HEALWELL AI INC.
(formerly known as MCI ONEHEALTH TECHNOLOGIES INC.)

Consolidated Financial Statements
(In Canadian Dollars)
For the years ended December 31, 2024 and 2023

Contents

Independent auditor's report

To the Shareholders of Healwell AI Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Healwell AI Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of profit (loss) and comprehensive income (loss) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of software and customer relationship intangible assets acquired in business combinations *Refer to note 2 – Basis of presentation, and note 13 – Business acquisition to the consolidated financial statements.* The Company acquired Intrahealth Systems Limited, BioPharma Services Inc, Verosource Solutions Inc. and Mutuo Health Solutions Inc. for total purchase consideration of $72.8 million during 2024. The fair values of the identifiable assets acquired included $20.5 million in customer relationship and software intangible assets. Management applied significant judgment in estimating the fair values of the intangible assets. Management used the excess earnings method to estimate the fair values of customer relationship and the relief from royalty method to estimate the fair values of software using discounted cash flow models. Management developed significant assumptions related to revenue growth rates, projected margins, customer attrition, royalty rates and discount rates. We considered this a key audit matter due to the significant judgment by management in estimating the fair values of the software and customer relationship intangible assets, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair values of the software and customer relationship intangible assets, which included the following: – Read the purchase agreements. – Tested the underlying data used by management in the discounted cash flow models. – Evaluated the reasonableness of significant assumptions used by management related to revenue growth rates, projected margins and customer attrition, by considering the current and past performance of the acquired companies, and economic and industry data. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management’s excess earnings and relief from royalty methods and discounted cash flow models, as well as the reasonableness of certain significant assumptions such as customer attrition, royalty rates and discount rates, as well as tested the mathematical accuracy of the discounted cash flow models.

Key audit matter	How our audit addressed the key audit matter
Impairment test of goodwill for certain cash generating units (CGUs) *Refer to note 2 – Basis of presentation, note 3 – Material accounting policies and note 11 –Goodwill to the consolidated financial statements.* The Company has goodwill of $62.6 million related to the BioPharma, Intrahealth, Pentavere, Polyclinic Medical Clinics and Verosource CGUs as at December 31, 2024 and recorded an impairment loss of $4.5 million to goodwill for the BioPharma CGU. Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognized to the extent that the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount of a CGU is the greater of its value in use and its fair value less cost to sell. The recoverable amounts, as at December 31, 2024, were based on value in use methods using discounted cash flow models. Significant assumptions used by management in the discounted cash flow models included revenue growth rates, projected margins, and discount rates. We considered this a key audit matter due to (i) the significance of the goodwill balance and (ii) the significant judgment by management in determining the recoverable amounts of the CGUs, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts of the BioPharma, Intrahealth, Pentavere, Polyclinic Medical Clinics and Verosource CGUs, which included the following: – Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models. – Tested the reasonableness of revenue growth rates and projected margins applied by management in the discounted cash flow models by assessing them against the budget, management's strategic plans approved by the board of directors and third party published economic data. – With the assistance of professionals with specialized skill and knowledge in the field of valuations, tested the appropriateness of the method used and the mathematical accuracy of the model for BioPharma CGU and evaluated the reasonableness of the discount rates by considering data from comparable companies; and – Testing the underlying data used in the discounted cash flow models. • Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used by management.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from fixed price clinical research contracts *Refer to note 2 – Basis of presentation, note 3 – Material accounting policies and note 33 – Segment reporting to the consolidated financial statements*. For the year ended December 31, 2024, the Company's revenue from clinical research and patient services was $19.3 million, of which a significant portion related to fixed price clinical research contracts. Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method. The Company uses the labour hours input method to measure progress for its projects. Under this method, the extent of progress towards completion is based on the ratio of labour hours incurred to date to the total estimated labour hours at completion of the performance obligation, which includes both the actual labour hours already incurred and the estimated labour hours to complete the contract. Revenue is recognized proportionately as labour hours are incurred. Due to the nature of the work required to be performed on the performance obligation, management's estimation of labour hours at completion is complex and requires significant judgment. The significant assumptions used by management in estimating the labour hours at completion included labour hours and additional labour hours from delays ,and such labour hours, if probable, are included in estimated total labour hours. We considered this a key audit matter due to the significant judgments used by management to estimate the labour hours at completion of fixed price clinical research contracts. This in turn	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the revenue recognition from fixed price clinical research contracts, including estimates of total labour hours to completion used in the labour hours input method, which included the following: – Tested the underlying data used in determining revenue of fixed price clinical research contracts by: o agreeing key contractual terms back to signed contracts, including contract amendments and correspondence with customers, where applicable for a selection of contracts; and o agreeing the labour hours incurred to date to supporting payroll records and timesheets for a selection of labour hours. – Evaluated the reasonableness of significant assumptions related to estimating the labour hours at completion including the additional labour hours from delays by: o performing look-back procedures for a selection of fixed price clinical research contracts completed during the year to compare the originally estimated and actual costs incurred on the completed contracts; o testing the estimated labour hours to complete for a selection of fixed price clinical research contracts by comparing the labour hours initially budgeted for the contracts, to the actual labour hours incurred; o interviewing project managers to evaluate for a selection of fixed price

Key audit matter	How our audit addressed the key audit matter
resulted in significant audit effort and subjectivity in performing procedures.	clinical research contracts (i) progress to date; (ii) deviation between initial and revised total labour hours; and (iii) impact of any delays applicable; and o comparing information obtained from interviewing project managers to supporting documents.

Other matter – Restated comparative information

The consolidated financial statements of the Company for the year ended December 31, 2023, excluding the restatements described in Note 33 that were applied to revise the comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 1, 2024.

As part of our audit of the consolidated financial statements for the year ended December 31, 2024, we also audited the restatements applied to revise certain comparative information presented. In our opinion, such restatements are appropriate and have been properly applied. Other than with respect to the restatements that were applied to revise the comparative information, we were not engaged to audit, review or apply any procedures to the consolidated financial statements for the year ended December 31, 2023. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Nicholas Mobilio.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 31, 2025

HEALWELL AI INC. (formerly known as MCI ONEHEALTH TECHNOLOGIES INC.)
Consolidated Statement of Financial Position
(In thousands of Canadian dollars, except per share amounts)
As at 31 December 2024 and 2023

	Note	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		9,413	19,162
Accounts receivable	4	5,969	1,115
Contract assets		326	-
Prepaid and other assets	5	2,351	1,203
Lease receivables	18	269	126
		18,328	**21,606**
Assets classified as held for sale		-	1,150
		18,328	**22,756**
Non-current assets			
Property and equipment	9	793	531
Intangible assets	10	28,303	12,506
Right-of-use assets	18	4,122	3,202
Goodwill	11	67,143	12,305
Investment in equity securities	12	4,114	410
Call option and warrants	14	2,251	1,500
Other assets	5	115	237
Lease receivables	18	366	249
		125,535	**53,696**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	16	9,605	5,978
Acquisition related payables	17	6,596	443
Deferred revenue		2,453	335
Related party loan	8	1,780	672
Contingent consideration	15	1,940	-
Other liabilities		-	86
Lease liability	18	946	1,010
Liabilities associated with assets classified as held for sale		-	897
		23,320	**9,421**
Long-term liabilities			
Lease liability	18	5,237	4,264
Related party loan	8	9,478	10,508
Deferred tax liabilities	26	6,511	2,024
Contingent consideration	15	2,555	260
Non-controlling interest redeemable liability	19	-	1,282
Debentures payable	20	2,970	2,932
Loan payable	21	1,792	1,541
		51,863	**32,232**
Shareholders' equity			
Share capital	22	140,084	67,368
Convertible debenture options reserve		1,733	1,964
Contributed surplus		17,291	12,567
Translation reserve		(3)	-
Deficit		(95,218)	(69,249)
Equity attributable to HEALWELL AI Inc.		**63,887**	**12,650**
Non-controlling interest		9,785	8,814
		73,672	21,464
		125,535	**53,696**

The financial statements were approved by the Company's board of directors (the "Board of Directors") and authorized for issue on March 31, 2025.
They were signed on behalf of the Company by:
"Alexander Dobranowski" – CEO/Director "Kingsley Ward "– Director
See accompanying notes to the consolidated financial statements.

HEALWELL AI INC. (formerly known as MCI ONEHEALTH TECHNOLOGIES INC.)
Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)
For the years ended 31 December 2024 and 2023

	Note	December 31, 2024	December 31, 2023
Continuing operations			
Revenue	34	38,972	7,317
Total revenue		**38,972**	**7,317**
Cost of revenue		21,657	6,060
Gross profit		**17,315**	**1,257**
Expenses			
General and administrative		42,694	11,984
Research and development		5,795	4,811
Sales and marketing		2,381	1,280
Impairment charges		5,385	10,896
Operating expenses	24	**56,255**	**28,971**
Loss before other expense (income) and taxes		**(38,940)**	**(27,714)**
Financing expenses	25	1,972	1,755
Changes in fair value of call options	14	950	-
Changes in fair value of contingent consideration	15	(2,580)	223
Changes in fair value of investments		(277)	134
Loss on settlement of shares-contingent consideration		-	677
Loss on fixed assets write off	9	228	-
Debt forgiveness	8	(7,863)	-
Liability extinguishment	18	(3,088)	-
Impairment of investment in an associate		-	2,180
		(10,658)	**4,969**
Loss before taxes from continuing operations		**(28,282)**	**(32,683)**
Income taxes recovery	26	(856)	(542)
Net loss for the period on continuing operations, net of tax		**(27,426)**	**(32,141)**
Net (loss) profit on discontinued operations, net of tax	7	(54)	596
Net loss for the period		**(27,480)**	**(31,545)**
Other Comprehensive Expense			
Foreign currency translation of foreign operations		(3)	-
Net comprehensive loss for the period		**(27,483)**	**(31,545)**
Net (loss)/profit attributed to			
Non-controlling interests		(1,187)	52
Shareholders of HEALWELL AI Inc.		(26,293)	(31,597)
		(27,480)	**(31,545)**
Net comprehensive (loss) earnings attributable to			
Non-controlling interests		(1,187)	52
Shareholders of HEALWELL AI Inc.		(26,296)	(31,597)
		(27,483)	**(31,545)**
Loss per share attributable to HEALWELL AI Inc.			
Basic and diluted - Continuing operations	30	(0.19)	(0.56)
Basic and diluted - Discontinued operations	30	(0.00)	0.01
Basic and diluted -Continuing & discontinued operations	30	(0.19)	(0.55)

See accompanying notes to the consolidated financial statements.

HEALWELL AI INC. (formerly known as MCI ONEHEALTH TECHNOLOGIES INC.)
Consolidated Statement of Changes in Equity
(In thousands of Canadian dollars, except shares)

		Class A Subordinate Voting shares									Class B multiple voting shares
	Note	Shares	Share Capital	Convertible Debenture Option Reserve	Contributed Surplus	Translation Reserve	Deficit	Total	Non-Controlling interest	Total Equity	
Balance-January 1, 2023		50,075,202	39,787	-	9,640	-	(37,652)	11,775	1,719	13,494	36,000,000
Net loss and comprehensive loss		-	-	-	-	-	(31,597)	(31,597)	52	(31,545)	
Disposal of subsidiary		-	-	-	-	-	-	-	(146)	(146)	
Share based Payments		-	-	-	3,261	-	-	3,261	-	3,261	
Share issued in exchange for achieving milestone		3,035,657	2,277	-	-	-	-	2,277	-	2,277	
Share issued in exchange for achieving earn out target	21	758,914	400	-	(400)	-	-	-	-	-	
Share issuance	22	27,708,400	19,500	-	-	-	-	19,500	-	19,500	
Share issuance expenses	22	-	(2,841)	-	787	-	-	(2,054)	-	(2,054)	
Shares issued for acquisition	23	5,705,664	5,592	-	-	-	-	5,592	7,189	12,781	
Convertible debenture option reserve		-	-	1,964	-	-	-	1,964	-	1,964	
Share warrants	22	-	1,932	-	-	-	-	1,932	-	1,932	
Share issuance for settlement of RSUs and DSUs	22	702,953	721	-	(721)	-	-	-	-	-	
Cancelled during the year											(5,200,000)
Balance- December 31, 2023		**87,986,790**	**67,368**	**1,964**	**12,567**	**-**	**(69,249)**	**12,650**	**8,814**	**21,464**	**30,800,000**
Balance-January 1, 2024		87,986,790	67,368	1,964	12,567	-	(69,249)	12,650	8,814	21,464	30,800,000
Net loss and comprehensive loss		-	-	-	-	(3)	(26,293)	(26,296)	(1,187)	(27,483)	
NCI adjustments for Polyclinic		-	-	-	629	-	324	953	(324)	629	
Buyback of Polyclinic NCI Shares		-	-	-	1,305	-	-	1,305	(1,468)	(163)	
Acquisition of Mutuo		-	-	-	-	-	-	-	3,950	3,950	
Share based Payments	23	-	-	-	5,084	-	-	5,084	-	5,084	
Shares issuance against release of services	22	850,000	2,057	-	-	-	-	2,057	-	2,057	
Share issuance	22	14,815,000	18,751	-	-	-	-	18,751	-	18,751	
Share issued for acquisition	22	31,949,547	38,146	-	-	-	-	38,146	-	38,146	
Share issuance for settlement of RSUs, PSUs, DSUs and Options	22	833,276	2,484	-	(2,217)	-	-	267	-	267	
Share issued against conversion of debentures	22	5,641,838	947	(231)	-	-	-	716	-	716	
Share warrants		-	-	-	378	-	-	378	-	378	
Exercise of warrants	22	26,752,588	10,331	-	(455)	-	-	9,876	-	9,876	
Balance- December 31, 2024		**168,829,039**	**140,084**	**1,733**	**17,291**	**(3)**	**(95,218)**	**63,887**	**9,785**	**73,672**	**30,800,000**

See accompanying notes to the consolidated financial statements.

