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

May 14, 2024

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 three-months ended March 31, 2024 (the "Reporting Period") and March 31, 2023 (the "Prior Period") and is provided as of May 14, 2024 (the "MD&A Date"). This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the Reporting Period and the Prior Period and the notes thereto (the "Financial Statements"). The Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). 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, 2023 (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 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 requirement for increasingly innovative product solutions; the Company's ability to achieve its growth strategy; the demand for the Company's products and fluctuations in future revenues; equity and debt markets continuing to provide the Company with access to capital; the Company's ability to continue to operate as a going concern; 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 condensed interim 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 legal expenses, share-based payment expense, depreciation and amortization, net finance charges, 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, amortization, and equity compensation). "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".*

GOING CONCERN

The consolidated financial statements have been prepared in accordance with IFRS, which contemplates the continuation of the Company as a going concern. For the quarter ended March 31, 2024, the Company had cash and cash-equivalents of $11,340, experienced operating losses of $5,436 and negative cash flows from operations of $4,645. Whether and when the Company can attain profitability and positive cash flows from operations is uncertain and the Company anticipates that it will need to raise additional financing over the next 12-month period to continue to meet obligations from operations and acquisitions on an ongoing basis and continue to operate as a going concern.

In 2023, the Company took significant steps to attempt to address its liquidity constraints, re-focus its business on its data services and artificial intelligence enabled offerings and raise the financing required to implement its strategic plan. These steps included, but were not limited to, the sale of a significant portion of the Company's medical clinics, the consolidation or closure of a number of non-performing medical clinics, the delivery of certain non-core assets to the Company's most significant secured creditor; the settlement of some of the Company's outstanding secured debt; and the completion of a number of debt and equity financings in Q4 2023, which raised net proceeds of $27,257.

Despite these efforts, there continues to be uncertainty as to the Company's ability to continue to operate as a going concern. This uncertainty is increased by a number of liabilities which the Company has taken on which can be satisfied in either cash or Class A subordinate voting shares of HEALWELL ("Subordinate Voting Shares") at the option of the counterparty. Approximately $9,558 of the total liabilities owing by the Company as at the end of the Reporting Period were under convertible debentures maturing October 1, 2028, which may be satisfied at the option of the holders in either cash or Subordinate Voting Shares at a conversion price of $0.20 per share. Furthermore, on February 1, 2024, the Company completed a transaction to acquire Intrahealth Systems Ltd. ("Intrahealth") from WELL Health Technologies Corp. ("WELL"), the terms of which provide that a $5,000 portion of the purchase price is payable over the 10 months following closing in either cash or Subordinate Voting Shares at the option of WELL. While the Company anticipates that a significant portion of these liabilities will be ultimately settled in Subordinate Voting Shares, there can be no assurance this will be the case and, in the event that the counterparties elect to be paid in cash this will further exacerbate the Company's liquidity constraints. The Company also has a $443 and $606 cash commitment for the final payout to the minority shareholders of Pentavere and WELL. Finally, the Company is in the process of terminating landlord leases from two clinics whose assets were transferred to WELL, which may result in increased liabilities due to early settlement.

Management intends to continue to improve revenue and profitability through strategic acquisitions, as well as through efforts to organically grow revenue and reduce costs in its existing business. HEALWELL intends to continue to grow revenue in its health services, data services and clinical research services by broadening its customer base, building on existing and potential future relationships and strategic alliances with commercial partners, including WELL, and acquiring businesses with complimentary or synergistic product offerings and customer relationships. HEALWELL also intends to reduce costs by streamlining operations, resource optimization and elimination of redundancies where possible.

The continued operations of the Company depend upon the Company's ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. There can be no assurance, however, that the Company can reach profitability, raise working capital financing, or secure adequate debt or equity financing on desirable terms or at all. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern.

Because the Financial Statements have been prepared on a going concern basis, they do not include any adjustments that might result from the outcome of this uncertainty or the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

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 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6, and its head office is located at 460 College Street, Unit 301, Toronto, Ontario, M6G 1A1. The principal activities of the Company consist of technology and research, and patient services. The authorized share capital of the Company is an unlimited number of 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.

BUSINESS OVERVIEW

HEALWELL is a healthcare technology company focused on AI and data science for preventative care. Its mission is to improve healthcare and save lives through early identification and detection of disease. Using its own proprietary technology, the Company is developing and commercializing advanced clinical decision support systems that can help healthcare providers detect rare and chronic diseases, improve efficiency of their practice and ultimately help improve patient health outcomes. HEALWELL is executing a strategy centered around developing and acquiring technology and clinical sciences capabilities that complement the Company's road map.

HEALWELL's AI technology ingests clinical information and clinical data patient records, structures that clinical data, and then applies AI technology to screen those records and help find patients that are at high risk of certain conditions, and that have specific unmet needs from a therapeutic perspective. Early detection, and the tools HEALWELL has built around AI provide value to physicians and providers, making their workflow more efficient and allowing them to find patients that otherwise would have fallen through the cracks.

