 2020:

	June 30, 2021 $'000	December 31, 2020 $'000
Accounts Receivable - gross	**40,824**	8,664
Others	**-**	230
Less Expected credit losses	**(440)**	(240)
	40,384	8,654
Accounts receivable - gross		
Omni-channel Patient Services - Specialized	**32,167**	-
Omni-channel Patient Services - Primary	**3,825**	2,444
Virtual Services	**4,824**	6,220
Others	**8**	-
	40,824	8,664

The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. As at June 30, 2021, the Company recognized expected credit losses of $440 (December 31, 2020 - $240), which has been netted against 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.

9. Other assets

	June 30, 2021 $'000	December 31, 2020 $'000
Current:		
Prepayments	**1,538**	612
Income tax receivable	**3,622**	-
Others	**4,442**	1,502
	9,602	2,114
Non-current:		
Others	**452**	246
	10,054	2,360

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

10. Deferred tax assets

As at June 30, 2021, the Company has net deferred tax assets related to its operations. The net deferred tax assets have increased during this quarter as a result of the acquisition of CRH (see note 18). The following table summarizes the Company's recognized deferred tax assets as at June 30, 2021 and December 31, 2020:

	June 30, 2021 $'000	December 31, 2020 $'000
Deferred tax assets:		
Property and equipment	**43**	-
Intangible assets	**25,955**	-
Finance related costs	**885**	-
Reserves	**69**	-
Contingent liability	**846**	-
Stock-based compensation	**704**	-
Deferred tax liabilities:		
Reserves	**(101)**	-
Unrealized foreign exchange	**(22)**	-
Net deferred tax assets	**28,379**	-

As at June 30, 2021, the Company also has unrecognized deferred tax assets related to its operations. 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 June 30, 2021 and December 31, 2020:

	June 30, 2021 $'000	December 31, 2020 $'000
Non-capital loss carryforwards	**8,751**	3,688
Deductible temporary differences – financing costs	**2,836**	1,652
Deductible temporary differences - leases	**5,490**	5,416
Taxable temporary differences – intangible assets	**(5,408)**	(5,731)
Taxable temporary difference - property and equipment	**(4,681)**	(4,076)
Unrecognized deferred tax assets	**6,988**	949

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

11. Intangible assets

	Goodwill $'000	Customer relationships $'000	Professional Services Agreements $'000	Patents $'000	Total $'000
Cost					
Balance at December 31, 2019	13,579	11,924	-	-	25,503
PPA adjustment	3,251	-	-	-	3,251
Acquired via business combinations	93,289	12,052	-	-	105,341
Balance at December 31, 2020	110,119	23,976	-	-	134,095
PPA adjustment	1,796	-	-	-	1,796
Acquired via business combinations (Note 18)	351,073	-	160,677	34	511,784
Acquired via asset acquisitions (Note 18)	-	-	15,876	-	15,876
Exchange difference	-	-	(2,553)	-	(2,553)
Balance at June 30, 2021	**462,988**	**23,976**	**174,000**	**34**	**660,998**
Accumulated Amortization					
Balance at December 31, 2019	-	(624)	-	-	(624)
Amortization for the period	-	(2,125)	-	-	(2,125)
Balance at December 31, 2020	-	(2,749)	-	-	(2,749)
Amortization for the period	-	(1,199)	(10,652)	(1)	(11,852)
Exchange difference	-	-	1,414	-	1,414
Balance at June 30, 2021	**-**	**(3,948)**	**(9,238)**	**(1)**	**(13,187)**
Net Carrying Amounts					
As at December 31, 2020	110,119	21,227	-	-	131,346
As at June 30, 2021	**462,988**	**20,028**	**164,762**	**33**	**647,811**

12. Unearned revenue

	June 30, 2021 $'000	December 31, 2020 $'000
Balance, beginning of period	**2,900**	384
Acquired via business combinations	**1,434**	1,545
Billings	**5,989**	9,122
Revenue recognized	**(6,648)**	(8,151)
Balance, end of the period	**3,675**	2,900

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

13. Other Liabilities

	June 30, 2021 $'000	December 31, 2020 $'000
Current:		
Deferred Acquisition costs (Note 13a)	**2,674**	1,315
Income tax payable	**487**	65
Working Capital Holdback	**3,744**	6,751
Payroll liabilities, vacation accruals and others	**7,256**	1,972
	14,161	10,103
Non-current:		
Deferred Acquisition costs (Note 13a)	**6,194**	844
Others	**76**	76
	6,270	920

(a) Deferred Acquisition Costs

Deferred acquisition costs are certain time-based earn-out payments that are treated as purchase consideration for business combinations (Note 18).

