WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements
Three and Nine months ended September 30, 2021
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 share and per share amounts)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$'000	$'000	**$'000**	$'000
Revenue (Note 5)	**99,291**	12,246	**186,644**	33,051
Expenses				
Cost of sales (excluding depreciation and amortization)	**(49,322)**	(7,200)	**(96,432)**	(19,836)
General and administrative (Note 6)	**(27,439)**	(5,517)	**(58,725)**	(13,880)
Depreciation and amortization	**(16,326)**	(849)	**(29,912)**	(2,403)
Stock-based compensation (Note 15)	**(9,447)**	(1,312)	**(16,749)**	(2,988)
Foreign exchange gain (loss)	**387**	-	**(4,466)**	-
Operating loss	**(2,856)**	(2,632)	**(19,640)**	(6,056)
Interest income (Note 7)	**71**	61	**485**	236
Interest expense (Note 7)	**(3,124)**	(506)	**(4,933)**	(1,600)
Time-based earn-out expense (Note 18)	**(1,393)**	(391)	**(3,280)**	(1,236)
Income tax (expense) recovery	**(2,854)**	23	**(4,341)**	(146)
Other (expense) income	**(155)**	24	**260**	64
Net loss for the period before share of loss of associates	**(10,311)**	(3,421)	**(31,449)**	(8,738)
Share of loss of associates	**(97)**	(160)	**(153)**	(245)
Net loss for the period	**(10,408)**	(3,581)	**(31,602)**	(8,983)
Net (loss) profit for the period attributable to:				
Owners of WELL Health Technologies Corp.	**(12,340)**	(3,674)	**(34,984)**	(9,137)
Non-controlling interests	**1,932**	93	**3,382**	154
	(10,408)	(3,581)	**(31,602)**	(8,983)
Other comprehensive loss				
Items that will not be reclassified to profit or loss:				
Exchange difference on translation of foreign operations	**1,443**	-	**1,062**	-
Total comprehensive loss for the period	**(8,965)**	(3,581)	**(30,540)**	(8,983)
Total comprehensive (loss) income for the period attributable to:				
Owners of WELL Health Technologies Corp.	**(10,920)**	(3,674)	**(33,914)**	(9,137)
Non-controlling interests	**1,955**	93	**3,374**	154
	(8,965)	(3,581)	**(30,540)**	(8,983)
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	**(0.06)**	(0.03)	**(0.19)**	(0.07)
Weighted average number of common shares outstanding				
Basic and diluted	**203,959,885**	134,411,897	**185,103,512**	126,275,468

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

WELL Health Technologies Corp.
Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars unless otherwise stated)

As at	September 30, 2021 $'000	December 31, 2020 $'000
Assets		
Current		
Cash and cash equivalents	**38,726**	86,890
Restricted cash (Note 21)	**32,723**	4,169
Accounts and other receivables (Note 8)	**62,424**	8,654
Inventory	**1,278**	1,268
Lease receivable – current	**410**	282
Other assets – current (Note 9)	**10,148**	2,114
Total current assets	**145,709**	103,377
Financial assets at fair value through profit and loss	**3,902**	304
Investment accounted for using the equity method	**4,938**	5,042
Lease receivable – non-current	**1,611**	1,521
Other assets – non-current (Note 9)	**739**	246
Deferred tax assets (Note 10)	**27,022**	-
Property and equipment	**89,251**	20,892
Intangible assets (Notes 11 & 18)	**869,464**	131,346
Total assets	**1,142,636**	262,728
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	**34,985**	6,262
Unearned revenue (Note 12)	**3,473**	2,900
Notes payable and other borrowings (Note 14)	**69,534**	753
Lease liability	**6,908**	2,618
Other liabilities – current (Note 13)	**27,337**	10,103
Total current liabilities	**142,237**	22,636
Notes payable and other borrowings - non-current (Note 14)	**242,016**	948
Lease liability – non-current	**54,271**	19,249
Other liabilities – non-current (Note 13)	**55,014**	920
Total liabilities	**493,538**	43,753
Equity		
Share capital (Note 15)	**612,251**	231,885
Contributed surplus (Note 15)	**19,377**	6,374
Accumulated other comprehensive income (loss)	**1,001**	(69)
Accumulated deficit	**(55,807)**	(20,823)
Equity attributable to owners of WELL Health Technologies Corp.	**576,822**	217,367
Non-controlling interests	**72,276**	1,608
Total equity	**649,098**	218,975
Total equity and liabilities	**1,142,636**	262,728

