



WELL Health
TECHNOLOGIES CORP

WELL HEALTH TECHNOLOGIES CORP.
Condensed Interim Consolidated Financial Statements
Three and nine months ended September 30, 2022
Expressed in thousands of Canadian dollars

WELL Health Technologies Corp.

Consolidated Statements of Loss and Comprehensive Loss

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

	Three months ended		Nine months ended	
	September 30, 2022 \$'000	Restated (Note 15) September 30, 2021 \$'000	September 30, 2022 \$'000	Restated (Note 15) September 30, 2021 \$'000
Revenue (Note 5)	145,789	99,291	412,623	186,644
Expenses				
Cost of sales (excluding depreciation and amortization)	(67,597)	(49,322)	(189,569)	(96,432)
General and administrative (Note 6)	(48,726)	(27,439)	(140,771)	(58,725)
Depreciation and amortization	(13,918)	(13,632)	(41,103)	(25,023)
Stock-based compensation (Note 12)	(5,883)	(9,447)	(19,549)	(16,749)
Foreign exchange gain (loss)	(1,087)	387	(608)	(4,466)
Operating income (loss)	8,578	(162)	21,023	(14,751)
Interest income (Note 7)	200	71	411	485
Interest expense (Note 7)	(7,122)	(3,141)	(17,530)	(4,950)
Time-based earn-out expense	(2,669)	(1,393)	(9,705)	(3,280)
Change in fair value of investment	-	-	602	-
Gain on disposal of subsidiaries (Note 15(b))	5,240	-	5,240	-
Share of net loss of associates	(195)	(97)	(433)	(153)
Other (expense)/income	(442)	(155)	(483)	260
Income (Loss) for the period before income tax	3,590	(4,877)	(875)	(22,389)
Income tax expense recovery/(expense)	(2,979)	(2,924)	(2,534)	(4,452)
Net income (loss) for the period	611	(7,801)	(3,409)	(26,841)
Net (loss) income for the period attributable to:				
Owners of WELL Health Technologies Corp.	(4,419)	(12,107)	(19,259)	(34,548)
Non-controlling interests	5,030	4,306	15,850	7,707
	611	(7,801)	(3,409)	(26,841)
Other comprehensive income (loss)				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	32,039	1,443	39,424	1,062
Total comprehensive income (loss) for the period	32,650	(6,358)	36,015	(25,779)
Total comprehensive (loss) income for the period attributable to:				
Owners of WELL Health Technologies Corp.	27,330	(10,687)	19,814	(33,478)
Non-controlling interests	5,320	4,329	16,201	7,699
	32,650	(6,358)	36,015	(25,779)
Loss per share attributable to WELL Health Technologies Corp.				
Basic and diluted	(0.02)	(0.06)	(0.09)	(0.19)
Weighted average number of common shares outstanding				
Basic and diluted	226,783,493	203,959,885	217,721,268	185,103,512

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, 2022	Restated (Note 15) December 31, 2021
	\$'000	\$'000
Assets		
Current		
Cash and cash equivalents	52,435	61,919
Accounts and other receivables (Note 8)	99,569	66,049
Inventory	1,405	793
Lease receivable	586	520
Prepayments and other assets	12,489	13,084
Total current assets	166,484	142,365
Financial assets at fair value through profit and loss	5,898	5,392
Investments accounted for using the equity method	4,820	5,453
Lease receivable – non-current	2,009	2,210
Prepayments and other assets – non-current	687	644
Property and equipment	81,716	83,114
Intangible assets (Note 9)	586,476	576,679
Goodwill (Note 9)	494,905	471,478
Total assets	1,342,995	1,287,335
Liabilities and equity		
Current		
Accounts payable and accrued liabilities	51,821	38,737
Unearned revenue	7,892	4,242
Loans and borrowings (Note 11(a))	25,200	45,914
Lease liability	7,955	7,217
Convertible debentures (Note 11(b))	3,850	4,235
Deferred acquisition costs (Note 10(a))	34,870	24,344
Other liabilities (Note 10(b))	18,124	12,675
Total current liabilities	149,712	137,364
Loans and borrowings - non-current (Note 11(a))	237,436	253,125
Lease liability – non-current	52,488	53,971
Convertible debentures - non-current (Note 11(b))	40,757	37,474
Deferred tax liabilities	26,295	35,808
Unearned revenue - non-current	524	510
Deferred acquisition costs – non-current (Note 10(a))	41,131	61,259
Other liabilities – non-current (Note 10(b))	1,369	76
Total liabilities	549,712	579,587
Equity		
Share capital (Note 12)	695,284	633,509
Contributed surplus (Note 12)	50,487	43,988
Accumulated other comprehensive income	44,456	5,383
Accumulated deficit	(84,294)	(65,035)
Equity attributable to owners of WELL Health Technologies Corp.	705,933	617,845
Non-controlling interests	87,350	89,903
Total equity	793,283	707,748
Total liabilities and equity	1,342,995	1,287,335

Events after the reporting period (Note 18)

Approved by the Directors:

"Hamed Shahbazi"

"Thomas Liston"

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

WELL Health Technologies Corp. Statements of Changes in Equity

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

Attributable to owners of WELL Health Technologies Corp.

