# HEALWELL AI INC.
## (formerly known as MCI Onehealth Technologies Inc.)

March 31, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is management's discussion and analysis ("MD&A") of the consolidated financial condition and results of operations of HEALWELL AI Inc. ("HEALWELL") and its subsidiaries (together with HEALWELL, the "Company") for the financial years ended December 31, 2024 (the "Reporting Period") and December 31, 2023 (the "Prior Period") and is provided as of March 31, 2025 (the "MD&A Date"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the Reporting Period and the Prior Period and the notes thereto (the "Financial Statements"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"). All amounts presented in this MD&A are stated in thousands of Canadian dollars, unless otherwise indicated. Additional information relating to the Company, including the Company's annual information form for the financial year ended December 31, 2024 (the "AIF") and the Company's other continuous disclosure materials, are available on the Company's SEDAR+ profile at www.sedarplus.com. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile exactly.

**FORWARD-LOOKING STATEMENTS**

Certain statements in this MD&A constitute "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws, and are based on assumptions, expectations, estimates and projections as of the MD&A Date. Forward-looking statements include statements with respect to projected revenues, earnings, growth rates, targets, revenue mix and product plans, pending or potential transactions and the Company's future growth, results of operations, performance and business prospects and opportunities. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "intend", "guidance", "outlook", "potential", "prospects", "seek", "aim", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "occur", "continue" or "be achieved", and other similar expressions, identify forward-looking statements. Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions, and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are outside of the Company's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue. Forward-looking statements contained in this MD&A are based on various assumptions, including, but not limited to, the following: the Company's ability to achieve its growth strategy; the demand for the Company's products and services; the requirement for increasingly innovative product solutions; equity and debt markets continuing to provide the Company with access to capital; the availability of future business ventures, commercial arrangements and acquisition targets or opportunities and the Company's ability to consummate them; the Company's ability to successfully integrate recent and future acquired businesses; currency exchange rates and interest rates; the effects of competition in the industry; trends in customer growth; the stability of general economic and market conditions; the Company's ability to comply with applicable laws and regulations; the Company's continued compliance with third party intellectual property rights and the risk factors noted below. By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

Known and unknown risk factors, many of which are beyond the control of the Company, could cause the actual results of the Company to differ materially from the results, performance, achievements, or developments expressed or implied by such forward-looking statements. Such risk factors include but are not limited to those factors which are discussed in the Company's AIF, a copy of which is or will shortly be made available on the Company's SEDAR+ profile at www.sedarplus.com. The risk factors are not intended to represent a complete list of the factors that could affect the Company, and the reader is cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All the forward-looking statements contained in this MD&A are qualified by these cautionary statements.

**NON-IFRS MEASURES**

The Company prepares its consolidated Financial Statements in accordance with IFRS. However, this MD&A also includes certain measures which have not been prepared in accordance with IFRS, such as Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted

Gross Profit and Adjusted Gross Margin. These measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. These measures are provided as additional information to complement IFRS measures and provide a further understanding of the Company's results of operations from the management's perspective. These measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. These non-IFRS measures are used to provide investors with a supplemental measure of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS measures. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. The Company believes that each of these measures is an important supplemental measure of the Company's performance, primarily as a means of evaluating a company's underlying operating performance.

The term "Adjusted EBITDA" refers to net income (loss) before adjusting for acquisition related expenses, share-based payment expense, depreciation and amortization, net finance charges, other income/expenses, restructuring costs, income/loss from investments, expected credit losses, income tax expenses/recoveries, impairment charges, gains/losses on sublease contracts and fair value changes in contingent consideration. "Adjusted EBITDA Margin" refers to the percentage that Adjusted EBITDA for any period represents as a portion of total revenue for that period. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income (loss) or cash flows from operating activities as an indicator of the Company's performance or cash flows. Management uses these measures, and believes that they are useful to investors, to assist in identifying underlying operating trends and to allow for a comparison of the Company's operating performance on a consistent basis, and to provide an indication of the results generated by the Company's main business activities before considering temporal and non-cash items that are not associated with ongoing operations. For a reconciliation of these measures, see "*Results of Operations – Reconciliation of Adjusted EBITDA.*"

The term "Adjusted Gross Profit" refers to revenue less the cost of sales (excluding depreciation and amortization). "Adjusted Gross Margin" refers to the percentage that Adjusted Gross Profit for any period represents as a portion of total revenue for that period. Investors are cautioned that Adjusted Gross Profit and Adjusted Gross Margin should not be construed as an alternative to revenue. Management uses these measures, and believes that they are useful to investors, to assess the Company's ability to meet arising debt obligations and to pay back outstanding credit, as well as to determine the profitability of the Company's primary business activities and the general financial health of the Company. For a reconciliation of these measures, see "*Results of Operations – Gross Profit & Gross Margin".*

**KEY PERFORMANCE INDICATORS**

Key performance indicators that the Company uses to manage its business and evaluate its financial results and operating performance include revenue, expenses, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, net income (loss) and earning (loss) per share. The Company evaluates its performance on these metrics by comparing its actual results to management budgets, forecasts, and prior period performance.

**CORPORATE BACKGROUND**

The Company was incorporated on July 18, 2012, under the Business Corporations Act (Ontario) and was continued under the Canada Business Corporations Act on January 4, 2021. The registered and records offices of the Company are located at 22 Adelaide St. W., Suite 3600, Toronto, ON M5H 4E3, and its head office is located at 460 College Street, Unit 301, Toronto, Ontario, M6G 1A1. The principal activities of the Company consist of AI and Data Sciences, Healthcare Software, and Clinical Research and Patient Services offerings. The authorized share capital of the Company is an unlimited number of Class A Subordinate Voting Shares ("Subordinate Voting Shares"), an unlimited number of Class B Multiple Voting Shares ("Multiple Voting Shares"), and an unlimited number of Preferred Shares. The Company completed an initial public offering on January 6, 2021, and its Subordinate Voting Shares are listed for trading on the Toronto Stock Exchange (the "Exchange"). On September 26, 2023, the name of the Company was changed from MCI Onehealth Technologies Inc. to HEALWELL AI Inc. ("HEALWELL").

**BUSINESS OVERVIEW**

Prior to October 1, 2023, the Company's revenue consisted primarily of provincially funded medical consultations delivered through the Company's two brick and mortar clinics. The Company also offered executive concierge medicine, technology-enabled rare disease screening, clinical research and pulmonary function testing services. Beginning on October 1, 2023, HEALWELL moved to transition its primary business to operate as a healthcare technology firm specializing in artificial intelligence ("AI") and data science solutions for preventive care. The Company is dedicated to enhancing healthcare outcomes and saving lives by leveraging proprietary technology to develop and commercialize advanced clinical decision support systems. These systems assist healthcare providers in detecting rare and chronic diseases, optimizing practice efficiency, and ultimately improving patient health outcomes. HEALWELL pursues a strategic approach focused on advancing and integrating technology and clinical sciences capabilities that align with its corporate roadmap.

HEALWELL's AI technologies process clinical information and patient records, structuring clinical data and applying AI algorithms to screen records. This aids in identifying patients at high risk for specific conditions and those with unmet therapeutic needs. Early detection and HEALWELL's AI tools enhance physician workflows, ensuring comprehensive patient care.

The Company's Subordinate Voting Shares are listed on the Toronto Stock Exchange under the symbol "AIDX" and on the OTCQX Market under the symbol "HWAIF".