Commitments and contingencies (Note 13(b))
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)	-	(4,170)	-	-	-	(4,170)	-	(4,170)
Options exercised (Note 15)	368,323	475	(197)	-	-	278	-	278
Warrants exercised (Note 15)	119,656	172	(64)	-	-	108	-	108
Shares issued for RSUs/PSUs	1,433,225	3,639	(3,639)	-	-	-	-	-
Shares issued for settlement of deferred acquisition costs (Note 13(a))	9,083	67	-	-	-	67	-	67
Shares issued for time-based earnout payments	37,303	271	-	-	-	271	-	271
Shares issued for acquisitions (Note 18)	9,448,558	74,049	-	-	-	74,049	-	74,049
Shares issued for working capital holdback	429,826	3,363	-	-	-	3,363	-	3,363
Stock-based compensation (Note 15)	-	-	16,749	-	-	16,749	-	16,749
Non-controlling interests via business combination	-	-	-	-	-	-	77,118	77,118
Distributions/Other transactions with non-controlling interests	-	-	-	-	-	-	(9,848)	(9,848)
Other transactions with non-controlling interests	-	-	154	-	-	154	24	178
Foreign currency translations of foreign subsidiaries	-	-	-	1,070	-	1,070	(8)	1,062
(Loss)/profit for the period	-	-	-	-	(34,984)	(34,984)	3,382	(31,602)
Balance at September 30, 2021	**205,712,150**	**612,251**	**19,377**	**1,001**	**(55,807)**	**576,822**	**72,276**	**649,098**
Balance at December 31, 2019	**115,571,194**	**45,412**	**3,671**	**24**	**(17,137)**	**31,970**	**32**	**32,002**
Private placements	11,356,103	37,375	-	-	-	37,375	-	37,375
Share issue costs	-	(1,140)	-	-	-	(1,140)	-	(1,140)
Options exercised	357,500	423	(201)	-	-	222	-	222
Warrants exercised	1,110,302	1,202	(351)	-	-	851	-	851
Shares issued for settlement of deferred acquisition costs	75,500	159	-	-	-	159	-	159
Shares issued for acquisitions	1,625,092	3,598	-	-	-	3,598	-	3,598
Shares issued for RSUs/PSUs vested	972,084	795	(795)	-	-	-	-	-
Conversion rights of convertible debentures	-	-	744	-	-	744	-	744
Shares issued for conversion of convertible debentures	10,572,065	15,369	(1,111)	-	-	14,258	-	14,258
Stock-based compensation	-	-	2,988	-	-	2,988	-	2,988
Investment in associate	2,625,204	3,754	-	-	-	3,754	-	3,754
Transactions with non-controlling interests	-	-	-	-	-	-	(69)	(69)
(Loss)/profit for the period	-	-	-	-	(9,137)	(9,137)	154	(8,983)
Balance at September 30, 2020	**144,265,044**	**106,947**	**4,945**	**24**	**(26,274)**	**85,642**	**117**	**85,759**

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		Nine months ended	
	September 30, 2021 $'000	September 30, 2020 $'000	**September 30, 2021 $'000**	September 30, 2020 $'000
Cash flows provided by/(used in)				
Operating activities				
Net loss for the period	**(10,408)**	(3,581)	**(31,602)**	(8,983)
Adjustments to net loss for non-cash items:				
Non-cash interest income accretion	**(28)**	(36)	**(88)**	(122)
Non-cash interest expense accretion and non-cash interest on convertible debentures	**1,090**	502	**1,882**	1,595
Exchange difference	**2,041**	(19)	**1,511**	(31)
Depreciation and amortization	**16,326**	849	**29,912**	2,403
Share of loss of associates	**97**	160	**153**	245
Stock-based compensation (Note 15)	**9,447**	1,312	**16,749**	2,988
Loan forgiveness included in other income	**-**	-	**(469)**	-
Non-cash time-based earnout expense	**271**	-	**271**	-
Change in non-cash operating items (Note 19)	**(10,731)**	160	**(4,460)**	(1)
Net cash provided by/(used in) operating activities	**8,105**	(653)	**13,859**	(1,906)
Investing activities				
Restricted cash (Note 21)	**(32,723)**	-	**(28,554)**	61
Business acquisitions, net of cash acquired (Notes 18 & 19)	**(80,012)**	(2,331)	**(373,226)**	(10,801)
Asset acqusitions (Notes 18 & 19)	**(11,853)**	-	**(22,244)**	-
Acquisition transaction costs included in accounts payable and accrued liabilities	**(118)**	-	**(24,239)**	-
Share issuance costs related to business acquisitions	**-**	-	**-**	(86)
Equity and debt investments in associates and others	**(250)**	(30)	**(1,023)**	(2,280)
Other transactions with non-controlling interests	**-**	-	**175**	-
Acquisition of property and equipment	**(516)**	(205)	**(856)**	(790)
Working capital holdbacks	**(1,486)**	-	**(5,223)**	-
Deferred acquisition costs (Note 13(a))	**(448)**	(1,077)	**(849)**	(2,455)
Net cash used in investing activities	**(127,406)**	(3,643)	**(456,039)**	(16,351)
Financing activities				
Private placements (Note 15)	**-**	23,000	**302,500**	37,375
Share issue costs (Note 15)	**(143)**	(49)	**(4,170)**	(1,140)
Convertible debentures	**-**	-	**-**	11,000
Debt issuance costs	**-**	-	**-**	(846)
Payment of interest on convertible debentures	**-**	(526)	**-**	(658)
Loan advances	**99,731**	-	**114,247**	-
Loan repayments	**(5,281)**	-	**(5,983)**	-
Options exercised	**27**	116	**278**	222
Agent warrants exercised	**-**	406	**108**	851
Transactions with non-controlling interests	**(4,788)**	(63)	**(9,563)**	(69)
Distribution from equity investment	**52**	-	**83**	-
Lease payments	**(1,888)**	(680)	**(3,849)**	(1,926)
Lease payments received	**128**	112	**350**	334
Net cash provided by financing activities	**87,838**	22,316	**394,001**	45,143
Effects of foreign exchange rate in cash and cash equivalents	**(425)**	-	**15**	-
Net change in cash	**(31,888)**	18,020	**(48,164)**	26,886
Cash and cash equivalents - beginning of period	**70,614**	24,510	**86,890**	15,644
Cash and cash equivalents - end of period	**38,726**	42,530	**38,726**	42,530

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 550 - 375 Water Street, Vancouver, BC, V6B 5C6.