	Number of Shares	Share capital \$'000	Contributed surplus \$'000	Accumulated comprehensive income (loss) \$'000	Accumulated deficit \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at December 31, 2021	209,147,462	633,509	43,988	5,383	(64,643)	618,237	89,813	708,050
Finalization of 2021 PPAs in 2022 (Note 15)	-	-	-	-	(392)	(392)	90	(302)
Restated balance at December 31, 2021	209,147,462	633,509	43,988	5,383	(65,035)	617,845	89,903	707,748
Private placement (Note 12)	9,327,765	34,513	-	-	-	34,513	-	34,513
Share issue costs (Note 12)	-	(2,229)	-	-	-	(2,229)	-	(2,229)
Shares repurchased under normal course issuer bid (Note 12)	(50,000)	(243)	-	-	-	(243)	-	(243)
Share options exercised (Note 12)	3,030,161	2,581	(1,529)	-	-	1,052	-	1,052
Shares issued for RSUs/PSUs (Note 12)	2,467,067	11,521	(11,521)	-	-	-	-	-
Stock-based compensation (Note 12)	-	-	19,549	-	-	19,549	-	19,549
Shares issued for deferred acquisition costs (Note 10(a))	1,539,196	4,815	-	-	-	4,815	-	4,815
Shares issued for time-based earnout payments	385,388	1,464	-	-	-	1,464	-	1,464
Shares issued for settlement of note payable (Note 11(a)(ii))	2,320,897	9,353	-	-	-	9,353	-	9,353
Non-controlling interests via business combination (Note 15)	-	-	-	-	-	-	(2,793)	(2,793)
Distributions	-	-	-	-	-	-	(15,961)	(15,961)
Foreign currency translation of foreign operations (Loss)/income for the period	-	-	-	39,073	-	39,073	351	39,424
	-	-	-	-	(19,259)	(19,259)	15,850	(3,409)
Balance at September 30, 2022	228,167,936	695,284	50,487	44,456	(84,294)	705,933	87,350	793,283
Restated balance at December 31, 2020	162,998,852	231,885	6,374	(746)	(20,860)	216,653	1,695	218,348
Private placements (Note 12)	30,867,324	302,500	-	-	-	302,500	-	302,500
Share issue costs (Note 12)	-	(4,170)	-	-	-	(4,170)	-	(4,170)
Share options exercised (Note 12)	368,323	475	(197)	-	-	278	-	278
Warrants exercised (Note 12)	119,656	172	(64)	-	-	108	-	108
Shares issued for RSUs/PSUs (Note 12)	1,433,225	3,639	(3,639)	-	-	-	-	-
Shares issued for deferred acquisition costs (Note 10)	9,083	67	-	-	-	67	-	67
Shares issued for time-based earnout payments	37,303	271	-	-	-	271	-	271
Shares issued for acquisitions (Note 10)	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 12)	-	-	16,749	-	-	16,749	-	16,749
Non-controlling interests via business combination (Note 15)	-	-	-	-	-	-	77,118	77,118
Distributions	-	-	-	-	-	-	(9,848)	(9,848)
Other transactions with non-controlling interests	-	-	-	-	-	-	24	24
Foreign currency translation of foreign operations (Loss)/income for the period	-	-	154	1,070	-	1,224	(8)	1,062
	-	-	-	-	(34,548)	(34,548)	7,707	(26,841)
Restated Balance at September 30, 2021	205,712,150	612,251	19,377	324	(55,408)	576,544	76,688	653,232

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)