	$'000
Balance at December 31, 2019	2,848
Additions via business combinations	2,113
Accretion of discount	144
Settlement in cash	(2,869)
Settlement in common shares	(77)
Balance at December 31, 2020	**2,159**
Additions via business combinations (Note 18)	7,066
Accretion of discount	136
Settlement in cash	(401)
Settlement in common shares	(45)
Exchange difference	(47)
Balance at June 30, 2021	**8,868**
Current portion of deferred acquisition costs	2,674
Non-current portion of deferred acquisition costs	6,194
Balance at June 30, 2021	**8,868**

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

14. Notes payable and other borrowings

	June 30, 2021	December 31, 2020
	$'000	$'000
Current portion	**2,399**	753
Non-current portion	**181,612**	948
Total	**184,011**	1,701

The Company, through its wholly owned subsidiary, CRH, holds a syndicated four-year revolving credit line with JP Morgan Chase ("JPM") as syndicate lead which provides up to USD$175 million in borrowing capacity and access to an accordion feature that increases the amount of the credit available to the Company by USD$125 million. Interest on the facility is calculated with reference to LIBOR plus 1.25% to 2.5%, dependent on the Total leverage ratio of the consolidated results of CRH. The JPM facility is secured by the assets of CRH and matures on April 22, 2025. Under the JPM Facility, there are no quarterly or annual repayment requirements. As of June 30, 2021, the Company had drawn USD$146,752 (CAD$181,884) under this facility.

As at June 30, 2021, the Company is required to maintain the following financial covenants in respect of this facility based on the consolidated results of CRH:

Financial Covenant	Required Ratio
Total Leverage Ratio(1)	Not greater than 4.75:1.00
Fixed Charge Coverage Ratio	Not less than 1.20:1.00

(1) The Total Leverage Ratio is not to exceed 4.75:1.00 until the quarter ended September 30, 2021, after which it will decrease to 4.25:1.00 for the quarter ended December 31, 2021 and 3.75:1.00 thereafter.

The Company is in compliance with all covenants as at June 30, 2021.

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

At June 30, 2021	**Minimum Principal US$'000**
Remainder of 2021	-
2025	146,752
	146,752

15. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at June 30, 2021, the issued share capital comprises 196,726,615 (December 31, 2020 – 162,998,852) common shares.

c) Private Placements

During the six months ended June 30, 2021, the Company completed a financing for $302,500. The financing was structured as a non-brokered offering of subscription receipts at a price of C$9.80 per subscription receipt (the "Offering"). Share issue costs incurred in connection with this financing totalled $4,027.

d) Normal Course Issuer Bid ("NCIB")

On March 23, 2020, the Company announced the NCIB of up to 5,943,822 common shares (5% of the issued and outstanding shares), commencing on March 25, 2020 and over the next 12-month period. No shares were purchased in conjunction with the 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.

e) Convertible Debentures and special warrants

During the six months ended June 30, 2021 and 2020, nil and 3,411,566, respectively, shares were issued upon the conversion of convertible debentures.

f) Options to purchase common shares

(i) Movement in share options

The changes in share options during the six months ended June 30, 2021 and year ended December 31, 2020 were as follows:

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

	June 30, 2021		December 31, 2020	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Balance outstanding, beginning of year	**6,974,099**	**1.03**	6,547,774	0.65
Options granted	**163,000**	**5.46**	1,125,000	2.91
Options exercised	**(311,323)**	**(0.74)**	(621,175)	(0.55)
Expired/Cancelled	**(21,000)**	**(5.01)**	(77,500)	(0.59)
Balance outstanding, end of period	**6,804,776**	**1.13**	6,974,099	1.03