The Company's Board of Directors approved these condensed interim consolidated financial statements on November 9, 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 in Note 3 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's head office operations. All amounts are rounded to the nearest thousands of dollars.

New IFRS pronouncements

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16–Interest Rate Benchmark Reform–Phase 2

In August 2020, the IASB issued amendments to IFRS 9, Financial Instruments; IAS 39, Financial Instruments: Recognition and Measurement; IFRS 7, Financial Instruments: Disclosures; IFRS 4, Insurance Contracts; and IFRS 16, Leases as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The amendments address issues arising in connection with reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments were effective January 1, 2021. As at September 30, 2021, these amendments did not affect our financial statements as the Company has not yet transitioned any agreements that are exposed to the London Inter-bank Offered Rate (LIBOR) to an alternative benchmark interest rate. The Company is working with our lenders on the replacement of the affected rates, which is not expected to result in a significant change in our interest rate risk management strategy or our interest rate risk. Our revolving credit facility with JPM, is our most significant financial instrument that is exposed to LIBOR. These financial instruments are based on LIBOR settings that are currently scheduled to cease publication after June 30, 2023. The Company will continue to monitor developments on alternative benchmark interest rates and expect to transition to alternative rates as widespread market practice is established.

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) 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, are separate performance obligations, but are determined to be nominal.

c) 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.

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.

Estimates are required in the determination of anesthesia services revenues and the recoverability of the related trade receivables. 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.

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

5. Revenue

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

	Three months ended				Nine months ended			
	September 30, 2021		September 30, 2020		**September 30, 2021**		September 30, 2020	
	$'000		$'000		**$'000**		$'000	
Public insured	**35,029**	**35%**	7,877	64%	**57,157**	**31%**	21,678	66%
Non-public and other	**46,290**	**47%**	1,790	15%	**85,150**	**45%**	4,745	14%
Omni-channel Patient Services	**81,319**	**82%**	9,667	79%	**142,307**	**76%**	26,423	80%
Virtual Services	**17,972**	**18%**	2,579	21%	**44,337**	**24%**	6,628	20%
Total Revenue	**99,291**	**100%**	12,246	100%	**186,644**	**100%**	33,051	100%

6. General and administrative expenses

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

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$'000	$'000	**$'000**	$'000
Wages and benefits	**16,648**	3,126	**32,013**	8,572
Professional and consulting fees	**3,912**	1,233	**11,025**	2,194
Office expenses	**1,706**	389	**2,765**	1,251
Marketing and promotion	**1,911**	401	**6,721**	1,075
Others	**3,262**	368	**6,201**	788
	27,439	5,517	**58,725**	13,880

7. Interest

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

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$'000	$'000	**$'000**	$'000
Interest accretion on subleases	**27**	29	**81**	89
Interest income on cash and cash equivalents	**44**	25	**390**	114
Others	**-**	7	**14**	33
Interest income	**71**	61	**485**	236
Interest accretion on leases	**(522)**	(223)	**(1,059)**	(667)
Accretion of discount on deferred acquisition costs (Note 13(a))	**(471)**	(21)	**(607)**	(122)
Interest on convertible debentures	**-**	(258)	**-**	(806)
Interest on loans and other	**(2,071)**	(4)	**(3,163)**	(5)
Amorization of deferred financing fees	**(60)**	-	**(104)**	-
Interest expense	**(3,124)**	(506)	**(4,933)**	(1,600)

(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 September 30, 2021 and December 31, 2020:

	September 30, 2021 $'000	December 31, 2020 $'000
Accounts Receivable - gross	**63,036**	8,664
Others	**-**	230
Less Expected credit losses	**(612)**	(240)
	62,424	8,654
Accounts receivable - gross		
Omni-channel Patient Services - Specialized - CRH	**36,725**	-
Omni-channel Patient Services - Specialized - MyHealth	**13,634**	-
Omni-channel Patient Services - Primary	**5,175**	2,444
Virtual Services	**7,498**	6,220
Others	**4**	-
	63,036	8,664

The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. As at September 30, 2021, the Company recognized expected credit losses of $612 (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

	September 30, 2021 $'000	December 31, 2020 $'000
Current:		
Prepayments	**2,838**	612
Income tax receivable	**4,247**	-
Others	**3,063**	1,502
	10,148	2,114
Non-current:		
Others	**739**	246
	10,887	2,360

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

10. Deferred tax assets

As at September 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 acquisitions of CRH and MyHealth Partners Inc. ("MyHealth") (see Note 18). The following table summarizes the Company's recognized deferred tax assets as at September 30, 2021 and December 31, 2020:

	September 30, 2021 $'000	December 31, 2020 $'000
Deferred tax assets:		
Property and equipment	**9,090**	-
Intangible assets	**27,676**	-
Finance related costs	**1,686**	-
Reserves	**71**	-
Contingent liability	**1,100**	-
Stock-based compensation	**725**	-
Non-capital loss carry-forwards	**406**	-
Deferred tax liabilities:		
Property and equipment	**(11,383)**	-
Intangible assets	**(2,258)**	-
Reserves	**(58)**	-
Unrealized foreign exchange	**(33)**	-
Net deferred tax assets	**27,022**	-

As at September 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 September 30, 2021 and December 31, 2020:

	September 30, 2021 $'000	December 31, 2020 $'000
Non-capital loss carryforwards	**11,002**	3,688
Deductible temporary differences – financing costs	**4,382**	1,652
Deductible temporary differences - leases	**7,083**	5,416
Taxable temporary differences – intangible assets	**(5,246)**	(5,731)
Taxable temporary difference - property and equipment	**483**	(4,076)
Unrecognized deferred tax assets	**17,704**	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	Brand $'000	Professional Services Agreements $'000	Licences and 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 finalization (Note 18)	(852)	321	531	-	-	-
Restated balance December 31, 2020	109,267	24,297	531	-	-	134,095
PPA working capital adjustment	1,796	-	-	-	-	1,796
Acquired via business combinations (Note 18)	518,765	-	-	160,677	41,031	720,473
Acquired via asset acquisitions (Note 18)	60	-	-	36,860	1,045	37,965
Exchange difference	-	-	-	8,377	2	8,379
Balance at September 30, 2021	**629,888**	**24,297**	**531**	**205,914**	**42,078**	**902,708**
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	-	(1,798)	-	(23,878)	(1)	(25,677)
Exchange difference	-	-	-	(4,818)	-	(4,818)
Balance at September 30, 2021	**-**	**(4,547)**	**0**	**(28,696)**	**(1)**	**(33,244)**
NET CARRYING AMOUNTS						
As at December 31, 2019	13,579	11,300		-	-	24,879
As at December 31, 2020	110,119	21,227	-	-	-	131,346
As at December 31, 2020, restated	109,267	21,548	531	-	-	131,346
As at September 30, 2021	**629,888**	**19,750**	**531**	**177,218**	**42,077**	**869,464**

During the nine months ended September 30, 2021, the Company finalized the purchase price allocation of the assets and liabilities of the Services Division of Cycura Inc. ("Cycura"). As a result, fair values of $321 and $531 were recognized as Customer relationships and Brand respectively, with a corresponding decrease in goodwill as of December 31, 2020 (see Note 18).

12. Unearned revenue

	September 30, 2021 $'000	December 31, 2020 $'000
Balance, beginning of period	**2,900**	384
Acquired via business combinations	**1,434**	1,545
Billings	**9,452**	9,122
Revenue recognized	**(10,313)**	(8,151)
Balance, end of the period	**3,473**	2,900

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

13. Other Liabilities

	September 30, 2021 $'000	December 31, 2020 $'000
Current:		
Deferred Acquisition costs (Note 13(a))	**9,593**	1,315
Income tax payable	**-**	65
Working Capital Holdback	**3,318**	6,751
Payroll liabilities, vacation accruals and others	**14,426**	1,972
	27,337	10,103
Non-current:		
Deferred Acquisition costs (Note 13(a))	**54,938**	844
Others	**76**	76
	55,014	920

(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 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 and asset acquisitions (Note 18)	62,601
Accretion of discount	607
Settlement in cash	(849)
Settlement in common shares	(67)
Exchange difference	80
Balance at September 30, 2021	**64,531**
Current portion of deferred acquisition costs	9,593
Non-current portion of deferred acquisition costs	54,938
Balance at September 30, 2021	**64,531**

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

(b) Maturities of financial liabilities

		Payments due by Period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
At September 30, 2021	**$'000**	$'000	$'000	$'000	$'000
Deferred acquisition costs and time-based earnouts	**30,245**	9,057	17,854	3,334	-
Lease obligations' minimum payments	**76,888**	9,488	18,520	16,301	32,579
Accounts payable and accrued liabilities	**34,985**	34,985	-	-	-
Working capital holdbacks	**3,318**	3,318	-	-	-
Other current and non-current liabilities	**14,502**	14,426	76	-	-
Notes payable and other borrowings	**253,166**	9,644	5,698	237,821	3
Other operating commitments	**1,134**	1,134	-	-	-
	414,238	**82,052**	**42,148**	**257,456**	**32,582**

14. Notes payable and other borrowings

	September 30, 2021	December 31, 2020
	$'000	$'000
Current portion	**69,534**	753
Non-current portion	**242,016**	948
Total	**311,550**	1,701

<u>CRH's revolving credit facilities with JPMorgan Chase Bank ("JPM")</u>

The Company, through its wholly-owned subsidiary, CRH, holds a syndicated four-year revolving credit facility with JPM as syndicate lead which provides up to US$175 million in borrowing capacity and access to an accordion feature that increases the amount of the credit available to the Company by US$125 million. 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 September 30, 2021, the Company had drawn US$153,252 ($195,258) under this facility.

<u>MyHealth's credit facilities with Royal Bank of Canada ("RBC")</u>

The Company, through its wholly-owned subsidiary, MyHealth, holds a syndicated four-year revolving credit facility and a term loan with RBC as syndicate lead which provides up to $90 million revolving facility, a $50 million term loan facility and access to an accordion feature that increases the amount of the credit available to the Company by $60 million. Interest on the facility is calculated with reference to CDOR plus 1.50% to 3.25%, dependent on the total funded debt to EBITDA ratio of the consolidated results of MyHealth. The RBC facility is secured by the assets of MyHealth and matures on July 15, 2025. Under the RBC facility, there is a $625 quarterly repayment requirement, with the first repayment due on December 31, 2021. As of September 30, 2021, the Company had drawn $86,600 under this facility.