	Nine months ended	
	September	Restated (Note 15) September
	30, 2022	30, 2021
	\$'000	\$'000
Cash flows provided by/(used in)		
Operating activities		
Net loss for the period	(3,409)	(26,841)
<i>Adjustments to net loss for non-cash items:</i>		
Interest income accretion	(397)	(88)
Interest expense accretion	9,415	1,882
Time-based earnout expense	1,463	271
Unrealised foreign exchange loss and others	1,959	1,512
Change in fair value of investments	(602)	-
Depreciation and amortization	41,103	25,022
Share of net loss of associates	433	153
Gain on disposal of subsidiaries (Note 15(b))	(5,240)	-
Stock-based compensation (Note 12)	19,549	16,749
Non-cash gain included in other income	(1,052)	(469)
Change in non-cash operating items (Note 16)	(15,686)	(4,332)
Net cash provided by operating activities	47,536	13,859
Investing activities		
Change in restricted cash	-	(28,554)
Business acquisitions, net of cash acquired (Note 16)	(9,766)	(373,226)
Asset acquisitions (Note 16)	(2,107)	(22,244)
Proceeds on disposal of subsidiaries (Note 15(b))	16,510	-
Acquisition transaction costs included in accounts payable and accrued liabilities	-	(24,239)
Equity and debt investments in associates and others (Note 16)	-	(1,023)
Other transactions with non-controlling interests	-	175
Acquisition of property and equipment and internally generated software	(4,662)	(856)
Settlement of working capital holdbacks	(185)	(5,223)
Settlement of deferred acquisition costs (Note 10(a))	(23,847)	(849)
Net cash used in investing activities	(24,057)	(456,039)
Financing activities		
Proceeds from private placements (Note 12(c))	34,513	302,500
Share issue costs	(2,229)	(4,170)
Shares repurchased under NCIB	(243)	-
Payment of interest on convertible debentures (Note 11(b))	(2,310)	-
Proceeds from loans and borrowings	33,899	114,247
Repayment of loans and borrowings	(75,292)	(5,983)
Proceeds from options exercised	1,031	278
Proceeds from agent warrants exercised	-	108
Distribution from equity investment	-	83
Transactions with non-controlling interests	(16,561)	(9,563)
Lease payments	(7,541)	(3,849)
Lease payments received	557	350
Net cash (used in)/provided by financing activities	(34,176)	394,001
Effects of foreign exchange differences on cash and cash equivalents	1,213	15
Net change in cash	(9,484)	(48,164)
Cash and cash equivalents - beginning of period	61,919	86,890
Cash and cash equivalents - end of period	52,435	38,726
Cash paid for:		
Interest	(10,147)	(2,969)
Income tax	(2,171)	(206)

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

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

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

1. Nature of operations

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

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

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

The Company's Board of Directors approved these condensed interim consolidated financial statements on November 10, 2022.

2. Basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the December 31, 2021 annual consolidated financial statements, which have been prepared in accordance with IFRS issued by the IASB.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. All financial information in these condensed interim consolidated financial statements, except share and per share amounts, is presented in thousands of Canadian dollars, which is the functional currency of the Company. All amounts are rounded to the nearest thousands of Canadian dollars.

3. Significant accounting policies

The preparation of financial statements is based on accounting principles and practices consistent with those used in the preparation of December 31, 2021 annual consolidated financial statements.

Income tax

Income tax expense recognized in interim periods is based on the best estimate of the income tax rate expected for the full financial year. At the date of each interim financial report, the effective annual tax rate is re-estimated and is applied to profits earned, or losses incurred, to date.

4. Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

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

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the December 31, 2021 annual consolidated financial statements.

5. Revenue

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

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2022	30, 2021	30, 2022	30, 2021
	\$'000	\$'000	\$'000	\$'000
Public insured	43,746	35,029	129,628	57,157
Non-public and other	49,821	46,290	145,165	85,150
Omni-channel Patient Services	93,567	81,319	274,793	142,307
Virtual Services	52,222	17,972	137,830	44,337
Total Revenue	145,789	99,291	412,623	186,644

6. General and administrative expenses

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

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2022	30, 2021	30, 2022	30, 2021
	\$'000	\$'000	\$'000	\$'000
Salaries and benefits	24,407	16,648	73,666	32,013
Professional and consulting fees	2,871	3,912	14,038	11,025
Office expenses	2,983	1,706	8,977	2,765
Marketing and promotion	13,926	1,911	33,913	6,721
Others	4,539	3,262	10,177	6,201
	48,726	27,439	140,771	58,725

7. Interest

The following table shows a breakdown of interest income and interest expense for the three and nine months ended September 30, 2022, and 2021:

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

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

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$'000	\$'000	\$'000	\$'000
Interest income on cash and cash equivalents and others	168	44	313	404
Interest accretion on subleases	32	27	98	81
Interest income	200	71	411	485
Interest accretion on leases	(638)	(539)	(1,939)	(1,076)
Interest accretion on deferred acquisition costs (Note 10(a))	(641)	(471)	(1,852)	(607)
Interest on convertible debentures (Note 11(b))	(1,999)	-	(5,208)	-
Interest on loans and borrowings	(3,714)	(2,071)	(8,164)	(3,163)
Amorization of deferred financing fees	(130)	(60)	(367)	(104)
Interest expense	(7,122)	(3,141)	(17,530)	(4,950)

8. Accounts and other receivables

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

	September 30, 2022	December 31, 2021
	\$'000	\$'000
Accounts Receivable - gross	102,996	67,969
Less: Expected credit losses	(3,427)	(1,920)
	99,569	66,049
Accounts receivable - gross		
Omni-channel Patient Services - Specialized - CRH	61,512	40,269
Omni-channel Patient Services - Specialized - MyHealth	12,373	12,490
Omni-channel Patient Services - Primary	3,808	6,823
Virtual Services and others	25,303	8,387
	102,996	67,969

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its receivables. As at September 30, 2022, the Company recognized expected credit losses of \$3,427 (December 31, 2021 – \$1,920), which has been recorded as a reduction of accounts receivable. The expected lifetime credit loss provision for our trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information as required.