**WELL Health Strategic Alliance**

The Company's data driven insights business aims to take advantage of the unique ecosystem of clinics to which the Company can obtain access through its strategic alliance with WELL Health Technologies Corp. ("WELL"), who owns and operates the largest network of primary care, diagnostic and specialty clinics in Canada. The strategic alliance agreement creates the potential for the Company to accelerate the growth and development of its AI-enabled healthcare technologies and to leverage those technologies for the benefit of WELL's care providers and their patients. It also sets up a framework under which both companies plan to co-develop and roll out AI based decision support tools to WELL's network of clinics and providers, establishing a unique relationship between the two companies to harness their collective resources and expertise to drive growth and enhance the experience of doctors and patients in WELL's clinics. It is also expected that the companies will collaborate on capital allocation opportunities within the AI-enabled digital health marketplace particularly as it relates to helping doctors detect and diagnose diseases as early as possible.

**M&A Strategy**

HEALWELL is executing a strategy centered around developing and acquiring technology and clinical sciences capabilities that complement the Company's road map. With this strategy, HEALWELL is targeting AI and data science companies that expand current capabilities and disease/therapeutic indications along with technology and healthcare software companies that provide access to additional clinical information and mature recurring revenue.

On December 1, 2023, HEALWELL acquired a majority interest in Pentavere Research Group ("Pentavere"), one of Canada's leading healthcare AI companies focused on early disease detection. Pentavere is a healthcare AI Company that helps identify patients for approved medications or interventions – finding patients that have fallen through the cracks. Pentavere has developed and validated AI capabilities in data structuring and abstraction, a key competency to unlocking clinical value for patients and providers and a proven track record in commercialization of real-world evidence studies adding 5 new pharma relationships to the HEALWELL ecosystem.

On February 1, 2024, HEALWELL acquired 100% shares of Intrahealth Systems Limited ("Intrahealth"), an enterprise grade healthcare software Company, which gives HEALWELL access to 15,000 healthcare service providers across provides multiple jurisdictions and the Company with a potential platform to deploy its artificial intelligence technology. Intrahealth is a SaaS based multi-national healthcare software provider supporting clinicians in its global network across Canada, Australia and New Zealand.

On July 1, 2024, HEALWELL acquired 100% shares of Bio Pharma Services Inc. ("BioPharma"), a clinical research business specializing in the conduct of Phase 1/2a and Bioequivalence clinical trials for international pharmaceutical companies worldwide. Following its acquisition, BioPharma was integrated with the Company's existing contract research organization, Canadian Phase Onward ("CPO"), expanding its capabilities to include late-stage patient trials.

On July 1, 2024, HEALWELL also acquired 100% shares of VeroSource Solutions Inc. ("VeroSource"), which offers an end-to-end, customizable, cloud-based solution that enables people, clinicians, and decision-makers to seamlessly access and work with healthcare data. The VeroSource platform helps customers in digital transformation, integration of systems, adoption with right-fit cloud services, advanced analytics, enterprise resource planning and IT strategy.

On November 1, 2024, HEALWELL also acquired a majority interest in Mutuo Health Solutions Inc. ("Mutuo"), which specializes in developing and operating innovative technology that includes the AutoScribe web application. Mutuo Health Solutions is a Software-as-a-Service (SaaS) platform that utilizes artificial intelligence to automate medical transcription and note generation for healthcare professionals. The company's flagship product, AutoScribe, transcribes clinician-patient conversations into accurate medical notes in real time, integrated seamlessly with Electronic Medical Records (EMR) systems such as PS Suite, Oscar EMR, Cerner, and Epic.

**Revenue Sources**

HEALWELL generates revenue from three sources.

AI and Data Sciences: The Company's AI and data sciences revenues stem from pioneering the integration of advanced AI and data science technologies in healthcare through its Khure Health Inc. ("Khure"), Pentavere divisions and Mutuo. These divisions leverage cutting-edge AI algorithms and sophisticated analytics to analyze extensive clinical datasets, extracting actionable insights. This empowers healthcare providers with early disease detection capabilities, optimizing patient care pathways for swift and accurate diagnosis and treatment. HEALWELL's AI and Data Services segment, which primarily operates on recurring revenue models, has historically achieved gross margins exceeding 25%, driven by robust growth. Serving a diverse clientele including pharmaceuticals, life sciences firms, and precision medicine pioneers, HEALWELL remains at the forefront of transformative healthcare technologies.

Healthcare Software: The Company benefits from revenue generated by Intrahealth and VeroSource healthcare software-as-a-service ("SaaS") offering, catering to healthcare providers, hospitals, and clinics across Canada, Australia, and New Zealand. The Intrahealth and VeroSource SaaS models historically deliver over 50% gross margins, respectively. A significant portion of revenue derives from high margin recurring sources, reflecting its extensive network of over 15,000 healthcare service providers.

Clinical Research and Patient Services: Revenue from clinical research and patient services encompasses clinical research contracts and revenue from medical consultations provided through the Company's MCI Polyclinic Group Inc. ("MCI Polyclinic") and BioPharma subsidiaries in Ontario. Clinical research revenue is contract-based with major pharmaceutical clients, while medical consultations are billed per visit. Historically, revenue from patient services has generated gross margins in the upper 45% range and positive Adjusted EBITDA.

**OPERATIONS FOR THE REPORTING PERIOD**

**Operational Highlights (Q4 2024 Reporting Period)**

The Company's operational highlights during the Reporting Period, included the following:

*Revenue Changes:* Revenue from continuing operations during the Reporting Period increased by approximately 692% over the Prior Period. HEALWELL's acquisitions of Intrahealth, BioPharma, VeroSource and Mutuo added the majority of the growth, accounting for a combined $27.3 million of revenue in 2024. From an organic standpoint, revenue from HEALWELL's legacy business units Khure, The Quit Clinic Inc. ("Quit Clinic"), a subsidiary of MCI Polyclinic, and Pentavere, increased by $4.4M, a near 45% over the prior year. Of note, MCI Polyclinic's Canadian Phase Onward Inc. ("CPO") subsidiary saw a noticeable growth in sequential, Q3 to Q4, revenue from new studies that it handled during the Q4 2024 Reporting Period.

*Information and Data Analytics*: With 2024 as a key focus year to build it's profile within the Pharmaceuticals Industry, , HEALWELL's Khure operating subsidiary saw strong quarter-over-quarter increase in revenues to end 2024 and an marked increase in quoting activity and pipeline value as the company looks forward to 2025. In addition, HEALWELL's Pentavere subsidiary also continued to build its profile within the healthcare research space with close to 40 published studies to end the year. Pentavere ended 2024 with a quarterly sequential increase in revenue and the increase in revenue from Pentavere's DERMAID product. Khure and Pentavere offerings continue to target pharmaceutical companies, life science companies, precision medicine companies, hospital systems and top-tier university centers.

*Acquisition of Mutuo:* On November 1, 2024, at closing, the Company acquired a controlling interest in Mutuo Health Solutions Inc. for a total purchase price of approximately $5.618 million. The purchase price was paid by the Company as follows: $3.175 million was paid in cash on closing, $2.380 million was paid through issuance of Subordinate Voting Shares, and $0.63 million, subject to any adjustment, as holdback. Mutuo was established with the goal of reducing administrative burdens on healthcare professionals and improving operational efficiency through automation. Mutuo Health Solutions Inc. is incorporated and operates under the regulations of Canadian business law, and its registered and head office is located in Toronto, Ontario, Canada.

*Expense Optimization:* The Company took steps to consolidate its corporate headquarters office with the Pentavere corporate offices to further reduce operating expenses in 2024. The Company also made minor reductions in staff at its head office that supported both discontinued clinic operations and ongoing healthcare technology operations to streamline the business and brought onboard senior healthcare technology operations consultants to help realign staff resources and operating expenses towards accelerating revenue at Khure and Pentavere.