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

Promissory note issued to MyHealth's previous shareholders

As part of the purchase consideration of the acquisition of MyHealth in July 2021 (Note 18), the Company issued a $30 million promissory note on July 15, 2021. The amount is to be repaid in three $10 million tranches, in cash, common share, or a combination of both at the discretion of the Company, on the third, sixth, and nine months following the issue date. Interest on the note is calculated with reference to CDOR plus 1.50% to 3.25%, dependent on the total funded debt to EBITDA ratio of the consolidated results of MyHealth. On October 13, 2021, the Company settled the first tranche with accrued interest with an issuance of 1,479,692 units of common shares at $6.77 per share.

As at September 30, 2021, the Company is required to maintain the following financial covenants in respect of the credit facilities based on the consolidated results of CRH and MyHealth:

Financial Covenant	CRH Required Ratio	MyHealth Required Ratio
Total Leverage Ratio(1)	Not greater than 4.25:1.00	-
Total Funded Debt to EBITDA Ratio	-	Not greater than 5.00:1.00
Fixed Charge Coverage Ratio	Not less than 1.20:1.00	Not less than 1.15:1.00

(1) The Total Leverage Ratio is not to exceed 4.25:1.00 for the quarter ended September 30, 2021, after which it will decrease to 3.50:1.00 for the quarter ended December 31, 2021 and thereafter.

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

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

At September 30, 2021	CRH Minimum Principal US$'000	MyHealth Minimum Principal $'000
Remainder of 2021	-	625
2022	-	2,500
2023	-	2,500
2024	-	2,500
2025	153,252	78,475
	153,252	86,600

15. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Issued Common Shares

As at September 30, 2021, the issued share capital comprises 205,712,150 (December 31, 2020 – 162,998,852) common shares.

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

c) Private Placements

During the nine months ended September 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 $9.80 per subscription receipt. 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. No shares have been purchased in conjunction with this NCIB.

e) Convertible debentures and special warrants

During the nine months ended September 30, 2021 and 2020, nil and 10,572,065 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 nine months ended September 30, 2021 and year ended December 31, 2020 were as follows:

	September 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	**(368,323)**	**(0.72)**	(621,175)	(0.55)
Expired/Cancelled	**(35,750)**	**(3.30)**	(77,500)	(0.59)
Balance outstanding, end of period	**6,733,026**	**1.14**	6,974,099	1.03

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

During the nine months ended September 30, 2021 and 2020, the Company recognized $1,358 and $1,132, 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 as at September 30, 2021:

Options outstanding	**Options exercisable**	**Exercise price $**	**Weighted average remaining contractual life (years)**
407,774	407,774	0.25	0.71
959,378	932,823	0.39	1.21
2,500,000	2,373,442	0.50	1.65
355,000	203,128	0.43	2.31
1,284,374	579,382	1.42	2.79
727,500	199,999	2.24	3.60
241,000	60,250	3.25	3.84
95,000	-	6.94	4.19
163,000	-	5.46	4.75
6,733,026	**4,756,798**		**2.18**

The weighted average exercise price of options exercisable as at September 30, 2021 is $0.67 (December 31, 2020 - $0.52).

g) Restricted Share Units ("RSUs")

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

	September 30, 2021	December 31, 2020
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	**3,564,497**	2,230,995
Units granted	**3,473,583**	2,565,822
Units forfeited	**(187,577)**	(87,175)
Units vested	**(1,268,252)**	(1,145,145)
Balance outstanding, end of period	**5,582,251**	3,564,497

During the nine months ended September 30, 2021 and 2020, the Company recognized $12,128 and $1,647, respectively, of stock-based compensation expense through the consolidated statements of loss related to RSUs.

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

h) Performance Share Units ("PSUs")

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

	September 30, 2021	December 31, 2020
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	**719,729**	320,267
Units granted	**1,373,059**	565,254
Units vested	**(164,973)**	(157,216)
Units forfeited	**(38,211)**	(8,576)
Balance outstanding, end of period	**1,889,604**	719,729

During the nine months ended September 30, 2021 and 2020, the Company recognized $3,263 and $210, 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 nine months ended September 30, 2021 and year ended December 31, 2020 were as follows:

	September 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

16. Related Party Transactions

<u>Key Management Compensation</u>

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. During the third quarter of 2021, the Company re-evaluated the classification of certain employees as key management personnel due to continued growth and organizational changes, resulting in an overall reduction in the number of persons considered to be key management personnel. Starting the third quarter of 2021, members of executive team are the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief

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Operating Officer ("COO"). The remuneration of the Company's key management personnel during the three and nine months ended September 30, 2021 and 2020 was as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$'000	$'000	**$'000**	$'000
Wages[1]	**90**	145	**270**	434
Consulting fees	**-**	45	**-**	135
Stock-based compensation expense[2]	**1,700**	816	**1,928**	1,631
	1,790	1,006	**2,198**	2,200

Note:
(1) $45 to CFO and $45 to COO for the three months ended September 30, 2021, and $135 to CFO and $135 to COO for the nine months ended September 30, 2021
(2) 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. $870 to CEO, $498 to CFO, $191 to COO, and $141 to the Board of Directors for the three months ended September 30, 2021, and $958 to CEO, $562 to CFO, $225 to COO and $183 to the Board of Directors for the nine months ended September 30, 2021.

During the nine months ended September 30, 2021, the Company granted 537,500 RSUs (300,000 to CEO, 150,000 to CFO, 37,500 to COO and 50,000 to Board of Directors), 475,000 PSUs (300,000 to CEO, 150,000 to CFO and 25,000 to COO) and nil options (nine months ended September 30, 2020 – 426,467 RSUs, nil PSUs and 625,000 options) to members of key management personnel.