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

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

9. Intangible assets and Goodwill

	Customer relationships \$'000	Technology \$'000	Brand \$'000	Licences and Patents \$'000	Intangibles Total \$'000	Goodwill \$'000
COST						
Restated balance at December 31, 2020	28,984	13,778	531	-	43,293	94,008
Acquired via business combinations	260,672	10,206	-	40,248	311,126	513,960
Acquired via asset acquisitions	79,073	-	-	1,105	80,178	-
Exchange difference on foreign currency translation	8,049	99	-	-	8,148	3,779
Balance at December 31, 2021	376,778	24,083	531	41,353	442,745	611,747
PPA finalization	6,721	4,513	18,596	142,120	171,950	(140,269)
Restated balance at December 31, 2021	383,499	28,596	19,127	183,473	614,695	471,478
Acquired via asset acquisitions (Note 15)	28,871	-	-	830	29,701	3,550
Internally generated	-	1,269	-	-	1,269	-
Disposals	(28,869)	-	-	(1,800)	(30,669)	-
Exchange difference on foreign currency translation	46,798	1,176	219	-	48,193	19,877
Balance at September 30, 2022	430,299	31,041	19,346	182,503	663,189	494,905
ACCUMULATED AMORTIZATION						
Restated balance at December 31, 2020	(2,873)	(177)	(22)	-	(3,072)	-
Amortization for the period	(28,301)	(2,309)	(53)	-	(30,663)	-
Exchange difference on foreign currency translation	(3,540)	(15)	-	-	(3,555)	-
Balance at December 31, 2021	(34,714)	(2,501)	(75)	-	(37,290)	-
Amortization for the period	(373)	(49)	(304)	-	(726)	-
Restated balance at December 31, 2021	(35,087)	(2,550)	(379)	-	(38,016)	-
Amortization for the period	(28,740)	(2,573)	(505)	-	(31,818)	-
Disposals	13,680	-	-	-	13,680	-
Exchange difference on foreign currency translation	(20,455)	(104)	-	-	(20,559)	-
Balance at September 30, 2022	(70,602)	(5,227)	(884)	-	(76,713)	-
NET CARRYING AMOUNTS						
Restated balance at December 31, 2021	348,412	26,046	18,748	183,473	576,679	471,478
As at September 30, 2022	359,697	25,814	18,462	182,503	586,476	494,905

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

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

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

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

	September 30, 2022 \$'000	December 31, 2021 \$'000
Current portion	34,870	24,344
Non-current portion	41,131	61,259
	76,001	85,603
		\$'000
Balance at December 31, 2020		2,159
Additions via business combinations and asset acquisitions		83,656
Accretion of discount		1,174
Settlement in cash		(1,457)
Settlement in common shares		(67)
Exchange difference on foreign currency translation		138
Balance at December 31, 2021		85,603
Additions via business combinations and asset acquisitions (Note 15)		15,939
Addition via buyout		398
Accretion of discount (Note 7)		1,852
Settlement in cash		(23,847)
Settlement in common shares		(4,815)
Gain in settlement included in other income (expense)		(356)
Exchange difference on foreign currency translation		1,227
Balance at September 30, 2022		76,001

b) Other liabilities

	September 30, 2022 \$'000	December 31, 2021 \$'000
<i>Current:</i>		
Working capital holdback	700	882
Time-based earnouts	5,804	2,046
Income tax payable	4,967	3,288
Payroll liabilities and others	6,653	6,459
	18,124	12,675
<i>Non-current:</i>		
Time-based earnouts	1,262	-
Others	107	76
	1,369	76

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

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

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

	September 30, 2022	December 31, 2021
	\$'000	\$'000
CRH syndicated credit facility with JPM:		
Revolving loan	192,877	206,479
MyHealth and Canadian Clinics syndicated credit facility with RBC:		
Revolving loan	23,400	23,400
Term loan	47,500	49,375
Promissory notes	-	20,000
Other loans and borrowings	621	1,401
Less: Financing fees	(1,762)	(1,616)
Total Loans and Borrowings	262,636	299,039
Current portion	25,200	45,914
Non-current portion	237,436	253,125
Total Loans and Borrowings	262,636	299,039

i) Syndicated credit facilities

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

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

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

	CRH (JPM) US\$'000	MyHealth and Canadian Clinics (RBC) \$'000
2022	-	625
2023	-	2,500
2024	-	2,500
2025	140,714	2,500
2026	-	62,775
	140,714	70,900

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

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

ii) Promissory notes

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

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

b) Convertible debentures

	\$'000
Proceeds from issuance of convertible debentures, November 25, 2021	70,000
Less: Transaction costs	(3,890)
Net proceeds	66,110
Amount classified as equity (net of transaction costs)	(25,042)
Interest accreted	641
Balance as of December 31, 2021	41,709
Interest accreted (Note 7)	5,208
Interest paid	(2,310)
Balance as of September 30, 2022	44,607
Current (Interest payable within one year)	3,850
Non-current	40,757
	44,607

12. Share capital**a) Authorized**

Unlimited common shares without par value.

b) Issued Common Shares

As at September 30, 2022, the issued share capital consisted of 228,167,936 (December 31, 2021 – 209,147,462) common shares.

c) Private placement

During the nine months ended September 30, 2022, the Company completed a private placement financing for gross proceeds of \$34,513. The financing was structured as a bought deal offering of 9,327,765 common shares at a price of \$3.70 per share. Share issue costs incurred in connection with this financing were estimated at \$2,184.