HEALWELL AI INC. (formerly known as MCI ONEHEALTH TECHNOLOGIES INC.)
Consolidated Statement of Cash Flows
(In thousands of Canadian dollars, except per share amounts)
For the years ended 31 December 2024

		December 31,	
	Note	**2024**	**2023**
Operating activities:			
Net loss and comprehensive loss for the period		(27,480)	($ 31,545)
Items not affecting cash:			
Depreciation and amortization	32	7,297	3,341
Deferred tax recovery	26	(1,213)	(561)
Non-cash interest accreted income	18	(43)	(15)
Non-cash interest accreted expense	18	186	149
Share based compensation	24	7,141	3,261
Expected credit losses	4	12	11
Fair value changes in contingent consideration	15	(2,580)	223
Loss on settlement of shares-contingent consideration		-	677
Impairment on intangible		-	10,896
Impairment	11, 18	5,363	-
Changes in fair value of investments		(277)	134
Changes in fair value of call options	14	950	-
Interest on related party loan	8	950	1,127
Interest on convertible debentures		540	-
Assets written off	9	258	-
Interest on bank loan	21	39	-
Debt forgiveness	8	(7,863)	(370)
Liability extinguishment	18	(3,088)	-
Impairment on investments in associates		-	2,180
Non-cash operating items:		(19,808)	(10,492)
Net Change in non-cash operating items:	27	(2,832)	1,066
Net cash flows used in operating activities from continuing operations		(22,640)	(9,426)
Net cash flows generated in operating activities from discontinued operations		21	(1,372)
Net cash flows used in operating activities		(22,619)	(10,798)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	13	(10,634)	(1,143)
Proceeds from sale of Ontario clinics and subsidiary		-	2,035
Investment in equity securities	12	(3,427)	(410)
Net cash inflow on disposal of subsidiary		-	1,000
Dividend received		-	100
Purchase of intangible assets	11	(1,221)	-
Purchase of property and equipment	9	(91)	(66)
Net cash flows (used in) generated from investing activities from continuing operations		(15,373)	1,516
Net cash flows used in investing activities from discontinued operations		-	(62)
Net cash flows (used in) generated from investing activities		(15,373)	1,454
Financing activities			
Advances from related parties-net	8	537	3,270
Proceeds from the issuance of shares	22	19,119	-
Buyback of Polyclinic NCI Shares	6	(625)	-
Proceeds from issuance of warrants	22	9,876	17,447
Proceeds from issuance of debenture and warrants, net of expenses		-	9,810
Proceeds from issuance of shares against settlement of RSUs	22	267	-
Repayment of bank loan		-	(1,685)
Lease payments	18	(1,168)	(576)
Lease payments received		237	168
Net cash flows from financing activities from continuing operations		28,243	28,434
Net cash flows used in financing activities from discontinued operations		-	(1,339)
Net cash flows from financing activities		28,243	27,095
Net (decrease) increase in cash and cash equivalents		(9,749)	17,751
Cash and cash equivalent at beginning of the period		19,162	1,411
Cash and cash equivalent at ending of the period		9,413	19,162
Supplemental disclosure for cash flows information Cash			
Non-cash transactions			
Settlement of related party loan through the transfer of investment	8	-	1,558
Consideration of share for disposal of subsidiary	17	-	479
Bridge financing settled by the issuance of debentures	8	-	3,000
Holdback for disposal of subsidiary	17	1,054	150
See accompanying notes to the consolidated financial statements.			
Receivables from WELL	8	150	
Payables to Related Parties	8	11,408	

Nature of business and basis of operation

1. REPORTING ENTITY

HEALWELL AI INC. ("HEALWELL"), formerly known as MCI ONEHEALTH TECHNOLOGIES INC., is a company incorporated in Canada.

The consolidated financial statements of HEALWELL as at and for the years ended December 31, 2024, and December 31, 2023, comprise HEALWELL and its subsidiaries (together referred to as the "Company"). The Company provides:

- AI-driven healthcare information analytics and insights through its Pentavere Research Group Inc. subsidiary ("Pentavere") and Mutuo Health Solutions Inc. ("Mutuo").
- Technology-enabled rare disease screening through its Khure Health Inc. ("Khure") subsidiary.
- Subscription-based "Healthcare Software" information software through its Intrahealth Systems Limited ("Intrahealth") and Verosource Solutions Inc. ("Verosource") subsidiaries.
- Pulmonary function testing lab services through its North York Pulmonary Function Test Centre subsidiary.
- Clinical research through its Canadian Phase Onward ("CPO") and BioPharma Services Inc. ("BioPharma") subsidiaries.
- Government-insured primary and specialty healthcare through medical clinics in its Quit Clinic subsidiary.

The head office and principal address of the Company are located at 460 College Street, Unit 301, Toronto, Ontario, M6G 1A1. The records office of the Company is located at 22 Adelaide St. W., Unit 3600, Toronto, Ontario, M5H 4E3.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These financial statements were approved by the Board of Directors on March 31, 2025.

b) Foreign currency translation:

i) Functional and presentation currency
The Company's audited annual consolidated financial statements are presented in Canadian dollars. Each of the Company's subsidiaries determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity.

The functional currency of Intrahealth Australia Limited is the Australian dollar, and the functional currency of Intrahealth New Zealand Limited and Intrahealth Systems Limited is the New Zealand dollar. The functional currency of all other entities in the consolidated group is the Canadian dollar.

ii) Foreign operations translation
Foreign operations that have a functional currency other than the Canadian dollar are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing foreign currency rate at the date of that consolidated statement of financial position.
- income and expenses are translated at the average exchange rate for that period (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rate on the dates of the transactions); and
- all resulting foreign currency gains and losses are recognized in other comprehensive income (loss) as a foreign currency translation adjustment.

The relevant amount of cumulative foreign currency translation adjustment is reclassified to earnings upon disposition of a foreign operation.

(iii) Transactions in foreign currency
Foreign currency transactions for each entity are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions (or using the average rate for the period when this is a reasonable approximation).

Period end balances of monetary assets and liabilities denominated in currencies other than an entity's functional currency are translated into the entity's functional currency using period end foreign currency rates. Foreign exchange gains and losses resulting from the translation or settlement of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

c) Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

Accounting estimates, judgements and assumptions include the following:

(i) Leases

Management uses judgment and estimates in the determination of the lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. Management uses judgment and estimates in the determination of the incremental borrowing rate used to measure lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for leases.

(ii) Estimated useful lives of property and equipment and intangible assets

Management estimates the useful lives of property and equipment and intangible assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation and amortization for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and intangible assets in the future.

(iii) Impairment of non-financial assets and goodwill

An impairment loss is recognized to the extent that the carrying amount of a CGU exceeds its estimated recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value calculation is based on discounted cash flows over the period of 5 year less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested. Significant assumptions included revenue growth rates, projected margins and discount rates for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Changes in these assumptions could result in impairment being recorded.

(iv) Fair value of share-based payments

Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and the expected life of the stock options issued. Fair value inputs are subject to market factors, expected forfeiture rates as well as internal estimates.

(v) Fair value of contingent consideration

Contingent consideration is recorded at its estimated fair value at the acquisition date and is remeasured at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the discounted estimated financial outcome of the contingent consideration to be paid.

Determining the probability of the acquired business achieving targets requires judgements. Changes in the fair value of the contingent consideration are included of net loss on the Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss).

(vi) Deferred tax assets and liabilities

Significant judgements are utilized by the Company in interpreting tax rules and regulations when calculating deferred tax assets and liabilities. Judgements are used to evaluate whether a deferred tax asset can be recovered based on the Company's assessment of existing tax laws, to estimate future profitability, and to develop tax planning strategies. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

(vii) Business combinations

On the completion of business acquisitions, management's judgment is required to estimate the fair value of purchase consideration and to identify and estimate the fair values of assets, liabilities, warrants, call option and non-controlling interests. Determining the fair value of assets, liabilities acquired, and non-controlling interests are based on management's estimates. Customer relationship intangible assets use the excess earnings method using a discounted cash flow approach and software intangible assets use the relief from royalty method. Significant assumptions included revenue growth rates, projected margins, customer attrition, royalty rates, and discount rates. Call options were fair valued using Monte-Carlo Simulation. Significant assumptions included risk free rate, stock price, dividend yield and volatility of share price.

(viii) Fair value of investments

As at December 31, 2024, certain of the Company's investments are measured at fair value, with fair value being determined based on significant unobservable inputs using valuation techniques. Judgements and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. While the Company considers these valuations to be the best reasonably available estimates, changes in assumptions could result in material adjustments to the fair value of the financial instruments, and changes in fair value of investments.

(ix) Discontinued operations

Judgements is required when determining whether a component of the Company is classified as a discontinued operation. A component should be classified as a discontinued operations when it has been disposed of, or if it is classified as held for sale and represents a separate major line of business or geographical area of operation, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Judgements is required when determining whether a component represents a separate major line of business or geographical area of operations.

(x) Financial instruments

The Company raised $29.9 million in gross proceeds during the year ended December 31, 2023 through a combination of convertible debentures, equity and equity with attached warrants. Assumptions are made to determine the fair value of the debentures and warrants associated with the transactions as well as the split in value between debt, the conversion value within the debentures and warrants. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields, and the expected life of the warrants issued.

(xi) Percentage of Completion

The Percentage of Completion ("POC") method is used to calculate the revenue of fixed price projects. This method recognized revenue and expense in proportion to the completeness of the contracted project. Significant assumptions by management are made to determine the estimated costs to complete the projects, which is based on labour hours. Due to the nature of the work required to be performed on the performance obligation, the Company's estimates labour hours at completion, which is complex and requires significant judgment. The significant assumptions used by the Company in estimating the labour hours at completion included labour hours and additional labour hours from delays, and such labour hours, if probable, are included in estimated total labour hours.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements include the following material accounting policies:

a) Basis of Consolidation

The consolidated financial statements include the accounts of HEALWELL and its subsidiaries after elimination of inter-company transactions and balances. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of loss and comprehensive loss.

(In thousands of Canadian dollars, except per share amounts)

Profit or loss at each component, excluding call options, are attributed to the equity holders of the parent of the Company and to the non-controlling interests. Changes in value of call options in profit or loss are attributable to the share holders of the parent company only.

These consolidated financial statements include the Company and the following subsidiaries:

Name of Entity	Place of business / Country of Incorporation	Economic ownership/Voting interest percentage	Nature of Relationships	Date Acquired
MCI Medical Clinics Inc	Canada	100%	Subsidiary	April 26, 2007
MCI Medical Clinics (BC) Inc	Canada	100%	Subsidiary	April 26, 2007
Onehealth Technologies Inc	Canada	100%	Subsidiary	February 16, 2021
Khure Health Inc	Canada	100%	Subsidiary	April 26, 2021
MCI Polyclinic Group Inc	Canada	100%	Subsidiary	July 30, 2021
The Quit Clinic Inc	Canada	100%	Subsidiary	July 30, 2021
Canadian Phase Onward	Canada	100%	Subsidiary	July 30, 2021
North York Pulmonary Function Test Centre	Canada	100%	Subsidiary	July 30, 2021
Pentavere Research	Canada	51%	Subsidiary	December 1, 2023
Intrahealth Systems Limited	New Zealand	100%	Subsidiary	February 1, 2024
Intrahealth Australia Solutions Pty	Australia	100%	Subsidiary	February 1, 2024
Intrahealth New Zealand Limited	New Zealand	100%	Subsidiary	February 1,2024
Intrahealth Canada Limited	Canada	100%	Subsidiary	February 1,2024
Intrahealth Systems UK Limited	United Kingdom	100%	Subsidiary	February 1,2024
Bio Pharma Services Inc.	Canada	100%	Subsidiary	July 1,2024
Verosource Solutions Inc	Canada	100%	Subsidiary	July 1,2024
Mutuo Health Solutions Inc.	Canada	59%	Subsidiary	November 1,2024

b) Business Combinations:

The Company applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Company. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, at either the non-controlling interest's fair value or proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Goodwill is initially measured as the excess of the consideration paid over the fair value of net identifiable assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of loss and comprehensive loss.

The Company recognizes contingent consideration relating to its business combinations at fair value at the date the transaction closes and revalues the component of contingent consideration recognized as a liability at each subsequent reporting date and on settlement through earnings. Contingent consideration that will be settled by delivering a fixed number of common shares is classified as equity and not revalued at each subsequent reporting date.