**Results of Operations[(1)]**

A summary of the financial results of the Company's continuing operations during the three months and fiscal year ended December 31, 2024 and December 31, 2023 (in thousands of dollars, except percentages and per share amounts) is as follows:

| | Three months ended December 31 | | Period over period Change | | Year ended December 31 | | Period over period Change | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | $ | % | 2024 | 2023 | $ | % |
| | ($ in thousands except percentages) | | | | ($ in thousands except percentages) | | | |
| **Continuing operation** | | | | | | | | |
| Revenue | 15,211 | 1,921 | 13,290 | 692 | 38,972 | 7,317 | 31,655 | 433 |
| Cost of Revenue | 8,253 | 1,377 | 6,876 | 499 | 21,657 | 5,292 | 16,365 | 309 |
| Gross Profits | **6,958** | **544** | **6,414** | **1,179** | **17,315** | **2,025** | **15,290** | **755** |
| Research and development | 2,849 | 282 | 2,567 | 910 | 5,795 | 632 | 5,163 | 817 |
| Sales and marketing | 721 | 207 | 514 | 248 | 2,381 | 600 | 1,781 | 297 |
| General and administrative | 9,930 | 2,048 | 7,882 | 385 | 28,256 | 11,517 | 16,739 | 145 |
| Depreciation of property and equipment | 80 | 88 | (8) | (9) | 396 | 130 | 266 | 205 |
| Depreciation of right-of-use assets | 182 | 234 | (52) | (22) | 685 | 344 | 341 | 99 |
| Impairment charges | 4,535 | 3,143 | 1,392 | 44 | 5,385 | 10,896 | (5,511) | (51) |
| Amortization of intangible assets | 939 | 828 | 111 | 13 | 6,215 | 2,868 | 3,347 | 117 |
| Stock based compensation | 2,721 | 743 | 1,978 | 266 | 7,141 | 2,752 | 4,389 | 159 |
| | **21,957** | **7,573** | **14,384** | **190** | **56,254** | **29,739** | **26,515** | **89** |
| Financing expenses | 429 | 615 | (167) | (27) | 1,972 | 1,755 | 217 | 12 |
| Changes in fair value of Call options | 50 | - | 50 | - | 950 | - | 950 | - |
| Changes in fair value of contingent consideration | (2,730) | (1,537) | (1,193) | 78 | (2,580) | 223 | (2,803) | (1,257) |
| Changes in fair value of investments | (277) | - | (277) | - | (277) | 134 | (411) | (307) |
| Loss on settlement of shares-contingent consideration | - | - | - | - | - | 677 | (677) | (100) |
| Loss on fixed assets write off | - | - | - | - | 228 | - | 228 | - |
| Debt forgiveness | - | - | - | - | (7,863) | - | (7,863) | - |
| Liability extinguishment | - | - | - | - | (3,088) | - | (3,088) | - |
| Impairment of investment in an associate | - | - | - | - | - | 2,180 | (2,180) | (100) |
| | **(2,528)** | **(922)** | **(1,587)** | **172** | **(10,658)** | **4,969** | **(15,627)** | **(314)** |
| **Loss before taxes** | (12,471) | (6,107) | (6,383) | 105 | (28,282) | (32,683) | 4,402 | (13) |
| Income tax recovery | 142 | 652 | (510) | (78) | (856) | (542) | (314) | 58 |
| **Net loss-continuing operation** | (12,613) | (6,759) | (5,873) | 87 | (27,426) | (32,141) | 4,715 | (15) |
| Net loss on discontinued operations, net of tax | - | - | - | - | (54) | 596 | (650) | (109) |
| **Net loss** | (12,613) | (6,759) | (5,044) | 75 | (27,480) | (31,545) | 4,065 | (13) |

(1) In Q4 2024 The Company has re-classified certain expenses between operating expense departments and other financial statement line items. The re-classifcation has changes the presentation of the expenses previously reported in 2023 and Q1 2024 – Q3 2024. A table has been created on Pg. 24 of the MD&A that reconciles the P&L that was reported to what is shown in the table above.

| | Three months ended December 31 | | Period over period Change | | Year ended December 31 | | Period over period Change | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | $ | % | 2024 | 2023 | $ | % |
| | ($ in thousands except percentages) | | | | ($ in thousands except percentages) | | | |
| **Continuing operation** | | | | | | | | |
| Adjusted EBITDA [(1)] | (5,573) | (1,464) | (4,109) | 281 | (15,916) | (7,954) | (7,962) | 100 |
| Adjusted EBITDA margin [(1)] | (36.6) | (76.2) | 39.6 | (51.9) | (40.8) | (108.7) | 67.9 | (62.4) |
| **Discontinued operation** | | | | | | | | |
| Adjusted EBITDA (1) | - | 112 | (112) | (100) | (21) | (297) | 276 | (93) |
| Adjusted EBITDA margin (1) | - | 22.6 | (22.6) | (100) | (4.4) | (1.2) | (3.2) | 267 |
| Net loss attributable to Company shareholders | | | | | | | | |
| - Continuing operation | (12,062) | (6,759) | (5,303) | 78 | (26,239) | (32,193) | 5,954 | (18) |
| - Discontinued operation | - | - | - | - | (54) | 596 | (650) | (109) |
| | (12,062) | (6,759) | (5,303) | 78 | (26,293) | (31,597) | 5,304 | (17) |
| Weighted average number of shares outstanding: Basic and diluted | 53,728 | 68,312 | | | 135,561 | 57,032 | | |
| Net loss per share -Basic and diluted | | | | | | | | |
| - Continuing operations | (0.22) | (0.10) | | | (0.19) | (0.56) | | |
| - Discontinued operations | - | - | | | (0.0004) | 0.01 | | |
| | (0.22) | (0.10) | | | (0.19) | (0.55) | | |

(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures. Please see "*Non-IFRS Measures*" above for an explanation of the composition of these measures and their usefulness, and "*Reconciliation of Non-IFRS Measures*" below for a reconciliation of these measures to the IFRS measures found in the Financial Statements.

**Reconciliation of Non-IFRS Measures**

A reconciliation of the non-IFRS measures Adjusted EBITDA and Adjusted EBITDA Margin to net income (loss) for the three months and fiscal year ended December 31, 2024 and December 31, 2023, is set out below:

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$ in thousands** | | **$ in thousands** | |
| **Total Revenue** | | | | |
| - Continuing operation | 15,211 | 1,921 | 38,972 | 7,317 |
| - Discontinued operation | - | 495 | 477 | 24,978 |
| | 15,211 | 2,416 | 39,449 | 32,295 |
| **Net loss** | | | | |
| - Continuing operation | (12,613) | (6,759) | (27,426) | (32,141) |
| - Discontinued operation | - | 448 | (54) | 596 |
| | (12,613) | (6,311) | (27,480) | (31,545) |
| **Add back (deduct)[(1)]** | | | | |
| **Continuing operation** | | | | |
| Depreciation and amortization | 1,202 | 1,150 | 7,297 | 3,341 |
| Net finance charges | 429 | 615 | 1,972 | 1,755 |
| Restructuring cost | 75 | - | 727 | - |
| Gain/ Loss on settlement of shares-contingent consideration | - | - | - | 677 |
| Impairment of investment in associate | - | - | - | 2,180 |
| Changes in fair value of Call options | 50 | - | 950 | - |
| Changes in fair value of contingent consideration | (2,730) | (1,537) | (2,580) | 223 |
| Changes in fair value of investments | (277) | - | (277) | 134 |
| Share-based payment expense | 2,721 | 743 | 7,141 | 3,261 |
| Acquisition related expenses | 893 | 529 | 2,462 | 2,272 |
| Expected credit loss (recovery) | - | - | 12 | (11) |
| Income taxes recovery (expense) | 142 | 652 | (856) | (542) |
| Liability Extinguishment | - | - | (3,088) | - |
| Debt forgiveness | - | - | (7,863) | - |
| Impairment charges | 4,535 | 3,143 | 5,385 | 10,896 |
| Loss (gain) on disposal of Assets | - | - | 228 | - |
| **Discontinued operation** | | | | |
| Depreciation and amortization | - | 117 | 2 | 1,312 |
| Net finance charges | - | 15 | 21 | 309 |
| Loss (gain) on disposal of subsidiary | - | (543) | - | (2,560) |
| Impairment charged (reversal) | - | 75 | - | 221 |
| Expected credit recovery | - | - | - | (175) |
| **Adjusted EBITDA** | | | | |
| - Continuing operation | (5,573) | (1,464) | (15,916) | (7,955) |
| - Discontinued operation | - | 112 | (31) | (297) |
| **Adjusted EBITDA Margin (%)** | | | | |
| - Continuing operation | (36.64) | (76.20) | (40.84) | (108.71) |
| - Discontinued operation | - | 22.63 | (6.50) | (1.19) |

(1) The Company has amended the Adjusted EBITDA calculation in Q4 2024 to remove "Other Expenses" as an add-back to Adjustment EBITDA, which has changed the Q1 2024 – Q3 2024 Adjusted EBITDA.