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

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d) Normal Course Issuer Bid ("NCIB")

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

e) Share Options

(i) Changes in share options

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

	September 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance outstanding, beginning of year	6,437,274	1.03	6,974,099	1.03
Options granted	168,702	3.95	163,000	5.46
Options exercised	(3,030,161)	(0.60)	(501,075)	(0.76)
Options expired	(407,774)	(0.25)	-	-
Options forfeited	(11,875)	(2.77)	(198,750)	(5.07)
Balance outstanding, end of period	3,156,166	1.70	6,437,274	1.03

During the nine months ended September 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$846 and \$1,358, respectively, relating to share options in the condensed interim consolidated statements of loss.

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

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

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contractual life (years)
0.39	70,000	70,000	0.21
0.50	675,000	675,000	0.65

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0.43	340,000	289,380	1.31
1.42	918,371	565,887	1.79
2.24	665,625	333,743	2.60
3.06	100,000	-	5.00
3.25	223,468	107,974	3.19
5.24	68,702	-	4.52
6.94	95,000	41,564	2.84
	3,156,166	2,083,548	1.92

The weighted average exercise price of share options exercisable as at September 30, 2022 is \$1.29 (December 31, 2021 - \$0.73).

(iii) Fair value of share options granted

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

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

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

f) Restricted Share Units ("RSUs")

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

	September 30, 2022	December 31, 2021
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	4,367,723	3,564,497
Units granted	2,322,763	3,473,584
Units vested	(2,011,940)	(2,028,521)
Units forfeited	(168,865)	(641,837)
Balance outstanding, end of period	4,509,681	4,367,723

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

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During the nine months ended September 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$11,365 and \$12,128, respectively, relating to RSUs in the condensed interim consolidated statements of loss.

g) Performance Share Units (“PSUs”)

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

	September 30, 2022	December 31, 2021
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	1,505,091	719,729
Units granted	2,182,770	1,373,059
Units vested	(455,127)	(295,248)
Units forfeited	(117,161)	(292,449)
Balance outstanding, end of period	3,115,573	1,505,091

During the nine months ended September 30, 2022 and 2021, the Company recognized stock-based compensation expense of \$7,338 and \$3,263, respectively, relating to PSUs in the condensed interim consolidated statements of loss.

13. Related party transactionsKey Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company’s Board of Directors and members of the senior executive team. The remuneration of the Company’s key management personnel during the three and nine months ended September 30, 2022 and 2021 was as follows:

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2022	30, 2021	30, 2022	30, 2021
	\$’000	\$’000	\$’000	\$’000
Salaries	220	90	660	270
Directors’ fees	60	-	180	-
Stock-based compensation expense	1,082	1,700	4,268	1,928
	1,362	1,790	5,108	2,198

During the nine months ended September 30, 2022, the Company granted 339,771 RSUs (119,274 to CEO, 47,709 to CFO, 33,396 to COO and 139,392 to Board of Directors), 200,379 PSUs (119,274 to CEO,

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Notes to Condensed Interim Consolidated Financial Statements

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47,709 to CFO and 33,396 to COO) and 100,000 share options (all to Board of Directors). For the nine months ended September 30, 2021 – 537,500 RSUs, 475,000 PSUs and nil share options were granted to members of key management personnel.

Included in Prepayments and other assets - current as at September 30, 2022 and December 31, 2021 is \$4,426 and \$2,550, respectively, for receivables from related parties. These receivables were primarily related to payroll tax on stock issuances for the related parties.

14. Segment reporting

The Company is organized into operating segments based on its product and service offerings. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and are grouped into reportable segments as follows:

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

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

	<-----Omni-channel Patient Services----->											
	Primary		Specialized-CRH		Specialized-MyHealth		Virtual Services		Corporate/shared services		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total segment revenue	16,577	13,402	50,843	48,673	26,147	19,243	52,222	18,805	3,577	1,303	149,366	101,426
Inter-segment revenue	-	-	-	-	-	-	-	(832)	(3,577)	(1,303)	(3,577)	(2,135)
Revenue from external customers	16,577	13,402	50,843	48,673	26,147	-	52,222	17,973	-	-	145,789	99,291
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	2,220	1,338	22,276	18,971	5,501	3,930	5,634	166	(11,201)	(12,580)	24,430	11,825