During the six months ended June 30, 2021 and 2020, the Company recognized $957 and $727, respectively, of stock-based compensation expense through the 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 at June 30, 2021:

Options outstanding	**Options exercisable**	**Exercise price $**	**Weighted average remaining contractual life (years)**
407,774	407,774	0.25	0.96
959,378	906,260	0.39	1.46
2,500,000	2,331,254	0.50	1.90
415,000	222,190	0.43	2.56
1,293,124	500,005	1.42	3.04
727,500	147,500	2.24	3.85
244,000	-	3.25	4.09
95,000	-	6.94	4.44
163,000	-	5.46	5.00
6,804,776	**4,514,983**		**2.44**

The weighted average exercise price of options exercisable at June 30, 2021 is $0.61 (December 31, 2020 - $0.52).

g) Restricted Share Units ("RSUs")

The changes in RSUs during the six months ended June 30, 2021 and year ended December 31, 2020 were as follows:

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

	June 30, 2021	December 31, 2020
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	**3,564,497**	2,230,995
Units granted	**3,398,583**	2,565,822
Units forfeited	**(61,820)**	(87,175)
Units vested	**(861,125)**	(1,145,145)
Balance outstanding, end of period	**6,040,135**	3,564,497

During the six months ended June 30, 2021 and 2020, the Company recognized $5,390 and $872, respectively, of stock-based compensation expense through the consolidated statements of loss related to RSUs.

h) Performance Share Units ("PSUs")

The changes in PSUs during the six months ended June 30, 2021 and year ended December 31, 2020 were as follows:

	June 30, 2021	December 31, 2020
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	**719,729**	320,267
Units granted	**1,448,059**	565,254
Units vested	**(26,759)**	(157,216)
Units forfeited	**(9,969)**	(8,576)
Balance outstanding, end of period	**2,131,060**	719,729

During the six months ended June 30, 2021 and 2020, the Company recognized $955 and $77, respectively, of stock-based compensation expense through the consolidated statements of loss related to PSUs.

i) Agent's Warrants

The changes in agent's warrants during the six months ended June 30, 2021 and year ended December 31, 2020 were as follows:

	June 30, 2021		December 31, 2020	
	Number of agent's warrants	**Weighted average exercise price $**	Number of agent's warrants	Weighted average exercise price $
Balance outstanding, beginning of year	119,656	0.91	1,275,184	0.79
Agent's warrants exercised	(119,656)	(0.91)	(1,155,528)	(0.77)
Balance outstanding, end of period	**-**	**-**	119,656	0.91

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

16. 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 and six months ended June 30, 2021 and 2020 was as follows:

	Three months ended		**Six months ended**	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	$'000	$'000	**$'000**	$'000
Wages	**145**	177	**290**	354
Consulting fees	**45**	129	**90**	258
Stock-based compensation expense(1)	**283**	754	**698**	1,130
	473	1,060	**1,078**	1,742

Note:
(1) Reflects the amount recorded as an expense in the consolidated statements of loss. The fair value of stock-based compensation is measured at the grant date using an option pricing model and is recognized as an expense over the vesting period.

During the six months ended June 30, 2021, the Company granted 550,000 RSUs, 487,500 PSUs and nil options (2020 - 468,446 RSUs, nil PSUs and 675,000 options) to members of key management personnel.

During the six months ended June 30, 2021, the Company paid $112 of rent (June 30, 2020 - $83) for the right of use of office premises operated and owned by related parties (key management team and a family member).

During the six months ended June 30, 2021, the company settled $490 of performance-based earnout, $120 of time-based earnout and $111 of deferred acquisition costs to members of key management personnel (2020 - $395 of performance-based earnout, $120 of time-based earnout and $1,110 of deferred acquisition costs).

During the six months ended June 30, 2021, the Company paid $144 of physician fees to a member of key management personnel (2020 - $112).

During the six months ended June 30, 2021, the Company incurred $nil of marketing fees from a related part (2020 - $20).

Included in other current assets as at June 30, 2021 and December 31, 2020 is $2,436 and $1,049, respectively, of receivables from related parties.