The Company's common shares trade on the Toronto Stock Exchange under the symbol "AIDX" and on the OTC Exchange 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 allows 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 4, 2023, HEALWELL acquired a majority interest in Pentavere Research Group, 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 Intrahealth, an enterprise grade EHR company, which gives HEALWELL access to 15,000 healthcare service providers across multiple jurisdictions and provides the Company with a potential platform to deploy its artificial intelligence technology. Intrahealth is a SaaS based multi-national EHR (Electronic Health Record) provider supporting clinicians in its global network across Canada, Australia and New Zealand. Historically, Intrahealth has achieved over 80% gross margins, produced positive EBITDA, and positive cashflows. Over 80% of its revenue is high margin recurring revenue. HEALWELL's plan is to deeply integrate its industry leading AI tools with Intrahealth and help create a next generation AI powered EHR to help significantly amplify healthcare providers and allow them to drive better health outcomes at lower costs in a manner aligned with global Value Based Care (VBC) trend.

Revenue Sources

HEALWELL generates revenue from three sources.

Health Technology: The Company's health technology revenues are anchored in the integration of cutting-edge AI and Data Science technologies within the healthcare landscape through technology-enabled rare disease screening from its Khure Health and Pentavere divisions. Leveraging state-of-the-art AI algorithms and advanced analytics, HEALWELL analyzes extensive clinical datasets to extract invaluable insights. These insights are then transformed into actionable recommendations, empowering physicians with early disease detection capabilities. This proactive approach optimizes the patient care pathway, ensuring swift and accurate diagnosis and treatment. With a focus on recurring revenue models, HEALWELL's Health Technology revenues have historically generated 70%+ gross margins, underpinned by their high-growth trajectory. Serving clientele including pharmaceuticals, life sciences corporations, and precision medicine innovators, HEALWELL's AI and Data Science solutions are at the forefront of transformative healthcare technologies.

Electronic Health Records (EHR): Electronic health records software as a service revenue provided by Intrahealth, an enterprise grade EHR platform. HEALWELL benefits from Intrahealth's clientele of healthcare providers, hospitals, and clinics and its extensive network of over 15,000 healthcare service providers across multiple jurisdictions, spanning Canada, Australia, and New Zealand. Intrahealth's SaaS-based model has historically yielded over 80% gross margins, alongside positive EBITDA and cash flows, with a significant portion of revenue deriving from high-margin recurring sources.

Medical Clinics: Medical clinics revenue is derived from clinical research and revenue related to medical consultations delivered through the Company's medical clinics in Ontario through the Company's MCI Polyclinic Group subsidiary. Clinic research revenue is contract-based revenue with large pharmaceutical customers while medical consultations are done on a per-visit basis. Historically revenue from medical clinics has generated gross margin in the upper 20% range and produced positive EBITDA.

OPERATIONS FOR THE REPORTING PERIOD

Operational Highlights (Q1 2024 Reporting Period)

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

Intrahealth Acquisition: On February 1, 2024, HEALWELL acquired 100% of the shares of Intrahealth, a corporation existing under the laws of New Zealand, from WELL. Intrahealth provides cloud-based, subscription Electronic Medical Record software to enterprise healthcare providers. The purchase consideration consisted of the following amounts:

a. The Company paid cash of $3,600, after adjustments of hold backs and working capital of $606 and $158 respectively.

b. The Company issued 21,682,465 Subordinate Voting Shares valued in aggregate at $14,961. The Company booked $14,961 as part of share consideration based on a February 1, 2024, closing date value of $0.69 per share.

c. The Company issued a convertible $5,000 principal amount promissory note payable over the 10 months following closing in either cash or Subordinate Voting Shares at the option of WELL.

d. The Company owes a deferred purchase amount of $641 which is due in May 2024.

Information and Data Analytics: Driven by the Company's improved financial prospects, its Khure operating subsidiary saw a quarterly increase in revenues and an increase in quoting activity and pipeline value for the first time in 9 months. In addition, the Company's recently acquired Pentavere Research subsidiary also saw a quarterly sequential increase in revenue and the first revenue from Pentavere's DERMAID product. Khure and Pentavere offerings are targeted primarily at pharmaceutical companies, life science companies, precision medicine companies, hospital systems and top-tier university centers.

Personnel: The Company 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.

Expense Optimization: The Company took steps to consolidate its corporate headquarters office with Pentavere corporate offices to further reduce operating expenses, which are expected to yield further savings beginning in the second quarter of 2024.

Revenue Changes: Revenue from continuing operations increased by approximately 132%, mainly driven from the Intrahealth acquisition. As previously mentioned, both Khure and Pentavere grew revenue sequentially contributing to growth. Furthermore, the Company's Canadian Phase Onward subsidiary saw a noticeable pickup in sequential revenue from new studies that it handled during the quarter, which partially offset softer clinical revenues within its MCI Polyclinic subsidiary.