Included in other current assets as at September 30, 2021 and December 31, 2020 is $2,550 ($901 from CEO, $857 from CFO, $758 from COO, and $34 from Board of Directors) and $1,049, 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.

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, (8) MyHealth, and (9) 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.

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

For the three months ended September 30, 2021 and 2020:

	<----Omni-channel Patient Services----> Primary(1)		Specialized - CRH(1)		Specialized-MyHealth(1)		Virtual Services(1)		Corporate/shared services		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**13,402**	9,667	**48,673**	**-**	**19,243**	**-**	**18,805**	2,579	**1,303**	1,644	**101,426**	13,890
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**	**-**	**(832)**	**-**	**(1,303)**	(1,644)	**(2,135)**	(1,644)
Revenue from external customers	**13,402**	9,667	**48,673**	-	**19,243**	-	**17,973**	2,579	**-**	-	**99,291**	12,246
General & Administrative(2)	**3,405**	1,959	**4,536**	**-**	**8,193**	**-**	**9,106**	1,438	**2,199**	2,120	**27,439**	5,517
Segment profit (loss) before tax, interest and depreciation and amortization (2)	**1,338**	1,000	**18,971**	-	**3,930**	-	**166**	463	**(12,580)**	(3,773)	**11,825**	(2,310)

For the nine months ended September 30, 2021 and 2020:

	<----Omni-channel Patient Services----> Primary(1)		Specialized-CRH(1)		Specialized-MyHealth(1)		Virtual Services(1)		Corporate/shared services		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**37,663**	26,423	**85,400**	**-**	**19,243**	**-**	**45,599**	6,628	**4,129**	3,845	**192,034**	36,896
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**	**-**	**(1,261)**	**-**	**(4,129)**	(3,845)	**(5,390)**	(3,845)
Revenue from external customers	**37,663**	26,423	**85,400**	-	**19,243**	-	**44,338**	6,628	**-**	-	**186,644**	33,051
General & Administrative(2)	**9,560**	5,807	**7,956**	**-**	**8,193**	**-**	**23,973**	3,254	**9,043**	4,819	**58,725**	13,880
Segment profit (loss) before tax, interest and depreciation and amortization (2)	**3,856**	2,134	**34,381**	-	**3,930**	-	**(1,732)**	1,761	**(33,336)**	(8,965)	**7,099**	(5,070)
Goodwill and intangible assets	**28,786**	9,623	**495,043**	-	**207,897**	-	**137,738**	31,441	**-**	-	**869,464**	41,064

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 $1,911 and $6,721 spent on marketing and promotion for the three and nine months ended September 30, 2021 (2020 - $401 and $1,073), and $9,447 and $16,749 of non-cash stock-based compensation expense for the three and nine months ended September 30, 2021 (2020 - $1,312 and $2,988).
(b) Rent expense is not included in General & administrative nor in the above segment profit (loss) under IFRS 16.
(c) Starting January 1, 2021 as a result of corporate restructuring, $268 and $629 of general & administrative expense for the three and nine months have been moved from Corporate/shared services to Omni-channel Patient Services – Primary. These amounts were re-classed in 2020 comparatives to conform with current year's presentation.

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

	Canada and others		US		Total	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**47,269**	13,890	**54,157**	-	**101,426**	13,890
Inter-segment revenue	**(2,135)**	(1,644)	**-**	-	**(2,135)**	(1,644)
Revenue from external customers	**45,134**	12,246	**54,157**	-	**99,291**	12,246
General & Administrative(1)	**19,426**	5,517	**8,013**	-	**27,439**	5,517
Segment profit (loss) before tax, interest and depreciation and amortization(1)	**(6,932)**	(2,310)	**18,757**	-	**11,825**	(2,310)

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

	Canada and others		US		Total	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Total segment revenue	**95,826**	36,896	**96,208**	-	**192,034**	36,896
Inter-segment revenue	**(5,390)**	(3,845)	**-**	-	**(5,390)**	(3,845)
Revenue from external customers	**90,436**	33,051	**96,208**	-	**186,644**	33,051
General & Administrative(1)	**43,971**	13,880	**14,754**	-	**58,725**	13,880
Segment profit (loss) before tax, interest and depreciation and amortization(1)	**(25,763)**	(5,070)	**32,862**	-	**7,099**	(5,070)
Goodwill and intangible assets	**351,289**	41,064	**518,175**	-	**869,464**	41,064

Notes:
(1) General & administrative included $1,911 and $6,721 spent on marketing and promotion for the three and nine months ended September 30, 2021 (2020 - $401 and $1,073), and $9,447 and $16,749 of non-cash stock-based compensation expense for the three and nine months ended September 30, 2021 (2020 - $1,312 and $2,988). 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 nine months ended September 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

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CRH Medical Corporation ("**CRH**")	Apr 23, 2021	Business	100%	US	Patient Services - Specialized
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
MyHealth Partners Inc. ("**MyHealth**")	Jul 15, 2021	Business	100%	Canada	Patient Services - Specialized
Greater Washington Anesthesia Associates, LLC ("**GWAA**")	Aug 2, 2021	Asset	51%	US	Patient Services - Specialized
Destin Anesthesia, LLC ("**Destin**")	Aug 30, 2021	Asset	70%	US	Patient Services - Specialized
Durham Nuclear Imaging Inc. ("**Durham**")	Aug 31, 2021	Asset	100%	Canada	Patient Services - Specialized

The purchase price 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) performance or 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 2.15% to 7%.