**Selected Statement of Financial Position Data**

A summary of the financial position of the Company as at the end of the Reporting Period and its most recently completed financial year (in thousands of dollars, except percentages and per share amounts) is as follows:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $ in thousands | |
| Cash | 9,413 | 19,162 |
| Accounts receivable | 5,969 | 1,115 |
| Call options | 2,251 | 1,500 |
| Net investment in subleases | 635 | 375 |
| Investments in equity securities | 4,114 | 410 |
| 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) |
| Loan payable | (1,792) | (1,541) |
| Related party loan | (11,258) | (11,181) |
| Lease liabilities | (6,183) | (5,274) |
| Other liabilities | - | (86) |
| Debenture Payable | (2,970) | (2,932) |
| Non-controlling interest redeemable liability | - | (1,282) |
| Liability for contingent consideration | (4,495) | (260) |

**Comparison of the three months and year ended December 31, 2024 and 2023**

**Revenue**

| | ($ in thousands except percentages) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Three months ended December 31 | | | | | | | |
| | 2024 | | | 2023 | | | Period over Change | |
| | Continuing operation | Discontinued operation | Total | Continuing operation | Discontinued operation | Total | $ | % |
| AI and Data Sciences | 1,932 | - | 1,932 | 53 | - | 53 | 1,879 | 3,545 |
| Healthcare Software | 4,863 | - | 4,863 | - | - | - | 4,863 | 100 |
| Clinical Research and Patient services | 8,416 | - | 8,416 | 1,868 | 496 | 2,364 | 6,052 | 256 |
| | **15,211** | **-** | **15,211** | **1,921** | **496** | **2,417** | **12,794** | **529** |

| | ($ in thousands except percentages) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended December 31 | | | | | | | |
| | 2024 | | | 2023 | | | Period over Change | |
| | Continuing operation | Discontinued operation | Total | Continuing operation | Discontinue d operation | Total | $ | % |
| AI and Data Sciences | 4,610 | - | 4,610 | 670 | - | 670 | 3,940 | 588 |
| Healthcare Software | 15,102 | - | 15,102 | - | - | - | 15,102 | 100 |
| Clinical Research and Patient Services | 19,260 | 477 | 19,737 | 6,647 | 24,978 | 31,626 | (11,889) | (38) |
| | 38,972 | 477 | 39,449 | 7,317 | 24,978 | 32,296 | 7,153 | 22 |

Total revenue from continuing operations for the three-months and year ended December 31, 2024, was $15,211 and $38,972, respectively, an increase of $13,290 (692%) and $31,655 (433%) over the total revenue of $1,921 and $7,317 recognized in the comparable periods in 2023. Approximately 14% ($4.5 million) of the year over year revenue growth was from HEALWELL's legacy business units, Khure, Pentavere, Polyclinic and CPO. Acquisitions accounted for approximately 86% of total revenue growth year over year. These additions include Intrahealth in Q1 2024, BioPharma and VeroSource in Q3 2024 and Mutuo in Q4 2024. The period also reflects the inclusion of Pentavere revenues under the AI and Data Sciences segment, along with improvements in the Company's Clinical Research and Patient Services division at MCI Polyclinic.

*AI and Data Sciences* – The Company's AI and data sciences revenue for the three-months and year ended December 31, 2024, was $1,932 and $4,610, respectively, an increase of $1,879 (3546%) and $3,940 (588%) over the AI and Data Sciences revenue of $53 and $670 recognized in the comparable periods in 2023. The inclusion of Pentavere, acquired on December 1, 2023, has bolstered the Company's revenues in this segment for the period. Together with the Company's Khure subsidiary, the AI and Data Sciences segment continues to grow as their innovative capabilities are increasingly introduced and adopted in the pharmaceutical vertical.

*Healthcare Software* – The Company's healthcare software revenue for the three-months and year ended December 31, 2024, was $4,863 and $15,102, respectively. This is a new revenue segment for HEALWELL in 2024. It has benefitted from the new revenue streams generated from Intrahealth, acquired on February 1, 2024, and VeroSource, acquired July 1, 2024. This segment includes recurring and non-recurring revenue derived from software solutions for public and private healthcare institutions requiring electronic medical records management and digital front door capabilities.

*Clinical Research and Patient Services* — The Company's clinical research and patient services revenue from continuing operations for the three-months and year ended December 31, 2024, was $8,416 and $19,737, respectively, an increase of $6,052 or 256% and decrease of $11,889 (38%) from the clinical research and patient services revenue of $1,868 and $6,647 recognized in the comparable periods in 2023. The increase was driven by the inclusion of BioPharma revenues for the full quarter along with incremental revenue from CPO and Quit. BioPharma's revenue is derived from Bioequivalence and Phase 1 studies.

Changes to the expenditure groupings In 2024, HEALWELL continued its transformation from a clinic operations business to an AI, data science and software technology company servicing the healthcare industry. As such, in 2024 the company has reported expenditures in a manner consistent with companies in a software organization. For this reason, the comparative 2023 figures under each of the following expenditure groupings have been reclassified to conform the current year's presentation. The reclassification impacted 2023 Cost of Revenue, Research and Development Expenses, Sales and Marketing Expenses, and General and Administrative Expenses.

**Cost of Revenue**

Cost of revenue from continuing operations for the three-months and year ended December 31, 2024, was $8,253 and $21,657, an increase of $6,876 (499%) and $16,365 (309%) over the cost of revenue of $1,377 and $5,292 recognized in the comparable periods in 2023. Cost of revenue represents the direct costs to deliver/deploy solutions/clinical studies for customers as well as expenditures to support technology deployed in multi-year contracts. These costs have increased for the three-month and year ended December 31, 2024, due to the acquisitions of Pentavere, Intrahealth, Biopharma, VeroSource and Mutuo.

**Operating Expenses**

Total operating expenses from continuing operations for the three-months and year ended December 31, 2024, was $21,957 and $56,255, respectively, an increase of $14,384 (190%) and increase of $26,516 (89%) over the total operating expenses of $7,573 and $29,739 in the comparable periods in 2023. The reasons for the change in operating expenses are described in greater detail under each category of expenses set out below.

Research and Development Expenses

Research and development expenses from continuing operations for the three-months and year ended December 31, 2024 were $2,849 and $5,795, respectively, a increase of $2,567 (910%) and a increase of $5,163 (817%) over the research and development expenses of $282 and $632 recognized in the comparable periods in 2023. The growth year over year in this expense line was due to the Company's focus on AI, Data Science and Software in 2024. This was largely propelled by the acquisitions made in the year of Intrahealth, VeroSource and Mutuo. As a percentage of revenue, research and development expenses were 19% and 15% for the three-months and year ended December 31, 2024, compared to 15% and 9% in the comparable periods in 2023. The Company is investing some of the proceeds from its recent financings to continue to expand the features, accessibility and functionality of its Khure rare disease screening offerings and enable ongoing development of its software-based offerings at its Pentavere, Intrahealth and VeroSource subsidiaries.