Results of Operations

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

	Three-months ended March 31		Period over period Change	
	2024	**2023**	**$**	**%**
	($ in thousands except percentages)			
Continuing operation				
Revenue	$4,579	$1,974	$2,605	132
Cost of Revenue	2,190	1,471	719	49
Gross Profits	**2,389**	**503**	**1,886**	**375**
Research and development	916	1,850	(934)	(50)
Sales and marketing	760	187	573	306
General and administrative	6,149	2,242	3,907	174
	7,825	**4,279**	**3,546**	**83**
Net financing expenses	673	242	431	178
Share of comprehensive loss from associate	-	26	(26)	(100)
Changes in fair value of Call options	400	-	400	-
Changes in fair value of contingent consideration	-	(7)	7	(100)
Gain on settlement of shares-contingent consideration	-	677	(677)	(100)
Impairment of investment in an associate	-	2,303	(2,303)	(100)
	1,073	**3,241**	**(2,168)**	**(67)**
Loss before taxes	(6,509)	(7,017)	508	(7)
Income tax recovery	(234)	(218)	(16)	7
Net loss for the period on continuing operation	(6,275)	(6,799)	524	(8)
Net loss on discontinued operations, net of tax	(1)	(649)	648	(100)
Net loss for the period	(6,276)	(7,448)	1,172	(16)

	Three-months ended March 31		Period over period Change	
	2024	2023	$	%
	($ in thousands except percentages)			
Continuing operation				
Adjusted gross profit (1)	$2,837	$661	$2,176	$329
Adjusted gross margin (1)	62%	33%	28%	85
Adjusted EBITDA (1)	(2,561)	(1,860)	(701)	38
Adjusted EBITDA margin (1)	(56%)	(94%)	38%	(41)
Discontinued operation				
Adjusted gross profit [(1)]	62	2,876	(2,814)	(98)
Adjusted gross margin [(1)]	27%	30%	(4%)	(12)
Adjusted EBITDA [(1)]	-	(536)	536	(100)
Adjusted EBITDA margin [(1)]	0%	(6%)	6%	(100)
Net loss attributable to Company shareholders				
- Continuing operation	(5,926)	(6,778)	852	(13)
- Discontinued operation	(1)	(649)	19	(3)
	(5,927)	(7,427)	1,500	(20)
Weighted average number of Of Share outstanding: Basic and diluted	104,000	51,930		
Net loss per share -Basic and diluted				
- Continuing operation	(0.06)	(0.13)		
- Discontinued operation	-	(0.01)		
	(0.06)	**(0.14)**		

(1) Adjusted Gross Profit, Adjusted Gross Margin, 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 ended March 31, 2024 and March 31, 2023, is set out below:

	Three-months ended March 31	
	2024	**2023**
	$ in thousands	
Total Revenue		
- Continuing operation	$4,579	$1,974
- Discontinued operation	235	9,560
	4,814	11,534
Net loss		
- Continuing operation	(6,275)	(6,799)
- Discontinued operation	(1)	(649)
	(6,276)	(7,448)
Add back (deduct)		
Continuing operation		
Depreciation and amortization	1,883	1,261
Net finance charges	673	242
Share of comprehensive loss from associate	-	26
Loss on settlement of shares-contingent consideration	-	677
Impairment of investment in associate	-	2,303
Changes in fair value of Call options	400	-
Changes in fair value of contingent consideration	-	(7)
Share-based payment expense	481	714
Acquisition related expenses	525	-
Expected credit losses	(14)	(76)
Income taxes recovery	(234)	(201)
Discontinued operation		
Net finance charges	1	113
Adjusted EBITDA		
- Continuing operation	(2,561)	(1,860)
- Discontinued operation	-	(536)
Adjusted EBITDA Margin		
- Continuing operation	(56%)	(94%)
- Discontinued operation	0%	(6%)

	Three-months ended March 31		Period over period Change	
	2024	2023	$	%
	($ in thousands except percentages)			
Revenue				
- Continuing operation	$4,579	$1,974	$2,605	132
- Discontinued operation	235	9,560	(9,325)	(98)
Cost of revenue				
- Continuing operation	2,190	1,471	719	49
- Discontinued operation	173	6,684	(6,511)	(97)
Less:				
Depreciation and amortization				
- Continuing operation	448	158	290	184
Continuing operation				
Adjusted gross profit	2,837	661	2,176	329
Adjusted gross margin	62%	33%		
Discontinued operation				
Adjusted gross profit	62	2,876	(2,814)	(98)
Adjusted gross margin	27%	30%		

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:

	March 31 2024	December 31 2023
	$ in thousands	
Cash	11,340	19,162
Accounts receivable	2,580	1,115
Call options	1,100	1,500
Net investment in subleases	335	375
Investments	410	410
Other assets	3,573	1,440
Assets classified as held for sale	1,248	1,150
Liabilities associated with assets classified as held for sale	(834)	(897)
Accounts payable and accrued liabilities	(9,145)	(6,421)
Loan payable	(1,552)	(1,541)
Debenture payable	(2,876)	(2,932)
Related party loan	(16,753)	(11,181)
Lease liabilities	(5,025)	(5,274)
Other liabilities	(3)	(86)
Non-controlling interest redeemable liability	(1,296)	(1,282)
Liability for contingent consideration	(260)	(260)