The Company recognizes any non-controlling interest on consolidation at the fair value of the proportionate share of the net assets acquired. When the Company acquires an asset via a step transaction, the Company remeasures and adjusts any previously held interest to fair value.

c) Cash and cash equivalents:

Cash and cash equivalents in the audited annual consolidated statements of financial position and audited annual consolidated statements of cash flows comprise cash in banks and short-term monetary instruments with initial maturities of three months or less when purchased or which are redeemable at face value on demand.

d) Revenue recognition:

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or products. The Company generates revenue from Healthcare software, AI and Data Sciences, and Clinical Research and Patient Services.

i) Healthcare Software consists of revenue generated from Electronic health record software and healthcare data management services. This revenue is derived from:

- Annual Renewable Software Licenses – These licenses include the right to access the software for a given term, technical support, and maintenance services. The revenue is recognized ratably over the term of the agreement from the date the license term commences

- Professional Services Revenue – This revenue is generated from software installation, implementation, training, and customization. Contracts for these services are structured as follows:

  i. Time and Material – Revenue is recognized as such services are performed and based on agreed-upon charge rates with customers.

  ii. Fixed Price Contracts – Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method if the contracts are fixed price. The input method is used to measure the progress of the contracts.

ii) AI and Data Sciences generate revenue from Rare and chronic disease screening, real-world evidence clinical study generation, advanced clinical decision support, and Physical ASI Co-Pilot Tools. This revenue is derived from:

- Services Revenue - This revenue is generated from developing AI-enabled algorithms, Data lake reports, and other specialized services. These contracts are milestone-based and structured as follows:

  i. Time and Material – Revenue is recognized as such services are performed and based on agreed-upon charge rates with customers.

  ii. Fixed Price Contracts – Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method if the contracts are fixed price. The input method is used to measure the progress of the contracts.

- Annual Renewable Software Licenses – These licenses include the right to access the software for a given term, technical support, and maintenance services. The revenue is recognized ratably over the term of the agreement from the date the license term commences

iii) Clinical Research and Patient Services. This revenue is generated through Full-Service early-stage Bioanalysis and Phase I-IV and through the Company's medical clinics, telehealth, and virtual care platforms.

- Patient services revenue is revenue earned at a single point in time. It is generated through the Company's medical clinics and virtual platforms and consists of non-insured and insured services. In Canada, public insured services refer to revenue generated for providing publicly accessible healthcare services that are reimbursed by the Canadian provincial health authorities. For services not covered by government reimbursement, amounts are charged directly to patients and/or third parties.

- Professional services from clinical research studies related to amounts charged to large pharmaceutical, medical device, and consumer produce companies to study the efficacy and use of pharmaceuticals, medical devices, and consumer products. These contracts are structured as milestone-based fixed-price projects where revenue is recognized as follows:

  i. Fixed Price Contracts – Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method if the contracts are fixed price. The labour hours input method is used to measure the progress of the contracts. Under this method, the extent of progress towards completion is based on the ratio of labour hours incurred to date to the total estimated labour hours at completion of the performance obligation, which includes both the actual labour hours already incurred and the estimated labour hours to complete the contract. Revenue is recognized proportionately as labour hours are incurred.

e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditures that are directly attributable to the acquisition of an asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognised net within other expenses in the consolidated statement of loss and comprehensive loss.
Costs associated with the day-to-day servicing of property and equipment are recognised in the consolidated statement of loss and comprehensive loss as incurred.
Depreciation is provided on a straight-line basis over the estimated useful life of property and equipment, as this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset. Useful lives are as follows:

Medical equipment	-	3 - 10 years
Furniture and equipment	-	5 - 10 years
Right-of-use assets	-	Term of the right-of-use plus renewal options
Leasehold improvements	-	Term of lease plus renewal options

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss and comprehensive loss. Amortization is being provided over the estimated useful life of the assets using the straight-line method over the following.

Physician contracts	5 years
Favourable contracts	5-10 years
Trademarks	10 years
Software & product development	3-5 years
Customer relationships	8-12 years

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

g) Leases:

A lease is contract, or a part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

In assessing whether there is an identified asset, the Company considers whether the supplier has substantive substitution rights. If the supplier has those rights, the contract is not identified as a lease.

In determining whether the Company derives substantially all the economic benefits from the use of the asset, the Company considers only the economic benefits arising from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company is entitled to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If important decisions are not made because they are predetermined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or part of a contract does not meet these criteria, the Company applies other applicable IFRS instead of IFRS 16.

All leases are accounted by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less when the Company is the lessee.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.
Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognized in the statement of loss and comprehensive loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

A sub-lease occurs when the Company, as a lessee in a head lease, grants a right to use the same asset (or part of it) to another party (the sub-lessee) for a period that is shorter than the head lease term.

At the inception of a sub-lease, the Company assesses and classifies it as either a finance lease or an operating lease:
Finance Lease: If the sub-lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the sub-lessee, it is classified as a finance lease.

Operating Lease: If the sub-lease does not transfer substantially all the risks and rewards incidental to ownership, it is classified as an operating lease.

The classification is assessed at the inception of the sub-lease based on IFRS 16's guidance on lease classification.

Sub-Lease Classified as a Finance Lease:

- The Company derecognizes the right-of-use (ROU) asset related to the head lease.

- A lease receivable is recognized, measured at the present value of future lease payments receivable.
- The difference between the carrying amount of the ROU asset and the lease receivable is recognized in profit or loss.
- Interest income is recognized over the lease term using the effective interest rate method.
- The lease liability under the head lease remains and continues to be accounted for as per IFRS 16.

Sub-Lease Classified as an Operating Lease:

- The Company continues to recognize the ROU asset from the head lease and depreciates it over the shorter of its useful life or the remaining lease term.
- Lease income from the sub-lease is recognized in profit or loss on a straight-line basis or another systematic basis, if more representative of the benefit received.

h) Impairment of Non-Financial Assets:

The Company tests for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of loss and comprehensive loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss and comprehensive loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill and intangible assets with indefinite lives are tested for impairment at least annually. Goodwill, intangible assets with indefinite or finite lives, property and equipment are also tested for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may be less than its recoverable amount.

For impairment testing, non-financial assets that do not generate independent cash flows are grouped together into cash-generating units (CGUs), which represent the level at which largely independent cash flows are generated. Goodwill is allocated to CGUs or groups of CGUs based on the level at which it is monitored for internal reporting purposes.

An impairment loss is recognized in earnings to the extent that the carrying value of an asset, CGU or group of CGUs exceeds its estimated recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is the greater of its value in use and its fair value less cost of disposal. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates.

An impairment loss relating to a specific asset reduces the carrying value of the asset. An impairment loss relating to a CGU or group of CGUs first reduces the carrying value of the goodwill allocated to the CGU or group of CGUs, then reduces the carrying value of the other assets of the CGU or group of CGUs on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. A previously recognized impairment loss relating to other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss related to nonfinancial assets other than goodwill is reversed if there is a subsequent increase in recoverable amount, but only to the extent of the carrying value that would have been determined, net of depreciation or amortization, if no impairment had been recognized.

i) Taxes:

Current income tax

Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years.

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as well as the impact of unused tax loss carry forwards and unused tax credits at the reporting date. Temporary tax differences that do not result in temporary differences include goodwill, the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit, and investments in subsidiaries, and associates. Deferred tax assets not recognized and interests in joint arrangements where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable. Enacted or substantively enacted rates in effect at the consolidated balance sheet date that are expected to apply when the deferred income tax asset is realized, or the deferred tax liability is settled are used to calculate deferred income taxes. Deferred tax is not recognized for a non-capital loss and deferred financing costs where it is not certain that a deferred tax asset on these tax attributes will be realized based on future profits generated by that entity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

j) Financial Instruments:

Classification of Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Cash	Amortized cost
Accounts receivable	Amortized cost
Other assets	Amortized cost
Investments	FVTPL
Call options	FVTPL
Bank loan	Amortized cost
Debenture payable	Amortized cost
Loans payable	Amortized cost
Related party loan	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Non-controlling interest redeemable liability	Amortized cost

Liability for contingent consideration	FVTPL
Other liabilities	Amortized cost

Measurement of Financial Instruments

Financial assets and liabilities at amortized cost
Except for trade receivables, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, the Company measures the financial assets and liabilities at amortised cost. Trade receivable are measured at their transaction price at initial recognition when the work is complete and the Company is entitled to receive payment based on the agreed upon payment terms.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Expected Credit Losses

The Company recognizes loss allowances for expected credit losses on financial assets, other than financial assets measured at fair value through profit and loss. The company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting for all possible default events over the assets' contractual lifetime.

A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

k) Convertible Debenture

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. If the conversion feature meets the definition of equity, the fair value of the liability component is estimated at the date of issue of the instrument using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability (net of transaction costs) on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, and is not subsequently remeasured. Transaction costs are apportioned between the liability and equity components of the convertible instruments, based on the allocation of proceeds to the financial liability and equity components when the instruments are initially recognized. Interest related to the financial liability component is recognized in the consolidated statement of loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

If the conversion feature of a convertible instrument issued does not meet the definition of an equity instrument, it is classified as an embedded derivative and measured accordingly. The debt component of the instrument is determined by deducting the fair value of the equity conversion option at inception from the fair value of the consideration received for the instrument as a whole. This amount (the debt component) is recorded as a liability on an amortized cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

l) Research and development

Research costs are expensed in the period incurred. Development costs are capitalized and recorded as an intangible asset when certain criteria are met, most notably when the intangible asset is identifiable and controlled by the Company, technical feasibility of completing the asset has been established, and it is considered probable that the Company will generate future economic benefits from the asset created upon completion of development. The costs capitalized include directly attributable salaries and benefits, consulting costs and overhead expenditures. All other development costs are expensed in the period incurred.

m) SR&ED Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive profit and loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be materially different from the recorded amount upon assessment by regulatory authorities.

n) Discontinued Operations

A discontinued operations is a component of the Company that has been disposed of or is classified as held for sale and that represents a major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view for resale. The results of discontinued operations are presented separately in the statement of loss and comprehensive loss and the comparative period is re-presented as if the operations had been discontinued from the start of the comparative year.

o) Share-Based Payment Transactions

(i) Share-Based Payment Plan

The Company has a share-based payment plan under which the Company issues stock options. Stock options generally vest over a four-year vesting period with 25% of the options vested and exercisable after the first year and each of the next three years. The Company applies a fair value method of accounting to each instalment of stock options granted to employees.

The grant date fair value of stock options granted to employees is recognized as share-based compensation expense, with a corresponding increase to contributed surplus, over the period that the employees become unconditionally entitled to the stock options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. Compensation cost is recognized so that each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. No compensation expense is recognized for options that are forfeited and have not met the service requirement for vesting. When options are exercised, the proceeds, as well as the related amount in contributed surplus, are credited to share capital. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options at the grant date. Measurement inputs include the price of shares on the measurement date, exercise price of the option, expected volatility, weighted average expected life of the option (based on historical experience), expected dividends and the risk-free interest rate.

(ii) Deferred Share Units ("DSU"), Restricted stock units (RSUs) and Performance stock units (PSUs)

The Company may issue DSUs under its share-based payment plan to directors as a component of their annual remuneration or as an individual award. DSUs awarded can be equity-settled or cash-settled at the Company's' discretion. DSUs may be issued with vesting terms or may be issued fully vested. DSUs are settled when the board member is no longer rendering services to the Company.

Restricted stock units (RSUs) may be granted to employees, directors or contractors under the share-based payment plan. RSUs may be issued with vesting terms or may be issued fully vested and are equity-settled awards.

Under the Company's share-based payment plan, performance stock units (PSUs) may be granted to employees. PSUs have performance milestones associated with them that are tied to key performance indicators used by management to assess performance of the Company overall as well as individual business units depending on the employee's contribution.

Grants of DSUs, RSUs and PSU's made under the share-based payment plan must be approved by the Human Resources and Compensation Committee of the Company's Board of Directors and are equity settled. Equity-settled awards are recorded as contributed surplus in the statement of changes in shareholders' equity based on the fair value of the award at the date of grant.

p) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the loss for the year by the sum of the weighted average number of Subordinate Voting Shares outstanding and any dilutive Subordinate Voting Share equivalents outstanding during the year. Subordinate Voting Share equivalents consist of the shares issuable upon exercise of stock options calculated using the treasury stock method. Subordinate Voting Share equivalents are not included in the calculation of the weighted average number of shares outstanding for diluted loss per share when the effect would be anti-dilutive. Class B Multiple Voting Shares of the Company are not included in loss per share calculations as they do not have any economic rights.

(In thousands of Canadian dollars, except per share amounts)

q) Non-Controlling Interest and Non-Controlling Interest Redeemable Liability

Non-controlling interest represents the accumulated interest for minority shareholders in subsidiaries that are less than 100 percent owned by the Company. The non-controlling interest is recognized at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests with redemption features, such as survivorship provisions or put options, that are not solely within the Company's control are considered redeemable and are recognized as a noncontrolling interest redeemable liability at the present value of the estimated redemption.

r) Adoption of New Standards

On January 1, 2024, the Company adopted "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" and "Non-current Liabilities with Covenants (Amendments to IAS 1)". The amendments clarify the requirements for classifying liabilities as current or non-current, specifically to introduce certain requirements related to the determination of the existence of a right at the end of a reporting period to defer settlement of a liability for at least twelve months after the reporting period. The amendments also specify that if a right to defer settlement of a liability for at least twelve months is subject to an entity complying with covenants after the reporting period, then those covenants would not affect the classification of the liability as current or non-current at the reporting date. The amendments also require entities to provide additional disclosures for liabilities classified as non-current and subject to covenants within twelve months of the reporting date. The adoption of the amendments did not have any material impact on these consolidated financial statements.

s) New standards, interpretations and amendments not yet effective

On April 9, 2024, the IASB issued IFRS Accounting Standard 18 "Presentation and Disclosures in Financial Statements". The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of the new standard.