The time-based earn-out payments considered to be acquisition costs have been classified as financial liabilities 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 for business combinations below. The excess of the fair value of the purchase consideration over the fair values of assets and liabilities acquired is considered to be 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.

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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 and MyHealth acquisitions, management made a preliminary provisional estimate of the fair values of intangible assets (mainly Professional Services Agreements and Licences for CRH and MyHealth respectively) which was based on the most recent carrying values reported by CRH and MyHealth. 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.

Business combinations

	Intrahealth (prov) $'000	ExecHealth (prov) $'000	CRH (prov) $'000	MyHealth (prov) $'000	Others (prov) $'000	TOTAL $'000
Cash at closing	11,824	4,495	357,912	81,941	4,944	461,116
Loan drawdown at closing						0
Fair value of shares issued at closing	3,449	4,130	-	65,993	477	74,049
Working capital Holdback	866	1,899	-	-	605	3,370
Present value of Deferred acquisition cost (Note 13(a))	3,416	-	-	54,639	169	58,224
Note payable (Note 14)	-	-	-	30,000	-	30,000
Fair value of purchase consideration	19,555	10,524	357,912	232,573	6,195	626,759
Provisional fair values of assets and liabilities acquired:						
Cash	1,171	542	23,780	1,929	660	28,082
Accounts receivable and other current assets	1,266	778	96,817	17,056	310	116,227
Inventories	-	-	402		-	402
Property and equipment	-	-	168	30,944	-	31,112
Intangible assets	-	-	160,711	49,438	-	210,149
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	30,930	-	33,067
Lease liability	(930)	(359)	(1,257)	(31,903)	-	(34,449)
Accounts payable and other current liabilities	(690)	(211)	(36,999)	(17,295)	(1,579)	(56,774)
Deferred acquisition costs (Note 13(a))	-	-	(3,480)		-	(3,480)
Deferred tax liabilities				(4,124)		(4,124)
Bank loans and other borrowings	-	-	(169,836)	(194)	(72)	(170,102)
Unearned revenue	(242)	(1,192)	-		-	(1,434)
Non-controlling interests	-	-	(60,965)	(1,562)	326	(62,201)
Goodwill (Note 11)	18,022	10,607	317,791	157,354	6,550	510,324
	19,555	10,524	357,912	232,573	6,195	626,759

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

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

	Intrahealth	ExecHealth	CRH	MyHealth	Others
	$'000	$'000	$'000	$'000	$'000
Revenue	4,352	1,316	85,400	19,243	1,145
Net income (loss)	(192)	681	6,811	637	(487)

If these acquisitions had occurred on January 1, 2021, the Company estimates that it would have reported the following consolidated revenue and net loss for the nine months ended September 30, 2021:

	Intrahealth	ExecHealth	CRH	MyHealth	Others
	$'000	$'000	$'000	$'000	$'000
Revenue	188,750	187,613	246,259	234,754	187,066
Net loss	(31,526)	(30,934)	(25,530)	(27,830)	(31,352)

During the third quarter of 2021, the Company finalized the purchase price allocation of Cycura as follows:

	Cycura final $'000
Cash at closing	2,333
Fair value of purchase consideration	2,333
Fair values of assets and liabilities acquired:	
Accounts receivable and other current assets	6
Right-of-use assets	347
Lease liability	(347)
Unearned revenue	(128)
Customer relationships (Note 11)	321
Brand (Note 11)	531
Goodwill (Note 11)	1,603
	2,333

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

Asset acquisitions

The Company has made the following asset acquisitions via CRH and MyHealth since the Company's acquisitions of CRH and MyHealth in April and July 2021, respectively.

	NEAA	NIAA	FDHS-Bradenton	GWAA	Destin	Durham	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	5,589	2,828	1,747	7,435	3,024	1,200	21,823
Deferred acquisition cost (Note 13(a))	-	-	-	897	-	-	897
Acquisition-related transaction cost	148	44	35	94	100	-	421
Purchase consideration	**5,737**	**2,872**	**1,782**	**8,426**	**3,124**	**1,200**	**23,141**
Assets and liabilities acquired							
Exclusive professional services agreement ("PSA")	6,750	5,631	3,495	16,521	4,463	-	36,860
Licences	-	-	-	-	-	1,045	1,045
Property and equipment	-	-	-	-	-	95	95
Goodwill	-	-	-	-	-	60	60
Non-controlling interest	(1,013)	(2,759)	(1,713)	(8,095)	(1,339)	-	(14,919)
	5,737	**2,872**	**1,782**	**8,426**	**3,124**	**1,200**	**23,141**
PSA amortization term	8 years	5 years	7 years	7 years	7 years	NA	
Ownership	85%	51%	51%	51%	70%	100%	