Comparison of the three-months ended March 31, 2024 and March 31, 2023

Revenue

	($ in thousands except percentages)							
	Three-months ended March 31							
	2024			2023			Period over Change	
	Continuing operation	Discontinued operation	Total	Continuing operation	Discontinued operation	Total	$	%
Medical clinics	$1,831	$235	$2,066	$1,633	$9,560	$11,193	$(9,127)	(81)
Health technology	712	-	712	341	-	341	371	109
Electronic Medical Records	2,036	-	2,036	-	-	-	2,036	-
	4,579	**235**	**4,814**	**1,974**	**9,560**	**11,534**	**(6,720)**	**(58)**

Total revenue from continuing operations for the three-months ended March 31, 2024, increased by $2,605 to $4,579, an increase of 132% over the revenue of $1,974 that was recognized in the comparable period in 2023. Revenue increased primarily due to the acquisition of Intrahealth in 2024, the inclusion of Pentavere revenues in health technology and improvement in clinical research services in the Company's medical clinics segment at MCI Polyclinic.

Medical Clinics — The Company's medical clinics revenue from continued operations for the three-months ended March 31, 2024, increased by $198 to $1,831, a 12% increase over the revenue of $1,633 that was recognized in the comparable period in 2023. The increase was driven by incremental revenue from the Company's subsidiary Canadian Phase Onward Inc. from a number of new clinical research studies now underway.

Health technology services – The Company's health technology services revenue for the three-months ended March 31, 2024, increased by $371 to $712, a 109% increase from the revenue of $341 that was recognized in the comparable period in 2023. Health technology revenue increased due to the inclusion of Pentavere, which was acquired on December 1, 2023.

Electronic Medical Records – The Company's electronic medical records services revenue for the three-months ended March 31, 2024 contributed $2,036 due to the acquisition of Intrahealth on February 1, 2024.

Cost of Revenue

Cost of revenue from continuing operations for the three-months ended March 31, 2024 and March 31, 2023 was $2,190 and $1,471, an increase of 49% or $719. Cost of sales increased for the three-month period ended March 31, 2024 due to the acquisition of Pentavere and Intrahealth.

Cost of revenue for the three-months ended March 31, 2024 includes depreciation and amortization totalling $448, compared to $158, an increase of 184% in the comparable period in 2023.

Gross Profit & Gross Margin

Gross profit from continuing operations for the three-months ended March 31, 2024 was $2,389, an increase of $1,886 or 375%, over the comparable periods in 2023. The increase is mainly driven by the acquisition of Pentavere and Intrahealth.

Adjusted Gross Profit for the three-months ended March 31, 2024 was $2,837, an increase of $2,176 or 329%, over the comparable periods in 2023. Adjusted Gross Profit increased due to the acquisition of Pentavere and Intrahealth.

Adjusted Gross Profit includes depreciation of $448 for the three-months ended March 31, 2024, compared to $158, in the comparable period in 2023.

Adjusted Gross Margin was 62% for the three-months ended March 31, 2024, compared to 33%, for the comparable periods in 2023. The change in Adjusted Gross Margin was mainly driven by the acquisition of Intrahealth and an increase in the mix of higher margin technology revenues from Khure and Pentavere.

Operating Expenses

Total operating expenses from continuing operation for the three-months ended March 31, 2024 increased by $3,546 to $7,825, an 83% increase over total operating expenses in the comparable period in 2023. The reasons for the increase are described in greater detail under each category of expenses set out below.

Total operating expenses for the three-months ended March 31, 2024 include depreciation and amortization totalling $1,882, compared to $1,261, in the comparable periods in 2023.

Research and Development Expenses

Research and development expenses from continuing operations for the three-months ended March 31, 2024 were $916. Research and development (R&D) expenses decreased year on year by $934 or 50%, compared to 2023 due to reductions in staffing across operations (technology, clinics and head office) and lower use of outsourced technology services. As a percentage of revenue, research and development expenses were 20% for the three-months ended March 31, 2024, compared to 94%, 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 Health rare disease screening offerings and enable ongoing development of its AI-enabled offerings at its Pentavere subsidiary.

Sales and Marketing Expenses

Sales and marketing expenses from continuing operations for the three-months ended March 31, 2024, increased by $573 to $760, a 306% increase over expenses of $187 recognized in the comparable period in 2023. The increase was due to reinvestment in Khure sales and the Intrahealth acquisition. As a percentage of revenue, sales and marketing expenses were 17% for the three-months ended March 31, 2024, compared to 9% in the comparable periods in 2023 due to the aforementioned factors for the increase in sales and marketing spend. For the three-months ended March 31, 2024, sales and marketing expenses were lower as a percentage of sales as revenue increases from the Intrahealth acquisition and Khure and Pentavere outpaced sales and marketing expense increases.