4 ACCOUNTS RECEIVABLE	**December 31, 2024**	**December 31, 2023**
Accounts receivable consist of the following:		
Trade receivables - Patient services	1,185	258
Trade receivables – Clinical research, AI & Data sciences	2,860	211
Trade receivables - Healthcare Software	2,051	-
Trade and accrued receivables – Others	63	671
Expected credit losses	(190)	(25)
	5,969	1,115

The change in the allowance for expected credit losses are as follows:		
As at January 1	25	189
Changes from acquisitions during the year	153	
Expense of provision for expected credit losses- continuing operations	12	11
Reversal of provision for expected credit losses- discontinued operations	-	(175)
	190	25

The Increase in the FY 2024 Accounts Receivable balance is caused by the Intrahealth, Verosource, BioPharma, and Mutuo acquisitions. The FY 2024 Expected credit loss has not increased significantly compared to FY 2023 as the customers associated with these acquisitions comprise of Public Sector and large Private Sector customers that have a strong history of collections.

(In thousands of Canadian dollars, except per share amounts)

5 PREPAID AND OTHER ASSETS	December 31, 2024	December 31, 2023
Prepaid expenses	1,119	157
Harmonized Sales Tax (HST)	1,082	632
Scientific research & experimental development credits receivable	-	415
Others	265	236
	2,466	1,440
Less: current portion	(2,351)	(1,203)
	115	237

6 DISPOSAL OF SUBSIDIARY

On June 17, 2024, MCI Polyclinic Group Inc. ("MCI Polyclinic"), a subsidiary of HEALWELL, acquired, for the purpose of cancellation, all of its issued and outstanding Class B common shares (representing 20% of all of its issued and outstanding common shares) from Health Network Efficiencies Inc. ("HNE"). The purchase price paid by MCI Polyclinic to HNE for acquiring its own equity instruments comprised of cash consideration of $625 and the remaining $50 was settled through the transfer of all the shares of Executive Medical Concierge Canada (2021) Ltd (EMC), a 100% owned subsidiary of MCI Polyclinic, to HNE. Following the disposal, EMC ceased to be a subsidiary or affiliate of the Company.

The table below shows the assets and liabilities of EMC that has been derecognized in the consolidated statement of financial position, which was The Company's most material disposal of FY 2024.

	June 17, 2024
Cash	839
Accounts Receivable	77
Other Assets	20
Property and Equipment	2
Deferred revenue	(433)
Accounts payable and accrued liabilities	(598)
Total net assets derecognized	(93)

The following table summarizes the carrying amount of the major class of the identifiable assets and liabilities disposed of:

Cash	839
Accounts Receivable	77
Other Assets	39
Property and Equipment	2
Deferred revenue	(433)
Accounts payable and accrued liabilities	(598)
Net liabilities (other than goodwill)	(74)
Total consideration paid / (Received) (Investment in EMC)	(50)
Gain on disposal-net of tax	(124)

7 DISCONTINUED OPERATIONS

	December 31 2024	December 31 2023
Revenue	477	24,978
Cost of revenue	308	17,370
Gross profits	169	7,608
Expenses		
Sales and marketing	-	41
General and administrative	119	8,927
Impairment of goodwill and intangibles	-	221

(In thousands of Canadian dollars, except per share amounts)

Operating expenses	119	9,189
Net income (Loss) before other expense and taxes	50	(1,581)
Net financing expenses	21	309
Loss (gain) on disposal of subsidiary	78	(2,560)
(Loss) Income before taxes	(49)	670
Income tax expenses	5	76
Net loss from discontinued operations	(54)	594

	December 31, 2024	**December 31 2023**
Net cash flows from operating activities	21	(1,372)

	December 31, 2024	**December 31, 2023**
Basic and diluted loss per share	0.00	(0.01)

Basic and diluted loss per share for discontinued operations is calculated by dividing net loss attributable to shareholders by the sum of the weighted average number of shares outstanding. The denominators used are the same as those detailed in note 20 to these consolidated financial statements.

8 RELATED PARTY BALANCES AND TRANSACTIONS

The following related parties have engaged in transactions with the Company:

- WELL Health Technologies Corp. (WELL) – has common directorship with the Company and has shareholding.
- HEALWELL management and board members.
- The First Canadian Wellness Co. Inc.- affiliate of major shareholders

a) Related party balances	**Note**	**December 31, 2024**	**December 31, 2023**
WELL Health Technologies Corp			
Principal including accrued interest		-	7,226
Debenture payable	19	2,996	2,511
Operating loan payable		676	822
Deferred Consideration - Intrahealth	13	642	-
Convertible principal promissory note including accrued interest		5,300	-
Holdback – Intrahealth	13	606	-
Holdback – MCI Alberta		(150)	(150)
Related parties of Intrahealth			
Operating loan payable		462	-
Management and Board members			
Debenture payable	19	726	772
		11,258	11,181
HEALWELL to WELL		676	672
Holdback Intrahealth		642	-
Intrahealth to WELL balance		462	-
Total current portion		(1,780)	(672)
Non-current portion		9,478	10,509

(In thousands of Canadian dollars, except per share amounts)

b) Related party transactions

The Company has engaged in the following transactions with related parties:

	December 31 2024	December 31 2023
The First Canadian Wellness Co. Inc.		
Interest on loan advances	-	774
WELL Health Technologies Corp.		
Interest on loan advances	-	94
Transition services	1,487	118
Debt forgiveness	(7,863)	-
Interest on debentures	510	122
Interest on Bridge Loan	-	101
Interest on promissory notes	300	-
Management and Board members		
Interest on debentures payable	140	38

On February 1, 2024, in connection with its acquisition of Intrahealth, the Company delivered promissory notes to WELL for a portion of the purchase price in the aggregate principal amount of $5,000. The promissory notes bear interest only when in default, at a rate of 18% per annum and were initially repayable over the 10 months following the closing date in either cash or shares. WELL and the Company subsequently agreed to amend the notes to extend out their maturity date to March 31, 2026. The outstanding amount may be converted into a variable number Subordinate Voting Shares of the Company at the option of WELL, subject to certain conditions and at the conversion price calculated in accordance with the promissory notes. Payments are made in Canadian currency at a designated location.

The debentures bear interest at a rate of 10% per annum and mature 5 years from the closing date of October 1, 2023. The principal and interest outstanding under the debentures are convertible into Subordinate Voting Shares at $0.20/share, and for every $1 of debentures purchased, subscribers also received 5 warrants for Subordinate Voting Shares exercisable at $0.20/share (note 19)

On June 29, 2024, pursuant to Section 10 of the debt resolution agreement entered into between the Company, WELL and certain other parties in connection with the Strategic Transaction, WELL agreed to release and forever discharge MCI Medical Clinics Inc (MCI). from any and all liability and obligations under the loan and security documents which it acquired from First Canadian Wellness Co. Inc. on October 1, 2023. As a result, the Company derecognized all the associated liabilities and recorded a gain amounting to $7,863.

As part of the acquisition of Intrahealth in the year, a transition services agreement was entered into with WELL to carry on certain IT, security and accounting functions for this business unity for a term of 12-months post-acquisition.

Related party transactions are incurred in the normal course of operations and are recorded at the contractual amounts between the related parties. Refer to Note 28 for related party transactions with the Key management team.

9 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

a) Cost	**Medical equipment**	**Furniture and Equipment**	**Leasehold Improvements**	**Total**
Balance, December 31, 2022	1,294	5,147	7,334	13,775
Additions	2	11	53	66
Reclassified as assets held for sale	-	(4)	-	(4)
Acquisition through business combination	-	22	23	45
Disposal of subsidiary and assets	(982)	(1,914)	(3,909)	(6,805)
Balance, December 31, 2023	314	3,262	3,501	7,077
Additions	29	62	-	91
Acquisition through business combination	379	147	290	816
Disposal	(29)	(464)	-	(493)
FX Translation Reserve	-	9	-	9
Balance, December 31, 2024	**693**	**3,016**	**3,791**	**7,500**

(In thousands of Canadian dollars, except per share amounts)

b) Accumulated Depreciation	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2022	1,174	4,299	6,390	11,863
Depreciation	12	192	265	469
Reclassified as assets held for sale	-	(2)	-	(2)
Impairment	-	-	677	677
Impairment for discontinued operation	11	64	-	75
Disposal of subsidiary and assets	(920)	(1,779)	(3,837)	(6,536)
Balance, December 31, 2023	277	2,774	3,495	6,546
Depreciation	166	202	28	396
Reclass	(32)	32	-	-
Disposal	-	(235)	-	(235)
Balance, December 31, 2024	**411**	**2,773**	**3,523**	**6,707**

c) Carrying Amounts	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	37	488	6	531
Balance, December 31, 2024	**282**	**243**	**268**	**793**

On May 1, 2024, the Company re-cycled its computer equipment having net book value of $229 on account of change in head office and sub-lease of 4881 Yonge Street, Suite 300, Toronto, Ontario M2N 5X3.

10 INTANGIBLE ASSETS

Intangible assets consist of the following:

a) Cost	Physician Contracts	Customer Relationships	Favorable Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2022	187	9,200	75	-	5,241	14,703
Acquisition through business combination	-	1,300	-	1,050	5,375	7,725
Disposal of subsidiary and assets	(187)	-	(75)	-	-	(262)
Balance, December 31, 2023	-	10,500	-	1,050	10,616	22,166
Acquisition through business combination	-	9,016	303	-	11,518	20,837
Additions	-	-	-	-	1,221	1,221
Translation reserve	-	(11)	-	-	(33)	(44)
Balance, December 31, 2024	-	19,505	303	1,050	23,322	44,180

b) Accumulated Amortization	Physician Contracts	Customer Relationships	Favorable Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2022	187	1,563	75	-	1,631	3,456
Impairment	-	2,199	-	-	1,402	3,601
Disposal of subsidiary and assets	(187)	-	(75)	-	-	(262)
Amortization	-	1,001		9	1,855	2,865
Balance, December 31, 2023	-	4,763	-	9	4,888	9,660
Amortization	-	1,622	5	106	4,484	6,217
Balance, December 31, 2024	-	6,385	5	115	9,372	15,877

c) Carrying Amounts	Physician Contracts	Customer Relationships	Favourable Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2023	-	5,737	-	1,041	5,728	12,506
Balance, December 31, 2024	-	13,120	298	935	13,950	28,303

During the year ended December 31, 2024, The Company capitalized $1,221 of R&D costs (December 31, 2023 – nil). Intrahealth was the only subsidiary that capitalized costs in the year ended December 31, 2024.

(In thousands of Canadian dollars, except per share amounts)

11 GOODWILL

a) Cost	Total
Balance, December 31, 2022	10,074
Additions through business combinations	8,120
Impairment	(5,401)
Disposal of business	(488)
Balance, December 31, 2023	12,305
Additions through business combinations	59,342
Impairment	(4,513)
Effect of movements in exchange rates	9
Balance, December 31, 2024	67,143

For the year ended Dec 31, 2024, the Company has identified the following Cash Generating Units (CGU's) to which goodwill had been allocated, each of which was tested for impairment: (i)Polyclinic Medical Clinics, (ii) CPO, (iii) Pentavere, (iv) Mutuo, (v) Intrahealth, (vi) Verosource, and (vii) Biopharma.

For impairment tests performed as at December 31, 2024 and December 31, 2023, the recoverable amount of each CGU or group of CGU's was determined based on its fair value less cost of disposal method using a discounted cash flow approach. Discounted cash flows were based on multi-year cash flow projections derived from financial budgets or forecasts approved by management using the following significant assumptions:

(i) Average Annual Revenue Growth Rate

The average annual revenue growth rate for each ECGU or group of CGU's was estimated based on historical growth and management expectations of market development.

(ii) Discount Rate

The discount rate for each CGU or group of CGU's was determined by estimating a weighted average cost of capital reflecting the time value of money and risks associated with the business

Impairment Tests as at December 31, 2024

The carrying values of goodwill and key assumptions used for each CGU or group of CGU's for the impairment tests performed as at December 31, 2024 were as follows:

CGU or group of CGU's	Carrying Value of CGU or group of CGU's	Carrying Value of goodwill in CGU's CGU or group of CGU's	Carrying Value of definite life intangible assets in CGU's or group of CGU's	Average annual revenue growth rate	Discount Rate
	$'000	$'000	$'000		
Biopharma	20,422	18,903	2,023	5.6%	13.0%
CPO	2,151	283	1,604	10.7%	18.5%
Intrahealth	24,934	16,905	8,216	7.4%	12.5%
Pentavere	13,338	7,688	4,614	24.0%	19.8%
Polyclinic Medical Clinics	4,383	3,904	-	6.0%	18.5%
Verosource	23,367	19,269	6,325	8.7%	12.4%
Mutuo	2,536	4,272	2,989	37%	15.7%

a) Impairment test results:

BioPharma Impairment

At acquisition, the Company considered BioPharma an affordable opportunity to enter the Contract Research industry to expand its AI and technology reach. The Company recognized that BioPharma, which was allocated to the Contract Research and Patient Services segment, would require investment in both economic and operational resources to achieve its expected financial performance. In December of 2024, The Company signed a Share Purchase Agreement to acquire

(In thousands of Canadian dollars, except per share amounts)

100% of Orion Health Holdings Limited ("Orion Health"), a software company that derives its revenue from its Digital Care Records and Digital Front Door platforms (note 35). This acquisition has changed the strategic direction of the Company. Both economics and corporate operational resources will now be geared towards unlocking revenue and cost synergies between Orion Health and the Company's core technology and AI assets.

This change in the strategic direction has led to a downgrade in BioPharma's financial projections and, thus, an impairment to goodwill. The recoverable amount, or its value in use, of the BioPharma CGU was calculated to be $15,901 and the carrying value was $20,422, which has resulted in an impairment loss of $4,513 to goodwill. Subsequent to the recognition of the impairment loss, the carrying value of BioPharma's goodwill is $14,390.