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

17. Segment reporting

The Company has the following operating segments: (1) clinical operations, (2) allied health, (3) electronic medical record "EMR", (4) billing and revenue cycle management solutions, (5) digital apps, (6) cybersecurity, (7) CRH, 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 June 30, 2021 and 2020:

	Omni-channel Patient Services									
	Primary(1)		Specialized(1)		Virtual Services(1)		Corporate/shared services		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**12,579**	8,233	**36,727**	-	**12,916**	2,345	**1,476**	1,101	**63,698**	11,679
Inter-segment revenue	**-**	-	**-**	-	**(429)**	-	**(1,476)**	(1,101)	**(1,905)**	(1,101)
Revenue from external customers	**12,579**	8,233	**36,727**	-	**12,487**	2,345	**-**	-	**61,793**	10,578
General & Administrative(2)	**3,164**	1,640	**3,420**	-	**8,950**	1,035	**4,520**	1,819	**20,054**	4,494
Segment profit (loss) before tax, interest and depreciation and amortization (3)	**1,369**	619	**15,410**	-	**(1,778)**	226	**(14,589)**	(4,233)	**412**	(3,388)

For the six months ended June 30, 2021 and 2020:

	Omni-channel Patient Services									
	Primary(1)		Specialized(1)		Virtual Services(1)		Corporate/shared services		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**24,261**	16,756	**36,727**	-	**26,794**	4,049	**2,826**	2,201	**90,608**	23,006
Inter-segment revenue	**-**	-	**-**	-	**(429)**	-	**(2,826)**	(2,201)	**(3,255)**	(2,201)
Revenue from external customers	**24,261**	16,756	**36,727**	-	**26,365**	4,049	**-**	-	**87,353**	20,805
General & Administrative(2)	**6,155**	3,488	**3,420**	-	**14,867**	1,816	**6,844**	3,059	**31,286**	8,363
Segment profit (loss) before tax, interest and depreciation and amortization (3)	**2,518**	1,194	**15,410**	-	**(1,898)**	470	**(20,756)**	(7,066)	**(4,726)**	(5,402)
Goodwill and intangible assets	**27,726**	9,623	**481,749**	-	**138,336**	29,163	**-**	-	**647,811**	38,786

Notes:

(1) **Omni-channel Patient Services – Primary** includes clinical operations and allied health.
Omni-channel Patient Services - Specialized comprises of CRH.
Virtual Services includes EMR, billing and revenue cycle management solutions, digital apps, and cybersecurity.

(2) General & administrative included $4,128 and $4,810 spent on marketing and promotion for the three and six months ended June 30, 2021 (2020 - $579 and $674). Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16.

(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 June 30, 2021 and 2020:

	Canada and others		US		Total	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**24,165**	11,679	**39,533**	-	**63,698**	11,679
Inter-segment revenue	**(1,905)**	(1,101)	**-**	-	**(1,905)**	(1,101)
Revenue from external customers	**22,260**	10,578	**39,533**	-	**61,793**	10,578
General & Administrative(1)	**14,628**	4,494	**5,426**	-	**20,054**	4,494
Segment profit (loss) before tax, interest and depreciation and amortization(1)	**(14,277)**	(3,388)	**14,689**	-	**412**	(3,388)

See below information by geographic region for the six months ended June 30, 2021 and 2020:

	Canada and others		US		Total	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**48,557**	23,006	**42,051**	-	**90,608**	23,006
Inter-segment revenue	**(3,255)**	(2,201)	**-**	-	**(3,255)**	(2,201)
Revenue from external customers	**45,302**	20,805	**42,051**	-	**87,353**	20,805
General & Administrative(1)	**24,545**	8,363	**6,741**	-	**31,286**	8,363
Segment profit (loss) before tax, interest and depreciation and amortization(1)	**(18,831)**	(5,402)	**14,105**	-	**(4,726)**	(5,402)
Goodwill and intangible assets	**142,930**	38,786	**504,881**	-	**647,811**	38,786

Notes:
(1) General & administrative included $4,128 and $4,810 spent on marketing and promotion for the three and six months ended June 30, 2021 (2020 - $579 and $674). Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16.