General and Administrative Expenses

General and administrative expenses from continuing operation for the three-months ended March 31, 2024, increased $3,907 to $6,149, a 174% increase over expenses of $2,242, in the comparable periods in 2023. As a percentage of revenue, general and administrative expenses were 134% for the three-months ended March 31, 2024, compared to 114%, in the comparable periods in 2023. General and administrative costs increased due to the substantial increase in legal expenses associated with the strategic review, Intrahealth acquisition and launch of the HEALWELL brand in both the commercial and public equity markets during the quarter. The Company expects to tightly manage corporate general and administrative operating expenses to enable more focus in investment on technology and research offerings and the launching of the HEALWELL brand in both commercial and public equity markets.

General and administrative expenses for the three-months ended March 31, 2024, include depreciation and amortization totalling $968, compared to $581 in the comparable period in 2023.

Net Finance Cost

For the three-months ended March 31, 2024, net finance charges were $673, compared to $242, an increased of $431 or 178% for the comparable period in 2023. Higher average loan balances on the secured facility with WELL, debenture financing and balances on Pentavere's loans drove the increases in net financing costs.

Net loss and loss per share

The Company reported a net loss from continuing operations for the three-months ended March 31, 2024 of $6,275, or $(0.06) per share (basic and diluted), compared to a net loss of $6,799, or $(0.13) per share (basic and diluted), for the comparable periods in 2023. Lower losses from continuing operations for the three-months period ended March 31, 2024 were driven by operations from restructuring efforts, and acquisition of Pentavere and Intrahealth.

The Company reported a net loss from continuing and discontinued operations for the three-months March 31, 2024, of $6,276, or $(0.06) per share (basic and diluted), compared to a net loss of $7,448, or $(0.15) per share (basic and diluted), for the comparable periods in 2023. Lower losses from continuing and discontinued operations for the three-months period ended March 31, 2024 were driven by lower operating expenses from continuing operations from restructuring efforts.

Net loss and loss per share from discontinued operation

The Company reported a net loss from discontinued operation for the three-months ended March 31, 2024 of $1, or $(0.00001) per share (basic and diluted), compared to a net loss of $649, or $(0.0008) per share (basic and diluted), for the comparable periods in 2023.

Adjusted EBITDA

Adjusted EBITDA loss from continuing operations for the three-months ended March 31, 2024, was a loss of $2,561 as compared to an Adjusted EBITDA loss of $1,860, in the three-months ended March 31, 2023. Adjusted EBITDA Margin was (56%) in the three-months March 31, 2024, as compared to Adjusted EBITDA Margin of (94%) in the three-months ended March 31, 2023. Adjusted EBITDA loss and Adjusted EBITDA margins were lower due to reduced operating expenses and elimination of loss-making clinic operations, which more than offset declines in revenues to produce improved results over the comparable periods in 2023.

SUMMARY OF QUARTERLY RESULTS

	Quarters ended							
	Mar 31, 2024	**Dec 2023**	**Sep 2023**	**June 2023**	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**	**June 30, 2022**
					Re-presented	**Re-presented**	**Re-presented**	**Re-presented**
Revenue (1)	$4,579	$1,921	$2,753	$3,177	$1,974	$3,038	$3,086	$5,283
Net loss	(6,276)	(6,759)	(7,743)	(9,813)	(7,448)	(2,613)	(9,100)	(4,229)
Weighted average number of shares Basic and diluted (in thousands)	104,000	64,733	53,870	53,870	51,930	50,075	50,075	50,075
Net loss per share Basic and diluted	(0.06)	(0.10)	(0.14)	(0.18)	(0.15)	(0.02)	(0.18)	(0.09)

Due to the significant impact of the strategic transaction with WELL 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 seven quarters preceding the closing of the Strategic

Transaction on October 1, 2023 are unlikely to be indicative of any future performance trends. Management would expect quarterly results to remain somewhat volatile in future periods given the unpredictable timing of large contracts with pharmaceutical customers at its Khure, Pentavere and Canadian Phase Onward subsidiaries. Revenues from Intrahealth tend to be relatively stable and growing given the subscription nature of Intrahealth's software, which may dampen overall quarterly volatility.

LIQUIDITY AND CAPITAL RESOURCES

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.

During December 2023 HEALWELL raised net proceeds of approximately $10.3 million from an equity offering. The Company anticipated using $5.4 million for acquisitions, $1.5 million for working capital, $600,000 for growth initiatives at Khure and other existing activities and $2.8 million was unallocated. During the first quarter, approximately $3.6 million was used to acquire Intrahealth, $1.2 million was invested in working capital and $4.6 million was used in operations including growth initiatives in Khure and investments in marketing to grow all of HEALWELL's businesses and its brand awareness and for general corporate purposes.

As at the end of the Reporting Period, the Company held cash of $11,340. On October 1, 2023, the Company completed the Strategic Transaction and sold a majority of its Ontario healthcare assets to WELL, recapitalized itself and paid down existing bank lines. For the quarter ended March 31, 2024, the Company experienced operating losses of $5,436 and negative cash flows from operations of $4,645 over that same period.

The Company continues to monitor cashflows and consider revenue opportunities and cost-saving measures. The Company intends to continue to grow revenue from its health technology and EMR 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, which may assist in addressing any short- to medium- term liquidity constraints.