The Company did not recognize an impairment loss related to goodwill or intangibles assets during the period ended December 31, 2024, of any other CGU's because the recoverable amounts of the Company's CGU's or group of CGU's, as applicable, exceeded the carrying values.

b) Sensitivity Analysis

For the impairment tests performed as at December 31, 2024, the Company determined that a reasonable possible change in each key assumption, including possible consequential changes between key assumptions, would not result in an impairment loss except for the Intrahealth CGU's.

The estimated recoverable amount of the Intrahealth and Polyclinic Medical clinics CGU's exceeded the carrying value by $1,342 and $300. If the assumptions used in the impairment tests were changed by an amount greater than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognized for the year ended December 31, 2024.

	Change Required for carrying value to equal recoverable amount	
	Intrahealth	**Polyclinic Medical Clinic**
Average annual growth rate	-0.20%	-0.84%
Discount Rate	0.42%	0.95%

Impairment Test as at December 31, 2023

In 2023 Khure CGU and tested for impairment. The Company determined that goodwill and customer relationships related to Khure. CGU was impaired and recognized an impairment loss of $5,199 for goodwill, $2,199 for customer relationships. Subsequent to the recognition of the impairment loss, the carrying value of the Khure goodwill is $nil.

In 2023 the Company tested whether goodwill has suffered any impairment on an annual basis, the Company determined that goodwill related to Onehealth Technologies Inc. CGU was impaired and recognized loss of $155. Subsequent to the recognition of the impairment loss, the carrying value of Onehealth Technologies Inc. goodwill is $nil.

	December 31, 2024	**December 31, 2023**
Polyclinic Medical clinics	3,904	4,569
CPO	283	-
Pentavere Research	8,120	8,120
Intrahealth	16,905	-
BioPharma	14,390	-
Verosource	19,269	-
Mutuo	4,272	
Reclassified as asset held for sale	-	(384)
	67,143	12,305

(In thousands of Canadian dollars, except per share amounts)

12 INVESTMENT IN EQUITY SECURITIES

The following table provides the carrying values of the Company's investments in financial assets measured at fair value through profit and loss as at December 31, 2024 and December 31, 2023. Financial asset investments include equity instruments that are measured at fair value through profit and loss (FVPL) in accordance with IFRS 9.

		December 31, 2024	December 31, 2023
Investment in Doctorly	11 (a)	636	410
Investment in Fund holding X.AI Securities	11 (b)	2,880	-
Investment in Securities	11 (c)	250	-
Investment in Abstractive Health	11 (d)	348	-
		4,114	410

12(a) In 2023, the Company invested $410 (US$300) to acquire 2,341 shares representing 1.16% of total outstanding shares in Doctorly GmbH ("Doctorly"). Doctorly is engaged in the design, building and selling of a next generation Electronic Health Record (EHR) system initially focused on continental European healthcare systems, and particularly Germany. Doctorly provides the software on a "System-as-a-Service" SaaS basis to healthcare clinics recognizing revenue on a subscription basis each month. During the year, the Company further invested $77 (US$54) in the total outstanding shares of Doctorly. The total of 3,557 shares held by the Company at EUR119.80/share makes the fair value of investment in Doctorly $636 as of December 31, 2024 (December 31, 2023 - $410).

12(b) On May 09, 2024, the Company invested in a Think 1st Principles the fund with the opportunity to realize the long-term appreciation from investments in the securities of X.AI Corp ("X.AI"). The Company invested $2,752 (US$2,000) to acquire an indirect interest in less than 1% total outstanding shares in X.AI. The fair value of the investment in X.AI is $2,880 as of December 31, 2024. X.AI is an American startup company working in the area of artificial intelligence. The preceding investments were recognized as equity under IFRS 9 and are measured at fair value through profit and loss (FVPL). During the period ended December 31, 2024 a gain of $127 was recognized on the investment.

12(c) On September 12, 2024, the Company invested in Future Vault Inc. with the opportunity to realize the long-term appreciation from investments in the securities. The Company invested $250 (US$183) to acquire direct interest in less than 2% of total outstanding shares in the securities. The company is a top provider of secure document exchange and digital vault solutions, specializing in delivering safe digital storage for financial services and wealth management firms to securely manage client documents. The fair value of the investment in the corporation is $250 as of December 31, 2024. The preceding investments were recognized as under IFRS 9 and are measured at fair value through profit and loss (FVPL).

12(d) On October 25, 2024, the Company made a minority investment of $348 (US$250) in Abstract Health, a healthcare technology company that is creating AI clinical assistants that streamline all patient data. In connection with investment the Parties have established a strategic business alliance to serve as a framework for cooperation. The fair value of the investment in the Abstractive Health is $348 as at December 31, 2024.

13 BUSINESS ACQUISITION

a) Acquisition of Intrahealth

On February 1, 2024, the Company acquired 100% shares of Intrahealth Systems Limited, a corporation existing under the laws of New Zealand. Intrahealth is a digital health AI company with a patient identification solution that enables the early identification of serious health issues to enable people to live longer, healthier lives
The following table summarizes the fair value of consideration paid on the acquisition date and the assets and liabilities recognized as a result of the acquisition.

Consideration	$'000
Cash Consideration on closing	2,960
Issued shares (21,682,465 shares issued at $0.69/share)	14,961
Promissory Notes (To be settled in 5 equal installments of $1,000)	5,000
General Indemnity Holdback	606
Deferred Purchase Consideration (To be settled in cash or common shares)	642

(In thousands of Canadian dollars, except per share amounts)

	24,169
Cash	772
Accounts Receivable & Other Assets	1,508
Fixed Assets	54
Other Non Current Assets	136
Software	4,889
Customer relationships	3,714
Accounts Payable & Other Current Liabilities	(925)
Deferred Revenue	(177)
Deferred Tax Liability	(2,280)
Due to related parties	(419)
Goodwill	16,897
	24,169

b) Acquisition of BioPharma

On July 1, 2024, the Company acquired 100% shares of BioPharma Services Inc ("BioPharma"), one of the largest full-service Contract Research Organizations ("CRO") headquartered in Canada. BioPharma is focused on bioequivalence and early-stage clinical trials, with over 2,200 clinical trials completed to date with approximately 250 pharma clients since inception.

The following table summarizes the fair value of consideration paid on the acquisition date and assets and liabilities recognized as a result of the acquisition.

Consideration	**$'000**
Cash Consideration on closing	4,553
Issued shares (2,599,496 shares issued at $2.50/share)	6,499
Promissory Notes (Subject to 13% interest & payable after 1-year of closing)	2,635
Deferred Purchase Consideration / 3Yr Earnout (To be settled in cash or up to 50% in common shares)	2,256
Top up Consideration (To be settled in cash or up to 50% in common shares based on share price movement)	1,391
Retention Bonus	130
	17,464

Cash	278
Accounts Receivable & Other Assets	3,852
Fixed Assets	617
Other Non Current Assets	2,849
Customer relationships	2,129
Accounts Payable & Other Current Liabilities	(4,375)
Deferred Revenue	(3,130)
Lease Liability	(3,095)
Deferred Tax Liability	(564)
Goodwill	18,903
	17,464

c) Acquisition of Verosource

On July 1, 2024, the Company acquired 100% shares of Verosource Solutions Inc, a corporation incorporated provincially under the Business Corporations Act of New Brunswick. The company's principal business activity is the provision of information technology services and solutions, primarily in the healthcare sector

(In thousands of Canadian dollars, except per share amounts)

The following table summarizes the fair value of consideration paid on the acquisition date and assets and liabilities recognized as a result of the acquisition.

Consideration	**$'000**
Cash Consideration on closing	4,145
Issued shares (5,722,250 shares issued at $2.50/share)	14,306
Promissory Notes (Payable on 6-month anniversary of closing)	3,576
Deferred Purchase Consideration / 4Yr Earnout (To be settled in cash or up to 50% in common shares)	3,167
Holdback	385
	25,579

Cash	1,096
Accounts Receivable & Other Assets	967
Fixed Assets	153
Software	4,167
Customer relationships	2,949
Accounts Payable & Other Current Liabilities	(959)
Deferred Tax Liability	(2,063)
Goodwill	19,269
	25,579

d) Acquisition of Mutuo

On November 1, 2024, the Company acquired 59% shares of Mutuo, a Toronto-based medical artificial intelligence company focused on developing predictive clinical AI technology. Mutuo Health's AutoScribe platform is an advanced AI-powered ambient scribe solution that transcribes clinician-patient interactions into high-quality electronic medical records in real time using natural language processing and machine learning technology. The amounts of identifiable assets or liabilities are provisional.

The following table summarizes the fair value of consideration paid on the acquisition date and assets and liabilities recognized as a result of the acquisition.

Consideration	**$'000**
Cash Consideration on closing	3,175
Issued shares (1,945,336 shares issued at $1.27/share)	2,380
Holdback	63
	5,618

Cash	2,052
Accounts Receivable & Other Assets	31
Other Non-Current Assets	16
Software	2,462
Favourable Contracts	303
Customer relationships	224
Accounts Payable & Other Current Liabilities	(265)
Deferred Revenue	(196)
Assumed Debt	(239)
Deferred Tax Liability	(792)
Non-Controlling Interest	(3,950)
Call Option	1,500

(In thousands of Canadian dollars, except per share amounts)

Warrants	201
Goodwill	4,272
	5,618

e) Acquisition of Pentavere

On December 1, 2023, the Company acquired 50.8% of the outstanding shares capital of Pentavere Research Group Inc. ("Pentavere"), a privately held company based in Toronto, Ontario, Canada. Pentavere is a digital health AI company with a patient identification solution that enables the early identification of serious health issues to enable people to live longer, healthier lives.

The following table summarizes the fair value of consideration paid on the acquisition date and assets and liabilities recognized as a result of the acquisition.

Consideration	**$'000**
Cash Consideration on closing	1,733
Issued shares (5,705,664 shares issued at $0.98/share)	5,591
Holdback	443
	7,767

Cash	-
Accounts Receivable & Other Assets	1,665
Other Non-Current Assets	226
Software	5,375
Trademark	1,050
Customer relationships	1,300
Call Option	1,500
Accounts Payable & Other Current Liabilities	(660)
Assumed Debt	(1,573)
Deferred Tax Liability	(2,047)
Non-Controlling Interest	(7,189)
Goodwill	8,120
	7,767

The Company paid $2,176 to Pentavere to purchase 758,054 Class A Common Shares and 538,967 Class A Common share purchase warrants of Pentavere. Each warrant will entitle the holder thereof to acquire additional shares at a price of $ 1.8554. The fair value of the 758,054 Class A Common Shares of Pentavere is $593. The 538,967 Class A Common Share purchase warrants were not considered as part of the purchase consideration

The Company signed a strategic alliance agreement with Pentavere, under which the parties intend to collaborate to enhance HEALWELL's data collection and better support the application and development of artificial intelligence-enabled healthcare technologies, and leverage HEALWELL's healthcare data to develop new artificial intelligence-enabled healthcare technologies, products and services that benefit doctors, patients and other healthcare stakeholders. In connection with these activities, Pentavere has agreed to issue up to 269,483 warrants for Class A Common Shares of Pentavere subject to achieving certain revenue-based milestones over the 3 year period that expires on November 30, 2026.

The Company also received a call option to acquire the outstanding Class A Common Shares of Pentavere that the Company does not currently own. The Company used the Black Scholes method to model the call option itself to arrive at a fair value of $1,500 at the time of acquisition. As at December 31, 2024 the call option was valued at $550 (December 31, 2023, $1,500), with the change in the fair value recognized through the statement of profit (loss).

(In thousands of Canadian dollars, except per share amounts)

Acquisition date	BioPharma July 1, 2024	Verosource July 1, 2024	Intrahealth February 1, 2024	Mutuo November 1, 2024	Total
Accounts receivable and other current assets	3,852	967	1,508	31	6,358
Cash	278	1,096	772	2,052	4,198
Fixed assets	617	153	54	-	824
Other non-current assets	2,849	-	136	16	3,001
Software	-	4,167	4,889	2,462	11,518
Favourable contracts	-	-	-	303	303
Customer relationship	2,129	2,949	3,714	224	9,016
Total Assets	**9,725**	**9,332**	**11,073**	**5,088**	**35,218**
Accounts payable and other current liabilities	4,375	959	925	266	6,525
Deferred revenue	3,130	-	177	196	3,503
Lease liability	3,095	-	-	-	3,095
Debt assumed	-	-	-	239	239
Deferred tax liability	564	2,063	2,280	792	5,699
Due to related parties	-	-	419	-	419
Total Liabilities	**11,164**	**3,022**	**3,801**	**1,493**	**19,480**
Total net identifiable assets	**(1,439)**	**6,310**	**7,272**	**3,595**	**15,738**
Non-controlling interest	**-**	**-**	**-**	**(3,950)**	**(3,950)**
Warrants	**-**	**-**	**-**	**201**	**201**
Call options	**-**	**-**	**-**	**1,500**	**1,500**
Goodwill	**18,903**	**19,269**	**16,897**	**4,272**	**59,341**
	17,464	**25,579**	**24,169**	**5,618**	**72,830**
Purchase Consideration					
Share consideration	6,499	14,306	14,961	2,380	38,146
Cash	4,553	4,145	2,960	3,175	14,833
Holdback	-	385	606	63	1,054
Promissory notes	2,635	3,576	5,000	-	11,211
Deferred payment	-	-	642	-	642
Contingent consideration	3,647	3,167	-	-	6,814
Retention bonus	130	-	-	-	130
Total purchase consideration	**17,464**	**25,579**	**24,169**	**5,618**	**72,830**

Acquisition date	BioPharma July 01, 2024	Verosource July 01, 2024	Intrahealth February 01, 2024	Mutuo November 01, 2024	Total
Revenue	12,005	4,533	10,568	184	27,290
Net (loss) / profit	(2,770)	658	(1,585)	(150)	(3,847)
Had the acquisition been made at the beginning of the year the contributions would be as follows:					
Revenue	24,010	9,066	11,529	1,102	45,707
Net (loss) / profit	(5,539)	1,315	(1,729)	(897)	(6,850)

(In thousands of Canadian dollars, except per share amounts)

The acquisition was accounted for using the acquisition method in accordance with IFRS 3.