Sales and Marketing Expenses

Sales and marketing expenses from continuing operations for the three-months and year ended December 31, 2024 were $721 and $2,381, respectively, an increase of $,514 (248%) and $1,781 (297%) over the sales and marketing expenses of $207 and $600 recognized in the comparable period in 2023. The increase was due primarily to the launch of the "HEALWELL" brand in both the commercial and public equity markets in late 2023. As a percentage of revenue, sales and marketing expenses were 5% and 6% for the three-months and year ended December 31, 2024, compared to 11% and 8% in the comparable periods in 2023 due to the aforementioned factors.

General and Administrative Expenses

General and administrative expenses from continuing operations for the three-months and year ended December 31, 2024, were $9,930 and $28,257, respectively, an increase of $7,882 (385%) and $16,739 (145%) over the general and administrative expenses of $2,048 and $11,517 recognized in the comparable periods in 2023. As a percentage of revenue, general and administrative expenses were 65% and 73% for the three-months and year ended December 31, 2024, compared to 107% and 157%, in the comparable periods in 2023. General and administrative costs increased due to the substantial increase in legal expenses associated with various transactions, the Intrahealth, Biopharma and VeroSource acquisitions and launch of the "HEALWELL" brand in both the commercial and public equity markets. The Company expects to tightly manage its general and administrative expenses going forward, to enable more focus in investment on technology and research offerings and the continued development of the "HEALWELL" brand.

**Finance Cost**

Finance charges for the three-months and year ended December 31, 2024, were $448 and $1,972, respectively, a decrease of $167 (27%) and increase of $217 (12%) over the net finance charges of $615 and $1,755 recognized in the comparable periods in 2023. Debt forgiveness in Q2 drove the decreases in financing costs despite the debenture financing and balances on Pentavere's loans.

**Net loss and Loss per share**

The Company reported a net profit (loss) from continuing operations for the three-months and year ended December 31, 2024 of $(12,613) and $(27,426), or $(0.22) and $(0.19) per share (basic and diluted), compared to a net loss of $(6,759) and $(32,141), or $(0.10) and $(0.56) per share (basic and diluted), for the comparable periods in 2023. Profits from continuing operations for the three-months and year ended December 31, 2024 were driven by operations from restructuring efforts and the acquisition of Pentavere, Intrahealth, Biopharma and VeroSource subsidiaries. The Company reported a net loss from continuing and discontinued operations for the three-months and year ended December 31, 2024, of $(11,803) and $(26,651), or $(0.23) and $(0.19) per share (basic and diluted), compared to a net loss of $(6,759) and $(31,545), or $(0.10) and $(0.55) per share (basic and diluted), for the comparable periods in 2023. Higher loss in three-months and Lower losses from continuing and discontinued operations for the year ended December 31, 2024 were driven by lower operating expenses from continuing operations from restructuring efforts.

The Company reported a net loss from discontinued operation for the three-months and year ended December 31, 2024 of $nil and $(54), or $(nil) and $(0.00) per share (basic and diluted), compared to a net loss of $(nil) and $(596), or $(0.01) and $nil per share (basic and diluted), for the comparable periods in 2023.

**Adjusted EBITDA**

Adjusted EBITDA from continuing operations for the three-months and year ended December 31, 2024, was a loss of $(5,573) and $(15,916), respectively, an increase of $4,109 (281%) and an increase of $7,962 (100%) over the Adjusted EBITDA of $(1,464) and $(7,954) recognized in the comparable periods in 2023. Adjusted EBITDA Margin was (36.6%) and (40.8%) in the three-months and year ended December 31, 2024, as compared to Adjusted EBITDA Margin of (76.2%) and (108.70%) in the comparable periods in 2023. Adjusted EBITDA and Adjusted EBITDA Margins were higher due to reduced operating expenses and elimination of loss-making clinic operations coupled with an increase in revenues to produce improved results over the comparable periods in 2023.

**SUMMARY OF QUARTERLY RESULTS**

| | **Dec 31, 2024** | **Sep 30, 2024** | **Jun 30, 2024** | **Mar 31, 2024 Re-presented** | **Dec 31, 2023 Re-presented** | **Sep 30, 2023 Re-presented** | **June 30, 2023 Re-presented** | **Mar 31, 2023 Re-presented** |
|---|---|---|---|---|---|---|---|---|
| Revenue (1) | 15,211 | 13,740 | 5,442 | 4,579 | $ 1,921 | $ 2,753 | $ 3,177 | $3,272 |
| Net profit (loss) | (11,804) | (11,120) | 2,540 | (6,276) | (6,759) | (7,743) | (9,813) | (7,448) |
| Weighted average number of shares Basic and diluted (in thousands)(1) | 135,561 | 124,612 | 111,204 | 103,898 | 64,733 | 53,870 | 53,870 | 51,930 |
| Net loss per share Basic and diluted | (0.09) | (0.06) | 0.02 | (0.06) | (0.10) | (0.14) | (0.18) | (0.15) |

(1) The Company has amended the weighted average number of shares calculation in Q4 2024, which is has changed the reported weighted average number of shared in Q1 2024 – Q3 2024.

Due to the significant impact of the strategic transaction with WELL on October 1, 2023 that resulted in the sale of the Company's healthcare operations in Alberta and Ontario and recapitalization of the Company (the "Strategic Transaction") on the operational and financial composition of the Company, the significant acquisitions and financings that have been completed since the date of the Strategic Transaction, and the change in strategic focus of the Company to emphasize its data-driven, AI-enabled technology offerings, management is of the view that the Company's performance in the quarters preceding the closing of the Strategic Transaction on October 1, 2023 are unlikely to be indicative of any future performance trends.

Management expects quarterly results to remain somewhat volatile in future periods given the unpredictable timing of large contracts with pharmaceutical customers at its Khure, Pentavere, BioPharma and CPO subsidiaries. In particular, since acquiring Biopharma, the decision has been made to pivot the focus of the business unit to later stage studies. This change from a historic larger presence in bioequivalence studies to Phase 1 or later has been driven in part by the higher margins in Phase 1 or later studies. In addition, the agreement to acquire Orion Health Holdings Limited ("Orion") will transition HEALWELL firmly into an AI, data science and software technology business with approximately 80% of its revenue generated from this segment. This pivot on strategic direction is a significant change from the original business expectations. As a result, the company has taken an impairment charge of approximately $4.5 million against goodwill arising from the acquisition in the period.

Management anticipates continued growth in near-term revenue with the addition of VeroSource and BioPharma, coupled with the subscription-based business of Intrahealth's software. As the Company works to orient parts of its newly acquired business units performance to more profitable activities, there may be additional volatility introduced in the short-to medium-term.

**LIQUIDITY AND CAPITAL RESOURCES**

As at the end of the Reporting Period, the Company held cash of $9,413, as compared to cash of $19,162 as at December 31, 2023. The Company's approach to managing liquidity is to ensure, to the extent possible, that it always has sufficient liquidity to meet its liabilities as they come due. The Company does so by continuously monitoring cash flow and actual operating expenses compared to budget. The Company has historically financed its operations through a combination of operating revenue, as well as related and third-party debt, and equity issuances.

On May 22, 2024, HEALWELL raised net proceeds of approximately $19,119 from an equity offering of Subordinate Voting Shares. The Company has, as at the end of the Reporting Period, expanded about $8,427 of those proceeds as part of its long-term vision and strategy to acquire businesses that it believes have the potential to bring more revenue and profitability to the organization.