For the nine months ended September 30, 2022 and 2021:

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<-----Omni-channel Patient Services----->												
	Primary		Specialized-CRH		Specialized-MyHealth		Virtual Services		Corporate/shared services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	48,753	37,663	149,903	85,400	76,137	19,243	137,830	45,599	10,779	4,129	423,402	192,034
Inter-segment revenue	-	-	-	-	-	-	-	(1,261)	(10,779)	(4,129)	(10,779)	(5,390)
Revenue from external customers	48,753	37,663	149,903	85,400	76,137	19,243	137,830	44,338	-	-	412,623	186,644
Segment profit (loss) before tax, interest and depreciation and amortization ⁽¹⁾	7,004	3,856	62,882	34,381	13,876	3,930	8,863	(1,732)	(35,278)	(33,336)	57,347	7,099
Goodwill and intangible assets	33,760	28,786	605,679	495,043	228,773	207,897	213,169	137,738	-	-	1,081,381	869,464

Notes:

(1) (a) Included in segment profit (loss) is \$13,926 and \$33,913 of marketing and promotion expense for the three and nine months ended September 30, 2022 (2021 - \$1,911 and \$6,721) and \$5,883 and \$19,549 of non-cash stock-based compensation expense for the three and nine months ended September 30, 2022 (2021 - \$9,447 and \$16,749).

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

(c) Included a one-time gain on disposal under CRH in the amount of \$5,240 for the three months and nine months ended September 30, 2022 (note 15(b)).

Geographic information

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

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

	US		Canada and others		Canada (Corporate/shared services)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	85,831	54,157	59,958	45,966	3,577	1,303	149,366	101,426
Inter-segment revenue	-	-	-	(832)	(3,577)	(1,303)	(3,577)	(2,135)
Revenue from external customers	85,831	54,157	59,958	45,134	-	-	145,789	99,291

For the nine months ended September 30, 2022 and 2021:

	US		Canada and others		Canada (Corporate/shared services)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	237,556	96,208	175,067	91,697	10,779	4,129	423,402	192,034
Inter-segment revenue	-	-	-	(1,261)	(10,779)	(4,129)	(10,779)	(5,390)
Revenue from external customers	237,556	96,208	175,067	90,436	-	-	412,623	186,644
Goodwill and intangible assets	679,072	518,175	402,309	351,289	-	-	1,081,381	869,464

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

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15. Business combinations, asset acquisitions and disposals**a) Business combinations and asset acquisitions**

During the nine months ended September 30, 2022, the Company acquired interests in the following companies:

Company name	Date of Acquisition	Business/asset acquisition	% Ownership	Place of incorporation	Line of business
Western Carolina Sedation Associates, LLC ("WCSA")	Jan 1, 2022	Asset	51%	US	Patient Services - Specialized
Greater Connecticut Anesthesia Associates, LLC ("GCAA")	Mar 7, 2022	Asset	100%	US	Patient Services - Specialized
InLiv Inc. ("INLIV")	Aug 1, 2022	Asset	100%	Canada	Patient services - Primary
Phymed of Arizona, LLC ("PHYMED")	Sep 26, 2022	Business	100%	US	Patient Services - Specialized

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

- (i) cash paid to the vendor, net of working capital adjustments;
- (ii) working capital/indemnification holdbacks; and
- (iii) deferred purchase consideration that is considered to be a deferred acquisition cost.

	WCSA \$'000	GCAA \$'000	INLIV \$'000	PHYMED \$'000	Total \$'000
Cash	1,649	-	1,567	10,020	13,236
Pre-transaction equity interest	765	-	-	-	765
Working capital holdback	-	-	308	429	737
Deferred acquisition cost (Note 10(a))	143	15,796	-	-	15,939
Acquisition-related transaction cost	45	132	21	-	198
Purchase consideration	2,602	15,928	1,896	10,449	30,875
Assets and liabilities acquired					
Exclusive professional services agreement ("PSA")	4,458	15,928	-	8,422	28,808
Cash	31	-	-	254	285
Accounts receivable and other current assets	685	-	225	3,203	4,113
Property and equipment	-	-	234	7	241
Accounts payable	(71)	-	(228)	(1,437)	(1,736)
Unearned revenue	-	-	(1,885)	-	(1,885)
Non-controlling interest	(2,501)	-	-	-	(2,501)
Goodwill	-	-	3,550	-	3,550
	2,602	15,928	1,896	10,449	30,875
PSA amortization term	15 years	10 years	NA	10 years	
Ownership	51%	100%	NA	100%	

WELL Health Technologies Corp.