The goodwill recognized in connection with the acquisitions of Intrahealth, BioPharma, and Verosource is primarily attributable to the broader access these companies will have to deploy their technology and services in a bigger healthcare ecosystem by being a part of HEALWELL and intangible assets that do not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

For Mutuo, the Company is in process to assess the initial fair value assumptions used to value the intangible assets acquired and determine the goodwill given the short amount of time between the acquisition date and the reporting date.

14 CALL OPTIONS

i) On December 1, 2023 a separate Shareholders Agreement ("SA") was entered into as part of the acquisition of Pentavere and the Company . As per the SA that within the 48-month period from the date of the agreement the Company shall have the right to deliver one or more notices to the representative of all of the shareholders of Pentavere other than the Company (the "non-HEALWELL Shareholders") of its notice to purchase all (but not less than all of the shares, warrants, options or rights, or securities convertible or exchangeable into securities for a purchase price ("Call Option"). The purchase price payable by the Company to the non-HEALWELL Shareholders is the total number of Call option securities multiplied by the Per Share fair market value ("FMV") that is defined in the SA to be (i) up to the first anniversary of the SA the greater of: (a) $20,000 and (b) 10 times the 2x gross profit from the trailing six-month period as per Pentavere's financial statements according to IFRS, (ii) from the day following the first anniversary until the second anniversary of the SA, the greater of : (a) $30,000 and (b) 7.5x the 2x gross profit from the trailing six-month period, and (iii) from the day following the second anniversary of SA until the end of the fourth anniversary, the value obtained through the valuation process set out in the SA in Schedule C, i.e., a "baseball style arbitration" approach. The Company modeled the probability of achieving the milestones associated with the call option and used the Black Scholes method to model the option itself to arrive at a fair value of $550 as at December 31, 2024 (December 31, 2023 $1,500). During the year ended December 31, 2024, the change in fair value of $950 (2023 $nil) has been recognized in the statement of profit (loss) and comprehensive income (loss) respectively.

ii) The SPA between Mutuo and the Company included a call option to purchase the remaining ownership interest in Mutuo. The Company modeled the probability of exercising the call option and used the Black Scholes method to model the option itself to arrive at a fair value of $1,500 as at December 31, 2024. During the Call Option Period, The Company will have the right but not the obligation to exercise the call option. The duration of the call option period is three years. The call option allows the company to purchase the remaining ownership interest in Mutuo for the greater of a designated price and a multiple of the trailing gross profit. The Per Share FMV that is defined in the SPA to be (i) up to the first anniversary of the SA the greater of: (a) $15,000 and (b) 7.5 times the trailing gross profit , (ii) from the day following the first anniversary until the second anniversary of the SPA, the greater of : (a) $22,500 and (b) 6.25x the trailing gross profit, (iii) from the date following the second anniversary until the third anniversary of the SPA the greater of (a) $30,000 and (b) 5 times the trailing gross profit. During the year ended December 31, 2024, the change in fair value of $nil has been recognized in the statement of profit (loss) and comprehensive income (loss), respectively.

15 CONTINGENT CONSIDERATION

	$'000
Balance, December 31, 2022	1,637
Additions through business combination (Note 13)	-
Payments	(1,600)
Accretion	-
Changes in Fair Value	223
Balance, December 31, 2023	260
Additions through business combination (Note 13)	6,814
Payments	-
Accretion	-
Changes in Fair Value	(2,580)
Balance, December 31, 2024	**4,494**

(In thousands of Canadian dollars, except per share amounts)

i) At the time of acquisition of Khure, a portion of the total consideration up to a maximum of $5,600, payable in Subordinate Voting Shares, was subject to an earn-out arrangement over an earn-out period ending December 23, 2023. The final earn-out payable will be determined based on multiple post-acquisition period revenue targets as specified in the transaction agreements. During the year ended December 31, 2022, the second earn-out target was achieved. Under the terms of the purchase and sale agreement, the Company was required to issue Subordinate Voting Shares equal to $1,600 divided by the volume weighted average market price of the Company's shares at the time of issuance. On February 15, 2023, the Company issued 3,035,657 Subordinate Voting Shares from treasury in consideration of achieving the second earn-out milestones agreed to in the Khure transaction agreements, valued at $2,277. In connection with the settlement of the contingent liability, the Company recognized a loss of $677 for 2023 in the statement of loss and comprehensive loss.
On July 12, 2023, the Company entered into an agreement with Khure to extend the time to achieve the third and final earn-out milestone from December 23, 2023, to December 31, 2025.

The determination of the fair value of contingent consideration is primarily based upon the Company's expectations of the amount of revenue to be achieved by Khure. During the year ended December 31, 2023, the Company recognized changes in fair value of loss of $223 resulting from the change in fair value of the contingent consideration.
As of December 31, 2024, the Company recognized gain due to change in fair value of the contingent consideration of $260 (December 31, 2023 loss due to change in fair value of $223).

ii) Deferred purchase/Earn-out contingent consideration amount of $3,167 for Verosource represents the fair value of earnout payments contingent upon the earnings of the business for the four-year period after closing date and up to 50% of the amount can be settled through shares.

The determination of the fair value of deferred purchase/Earn-out is based on the profitability outcomes of Verosource during the earnout period.
As of December 31, 2024, the Company recognized gain due to change in fair value of the contingent consideration of $199 (2023 $nil).

iii) As part of the purchase consideration for the BioPharma acquisition (Note 13), the Company recognized a contingent consideration liability, which is to be settled twelve (12) months from the issuance date of any consideration shares, with the liability determined based on fluctuations in the value of consideration shares 12 months after issuance, to a maximum of 45% of the consideration share value. The fair value of the liability was estimated using an option pricing model for the consideration on acquisition, carried at fair value through profit and loss, which included assumptions about the volatility of the share price. As at December 31, 2024, the fair market value of the Contingent Consideration was $1,143.

Deferred purchase/Earn-out contingent consideration amount of $2,256 for BioPharma represents earnout payments contingent upon the earnings of the business for the three-year period after closing date and up to 50% of the amount can be settled through shares.

The determination of the fair value of deferred purchase/Earn-out is based on profitability outcomes of BioPharma during the earnout period.

As of December 31, 2024, the Company recognized gain due to change in fair value of the contingent consideration of $1,873 (2023 $nil).

16 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade & Other Payables	4,334	3,931
Income taxes Payables	373	19
Accrued Liabilities	4,824	1,979
Deposits	74	49
	9,605	5,978

(In thousands of Canadian dollars, except per share amounts)

17 ACQUISITION RELATED PAYABLES

		December 31, 2024	December 31, 2023
Promissory notes		6,211	-
Holdback Verosource	**13**	385	-
Holdback Pentavere		-	443
		6,596	443

18 LEASES

The Company leases various clinic spaces for its operations and subleases its excess office and clinic spaces to subtenants. Rental contracts are typically made for fixed periods of 5 to 12 years. Extension options are included in the majority of leases for clinic space and typically range from 5 to 10 years. These terms are used to maximize operational flexibility in terms of managing the Company's clinic space. For the majority of its leases with renewal options, the Company has not included lease payments under extension options, as it is not reasonably certain that renewal options on those leases will be exercised. Substantially all the property leases contain variable lease payments for operating costs that are based on actual costs incurred by the lessor. The variable operating costs do not depend on an index or a rate and are recognized as an expense in the period they are incurred.

The estimated discount rate of the Company's leases was between 2.8% and 14%.

The Company's Right of use assets as at December 31, 2024, and December 31, 2023, are as follows:

Cost	
Balance, December 31, 2022	20,061
Additions	-
Lease modification	(201)
Acquisition through business combination	181
Disposal of subsidiary and assets	(9,820)
Balance, December 31, 2023	10,221
Additions	2,849
Disposals	(394)
Balance, December 31, 2024	12,676

Accumulated depreciation	
Balance, December 31, 2022	11,530
Depreciation	1,319
Impairment	1,264
Impairment for discontinued operation	99
Lease modification	(121)
Disposal of subsidiary and assets	(7,072)
Balance, December 31, 2023	**7,019**
Depreciation	685
Disposals	-
Impairment	850
Balance, December 31, 2024	8,554
Net book value as at:	
December 31, 2023	3,202
December 31, 2024	4,122

In Q2 2024, the company identified impairment indicators in its head lease premise. The Company had entered into a 12.3 year lease agreement for the head office, but decided to vacate the premise after 2.3 years and sublet it to a tenant. The rent received from the tenant was lower than the rent the corporation was paying for the head lease which led to recoverable amount of the ROUA to fall below items carrying value.

(In thousands of Canadian dollars, except per share amounts)

The Company's lease liability and lease receivable as at December 31, 2024, and December 31, 2023, are as follows:

	December 31, 2024	**December 31, 2023**
Lease liability – current	946	1,010
Lease liability – non-current	5,237	4,264
Total Lease liability	6,183	5,274

Lease Liability

The movement in the lease liability at December 31, 2024 is broken out as follows:

	Note	**December 31, 2024**	**December 31, 2023**
Balance - Beginning		5,274	10,420
Lease modification		-	(98)
Business combination		3,159	181
Disposal of subsidiary and clinics		-	(3,429)
Interest expense from continuing operations		167	149
Interest expense from discontinued operations		19	160
Termination		(1,268)	-
Lease cash payments		(1,168)	(2,109)
Balance - Ending		6,183	5,274

The maturity analysis of lease liabilities at December 31, 2024, is as follows:

Minimum lease payments due	**< 1 year**	**2 – 5 years**	**>5 years**	**Total**
Lease payments	1,230	3,983	1,953	7,166
Finance charges	(284)	(652)	(138)	(1,074)
Lease liabilities	946	3,331	1,906	6,183

The maturity analysis of lease liabilities at December 31, 2023, is as follows:

Minimum lease payments due	**< 1 year**	**2 – 5 years**	**>5 years**	**Total**
Lease payments	**2,824**	**2,985**	**741**	**6,550**
Finance charges	**(823)**	**(385)**	**(68)**	**(1,276)**
Lease liabilities	**2,001**	**2,600**	**673**	**5,274**

During 2024, the Company entered into settlement agreements with several landlords to settle the Company's outstanding obligations under certain lease agreements. After the Company made the settlement payments as per the applicable settlement agreements, the parties irrevocably agreed that the lease is hereby terminated, and their affiliates will have no further obligation under or in respect of that lease as of the effective date of the settlement agreements. Accordingly, the Company has derecognized the related liabilities which results in a gain on settlement of $3,088.

Lease receivables

Rental contracts for subleases are typically made for fixed periods of 1 to 10 years but may have extension options ranging from 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. As at December 31, 2024, and December 31, 2023, the Company had sublease contracts for 7 spaces, with an average remaining life to expiry (including extension term) of 1.30 years (2023-1.45 years).

The movement in the lease receivables at December 31, 2024 is broken out as follows:

	December 31, 2024	**December 31, 2023**
Balance-Beginning	375	1,253
Additions	342	-
Modification	112	-
Disposal	-	(543)

(In thousands of Canadian dollars, except per share amounts)

Interest income from continuing operations	43	15
Interest income from discontinued operations	-	13
Lease cash recoveries	(237)	(363)
Balance - Ending	635	375

As at December 31, 2024 and 2023, the minimum rent expected to be received under net investment in subleases is as follows:

December 31, 2024

2025	157
2026	157
2027	150
2028	127
2029	95
More than five years	-
Total	686
Unearned finance income	(51)
	635

December 31, 2023

2025	136
2026	57
2027	57
2028	57
2029	57
More than five years	43
Total	407
Unearned finance income	(32)
	375

	December 31, 2024	December 31, 2023
Lease receivable – current	269	126
Lease receivable – non-current	366	249
Total Lease receivable	635	375

During the period ended December 31, 2024, the Company entered into an agreement to sub-lease space for a five year period. The rent per annum will start at $49 per annum from October 1, 2024 and increase over 5 years, ending at $79 per annum.

19 NON-CONTROLLING INTEREST REDEMABLE LIABILITY

On June 17, 2024, MCI Polyclinic Group Inc. ("MCI Polyclinic") acquired, for the purpose of cancellation, all of the issued and outstanding Class B common shares in the capital of MCI Polyclinic held by HNE. The purchase of its own shares by MCI Polyclinic from HNE and their subsequent cancellation resulted in change in ownership interest of HEALWELL in MCI Polyclinic and its subsidiaries from 80% to 100%. The non-controlling interest previously recognized as a redeemable liability in the consolidated financial statements has been derecognized directly in the equity on account of settlement of the NCI 20% share in MCI Polyclinic.

The carrying amount as of December 31, 2024, is $ nil (December 31, 2023- $1,282).