The Company continues to monitor cashflows and consider revenue opportunities and cost-saving measures. The Company intends to continue to grow revenue from its AI and Data sciences and Healthcare software offerings by broadening its customer base, expanding its technology screening offerings and inorganically through the acquisition of relevant technology and research offerings complimentary to its existing operations. The Company also continues to assess financing opportunities, including both debt and equity financing options.

On December 16, 2024, the Company announced entering into an agreement to acquire 100% of Auckland New Zealand based Orion Health Holdings Limited ("Orion") with an expected closing date of April 1, 2025. Subsequent to year end, in conjunction with the Orion acquisition, HEALWELL announced the completion of an upsized bought deal financing of $55.5 million (excluding fees) and the closing of a $50.0 million debt facility with 2 Canadian Schedule 1 banks. The Orion acquisition is being funded by the issuance of HEALWELL shares, the debt facility and a portion of the bought deal financing. Excess funds raised from the bought deal financing will be used to fund HEALWELL operating needs and form an important part of the liquidity needed to operate the consolidated company through 2025.

The following table provides a summary of cash inflows and outflows by activity:

| | **Year ended December 31, 2024** | **Year ended December 31, 2023** |
|---|---|---|
| | **$ in thousands** | |
| Operating activities | (22,619) | (10,798) |
| Investing activities | (15,373) | 1,454 |
| Financing activities | 28,243 | 27,095 |
| **Net cash flows increase/decrease** | (9,749) | 17,751 |
| Beginning cash and cash equivalents | 19,162 | 1,411 |
| **Ending cash and cash equivalents** | 9,413 | 19,162 |

The Company used cash of $(22,619) in operating activities for the year ended December 31, 2024 (2023 – cash used of $10,798). Cash consumption was largely driven from operational net losses and $(19,808) of cash used was attributable to movements in non-cash working capital from continuing operations with changes arising from decreases in accounts receivable and other assets (2023 cash flows –10,492).

**Net Cash Flows from Financing Activities**

Net cash generated from financing activities during the year ended December 31, 2024, was $28,243 (2023 - cash generated $27,095).
During the year ended December 31, 2024, net receipts from options settlements was $267 (2023 - $nil).
During the year ended December 31, 2024, the Company received net cash from equity issuances of $19,119 (2023 - $nil).
During the year ended December 31, 2024, net receipts from warrant exercises was $9,876 (2023 - $17,447).
During the year ended December 31, 2024, cash used in buyback of MCI Polyclinic NCI shares of $625 (2023 - $nil).
During the year ended December 31, 2024, cash used in payments on finance leases were $1,168 (2023 - $576).
During the year ended December 31, 2024, generated from investment in subleases was $237 (2023 - $168).
During the year ended December 31, 2024, net receipts from advance from related parties was $537 (2023 - $3,270).

**Cash from Investing Activities**
During the year ended December 31, 2024, net cash used in investing activities was $15,373 (2023 - $1,454 generated), which consisted of:

Purchase of certain property and equipment for $91 (2023 - $66);

Purchase of intangible assets for $1,220 (2023 – $nil);
Acquisition of Intrahealth for $2,188 (2023 - $nil);
Acquisition of VeroSource for $3,048 (2023 - $nil);
Acquisition of BioPharma for $4,275 (2023 - $nil);
Acquisition of Mutuo for $1,123 (2023 - $nil);
Investment in X.AI of $2,752 (2023 - $410)
Minority investment in equity securities $598 (2023 - $nil); and
Investment in Doctorly of $77 (2023 - $410)

**Capital Management**

The Company aims to effectively manage its capital to support its growth strategy, finance research and development for new products, pursue strategic acquisitions, and meet day-to-day operational needs, all while adopting a prudent approach to financial risk management.

Capital structure decisions consider factors such as business growth and infrastructure development. Senior management oversees capital management through regular meetings and reviews of financial performance, with oversight from the board of directors. The Company strives to maintain sufficient capital resources to optimize operational cash flows and enhance shareholder returns, recognizing potential impacts from uncertain future cash flows on its capital management strategy.

**CONTRACTUAL OBLIGATIONS**

As at the end of the Reporting Period, the Company's contractual commitments included operating leases for office equipment and facilities, liability for contingent consideration and non-controlling interest redeemable liability.

| | 2024 | | |
|---|---|---|---|
| | < 1 year | 2 – 5 years | Over 5 years |
| Lease liabilities | 1,230 | 3,983 | 1,953 |
| Accounts payable and accrued liabilities | 9,605 | - | - |
| Acquisitions related payable | 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 |

Except as set out above, the Company does not have any other business arrangements or derivative financial instruments that would have a significant effect on its assets and liabilities as at the end of the Reporting Period.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not have any material off-balance sheet arrangements as at the end of the Reporting Period or the Prior Period.

**TRANSACTIONS WITH RELATED PARTIES**

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

- WELL Health Technologies Corp. – has common directorship with the Company.
- HEALWELL Management and Board Members.
- The First Canadian Wellness Co. Inc. – affiliate of major shareholders.

| a) Related party balances | December 31, 2024 | December 31, 2023 |
|---|---|---|
| WELL Health Technologies Corp | | |
| Principal including accrued interest | - | 7,226 |
| Debenture payable | 2,996 | 2,511 |
| Operating loan payable | 676 | 822 |

| | | |
|---|---|---|
| Deferred consideration - Intrahealth | 642 | - |
| Convertible promissory note including accrued interest | 5,300 | - |
| Holdback - Intrahealth | 606 | - |
| Holdback – MCI Alberta | (150) | (150) |
| **Related parties of Intrahealth System Limited** | | |
| Operating loan payable | 462 | - |
| **Management and Board members** | | |
| Debenture payable | 726 | 772 |
| | 11,258 | 11,181 |
| Less: current portion | (1,780) | (672) |
| | 9,478 | 10,509 |

**b) Related party transactions**

| | Year ended December 31, | |
|---|---|---|
| | **2024** | **2023** |
| Loan advances | - | - |
| Interest on loan advances | - | 774 |
| Set-up fee on loan advances | - | |
| Interest on loan advances | - | 94 |
| Transition services | 1,487 | 118 |
| Debt forgiveness | (7,863) | - |
| Interest on debentures | 510 | 122 |
| Interest on promissory notes | 300 | 101 |
| 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 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.

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. 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.

**FINANCIAL RISK MANAGEMENT**

In the normal course of its business, the Company engages in operating and financing activities that generate risks in the following primary areas:

**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 as at December 31, 2024:

| | December 31, 2024 | | |
|---|---|---|---|
| | **< 1 year** | **2 – 5 years** | **Over 5 years** |
| Lease liabilities | 1,230 | 3,983 | 1,953 |
| Accounts payable and accrued liabilities | 9,605 | - | - |
| Acquisitions related payable | 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 significant 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 provincial 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 science and Healthcare software:** These receivables are comprised primarily of recognizable pharmaceutical, healthcare and government operated agencies, some of which are larger Fortune 500 corporations that purchase insurance plans for their employees or pay the Company directly. To date, HEALWELL has not 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.

**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 Note 30 of the Financial Statements, 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 - $2,932) from debenture payable.

If interest rates increased/decreased by 50 basis points (2023 - 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 is typically the U.S. dollar and for U.S. entities, this is typically the Canadian dollar. The Company is also exposed to foreign currency risk on translation of the net assets of its foreign operations to Canadian dollars.

The Company has foreign currency subsidiaries and a 1% movement in foreign exchange rates versus the CAD dollar would result in approximately a $0.13 change in the Company's net income for the six months ended December 31, 2024.