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

19. Cash Flow Information

	Three months ended		Nine months ended	
	September 30, 2021 $'000	September 30, 2020 $'000	**September 30, 2021 $'000**	September 30, 2020 $'000
Change in non-cash operating items:				
Accounts and other receivables	**(7,332)**	369	**(7,609)**	(275)
Inventory	**(163)**	22	**1,086**	(63)
Other current assets	**79**	(1,284)	**1,546**	(1,018)
Other non-current assets	**(287)**	(15)	**(396)**	(21)
Accounts payable and accrued liabilities	**(4,395)**	377	**(1,995)**	693
Unearned revenue	**(201)**	(222)	**(860)**	176
Income tax payable	**3,459**	168	**2,939**	(141)
Deferred tax assets	**(2,409)**	-	**(4,151)**	-
Other non-current liabilities	**-**	(22)	**-**	(22)
Other current liabilities	**518**	767	**4,980**	670
	(10,731)	160	**(4,460)**	(1)
Business acquisitions, net of cash acquired (Note 18):				
Trinity Healthcare Technologies	**-**	-	**-**	(3,918)
MedBASE	**-**	4	**-**	(236)
Indivica	**-**	-	**-**	(4,312)
Cycura	**-**	(2,335)	**-**	(2,335)
Adracare	**-**	-	**(3,698)**	-
Open Health	**-**	-	**(349)**	-
IntraHealth	**-**	-	**(10,652)**	-
CRH	**-**	-	**(274,310)**	-
ExecHealth	**-**	-	**(3,953)**	-
DSG	**-**	-	**(252)**	-
MyHealth	**(80,012)**	-	**(80,012)**	-
	(80,012)	(2,331)	**(373,226)**	(10,801)
Asset acquisitions (Note 18):				
NEAA	-	-	**(5,737)**	-
NIAA	-	-	**(2,872)**	-
FDHS-Bradenton	-	-	**(1,782)**	-
GWAA	**(7,529)**	-	**(7,529)**	-
Destin	**(3,124)**	-	**(3,124)**	-
Durham	**(1,200)**	-	**(1,200)**	-
	(11,853)	-	**(22,244)**	-
Equity and debt investments in associates and others:				
Debt investment in Insig		(30)	**-**	(2,280)
Investment in Phelix	**-**	-	**(523)**	-
Investment in Twig	**-**	-	**(250)**	-
Investment in Bright	**(250)**	-	**(250)**	-
	(250)	(30)	**(1,023)**	(2,280)

(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:

	September 30, 2021 $'000	December 31, 2020 $'000
Financial assets at amortized cost		
Cash and cash equivalents	**38,726**	86,890
Restricted cash	**32,723**	4,169
Accounts and other receivables	**62,424**	8,654
Lease receivable	**2,021**	1,803
Other current and non-current assets	**10,887**	2,360
	146,781	103,876
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	**3,902**	304
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**34,985**	6,262
Notes payable and other borrowings	**311,550**	1,701
Deferred acquisition costs	**64,531**	2,159
Lease liability	**61,179**	21,867
Other current and non-current liabilities	**17,820**	8,864
	490,065	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 directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any fair value measurements categorized within level 1 or 2 of the fair value hierarchy.

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 MyHealth's previous shareholders (Note 14), 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. As a result, a portion of the interest on these instruments is fixed rate. The Company has estimated the fair value of these financial instruments to be US$153,538 ($195,623) for JPM facility, $86,600 for RBC facility, and $30,000 for the promissory note with MyHealth's previous shareholders as at September 30, 2021 based on Level 3 unobservable inputs.

The investments in Phelix, Twig, Bright and an anesthesia revenue cycle management organization are classified as financial assets at FVPL. The fair value measurements of the investments are categorized within Level 3 of the fair value hierarchy. As at September 30, 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. The Company recognizes anesthesia service revenues, net of contractual adjustments and implicit price concessions, which are estimated based on the historical trend of cash collections and contractual adjustments. As a result, anesthesia related receivables reflect the amount the Company expects to receive from patients and third-party insurers at the reporting period end and thus credit risk is considered to be limited.

As at September 30, 2021, the Company had $62,424 (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 (except for the past two quarters), 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 September 30, 2021, the Company's major interest bearing liability is its JPM facility, RBC facility, and promissory note issued to MyHealth's previous shareholders (Note 14). With all other variables held constant, a 10% increase in the interest rate would have reduced net income by approximately $297 (2020 – nil) for the nine months ended September 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 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' net assets are exposed to foreign currency translation risk.

21. Events After the Reporting Period

Acquisition of WISP

On October 1, 2021, the Company completed the previously announced acquisition of a majority interest in WISP for a total consideration of approximately US$41.3 million, which includes a future conditional earn-out on operating performance of up to approximately US$7.4 million. Cash paid at closing with regards to this transaction, transferred to WISP's legal counsel in escrow and to be released on October 1, 2021 provided all customary closing deliverables were met, was included in restricted cash as of September 30, 2021.

Acquisition of Pinellas County Anesthesia Associates, LLC ("PCAA")

On October 7, 2021, WELL's CRH subsidiary completed a majority stake acquisition of a 51% interest in PCAA, a gastroenterology anesthesia services provider in Florida. The purchase consideration, paid via cash, for the acquisition of the Company's interest was US$9.23 million plus deferred acquisition costs of US$136.

Other acquisitions

On October 21, 2021, the Company's subsidiary WELL Ventures announced it invested in Hasu Behavioral Health, a virtual online therapy clinic that provides secure online video, phone and text therapy for individuals and their families struggling with mental health issues such as anxiety, depression, stress, relationship problems, trauma, as well as substance abuse.

On November 1, 2021, the Company completed the acquisition of Aware MD Inc. ("Aware MD"), an enterprise class EMR provider with a focus on cardiology in addition to other disease specialties including radiology, endocrinology and rheumatology. Total consideration paid for Aware MD was $4.5 million, including a conditional earn-out of up to $3.5 million.

On November 1, 2021, the Company completed the acquisitions of Uptown Physical Rehabilitation, Chiropractic and Massage Therapy Centre Inc. and Uptown Health Management Inc. ("Uptown Medical"). Uptown Medical is comprised of two medical clinics and one allied health clinic in the greater Toronto area. Total purchase consideration was $1.37 million.