For additional detail on the impact of these uncertainties, see "*Going Concern*" above.

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

	March 31 2024	**March 31 2023**
	$ in thousands	
Operating activities	$(4,645)	$(1,108)
Investing activities	(2,733)	(4)
Financing activities	(177)	1,104
Currency Translation Reserve	(267)	-
Net cash flows decrease in cash	(7,822)	(8)
Beginning cash and cash equivalents	19,162	1,411
Ending cash and cash equivalents	**11,340**	**1,403**

The Company used cash of $4,645 in operating activities for the quarter ended March 31, 2024, (2023 – cash used of $1,108). Cash consumption was largely driven from net losses and $(1,402) of cash used was attributable to movements in non-cash working capital from continuing operations with changes arising from decreases in accounts receivable & other assets (2023 – $1,574).

Net Cash Flows from Financing Activities

Net cash used from financing activities during the three-months ended March 31, 2024, was $528 (2023 - cash generated $1,104) mainly expended by the Company paying off its debts and leases.

During the three-months ended March 31, 2024, payments on finance leases was $297 (2023-$684).

During the three-months ended March 31, 2024, receipt of net investment in subleases was $43 (2023-$118).

Cash from Investing Activities

During the three-months ended March 31, 2024, net cash used in investing activities was $2,382 (2023 - $4), which consisted of (i) the purchase of certain property and equipment of $353 (2023 - $4), and (ii) the acquisition of Intrahealth of $2,380 (2023 - $nil).

Investments

Investment in Intrahealth:

On February 1, 2024, HEALWELL acquired 100% of the shares of Intrahealth from WELL. The purchase consideration consisted of the following amounts:

a. The Company paid cash of $3,600, after adjustments of hold backs and working capital of $606 and $158 respectively.

b. The Company issued 21,682,465 Subordinate Voting Shares valued in aggregate at $14,961. The Company booked $14,961 as part of share consideration based on a February 1, 2024 closing date value of $0.69 per share.

c. The Company issued a convertible $5,000 principal amount promissory note payable over the 10 months following closing in either cash or Subordinate Voting Shares at the option of WELL.

d. The Company owes a deferred purchase amount of $641 which is due in May 2024.

Capital Management

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

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

The Company has assessed that its capital management strategy may be impacted by uncertainty regarding its future cash flows.

Please refer to "*Going Concern*" above for additional information.

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	$1,036	$2,978	$1,011
Accounts payable and accrued liabilities	9,145	-	-
Bank loan	-	1,552	-
Related party loan	5,817	10,936	-
Debenture payables	-	2,876	-
Non-controlling interest redeemable liability	-	1,296	-
Liability for contingent consideration	260	-	-
Other liabilities	3	-	-
	16,261	**19,638**	**1,011**

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. The Company has assessed that its ability to satisfy its contractual obligations may be impacted by uncertainty regarding its future cashflows. Please refer to "*Going Concern*" above for additional information.

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.

a) Related party balances

	2024	**2023**
WELL Health Technologies Corp		
Principal	$7,519	$7,226
Debenture payable	2,606	2,511
Operating loan payable	383	822
Holdback – MCI Alberta	(150)	(150)

Convertible principal amount promissory note	5,000	
Related parties of Intrahealth System Limited		
Operating loan payable	584	-
Management and Board members		
Debenture payable	811	772
	-	
	$ 16,753	$ 11,181
Less: current portion	(5,817)	(672)
	$ 10,936	$ 10,509

b) Related party transactions

	2024	2023
WELL Health Technologies Corp.		
Interest on loan advances	$ 293	-
Transition services	151	-
Interest on Debentures	121	-
Management and Board members		
Interest on debentures payable	38	-

On February 1, 2024, the Company commits to repay WELL Health Technologies Corp. the principal sum of $5,000 along with accrued interest at 18% upon the occurrence of an event of default. The entire outstanding amount, including principal and interest, becomes due on the Maturity Date, which is the later of two months from the Issue Date or at the Holder's discretion within 60 days thereafter. Conversion of the outstanding amount into Common Shares is optional before the Maturity Date, subject to certain conditions and the Conversion Price. The mechanics of conversion involve the issuance of Common Shares, with no fractional shares issued. Payments are made in Canadian currency at a designated location.

Related party transactions are primarily incurred in the normal course of operations and are recorded at the contractual amounts between the related parties.

PROPOSED TRANSACTIONS

On January 1, 2024, the Company began the process of purchasing the remaining interest in MCI Polyclinic Group Inc., a subsidiary of the Company, from its minority shareholder and disposing of MCI Polyclinic's Executive Medical Concierge Canada (2021) subsidiary to MCI Polyclinic's minority shareholder. The transaction is expected to be completed by the middle of 2024.