**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** |
|---|---|---|
| | **$ in thousands** | |
| Cash | 9,413 | 19,162 |
| Accounts receivable | 5,969 | 1,115 |
| Call options | 2,251 | 1,500 |
| Net investment in subleases | 635 | 375 |
| Investments in equity securities | 4,114 | 410 |
| 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 payables | (6,596) | (443) |
| Loan payable | (1,792) | (1,541) |
| Related party loan | (11,258) | (11,181) |
| Lease liabilities | (6,183) | (5,274) |
| Other liabilities | - | (86) |
| Debenture Payable | (2,970) | (2,932) |

| | | |
|---|---|---|
| Non-controlling interest redeemable liability | - | (1,282) |
| Liability for contingent consideration | (4,495) | (260) |

Due to the short-term maturities of cash, accounts receivable, accounts payable and accrued liabilities, related party loan, bank loan, other assets and other liabilities, the carrying amounts of these financial instruments approximate fair value at the respective balance sheet date.

The carrying value of net investment in subleases, lease liabilities and the non-controlling interest redeemable liability approximate fair value based upon a discounted cash flows method using a discount rate that reflects the Company's borrowing rate at the end of the year.

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 during the three-months and nine-month ended December 31, 2024 (2023 - $nil) between any levels within the fair value hierarchy.

**MATERIAL ACCOUNTING POLICIES AND ESTIMATES**

**General**

The preparation of 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 judgement or complexity, or areas where assumptions and estimates are significant to 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.

## CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") as defined under National Instrument 52-109 ("NI 52-109"). As at the end of the Reporting Period, the Chief Executive Officer and Chief Financial Officer have reviewed the design and operation of these DC&P, which were not limited in any way, and concluded that there were no material weaknesses in the Company's DC&P, and that material information relating to the Company was made known to them and was recorded, processed, summarized and reported within the time period specified under applicable securities legislation.

### Internal Controls over Financial Reporting

Management is responsible for designing and maintaining internal controls over financial reporting ("ICFR") as defined under NI 52-109. As at the end of the Reporting Period, the Chief Executive Officer and Chief Financial Officer have reviewed the design and operation of these ICFR, which was not limited in any way, and concluded that there were material weaknesses in the Company's ICFR. In particular:

(a) The Company's protocols for the oversight and review of accounting for (i) non-routine and complex transactions; (ii) the consolidation workbook and certain consolidation entries; (iii) new vendor verification controls; (iv) use of valuation methods from certain experts and (iv) application of IFRS in certain areas of financial reporting was insufficient, particularly having regard to the complexity of the Strategic Transaction, acquisitions made and other complex transactions completed in the last 12-18 months. Management has evaluated the impact of these deficiencies on its financial reporting and does not believe that they have materially impacted on the accuracy or reliability of the Financial Statements or this MD&A, however, these weaknesses in the design of the Company's ICFR increase the risk that material misstatements may occur, particularly if the Company continues to complete complex and non-routine transactions in future reporting periods. The Company has been adding internal technical expertise to date and will bring on additional internal and external resources to improve IFRS application and improve valuation methodologies used to reduce the risk of misstatement The Company currently utilizes external contracted resources to address its current needs.

(b) The Company's controls relating to its information technology systems and security protocols were not uniformly implemented across all of its systems, owing in large part to the significant number of acquisitions, divestitures and other transactions completed by the Company over the last 12-18 months, resulting in gaps and inconsistencies in some systems, particularly those which do not handle personal health information, and an over-reliance on manual controls in some instances. Management has evaluated the impact of these deficiencies on its financial reporting and does not believe that they have materially impacted on the accuracy or reliability of the Financial Statements or this MD&A, however, these weaknesses in the design of the Company's ICFR increase the risk that material misstatements may occur. The Company has undertaken a comprehensive evaluation of its entire information technology ecosystem and security protocols with the assistance of third-party information technology specialists and has been engaged, since before the end of the Reporting Period, in a process to rationalize its approach to information technology controls across the entire organization to ensure a consistent approach that adheres to industry standards and best practices.

More generally, management is in the process of evaluating the weaknesses and related processes to strengthen its ICFR to improve their effectiveness in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS using the Committee of Sponsoring Organizations of the Treadway Commission Framework (2013).

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether there were changes to the Company's ICFR during the Reporting Period that have materially affected or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, the Company's disclosure controls, and procedures and its internal controls over financial reporting are effective in providing reasonable, not absolute assurance that the objectives of its control systems have been met.

**SHARE CAPITAL**

| | 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 | |
| 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** |

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 |

| | 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 |

## Changes in cost categories

During the year, Management decided to change certain cost categories in order to reflect the updated cost structure for the preparation of the financial statements for the year ended 31 December 2024. This change did not affect the previously reported profits or equity of the Company. The table below shows the change in different cost categories for each quarter of 2024:

| | Q1 - 2024 | | | Q2 - 2024 | | | Q3 - 2024 | | | Q4 - 2024 | | | Year ended December 31, 2024 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ($ in thousands) | | | ($ in thousands) | | | ($ in thousands) | | | ($ in thousands) | | | ($ in thousands) | | |
| | Reported | Revised | Change $ | Reported | Revised | Change $ | Reported | Revised | Change $ | Reported | Revised | Change $ | Reported | Revised | Change $ |
| **Continuing operations** | | | | | | | | | | | | | | | |
| **Revenue** | **4,579** | **4,579** | **-** | **5,442** | **5,442** | **-** | **13,740** | **13,740** | **-** | **15,211** | **15,211** | **-** | **38,972** | **38,972** | **-** |
| Cost of Revenue (1) | 2,190 | 2,573 | 383 | 2,129 | 2,980 | 851 | 8,278 | 7,851 | (427) | 8,253 | 8,253 | - | 20,850 | 21,657 | (807) |
| **Gross profit** | **2,389** | **2,006** | **(383)** | **3,313** | **2,462** | **(851)** | **5,462** | **5,889** | **427** | **6,958** | **6,958** | **-** | **18,122** | **17,315** | **807** |
| **Operating Expenses** | | | | | | | | | | | | | | | |
| General and administrative (2) | 6,149 | 3,976 | (2,173) | 8,346 | 5,149 | (3,197) | 12,976 | 9,201 | (3,775) | 13,852 | 9,929 | (3,923) | 41,323 | 28,255 | 13,068 |
| Research and development (3) | 916 | 742 | (174) | 800 | 1,114 | 314 | 181 | 1,090 | 909 | 2,849 | 2,849 | - | 4,746 | 5,795 | (1,049) |
| Sales and marketing (4) | 760 | 300 | (460) | 1,503 | 368 | (1,135) | 2,875 | 992 | (1,883) | 721 | 721 | - | 5,859 | 2,381 | 3,478 |
| Depreciation of property equipment (5) | - | 72 | 72 | - | 74 | 74 | - | 170 | 170 | - | 80 | 80 | - | 396 | (396) |
| Depreciation of right-of-use assets (5) | - | 152 | 152 | - | 112 | 112 | - | 239 | 239 | - | 182 | 182 | - | 685 | (685) |
| Impairment of right-of-use assets (5) | - | - | - | 850 | - | (850) | - | - | - | - | - | - | 850 | - | 850 |
| Amortization of intangible assets (5) | - | 1,720 | 1,720 | - | 2,027 | 2,027 | - | 1,530 | 1,530 | - | 940 | 940 | - | 6,217 | (6,217) |
| Impairment charges | - | - | - | - | 850 | 850 | - | - | - | 4,535 | 4,535 | - | 4,535 | 5,385 | (850) |
| Stock compensation (6) | - | 481 | 481 | - | 702 | 702 | - | 3,237 | 3,237 | - | 2,721 | 2,721 | - | 7,141 | (7,141) |
| **Operating expenses** | **7,825** | **7,443** | **(383)** | **11,499** | **10,396** | **(1,103)** | **16,032** | **16,459** | **427** | **21,957** | **21,957** | **-** | **57,313** | **56,255** | **1,058** |
| **Loss before other expense (income) and taxes** | **(5,436)** | **(5,436)** | **-** | **(8,186)** | **(7,934)** | **252** | **(10,570)** | **(10,570)** | **-** | **(14,999)** | **(14,999)** | **-** | **(39,191)** | **(38,940)** | **251** |
| Financing expenses | 673 | 673 | - | 622 | 487 | (135) | 541 | 383 | (158) | 429 | 429 | - | 2,265 | 1,972 | 293 |
| Other income | - | - | - | (159) | - | 159 | (158) | - | 158 | - | - | - | (317) | - | (317) |
| Changes in fair value of call options | 400 | 400 | - | 250 | 250 | - | 250 | 250 | - | 50 | 50 | - | 950 | 950 | - |
| Changes in fair value of investments | - | - | - | - | - | - | - | - | - | (277) | (277) | - | (277) | (277) | - |
| Changes in fair value of contingent consideration | - | - | - | - | - | - | 150 | 150 | - | (2,730) | (2,730) | - | (2,580) | (2,580) | - |
| Loss on fixed assets writeoff | - | - | - | - | 228 | 228 | - | - | - | - | - | - | - | 228 | (228) |
| Debt forgiveness | - | - | - | (7,863) | (7,863) | - | - | - | - | - | - | - | (7,863) | (7,863) | - |
| Liability extinguishment | - | - | - | (3,088) | (3,088) | - | - | - | - | - | - | - | (3,088) | (3,088) | - |
| **Loss before taxes** | **(6,509)** | **(6,509)** | **-** | **2,052** | **2,052** | **-** | **(11,353)** | **(11,353)** | **-** | **(12,471)** | **(12,471)** | **-** | **(28,282)** | **(28,282)** | **-** |
| Income tax expense / (recovery) | (234) | (234) | - | (531) | (531) | - | (233) | (233) | - | 142 | 142 | - | (856) | (856) | - |
| **Net loss for the period on continuing operations, net of tax** | **(6,276)** | **(6,276)** | **-** | **2,583** | **2,583** | **-** | **(11,120)** | **(11,120)** | **-** | **(12,613)** | **(12,613)** | **-** | **(27,426)** | **(27,426)** | **-** |
| Net profit on discontinued operations, net of tax | (11) | (11) | - | (43) | (43) | - | - | - | - | - | - | - | (54) | (54) | - |
| **Net loss for the period** | **(6,287)** | **(6,287)** | **-** | **2,540** | **2,540** | **-** | **(11,120)** | **(11,120)** | **-** | **(12,613)** | **(12,613)** | **-** | **(27,480)** | **(27,480)** | **-** |