Notes to Condensed Interim Consolidated Financial Statements

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2020 and 2021 Purchase Price Allocation finalization and restatement

During the nine months ended September 30, 2022, the Company finalized the purchase price allocation of certain entities acquired in 2021. During the year ended December 31, 2021, the Company finalized the purchase price allocation of certain entities acquired in 2020 and 2021. As a result of these finalizations, certain assets and liabilities recorded at the respective acquisition dates including goodwill, intangible assets, property and equipment, deferred tax assets and liabilities and other amounts on the consolidated statements of financial position have been restated to reflect the final fair values allocated to net assets acquired. These restatements also impacted amortization expense, deferred income tax expense and net loss on the consolidated statements of loss and comprehensive loss for the years ended December 2021 and 2020 and the nine months ended September 30, 2022 and 2021. As a result, the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and the consolidated statements of financial position as of and for the periods ended December 31, 2021 and September 30, 2021 have been marked as restated.

During the nine months ended September 30, 2022, the Company finalized the purchase price allocation of MyHealth Partners Inc. ("MyHealth"), WISP, Inc ("Wisp"), AwareMD, Inc. ("AwareMD"), 2355581 Ontario Inc. ("CognisantMD") and Doctors Services Group ("DSG") acquired in 2021.

	MyHealth			Wisp			CognisantMD			Other			TOTAL		
	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized	Prov.	Adj.	Finalized
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at closing, inclusive of working capital adjustment	79,277	-	79,277	35,102	-	35,102	11,343	-	11,343	2,457	-	2,457	128,179	-	128,179
Fair value of shares issued at closing	65,993	-	65,993	5,750	-	5,750	-	-	-	478	-	478	72,221	-	72,221
Working capital holdback	-	-	-	-	-	-	-	-	-	347	-	347	347	-	347
Present value of deferred acquisition cost (Note 10)	54,639	-	54,639	8,824	-	8,824	7,000	-	7,000	4,834	-	4,834	75,297	-	75,297
Note payable (Note 11)	30,000	-	30,000	-	-	-	-	-	-	-	-	-	30,000	-	30,000
Fair value of purchase consideration	229,909	-	229,909	49,676	-	49,676	18,343	-	18,343	8,116	-	8,116	306,044	-	306,044
Cash	1,756	-	1,756	4,575	-	4,575	1,791	-	1,791	304	-	304	8,427	-	8,427
Accounts receivable and other current assets	16,882	(543)	16,339	551	-	551	651	-	651	380	-	380	18,464	(543)	17,921
Property and equipment	30,944	(5,719)	25,225	-	-	-	-	-	-	-	-	-	30,944	(5,719)	25,225
Right-of-use asset	28,800	(347)	28,453	-	-	-	134	-	134	241	-	241	29,174	(347)	28,827
Accounts payable and other current liabilities	(17,816)	-	(17,816)	(3,774)	-	(3,774)	(1,191)	-	(1,191)	(1,222)	(82)	(1,304)	(24,003)	(82)	(24,085)
Lease liability	(29,443)	414	(29,029)	-	-	-	(134)	-	(134)	(241)	-	(241)	(29,817)	414	(29,403)
Bank loans and other borrowings	(424)	-	(424)	-	-	-	-	-	-	(32)	-	(32)	(456)	-	(456)
Deferred tax liabilities	(3,687)	(18,557)	(22,244)	-	(4,129)	(4,129)	-	(1,831)	(1,831)	-	(748)	(748)	(3,687)	(25,265)	(28,952)
Non-controlling interests	(1,501)	-	(1,501)	(624)	(90)	(714)	-	-	-	319	68	387	(1,806)	(22)	(1,828)
Customer relationship (Note 9)	-	-	-	-	2,950	2,950	-	2,263	2,263	-	1,435	1,435	-	6,648	6,648
Brand (Note 9)	-	4,733	4,733	-	12,342	12,342	-	1,521	1,521	-	-	-	-	18,596	18,596
Technology (Note 9)	-	-	-	-	-	-	-	3,126	3,126	-	1,387	1,387	-	4,513	4,513
License (Note 9)	40,248	142,070	182,318	-	-	-	-	-	-	-	-	-	40,248	142,070	182,318
Goodwill (Note 9)	164,150	(122,051)	42,099	48,948	(11,073)	37,875	17,091	(5,079)	12,012	8,367	(2,060)	6,307	238,556	(140,263)	98,293
Fair values of assets and liabilities acquired	229,909	-	229,909	49,676	-	49,676	18,343	-	18,343	8,116	-	8,116	306,044	-	306,044

b) Disposals

On September 1, 2022, the Company, through its subsidiary CRH, sold its 55% interest in West Florida Anesthesia Associates, LLC ("WFAA") and contemporaneously released the remaining restrictive covenants relating to this business and a related entity. Total cash consideration received was \$16,510 (US\$12,396). The Company recognized a gain on disposal before income taxes of \$5,240 (US\$3,934), including transaction costs of \$202 (US\$152).