20 DEBENTURE PAYABLE

	December 31, 2024	December 31, 2023
Balance as at January 1,	6,217	-
Debenture issuance	-	10,000
Conversion feature	-	(1,964)
Share warrants	-	(1,932)
Issuance cost	-	(190)
Accrued interest	1,190	303
Converted into shares	(716)	-
Balance as at December 31,	6,691	6,217
Liability component	6,691	6,217

(In thousands of Canadian dollars, except per share amounts)

Reclass to Debenture payable to WELL Health Technologies Corp	8	(2,995)	(2,511)
Reclass to Debenture payable to Management and Board member	8	(726)	(774)
		2,970	2,932

The debentures bear interest at a rate of 10% per annum and mature 5 years from the closing date of October 1, 2023. The principal and interest outstanding under the debentures are convertible into Subordinate Voting Shares at $0.20/share, and for every $1 of debentures purchased, subscribers also received 5 warrants for Subordinate Voting Shares exercisable at $0.20/share.

As the conversion feature results in the conversion of a fixed amount of stated principal into a fixed number of shares, it satisfies the 'fixed for fixed' criterion and, therefore, it is classified as an equity instrument.

The Company receives a fixed amount of cash in exchange for issuing a predetermined number of equity shares with each warrant corresponding to one share. Warrants associated with the debentures are classified as equity. The debentures have 2 features – the debenture itself and the conversion feature. The fair value of the liability component, at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 20.5%. Debentures are classified as a financial liability whereas the conversion feature is classified as equity.

21 LOANS

As at December 31, 2024 the company was in compliance with all covenants in respect of its loan facilities.

i) Pentavere has a loan payable from BDC Canada bearing interest at the lender's floating base rate plus 4.4% per annum, payable in monthly interest-only instalments, with principal being due in full on February 15, 2027. The loan is secured by a general security agreement over the Company's assets, assignment of directors' life insurance policies and postponement of claims from related parties. Pentavere also has an Interest free loan payable from the Federal Economic Development Agency (FEDDEV), payable in monthly installments. The loan will be fully repaid by December 15, 2030. Furthermore, has access to a Line of Credit from CIBC, that was undrawn at Dec 31, 2024. Pentavere has a Debt-to-Equity covenant that is tested annually and a liquidity covenant that is tested quarterly with BDC. Pentavere was in compliance with both covenants on December 31, 2024.

ii) Mutuo has a loan payable from BDC Canada bearing interest at the lender's floating base rate plus 2.0% per annum, payable in monthly interest-only instalments, with principal being due in full on August 1, 2028. The loan is secured by a general security agreement over the Company's assets.

22 SHARE CAPITAL

(a) Authorized:

The authorized share capital of the Company is an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Multiple Voting Shares and an unlimited number of Preferred Shares.

(b) Issued:

	Class A Subordinate Voting Shares		Class B Multiple Voting Shares
	No. of Shares	Amount	
Balance - 31/12/2022	**50,075,202**	**39,787**	**36,000,000**
Share Issuances, net of share issuance costs	27,708,400	16,659	
Share Warrants		1,932	
Acquisition Related Share Issuance			
Pentavere (at $0.98 per share)	5,705,664	5,592	
Settlement of DSU's & RSU's	702,953	721	

(In thousands of Canadian dollars, except per share amounts)

Other			
Settlement of liability for contingent consideration	3,035,657	2,277	
Issuance of Subordinate shares for achieving earn-out target-Khure	758,914	400	
Cancelled during the year			(5,200,000)
Balance - 31/12/2023	**87,986,790**	**67,368**	**30,800,000**
Share Issuances, net of share issuance costs	14,815,000	18,751	
Acquisition Related Share Issuances			
Intrahealth (at $0.69 per share)	21,682,465	14,961	
Verosource (at $2.50 per share)	5,722,250	14,306	
BioPharma (at $2.50 per share)	2,599,496	6,499	
Mutuo (at $1.27 per share)	1,945,336	2,380	
Conversion of debentures	5,641,838	947	
Share warrant Exercises			
Broker warrants at			
Exercise price of $0.75	699,801	889	
Exercise price of $0.80	183,937	237	
Exercise price of $1.80	287,500	518	
Bought Deal warrants at			
Exercise price of $1.20	3,571,350	4,285	
Debenture warrants at			
Exercise price of $0.20	22,010,000	4,402	
Settlement of RSU's, PSU's & DSU's	833,276	2,484	
Other			
Release of service	850,000	2,057	
Balance - 31/12/2024	**168,829,039**	**140,084**	**30,800,000**

(c) Warrants

The following table summarizes grants of share warrants issued as broker compensation for equity bought deal financings, debenture warrants as part of October 1, 2023 debenture financing and the warrants issued as part of December 2023 and May 2024 bought deal equity financings:

Share Warrant Type & Date	Share Warrants	Exercise Price	Fair Value	Exercised	Net Outstanding
Broker Warrants					
October 17, 2023	699,801	0.75	0.52	699,801	-
December 22, 2023	862,500	0.80	0.49	183,937	678,563
May 22, 2024	586,677	1.35	1.10	-	586,677
May 22, 2024	7,407,500	1.80	1.01	287,500	7,120,000
Bought Deal Warrants					
December 22, 2023	7,187,500	1.20	0.52	3,571,350	3,616,150
Debenture Warrants					
October 1, 2023	50,000,000	0.20	0.20	22,010,000	27,990,000

(In thousands of Canadian dollars, except per share amounts)

The fair value of each warrants issued was estimated at the time of issuance using the Black-Scholes model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a warrants based on the following weighted assumptions at the respective measurement date:

	2024	2023
Risk free rate	4.15%	4.05% - 4.83%
Expected life (years)	2	2
Volatility	121.51%	140.08% - 140.29%
Underlying stock price	$1.65	$0.72 - $0.75
Strike price	$1.35 - $1.80	$0.75 - $1.80

23 SHARE BASED PAYMENT ARRANGEMENTS

Fair value of stock options granted:

The fair value of each option granted was estimated at the time of grant using the Black-Scholes option pricing model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a call or a put option based on the following weighted assumptions at the respective measurement date:

	December 31, 2024	December 31, 2023
Risk free rate	4.05%	4.05%
Expected life (years)	4-5	4-5
Volatility	124.01%	124.01%
Underlying stock price	$0.55 - $0.75	$0.55 - $0.75
Strike price	$0.69 - $0.75	$0.69 - $0.75

Fair value of modification of stock options:

The fair value of each modification stock option granted was estimated at the time of modification using the Black-Scholes option pricing model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a modification of call or a put option. There is no modification that were made during the year ended December 31, 2024.

	December 31, 2024	December 31, 2023
Risk free rate	4.26% - 4.78%	4.26% - 4.78%
Expected life (years)	4	4
Volatility	130% - 140%	130% - 140%
Underlying stock price	$0.55	$0.55
Strike price	$0.69 - $5.00	$0.69 - $5.00

(In thousands of Canadian dollars, except per share amounts)

	December 31, 2024		
Exercise price	**Number of share options outstanding ('000)**	**Number of share options exercisable ('000)**	**Weighted average remaining contractual life (years)**
$0.69	**1,595**	**984**	**4.25**
$1.36	**81**	**81**	**1.30**
$1.92	**100**	**100**	**1.92**
$2.39	**820**	**-**	**2.39**
$3.10			
	2,596	**1,165**	**3.57**

	December 31, 2023		
Exercise price	Number of share options outstanding ('000)	Number of share options exercisable ('000)	Weighted average remaining contractual life (years)
$0.69	2,133	1,117	4.74
$1.36	81	81	3.27
$1.92			
$2.39			
$3.10	45	45	4.74
	2,259	1,243	4.64

	Number of options ('000)	Weighted average exercise price
Options Outstanding - 1/1/2023	**4,701**	**$3.85**
Options Granted	-	-
Options Cancelled	(855)	$5.00
Options Forfeited	(1,587)	$2.90
Options Settled	-	-
Options Outstanding - 31/12/2023	**2,259**	**$0.76**
Options Granted	920	$2.34
Options Cancelled	-	-
Options Forfeited	(196)	$3.10
Options Settled	(386)	$3.00
Options Outstanding - 31/12/2024	**2,597**	**$4.46**

(b) DSUs, RSUs and PSUs

The Company grants Deferred shares units (DSUs) to the members of the Board of Directors as part of their annual remuneration for the services rendered as directors on the Company's Board and Committees and may also award one-time grants of DSUs to its directors in connection with major events, such as its going-public transaction in January 2021. The Company also grants Restricted Shares Units (RSUs) to employees and contractors. The amount of the DSU or RSU award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout. For equity settled DSUs and RSUs, the fair value of the award is recorded as an expense at the grant date. To date, all RSUs and DSUs that have been awarded by the Company have been equity-settled.

(In thousands of Canadian dollars, except per share amounts)

The Company also grants PSUs to key employees as part of their long-term incentive compensation. The fair value of the Performance shares units (PSUs) is recorded as an expense at the grant date based on assessing the performance criteria associated with the PSUs and adjusted quarterly depending on likely achievement of the performance criteria associated with the PSUs. PSUs are equity settled.

Net outstanding Share based payments by type 31st December 2024	No. of shares	Vested
PSUs		
Grants in 2023	1,175,000	274,998
Grants in 2024	671,250	93,749
Total PSUs	1,846,250	368,747
RSUs		
Grants in 2023	1,195,000	398,331
Grants in 2024	2,240,796	198,071
Total RSUs	3,435,796	596,402
DSUs		
Grants in 2021	22,900	22,900
Grants in 2022	85,293	85,293
Grants in 2023	168,115	168,115
Grants in 2024	101,841	101,841
Total DSUs	378,149	378,149
Total No. of Shares	**5,660,195**	**1,343,298**

24 OPERATING EXPENSES BY NATURE

	2024	2023
Salaries and other short-term employee benefits	16,494	3,701
Research and development-others	672	4,811
Sales and Marketing	277	1,279
Professional and Accounting	4,302	3,468
Recruiting Expenses		4
Insurance	630	774
Technology and Communication expenses	2426	43
Stock compensation	7,141	2,752
Public Company Expenses	7,957	1,126
Depreciation and Amortization Expenses	7,298	473
Impairment of Goodwill and Intangibles	5,385	10,896
Others	3,673	(356)
Expenses from continuing operations	56,255	28,971
Expenses from discontinuing operations		
Salaries and other short-term employee benefits	72	5,911
Sales and marketing	-	40
Office expenses	20	1,089
Professional and accounting	2	290
Recruiting expenses	-	33

(In thousands of Canadian dollars, except per share amounts)

Insurance	-	125
Technology and communication expenses	-	179
Depreciation and amortization expense	2	1,312
Impairment	-	221
Gain on disposal of subsidiary and clinics	-	(2,560)
Others	23	(13)
Expenses from Continued and Discontinued operations	56,374	35,598

25 FINANCING EXPENSES

Financing expenses consist of the following:

Interest on lease liabilities	167	149
Interest on lease receivables	(43)	(15)
Interest income	(595)	(229)
Interest on debentures payables	540	303
Interest on related party loan	950	1,127
Interest, bank charges and fees	953	420
Financing from continuing operations	1,972	1,755
Financing from discontinued operations		
Interest on lease liabilities	19	160
Interest on lease receivables	-	(12)
Interest, bank charges and fees	-	161
	1,991	2,064

26 INCOME TAXES

Income taxes consist of the following:

Continuing operation	**2024**	**2023**
Current income tax	357	19
Deferred tax recovery	(1,213)	(561)
	(856)	(542)
Discontinued operation		
Current income tax	5	-
	5	-
Total	(851)	**(542)**

Reported income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before income tax due to the following:

Continuing operation	**2024**	**2023**
Income (loss) before income tax	(28,687)	(32,086)
Effective income tax rate	26.5%	26.5%
Expected income tax recovery	(7,602)	(8,503)
Permanent difference	3,262	2,897
Tax credit	-	(1,042)
Intangibles	(9,790)	2,002
Deferred tax assets not recognized	17,682	5,821
Others	(4,408)	(1,717)
	(856)	(542)

(In thousands of Canadian dollars, except per share amounts)

Discontinued operation		
Income (Loss) before income tax	20	1,120
Effective income tax rate	26.5%	26.5%
Expected income tax recovery	5	297
Permanent difference	-	(220)
	5	77
Total	(851)	(465)

Deferred tax assets consist of:

	December 31, 2024	December 31, 2023
Leases	148	116
Property and equipment	848	-
Security issuance expenses	634	922
Non-capital loss carry forward	17,986	11,736
Net-capital loss carried forward	9	9
SR&ED expenditure pool & ITC's	12,261	1,986
Others	3	9
	31,889	14,778
Deferred tax liabilities consist of:		
Property and equipment	-	(62)
Intangibles	(7,656)	(3,107)
	(7,656)	(3,169)
Deferred tax assets not recognized (valuation allowance)	(30,744)	(13,633)
	(6,511)	(2,024)

Included in deferred tax asset and liabilities is $5,700 (December 31, 2023 - $3,032) that arose from business combination. Deferred tax assets not recognized relate to non-capital loss and deferred financing costs of one of the legal entities where it is not certain that deferred tax asset on these tax attributes will be realized based on future profits generated by that entity.

The Company's non-capital loss carry forwards expire as follows:

2040	386
2041	13,337
2042	18,409
2043	23,425
2044	12,259
	67,816

The company also has a Scientific Research & Experimental Development ("SR&ED") expenditure pool of $12,261 (December 31, 2023, of $7,492) which can be carried forward for future years and which do not expire.