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) 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 56% (2023 - 55%) 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) **Clinics**: Clinic 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) **Technology and EMR:** It is comprised primarily of larger Fortune 500 corporations that purchase insurance plans for their employees or pay the Company directly. To date, HEALWELL has never had a credit loss from privately insured customers; however, given the lack of historical loss information in this subcategory, the Company believes that any credit losses will approximate the historical credit losses of its receivables from non-government customers at clinics.

b) Market Risk (Interest Rate Risk)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Notes 7 and 11, the Company is exposed to interest rate risk with respect to its credit facilities. At March 31 2024, nil (December 31, 2023 - nil) from Bank credit facilities and $16,753 (December 31, 2023 - $11,181) from related party credit facilities were drawn and $1,552 (December 31, 2023 - $1,541) from financing from FEDDEV and a financial institution.

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 three months ended March 31, 2024, would have increased/decreased by $22 (2023 - $52).

c) 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:

	March 2024	December 2023
Cash	$11,340	$19,162
Accounts receivable	2,580	1,115
Call options	1,100	1,500
Net investment in subleases	335	375
Investments	410	410
Other assets	3,573	1,440
Assets classified as held for sale	1,248	1,150
Liabilities associated with assets classified as held for sale	(834)	(897)
Accounts payable and accrued liabilities	(9,145)	(6,421)
Loan Payable	(1,552)	(1,541)
Debenture payable	(2,876)	(2,932)
Related party loan	(16,753)	(11,181)
Lease liabilities	(5,025)	(5,274)
Other liabilities	(3)	(86)
Non-controlling interest redeemable liability	(1,296)	(1,282)
Liability for contingent consideration	(260)	(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.

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 ended March 31, 2024 (2023 - nil) between any levels within the fair value hierarchy.

d) 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 March 31, 2024:

	March 2024		
	< 1 year	**2 – 5 years**	**Over 5 years**
Lease liabilities	$1,036	$2,978	$1,011
Accounts payable and accrued liabilities	9,145	-	-
Loan payables	-	1,552	-
Related party loan	5,817	10,936	-
Debenture payables	-	2,876	-
Non-controlling interest redeemable liability	-	1,296	-
Liability for contingent consideration	260	-	-
Other liabilities	3	-	-
	16,261	**19,638**	**1,011**

The Company has assessed that it is currently exposed to significant liquidity risk due to its depleted cash reserves, negative cash flow from operations, limited availability remaining on the Company's existing credit facilities and difficulty accessing additional sources of credit. Please refer to "Going Concern" above for additional information.

	Dec 2023		
	< 1 year	**2 – 5 years**	**Over 5 years**
Lease liabilities	$2,001	$2,600	$673
Accounts payable and accrued liabilities	6,421	-	-
Loan payables	-	1,737	-
Related party loan	672	10,509	-
Debenture payables	-	10,000	-
Non-controlling interest redeemable liability	-	1,282	-

Liability for contingent consideration	-	260	-
Other liabilities	96	-	-
	9,190	**26,388**	**673**

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.

Material 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 borrowingrate 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 causesignificant 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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its 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 ondiscounted 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 thenext 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. Therecoverable amount is sensitive to the discount rate used 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 judgement. Changes in the fair value of the contingent consideration are included in the determination of net income/loss.

(vi) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized on a net basis to the extent they are related to the same fiscal entity and fall due in approximately the same period.

Significant judgements are utilized by the Company in interpreting tax rules and regulations when calculating deferred tax assets and liabilities. Judgement is 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 generationof 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. The determination of the fair value of assets, liabilities acquired, and non-controlling interests are based on management's estimates. Intangible assets use the excess earnings method using discounted cash flow models and the cost approach. Significant assumptions included revenue growth rates, customer attrition, discount rates, and opportunity costs. Call options were fair valued using Black Scholes. Significant assumptions included risk free rate, stock price, dividend yield and volatility of share price.

(viii) Fair Value of Investments

As at March 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. Judgement 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

Judgement 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 isclassified 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. Judgement is required when determining whether a component represents a separate major line of business or geographical area of operations. Judgement was applied when the EMC operations was classified as discontinued operations in 2024. Judgements were also used in determining whether the EMC as CGU met the criteria for held for sale.

(x) Financial instruments

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 tovarious estimates related to volatility, interest rates, dividend yields, and the expected life of the warrants issued.

(xi) Going Concern

See "Going Concern" above for additional information on critical accounting estimates pertaining to the Company's ability to continue as a going concern.

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, the Company's protocols for the oversight and review of accounting for (a) non-routine and complex transactions; and (b) the consolidation workbook and certain consolidation entries; was insufficient, particularly having regard to the complexity of the Strategic Transaction 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. 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

The authorized share capital of the Company is an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Preferred Shares. As at the end of the Reporting Period there were 113,195,516 Subordinate Voting Shares, 30,800,000 Multiple Voting Shares and Nil Preferred Shares issued and outstanding (87,986,790 Subordinate Voting Shares, 30,800,000 Multiple Voting Shares and Nil Preferred Shares as at December 31, 2023).