*1) 2024 previously reported quarterly cost of revenue included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format. Also some of the employee related costs directly related to revenue generation previously reported in operating expenses has been moved here.*

*2) 2024 previously reported quarterly general and administrative (G&A) expenses included depreciation and stock based compensation which has been reported as seperate items under revised reporting format. Also employee related expenses has been subsequently analysed according to their function and grouped appropriately in the revised classification.*

*3) 2024 previously reported quarterly research and development (R&D) costs included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format. Also employee related expenses has been subsequently analysed according to their function and grouped appropriately in the revised classification.*

*4) 2024 previously reported quarterly sales and marketing (S&M) costs included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format. Also employee related expenses has been subsequently analysed according to their function and grouped appropriately in the revised classification.*

*5) 2024 previously reported quarterly depreciation related expenses were categorized under general and administrative expenses and this has been classified seperately under the revised classification. Amortization which was reported in in previously reported quarters for 2024 under cost of revenue, research and development, sales and marketing has been aggregated and reported as a seperate item under revised reporting*

*6) 2024 previously reported quarterly general and administrative expenses included stock based compensation which has been reported as a separate item under operating expenses in the revised reporting format.*

| | Three months ended December 31, 2023 | | | Year ended December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Reported | Revised | Change $ | Reported | Revised | Change $ |
| **Continuing operations** | | | | | | |
| **Revenue** | **1,921** | **1,921** | **-** | **7,317** | **7,317** | **-** |
| Cost of Revenue (1) | 1,651 | 1,377 | (274) | 6,060 | 5,292 | 768 |
| **Gross profit** | **270** | **544** | **274** | **1,257** | **2,025** | **(768)** |
| **Operating Expenses** | | | | | | |
| General and administrative (2) | 2,486 | 2,048 | (438) | 11,984 | 11,517 | 467 |
| Research and development (3) | 1,349 | 282 | (1,067) | 4,811 | 632 | 4,179 |
| Sales and marketing (4) | 321 | 207 | (114) | 1,280 | 600 | 680 |
| Depreciation of property equipment (5) | - | 88 | 88 | - | 130 | (130) |
| Depreciation of right-of-use assets (5) | - | 234 | 234 | - | 344 | (344) |
| Amortization of intangible assets (5) | - | 828 | 828 | - | 2,868 | (2,868) |
| Impairment charges | 3,143 | 3,143 | - | 10,896 | 10,896 | - |
| Stock compensation (6) | - | 743 | 743 | - | 2,752 | (2,752) |
| **Operating expenses** | **7,299** | **7,573** | **274** | **28,971** | **29,739** | **(768)** |
| **Loss before other expense (income) and taxes** | **(7,029)** | **(7,029)** | **-** | **(27,714)** | **(27,714)** | **-** |
| Financing expenses | 615 | 615 | - | 1,755 | 1,755 | - |
| Changes in fair value of contingent consideration | (1,537) | (1,537) | - | 223 | 223 | - |
| Changes in fair value of investments | - | - | - | 134 | 134 | - |
| Loss on settlement of shares-contingent consideration | - | - | - | 677 | 677 | - |
| Impairment of investment in an associate | - | - | - | 2,180 | 2,180 | - |
| **Loss before taxes** | **(6,107)** | **(6,107)** | **-** | **(32,683)** | **(32,683)** | **-** |
| Income tax expense / (recovery) | 652 | 652 | - | (542) | (542) | - |
| **Net loss for the period on continuing operations, net of tax** | **(6,759)** | **(6,759)** | **-** | **(32,141)** | **(32,141)** | **-** |
| Net profit on discontinued operations, net of tax | - | - | - | 596 | 596 | - |
| **Net loss for the period** | **(6,759)** | **(6,759)** | **-** | **(31,545)** | **(31,545)** | **-** |

(1) 2023 reported cost of revenue included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format

(2) 2023 reported general and administrative (G&A) expenses included depreciation and stock based compensation which has been reported as seperate items under revised reporting format. Also included in the revised classification are some employee related expenses that were reported as research and development but were identified as G&A

(3) 2023 reported research and development (R&D) costs included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format. Also included were some employee related expenses that were reported as R&D and has subsequently been identified as general and administrative expenses(G&A) and moved to G&A in the revised classification
(4) 2023 reported sales and marketing (S&M) costs included amortization of intangibles which has been reported as a separate item under operating expenses in the revised reporting format. Also included in the revised classification are some employee related expenses that were identified as S&M and has subsequently been reported under this category
(5) 2023 reported depreciation related expenses under general and administrative expenses and this has been classified separately under the revised classification. Amortization which was reported in 2023 under cost of revenue, research and development, sales and marketing has been aggregated and reported as a separate item under revised reporting format
(6) 2023 reported general and administrative expenses included stock based compensation which has been reported as a separate item under operating expenses in the revised reporting format

**CONTINGENCIES**

In October 2019, a claim was lodged against MCI Medical Clinics Inc. asserting that it had breached a lease agreement for a clinic. The matter is currently being considered by the courts and progress has been slower than anticipated, 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.

**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.

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

On 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 Orion 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. All 4,000 of WELL’s convertible debentures in HEALWELL, including all accumulated interest accrued thereupon, was converted into Class A Subordinate Voting Shares of HEALWELL on March 26, 2025.