27 NET CHANGE IN NON-CASH OPERATING ITEMS

The change in non-cash working capital items consists of the following:

	December 31, 2024	December 31, 2023
Accounts receivable	1,405	$ 4,511
Other assets	(874)	52
Accounts payable and accrued liabilities	(1,652)	(3,497)
Deferred revenue	(1,385)	-
Unbilled revenue	(326)	-
	(2,832)	**1,066**

(In thousands of Canadian dollars, except per share amounts)

28 KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the members of the executive team. The remuneration of these individuals was as follows:

	December 31	
	2024	2023
Salary, wages and benefits	1,109	$ 1,528
Management fee	292	-
Share-based compensation	1,429	2,069
	2,830	**$ 3,597**

29 CONTINGENCIES

In October 2019, a claim was lodged against MCI., a subsidiary of the Company, asserting that it had breached a lease agreement for a clinic. The matter is currently being considered by the courts, such that the Company now expects judgment in 2025. The Company considers it to be too early to make a determination as to the outcome of this claim and has therefore not recognized a provision in relation to this claim. If there was an adverse decision related to the lawsuit, the potential undiscounted amount of the total payments that the Company could be required to make is estimated to be approximately $3,000.

During the year ended December 31, 2024, HEALWELL (parent company) filed two notices of objections ("NOO") for month of December 2022 against GST/HST payable of $181 and for the period June 1, 2022 to March 31, 2024 against GST/HST payable of $1,209. both the NOO's have not been heard and it is too early to make a determination whether the GST/HST dues are payable to CRA. If the company loses in appeal, both the amounts would be payable to CRA.

CRA has issued a notice for GST/HST audit on MCI (subsidiary of HEALWELL) for the period January 1, 2021 to April 30, 2024. The audit is in a preliminary stage in which details are being provided to CRA auditor. It is too early to make a determination whether any GST/HST dues are payable to CRA.

30 EARNINGS PER SHARE

	2024	2023
Net loss attributable to Company shareholders		
Continuing Operations	(26,239)	(32,193)
Discontinued Operations	(54)	596
	(26,293)	(31,597)
Weighted average number of Class A Subordinate Voting Shares	135,561,175	57,031,739
Basic and diluted loss per share-Continuing operations	(0.19)	(0.56)
Basic and diluted loss per share-Discontinued operations	(0.00)	0.01
Basic and diluted loss per share	(0.19)	(0.55)

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at December 31, 2024:

a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages this risk by managing its working capital and ensuring that sufficient credit is available. The following are the contractual maturities of financial liabilities based on undiscounted cash flows as at December 31, 2024:

(In thousands of Canadian dollars, except per share amounts)

	December 31, 2024		
	< 1 year	2 – 5 years	Over 5 years
Lease payments	1,230	3,983	1,953
Accounts payable and accrued liabilities	9,605	-	-
Acquisitions related payables	6,596	-	-
Loan payable	182	1,816	-
Related party loan	1,780	9,478	-
Debenture payable	-	3,945	-
Liability for contingent consideration	1,940	3,735	-
	21,333	22,957	1,953

The Company has assessed that it is currently exposed to liquidity risk due to its cash out flows from operations for the period ended December 31, 2024 of $22,065 (2023 - $10,798) and risk in achieving cost reductions. In addition, the Company has a working capital deficiency of ($4,992) as at December 31, 2024, (2023 - $13,225) however when taking into account the ability to settle certain liabilities by issuance of shares, the working capital deficiency is ($889). As described in note 35, the Company announced entering into an agreement to acquire Orion Health, and subsequent to year end closed an upsized bought deal financing for $55.5 million and a $50.0 million debt facility. The bought deal financing and the debt facility, along with the issuance of HEALWELL shares, will be used to fund the acquisition. With the anticipated close of the Orion Health acquisition on April 1, 2025 and the positive cash flows expected as a result of the acquisition along with achieving certain cost reductions, the Company expects to be able to meet its obligations as they become due in the normal course of business for at least the next twelve months from December 31, 2024

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable, net investments in subleases and loan receivable. The Company has a low concentration of credit risk as 25% (2023 - 56%) of its accounts receivable are due from branches of provincial governments for public health services. The Company's remaining accounts receivable and its net investment in subleases are well diversified among a range of corporations, individual patients and tenants.

The Company performed expected credit loss calculations and adjusted the allowance for expected credit losses based on the ability of its tenants to pay their obligations on a timely basis and due to increased exposure from receivables with non-government customers which have limited historical loss information.

Receivables from Government Customers

The Company’s receivables from government customers arise from the provision of public health services to patients in the provinces of Ontario and British Columbia, as well as government institutions in New Zealand. The Company has assessed the credit risk associated with its receivables from branches of provincial governments as low due to strong provincial credit ratings and a history of collection; thereby lowering the risk of default. The Company has never experienced a credit loss and does not reserve against its government receivables.

Receivables from Non-Government Customers

(i) **Clinical research and patient services**: Clinical research and patient services receivables from non-government customers arise from the provision of health services that are not covered by the provincial governments and includes amounts due from the Workplace Safety and Insurance Board, individual patients, corporate clients and private insurers. The Company’s historical loss percentage for these receivables is low.

(ii) **AI and data sciences and Health care software**: It is comprised primarily of larger Fortune 500 corporations that purchase insurance plans for their employees or pay the Company directly. To date, HEALWELL has never had a credit loss from privately insured customers; however, given the lack of historical loss information in this subcategory, the Company believes that any credit losses will approximate the historical credit losses of its receivables from non-government customers at clinics.

(In thousands of Canadian dollars, except per share amounts)

Receivables from Subtenants

The Quit Clinics Inc. sublets space to healthcare suppliers such as medical testing laboratories, pharmacies, physiotherapists, chiropractic clinics, wellness providers and other similar or related services. These receivables have the highest risk of default for the Company as the tenant is typically an individual or small business; however, the credit losses on receivables from subtenants have historically been low.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Company is mainly exposed to 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 described in Notes 30, the Company is exposed to interest rate risk with respect to its credit facilities. At December 31, 2024 the amounts drawn are as follows: $nil (December 31, 2023 - $nil) from Bank credit facilities; $11,423 (December 31, 2023 - $11,181) from related party credit facilities; $1,792 (December 31, 2023 - $1,541) from financing from FEDDEV and a financial institution; and $2,970 (December 31, 2023 - $2,673) from debenture payable.

If interest rates increased/decreased by 50 basis points and all other variables were held constant, the Company's net loss for the year ended December 31, 2024, would have increased/decreased by $80 (2023 - $52).

The Company is exposed to foreign exchange risk on revenue and purchase contracts denominated in currencies other than the currency of the Company's contracting entity. For Canadian operations, this typically involves the U.S. dollar, while for U.S. entities, it generally concerns the Canadian dollar. Additionally, the Company has subsidiaries in New Zealand and Australia, further diversifying its currency exposure.

The Company also faces foreign currency risk related to the translation of the net assets of its foreign operations into Canadian dollars. A 1% movement in foreign exchange rates relative to the CAD would result in an approximate $0.13 change in the Company's net income for the year ended December 31, 2024 (2023 - $nil).

d) Fair Value

Financial assets and liabilities recognized or disclosed at fair value are classified in the fair value hierarchy based upon the nature of the inputs used in the determination of fair value. The levels of the fair value hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

The following table summarizes the carrying value of the Company's financial instruments:

	December 31, 2024	December 31, 2023
Cash	9,413	19,162
Accounts receivable	5,969	1,115
Call option and warrants	2,251	1,500
Lease receivables	635	375
Investments in equity securities	4,114	410
Prepaids and other assets	2,466	1,440
Assets classified as held for sale	-	1,150
Liabilities associated with assets classified as held for sale	-	(897)
Accounts payable and accrued liabilities	(9,605)	(5,978)
Acquisitions related payable	(6,596)	(443)
Loans payable	(1,792)	(1,541)
Related party loan	(11,258)	(11,181)
Lease liabilities	(6,183)	(5,274)

(In thousands of Canadian dollars, except per share amounts)

Debenture payable	(2,970)	(2,932)
Other liabilities	-	(86)
Non-controlling interest redeemable liability	-	(1,282)
Liability for contingent consideration	(4,495)	(260)

Investments, call option and the liability for contingent consideration are carried at fair value and are categorized as level 3 fair values. The significant unobservable inputs used in the fair value measurements are as follows:

	Valuation techniques and key inputs
Investments (non-listed)	Recent comparable transactions, discounts for lack of marketability
Liability for contingent consideration	Discounted cash flow method based upon the probability adjusted revenue of Khure, BioPharma and Verosource, and the Company share price.
Call options	Black Scholes method, interest rates, volatility, dividend yield, Monte Carlo simulation, business plan parameters.

There were no transfers of assets or liabilities in FY 2024 (2023 - nil) between any levels within the fair value hierarchy.

32 CAPITAL MANAGEMENT

Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development to enhance new product offerings, undertake selective acquisitions and provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards management of financial risk.

In managing its capital structure, the Company takes into consideration various factors, including the growth of the business and related infrastructure. The Company's officers and senior management are responsible for managing the capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors are responsible for overseeing this process. The Company manages capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and capital transactions.

33 SEGMENT REPORTING

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

Effective July 1, 2024, after the acquisitions of Intrahealth, BioPharma and Verosource, the Company updated its operating segments to consolidate its former Clinical health services, Private insured health services and Corporate health services, as well as update Health Services and Technology health services/AI Data sciences, into three reportable segments after a change in organizational structure and a corresponding change in internal reporting to the chief operating decision-maker.

The Company now has three reportable segments (1) Clinical Research and Patient services, (2) AI and Data sciences, (3) Healthcare Software. The Company reviews on a regular basis, revenue, and gross profit, to assess the performance of the operating segments, and effective November 1, 2024, the Company revised its segment profit measures to include Earnings before interest, tax, depreciation and amortization (EBITDA) to align with the internal metric that is provided to the chief operating decision-maker from that date forward. The previous year has been restated to reflect the current composition of reportable segments and the revision of its segment profit measures.

	Year Ended December 31, 2024 (000's)					
	AI and Data Sciences	**Healthcare Software**	**Clinical Research & Patient services**	**Healwell**	**Total**	**Discontinued operations**
Revenue	4,610	15,102	19,260	-	38,972	-
Cost of Revenue	1,917	6,968	12,772	-	21,657	-

(In thousands of Canadian dollars, except per share amounts)

Gross Profit	2,693	8,134	6,488	-	17,315	-
EBITDA	(1,605)	(513)	(1,830)	(15,065)	(19,013)	(54)
Total Assets	3,932	5,635	17,365	98,603	125,535	

	Year Ended December 31, 2023 (000's)					
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell	Total	Discontinued operations
Revenue	670	-	6,647	-	7,317	24,978
Cost of Revenue	1,320	-	4,740	-	6,060	17,370
Gross Profit	(650)	-	1,907	-	1,257	7,608
EBITDA	(4,845)	-	(229)	(22,513)	(27,587)	(297)
Total Assets	2,469	-	10,724	35,026	48,219	5,477

A reconciliation of net loss for the period to EBITDA is as follows:

	December 31, 2024	December 31, 2023
EBITDA	**(19,013)**	**(27,587)**
Depreciation & amortization	(7,297)	(3,341)
Interest and financing expenses	(1,972)	(1,755)
Income taxes recovery / (expense)	856	542
Net loss for the period	**(27,426)**	**(32,141)**

Geographical Regions

	December 31, 2024		
	Canada	Australia & New Zealand	Total
Revenue	28,404	10,568	38,972
Total Assets	121,805	3,730	125,535

	December 31, 2023		
	Canada	Australia & New Zealand	Total
Revenue	7,317	-	7,317
Total Assets	53,696	-	53,696

34 SUBSEQUENT EVENTS

On December 16, 2024 HEALWELL entered into an agreement to acquire 100% of the share of Auckland, New Zealand based Orion Health Holdings Limited ("Orion Health"), a subscription license and services revenue business serving marquee public sector clients globally with data interoperability and healthcare navigation products and services. The aggregate purchase price of the transaction is $175 million NZD plus performance based on earnout of up to a further $25 million NZD. On closing, HEALWELL will satisfy the purchase price of $144 million CAD with a contribution of $86 million CAD in cash and $57.4 million CAD in HEALWELL Class A subordinate Voting Shares. The transaction is expected to close on or before April 1, 2025.

One January 14, 2025 HEALWELL received written shareholder approval for the pending acquisition of Orion Health and related financing.

As of March 27, 2025, The Company has closed the $30M convertible debt tranche, the $25.5M equity tranche, and the $50M Credit agreement led by Scotiabank and RBC, all of which will be used to finance the Orian Health acquisition.

Subsequent to December 31, 2024, one of the Company's equity investments informed the Company of their intention to file for insolvency. The Company is in the process of assessing assess the impact this will have on the FMV of the investment.

On January 21, 2025 WELL subscribed for 500,000 subscription receipts in HEALWELL for an aggregate subscription price of $1M, each subscription receipt of which entitles WELL to receive, upon satisfaction of certain release conditions, and for no further consideration, one unit of HEALWELL, each unit consisting of one Class A Subordinate Voting Share of HEALWELL and one half of one share purchase warrant, with each whole warrant exercisable at an exercise price of $2.50 for a period of 36 months from the closing of the financing. The release conditions are tied to the closing of The Company's acquisition of Orion.

On March 26, 2025, WELL exercised 20,000,000 of its share purchase warrants in HEALWELL at $0.20 per share, and 312,500 share purchase warrants in HEALWELL at $1.20/share, for a total payment of $4.38M. In addition, all 4,000 of WELL's convertible debentures in HEALWELL, including all accumulated interest accrued thereupon, were converted into Class A Subordinate Voting Shares of HEALWELL at $0.20 per share on March 26, 2025.