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16. Cash Flow Information

	Nine months ended	
	September 30, 2022 \$'000	Restated (Note 15) September 30, 2021 \$'000
Change in non-cash operating items:		
Accounts and other receivables	(30,979)	(7,609)
Inventory	(612)	1,086
Other current assets	706	1,546
Other non-current assets	(43)	(396)
Accounts payable and accrued liabilities	11,770	(1,978)
Unearned revenue	1,779	(860)
Income tax payable	1,251	2,939
Deferred tax assets	1,698	(4,151)
Deferred tax liabilities	(7,087)	111
Other non-current liabilities	1,293	-
Other current liabilities	4,538	4,980
	(15,686)	(4,332)

	Nine months ended	
	September 30, 2022 \$'000	September 30, 2021 \$'000
Equity and debt investments in associates and others:		
Investment in Phelix	-	(523)
Investment in Twig	-	(250)
Investment in Bright	-	(250)
	-	(1,023)

Business acquisitions, net of cash acquired		
Adracare	-	(3,698)
Open Health	-	(349)
IntraHealth	-	(10,652)
CRH	-	(274,310)
ExecHealth	-	(3,953)
DSG	-	(252)
MyHealth	-	(80,012)
Phymed	(9,766)	-
	(9,766)	(373,226)

Asset acquisitions		
GCAA	(132)	-
WCSA	(1,049)	-
MyHealth licences	970	-
InLiv	(1,896)	-
NEAA	-	(5,738)
NIAA	-	(2,871)
FDHS-Bradenton	-	(1,782)
GWAA	-	(7,529)
Destin	-	(3,124)
Durham	-	(1,200)
	(2,107)	(22,244)

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

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17. Financial Instruments

a. Classification of financial instruments

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

	September 30,	Restated
	2022	December 31,
	\$'000	2021
Financial assets at amortized cost	\$'000	\$'000
Cash and cash equivalents	52,435	61,919
Accounts and other receivables	99,569	66,049
Lease receivable	2,595	2,730
Other current and non-current assets	13,176	13,728
	167,775	144,426
Financial assets at fair value through profit or loss ("FVPL")		
Equity and debt investments	5,898	5,392
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	51,821	38,737
Loans and borrowings	262,636	299,039
Convertible debentures	44,607	41,709
Deferred acquisition costs	76,001	85,603
Lease liability	60,443	61,188
Other current and non-current liabilities	19,493	12,751
	515,001	539,027

b. Fair value measurements

The fair value hierarchy establishes three levels to reflect the significance of the inputs used in making the measurements:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

The Company's convertible debentures are categorized within Level 1 of the fair value hierarchy. As at September 30, 2022 the fair value of the convertible debentures, including the equity component, is \$6,443, which is based on the closing trade price of the convertible debentures on September 30, 2022.

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The Company does not have any fair value measurements categorized within level 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 loans and borrowings balances, which are mainly comprised of the JPM facility and the RBC facility (Note 11), are floating rate instruments which are based on SOFR/CDOR plus 1.25% to 3.25% dependent on CRH's total leverage ratio and MyHealth and Canadian Clinics total funded debt to EBITDA ratio. The Company has estimated the fair value of these financial instruments to be US\$140,714 (\$192,877) for the JPM facility and \$70,900 for RBC facility, as at September 30, 2022 based on Level 3 unobservable inputs.

The investments in Phelix, Twig, Bright, Tap Medical, Tali.ai, Cherry Health and an anesthesia revenue cycle management organization are classified as financial assets at FVPL. The fair value measurements of the investments are categorized within Level 3 of the fair value hierarchy. As at September 30, 2022 and December 31, 2021, in the absence of observable market data and any facts to suggest otherwise, management concluded that the fair value of the investments approximated the cost.

c. Risk management

Credit risk

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

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

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

As at September 30, 2022, the Company had \$99,569 (December 31, 2021 - \$66,049) of accounts and other receivables.

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

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 September 30, 2022, the Company's primary interest bearing liabilities are borrowings under its syndicated credit facilities with JPM and RBC (Note 11). With all other variables held constant, a 10% increase in the interest rate would have increased net loss by approximately \$762 (2021 – US\$297) for the nine months ended September 30, 2022. There would be an equal and opposite impact on net loss with a 10% decrease in the interest rate.

Foreign currency risk

The Company's parent company presentation and functional currency is the Canadian dollar. With the acquisition of Circle Medical Technologies, Inc. in November 2020, CRH in April 2021 and the acquisition of WISP, Inc. ("WISP") in October 2021 (functional currency is the US dollar), a significant portion of the Company's business operations is in the U.S. and these subsidiaries are exposed to foreign currency translation risk. A 10% movement in foreign exchange rates versus the US dollar would result in an approximate \$1.8 million change in the Company's net loss for the nine months ended September 30, 2022.

18. Event after the reporting period

On November 1, 2022, the Company completed the acquisition of CloudMD's Cloud Practice entity which includes Juno EMR or "Electronic Medical Record" and ClinicAid billing Software applications as well as three primary care clinics located in the province of British Columbia for total consideration of approximately \$5.7 million, subject to post-closing adjustments and holdbacks.