18. Business combinations and asset acquisitions

During the six months ended June 30, 2021, the Company acquired interests in the following companies:

Company name	Date of acquisition	Business/ asset acquisition	% Owner-ship	Place of incorporation	Line of business
Adracare Inc. ("**Adracare**")	Jan 1, 2021	Business	100%	Canada	Virtual Services
Open Health Software Solutions Inc. ("**Open Health**")	Jan 1, 2021	Business	100%	Canada	Virtual Services
Intrahealth Systems Limited ("**Intrahealth**")	Apr 1, 2021	Business	100%	New Zealand	Virtual Services
CRH Medical Corporation ("**CRH**")	Apr 23, 2021	Business	100%	US	Patient Services - Specialized

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

ExecHealth Inc. ("**ExecHealth**")	May 1, 2021	Business	100%	Canada	Patient services - Primary
New England Anesthesia Associates, LLC ("**NEAA**")	May 1, 2021	Asset	85%	US	Patient Services - Specialized
Northern Indiana Anesthesia Associates, LLC ("**NIAA**")	May 27, 2021	Asset	51%	US	Patient Services - Specialized
FDHS Anesthesia Associates, LLC ("**FDHS-Bradenton**")	May 27, 2021	Asset	51%	US	Patient Services - Specialized
Doctors Services Group ("**DSG**")	Jun 1, 2021	Business	51%	Canada	Virtual Services

The purchase prices of acquisitions are typically comprised of (i) cash paid to the vendor net of working capital adjustments, (ii) fair value of common shares of the Company issued to the vendor determined at the opening share price on the date of the issuance, (iii) working capital/indemnification holdback, and (iv) non-performance, time-based earnout payable over time considered to be deferred acquisition costs.

In determining the fair value of deferred acquisition costs, the future payments due to be paid beyond one year from the acquisition date were discounted using a discount rate of 7%.

The time-based earn-out payments considered to be acquisition costs have been classified as a financial liability carried at amortized cost. Accordingly, the liability was measured at fair value on initial recognition and is subsequently being measured at amortized cost using the effective interest method.

The fair value of purchase consideration and fair values of the assets and liabilities acquired are presented in the table below. The excess of the fair value of the purchase consideration over the fair values of assets and liabilities acquired is considered as goodwill. Goodwill is attributable to the workforce, expected synergies and profitability of the acquired businesses. The Company elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets.

The Company is in the process of determining the fair values of assets and liabilities acquired, as well as identifying any intangible assets that existed at the date of acquisition. As part of the determination of the provisional fair values recorded as part of the CRH acquisition, management made a preliminary provisional estimate of the fair value of Professional Services Agreements (definite lived intangible assets), which was based on the most recent carrying values reported by CRH. The Company will finalize the accounting for the business combinations no later than one year from the date of acquisition or once it has all of the necessary information to do so. Provisional estimates are denoted as "prov" in the table below.

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

Business combinations

	Intrahealth (prov) $'000	ExecHealth (prov) $'000	CRH (prov) $'000	Others (prov) $'000	TOTAL $'000
Cash at closing	11,824	4,495	357,912	4,944	379,175
Fair value of shares issued at closing	3,449	4,130	-	478	8,057
Working capital Holdback	866	839	-	605	2,310
Present value of Deferred acquisition cost (Note 13(a))	3,416	-	-	169	3,585
Fair value of purchase consideration	19,555	9,464	357,912	6,196	393,127
Provisional fair values of assets and liabilities acquired:					
Cash	1,171	542	23,780	660	26,153
Accounts receivable and other current assets	1,266	778	98,066	310	100,420
Inventories	-	-	402	-	402
Property and equipment	-	-	168	-	168
Intangible assets	-	-	160,711	-	160,711
Investments	-	-	2,645	-	2,645
Other non-current assets	28	-	97	-	125
Deferred tax asssets	-	-	26,842	-	26,842
Lease receivable	348	-		-	348
Right-of-use assets	582	359	1,196	-	2,137
Lease liability	(930)	(359)	(1,257)	-	(2,546)
Accounts payable and other current liabilities	(690)	(211)	(37,097)	(1,578)	(39,576)
Deferred acquisition costs	-	-	(3,481)	-	(3,481)
Bank loans and other borrowings	-	-	(169,836)	(72)	(169,908)
Unearned revenue	(242)	(1,192)	-	-	(1,434)
Non-controlling interests	-	-	(61,278)	326	(60,952)
Goodwill (Note 11)	18,022	9,547	316,954	6,550	351,073
	19,555	9,464	357,912	6,196	393,127