On February 15, 2023, the Company issued 3,035,657 Subordinate Voting Shares to the former owners of Khure Health Inc. as settlement for the achievement of the second earn-out target valued at $2,277. An amount of up to $900 of Subordinate Voting Shares are contingently issuable to the principals of Khure Health Inc. under "additional earn-out shares agreements," which are subject to the achievement of certain revenue milestones. On July 12, 2023, the Company entered into an agreement with Khure Health Inc. to extend the time to achieve the third and final earn-out milestone from December 23, 2023 to December 31, 2025., and continued employment by the applicable principals.

On February 15, 2023, the Company also issued 758,914 Subordinate Voting Shares to Khure's employee as settlement for the achievement of an earn-out target valued at $400.

On October 1, 2023, an aggregate of 5,200,000 Multiple Voting Class B Shares were surrendered to the Company for no consideration in connection with the Strategic Transaction.

On October 17, 2023, the Company issued a total of 13,333,400 Subordinate Voting Shares (4,389,965 restricted for four months) pursuant to a private placement at a price of $0.75 per share for gross proceeds of $8,000. The Company granted 699,801 compensation warrants to the underwriters of the private placement, with each warrant exercisable to acquire one Subordinate Voting Share at a price of $0.60 per share for a period of 24 months following closing of the private placement. The Company used the Black Scholes method and determined the fair value at $0.49 of the warrants was $364. The Company incurred share issuance cost $1,115 including compensation warrants.

On December 22, 2023, the Company issued a total of 14,375,000 units pursuant to a prospectus offering, with each unit consisting of one Subordinate Voting Share and one-half of one warrant, at a price of $0.80/unit for gross proceeds of $11,500. Each whole warrant entitles the holder to purchase one Subordinate Voting Share at a price of $1.20/share for a period of three years following the closing of the offering. The Company chose to include the value of the 7,187,500 share warrants at fair value of $3,071 in share capital. The Company used the Black Scholes method and determined the fair value at share warrants. The Company granted 862,500 compensation warrants to the underwriters, with each warrant exercisable to acquire one Subordinate Voting Share at a price of $0.80 per share for a period of 24 months following closing of the private placement. The Company used the Black Scholes method and determined the fair value at $0.49 of the warrants was $423. The Company incurred share issuance cost $1,726 including compensation warrants.

On January 26, 2024, the Company issued 350,000 Subordinate Voting Shares against conversion of debenture payables.

On January 26, 2024, the Company issued 187,500 Subordinate Voting Shares against conversion of debenture payables.

On February 1, 2024, the Company issued 21,682,465 Subordinate Voting Shares to WELL Health Technologies Corp. as part of purchase consideration of Intrahealth acquisition.

On February 13, 2024, the Company issued 1,008,849 Subordinate Voting Shares against conversion of debenture payable and exercised of warrants of 258,849 and 750,000, respectively.

On February 23, 2024, the Company issued 1,761,645 Subordinate Voting Shares against conversion of debenture payable and exercised of warrants of 1,561,645 and 200,000, respectively.

On February 28, 2024, the Company issued 100,000 Subordinate Voting Shares against conversion of debenture payables.

On March 14, 2024, the Company issued 78,267 Subordinate Voting Shares against conversion of debenture payable.

On March 14, 2024, the Company issued 40,000 Subordinate Voting Shares to the Broker against warrants exercised at $0.80 per share.

CONTINGENCIES

In October 2019, a claim was lodged against MCI Medical Clinics Inc., a subsidiary of the Company, asserting that it had breached a lease agreement for a clinic. The matter is currently being considered by the courts and progress has been slower than anticipated, such that the Company now expects judgment in 2024. 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.

There is a current claim by a former patient of the Company that has been made to the Ontario Human Rights Tribunal (“HRTO”) making allegations of discrimination and seeking damages of approximately $200. The damages sought are roughly $200. The Company denies these allegations and has asked the HRTO to dismiss the complaint. The matter has gone to mediation and estimated damages are likely to be immaterial to the Company.

SUBSEQUENT EVENTS

On May 6 2024, the Company entered into an agreement for a bought deal private placement financing. The financing, if successfully completed, would result in the sale of 14,815,000 units of the Company at a price of $1.35 per unit, for gross proceeds of $20,000. Each unit will be comprised of one Subordinate Voting Share and one-half warrant to purchase a Subordinate Voting Share at an exercise price of $1.80 per share for a period of two (2) years following the closing of the financing. The Company has granted the underwriters an over-allotment option to purchase up to an additional 15% of the units at the same price set out above, exercisable in whole or in part at any time on or prior to the date that is two (2) business days prior to the closing of the financing. If the over-allotment option is exercised in full, an additional $2,400 of gross proceeds would be raised. The financing remains subject to the satisfaction or waiver of a number of conditions precedent typical for transactions of this nature. There can be no guarantee at this time that the transaction will be completed on the terms set out above or at all.

Subsequent to the quarter end 1,230,750 warrants have been exercised for proceeds of $1,112 and $37 of debenture converted into 184,569 shares at a price of $0.20 per share.

On April 15, 2024, the Company issued 1,296,758 RSUs, 521,250 PSUs and 101,841 DSUs as part of long-term incentive compensation.