The following revenue and net income (loss) are included in the Company's condensed interim consolidated financial statements for the six months ended June 30, 2021:

	Intrahealth $'000	ExecHealth $'000	CRH $'000	Others $'000
Revenue	2,106	485	36,727	673
Net income (loss)	76	334	3,741	(223)

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

Had these acquisitions occurred on January 1, 2021, the Company estimates that it would have reported the following consolidated revenue and net loss for the six months ended June 30, 2021:

	Intrahealth	ExecHealth	CRH	Others
	$'000	$'000	$'000	$'000
Revenue	89,459	88,322	146,968	87,776
Net loss	(21,118)	(20,526)	(15,122)	(20,944)

Asset acquisitions

The Company made the following asset acquisitions via CRH since its acquisition on April 23, 2021.

	NEAA	NIAA	FDHS-Bradenton	Total
	$'000	$'000	$'000	$'000
Cash	5,589	2,828	1,747	10,164
Acquisition-related transaction cost	148	44	35	227
Purchase consideration	5,737	2,872	1,782	10,391
Assets and liabilities acquired				
Exclusive professional services agreement ("PSA")	6,750	5,631	3,495	15,876
Non-controlling interest	(1,013)	(2,759)	(1,713)	(5,485)
	5,737	2,872	1,782	10,391
PSA amortization term	8 years	5 years	7 years	
Ownership	85%	51%	51%	

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

19. Cash Flow Information

	Three months ended		**Six months ended**	
	June 30, 2021 $'000	June 30, 2020 $'000	**June 30, 2021 $'000**	June 30, 2020 $'000
Change in non-cash operating items:				
Accounts and other receivables	**(1,155)**	(908)	**(277)**	(559)
Inventory and work in progress	**333**	(41)	**1,249**	(85)
Other current assets	**1,602**	563	**1,467**	181
Other non-current assets	**(85)**	(5)	**(109)**	(6)
Accounts payable and accrued liabilities	**1,008**	239	**2,400**	316
Unearned revenue	**(71)**	210	**(659)**	398
Income tax payable	**(869)**	(251)	**(520)**	(309)
Deferred tax assets	**(1,742)**	-	**(1,742)**	-
Other current liabilities	**3,701**	229	**4,462**	(97)
	2,722	36	**6,271**	(161)
Business acquisitions, net of cash acquired (Note 18):				
Trinity Healthcare Technologies	**-**	-	**-**	(3,918)
MedBASE	**-**	(240)	**-**	(240)
Indivica	**-**	(4,312)	**-**	(4,312)
Adracare	**-**	-	**(3,698)**	-
Open Health	**(14)**	-	**(349)**	-
IntraHealth	**(10,652)**	-	**(10,652)**	-
CRH	**(274,310)**	-	**(274,310)**	-
ExecHealth	**(3,953)**	-	**(3,953)**	-
DSG	**(252)**	-	**(252)**	-
	(289,181)	(4,552)	**(293,214)**	(8,470)
Asset acquisitions (Note 18):				
NEAA	**(5,738)**	-	**(5,738)**	-
NIAA	**(2,871)**	-	**(2,871)**	-
FDHS-Bradenton	**(1,782)**	-	**(1,782)**	-
	(10,391)	-	**(10,391)**	-
Equity and debt investments in associates and others:				
Debt investment in Insig		(250)	**-**	(2,250)
Investment in Phelix	**-**	-	**(523)**	-
Investment in Twig	**-**	-	**(250)**	-
	-	(250)	**(773)**	(2,250)

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

20. Financial Instruments

a. Classification of financial instruments

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

	June 30, 2021 $'000	December 31, 2020 $'000
Financial assets at amortized cost		
Cash and cash equivalents	**70,614**	86,890
Restricted cash	**-**	4,169
Accounts and other receivables	**40,384**	8,654
Lease receivable	**2,121**	1,803
Other current and non-current assets	**10,054**	2,360
	123,173	103,876
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	**3,582**	304
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**22,602**	6,262
Notes payable and other borrowings	**184,011**	1,701
Deferred acquisition costs	**8,868**	2,159
Lease liability	**23,650**	21,867
Other current and non-current liabilities	**11,563**	8,864
	250,694	40,853

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 direct (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 or 2 of the fair value hierarchy.

The carrying value of the Company's financial instruments approximate their fair value.

The Company's notes payable and other borrowings balance, which is mainly comprised of the JPM facility (Note 14), is a floating rate instrument which is based on LIBOR plus 1.25% to 1.75% dependent on the Company's Total Leverage Ratio. As a result, a portion of the interest on this instrument is fixed rate. The Company has estimated the fair value of this financial instrument to be US$147,384 ($182,668) as at June 30, 2021 based on Level 3 unobservable inputs.

The investments in Phelix, Twig 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, 2021 and December 31, 2020, 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 had a debt investment in Phelix as of December 31, 2020 which was converted into common shares on March 1, 2021. The Company's revenue from clinic operations is from billings for insured services paid for by the provincial health authorities.

As at June 30, 2021, the Company had $40,384 (December 31, 2020 - $8,654) of accounts and other receivables (Note 8).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and remain solvent. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. To date, the Company has generated operating losses and net cash outflows from operations, and has relied on equity, convertible debentures, and bank borrowings to fund its operations and acquisitions and will need to continue to secure additional funding for operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that financing will be on terms advantageous to the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at June 30, 2021, the Company's major interest bearing liability is its JPM facility (Note 14). With respect to the JPM facility, with all other variables held constant, a 10% increase in the interest rate would have reduced net income by approximately USD$77 (2020 – nil) for the six months ended June 30, 2021. 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 presentation currency is the Canadian dollar. With the acquisition of Circle Medical in November 2020 and CRH in April 2021 (functional currency of both is the US dollar), a majority part of the business operations is in the U.S. and these subsidiaries' net assets are exposed to foreign currency translation risk.

21. Events After the Reporting Period

Formation of WELL Health Ventures Inc, ("WELL Ventures") and investment in Bright

On July 21, 2021, the Company announced the formation of WELL Ventures, a wholly-owned subsidiary of WELL, whose mandate is to invest in exceptional leaders, entrepreneurs and businesses supporting the global digital health ecosystem, with an emphasis on advancing innovative digital health initiatives in Canada and around the globe.

WELL Ventures made a strategic investment in 10432423 Canada Limited (dba "Bright"), a B2B technology service provider that has developed a virtual amenities wellness program for on-site and work-from-home teams. WELL Ventures invested $250 in preferred equity of Bright.

Acquisition of MyHealth Partners Inc. ("MyHealth")

On July 15, 2021, the Company acquired all of the issued and outstanding shares of MyHealth for a total purchase price of $206 million plus a future conditional earn-out of up to $60 million. The purchase price of $206 million consisted of: (a) $82 million by cash on the closing date; (b) $94.3 million by the issuance of common shares at a deemed price per share of $9.80, subject to IFRS adjustment based on fair value; and (c) $30 million by the issuance of a convertible promissory note to be repayable within nine months following the close date, in cash, common shares, or a combination of both at the Company's discretion.

The acquisition was financed in part by senior credit facilities provided by a syndicate of banks led by the Royal Bank of Canada for an amount of up to $200 million with an initial committed amount of $140 million and an accordion feature which allows MyHealth to borrow an additional $60 million subject to the satisfaction of usual and customary provisions. Founded in 2013, MyHealth has over 760 physicians and other healthcare professionals providing primary care, specialty care, telehealth services and accredited diagnostic health services in 48 locations across Ontario.

Acquisition of Greater Washington Anesthesia Associates, LLC (“GWAA”)

On August 2, 2021, the Company, via its subsidiary CRH, entered into an asset contribution and exchange agreement to acquire a 51% interest in GWAA, a gastroenterology anesthesia services provider in two locations in Northern Virginia, USA. GWAA's current estimated annualized revenue run rate is approximately US$3.3 million and has operating EBITDA margins of approximately 50%. This acquisition marks CRH's 37th transaction and increases CRH's footprint to a total of 77 endoscopy sites across the United States.