

HEALWELL AI INC.

**Condensed Interim Consolidated Financial Statements
For the Three months ended March 31, 2025
(In Canadian Dollars)
(Unaudited)**

HEALWELL AI INC.

Condensed Interim Consolidated Statement of Financial Position

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

(Unaudited)

	Note	March 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		18,434	9,413
Funds held in escrow	20	82,436	-
Accounts receivable	4	7,633	5,969
Contract assets		1,235	326
Prepaid and other assets	5	2,301	2,351
Lease receivables	17	541	269
		112,580	18,328
Non-current assets			
Property and equipment	8	690	793
Intangible assets	9	26,713	28,303
Right-of-use assets	17	3,685	4,122
Goodwill	10	67,080	67,143
Advance against investment	12	4,114	-
Investment in equity securities	11	3,473	4,114
Call option and warrants	13	2,040	2,251
Other assets	5	125	115
Lease receivables	17	366	366
		220,866	125,535
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	12,108	9,605
Acquisition related payables	16	2,698	6,596
Deferred revenue		5,126	2,453
Related party loan	7	6,095	1,780
Contingent consideration	14	2,711	1,940
Lease liability	17	950	946
		29,688	23,320
Long-term liabilities			
Lease liability	17	5,046	5,237
Related party loan	7	6,619	9,478
Deferred tax liabilities		6,192	6,511
Contingent consideration	14	2,555	2,555
Debentures payable	18	21,703	2,970
Loan payable	19	46,258	1,792
		118,061	51,863
Shareholders' equity			
Share capital	21	172,257	140,084
Convertible debenture options reserve		8,190	1,733
Share warrants		1,144	-
Contributed surplus		20,555	17,291
Translation reserve		147	(3)
Deficit		(108,971)	(95,218)
Equity attributable to HEALWELL AI Inc.		93,322	63,887
Non-controlling interest		9,483	9,785
		102,805	73,672
		220,866	125,535

The financial statements were approved by the Company's board of directors (the "Board of Directors") and authorized for issue on May 12, 2025.

They were signed on behalf of the Company by:

"Alexander Dobranowski" – CEO/Director

"Erik Danudjaja" – Director

See accompanying notes to the condensed interim consolidated financial statements.

HEALWELL AI INC.
Condensed Interim Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)

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

For the three months ended 31 March 2025 and 2024

(Unaudited)

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
Continuing operations			
Revenue		14,088	4,579
Total revenue		14,088	4,579
Cost of revenue		7,553	2,190
Gross profit		6,535	2,389
Expenses			
General and administrative	23	15,367	6,149
Research and development	23	1,649	916
Sales and marketing	23	1,108	760
Operating expenses		18,124	7,825
Loss before other expense (income) and taxes		(11,589)	(5,436)
Financing expenses	24	1,322	673
Changes in fair value of call options	13	211	400
Changes in fair value of contingent consideration		557	
Changes in fair value of investments		641	-
		2,731	1,073
Loss before taxes from continuing operations		(14,320)	(6,509)
Income taxes recovery		(265)	(234)
Net loss for the period on continuing operations, net of tax		(14,055)	(6,275)
Net (loss) profit on discontinued operations, net of tax	6	-	(1)
Net loss for the period		(14,055)	(6,276)
Other Comprehensive Expense			
Foreign currency translation of foreign operations		150	(267)
Net comprehensive loss for the period		(13,905)	(6,543)
Net (loss)/profit attributed to			
Non-controlling interests		(302)	(349)
Shareholders of HEALWELL AI Inc.		(13,753)	(5,927)
		(14,055)	(6,276)
Net comprehensive (loss) earnings attributable to			
Non-controlling interests		(302)	(349)
Shareholders of HEALWELL AI Inc.		(13,603)	(6,194)
		(13,905)	(6,543)
Loss per share attributable to HEALWELL AI Inc.			
Basic and diluted - Continuing operations		(0.08)	(0.06)
Basic and diluted	28	(0.08)	(0.06)

See accompanying notes to the condensed interim consolidated financial statements.

HEALWELL AI INC.
Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

(In thousands of Canadian dollars, except shares)

	Note	Class A Subordinate Voting shares								Non-Controlling interest	Total Equity	Class B multiple voting shares
		Shares	Share Capital	Convertible Debenture Option Reserve	Share warrants	Contributed Surplus	Translation Reserve	Deficit	Total			
Balance-January 1, 2024		87,986,790	67,368	1,964	-	12,567	-	(69,249)	12,650	8,814	21,464	30,800,000
Net loss and comprehensive loss		-	-	-		-	(3)	(26,293)	(26,296)	(1,187)	(27,483)	
NCI adjustments for Polyclinic		-	-	-		629	-	324	953	(324)	629	
Buyback of Polyclinic NCI Shares		-	-	-		1,305	-	-	1,305	(1,468)	(163)	
Acquisition of Mutuo		-	-	-		-	-	-	-	3,950	3,950	
Share based Payments	24	-	-	-		-	-	-	-	-	-	
Shares issuance against release of services	23	-	-	-		5,084	-	-	5,084	-	5,084	
Share issuance	23	850,000	2,057	-		-	-	-	2,057	-	2,057	
Share issued for acquisition	23	14,815,000	18,751	-		-	-	-	18,751	-	18,751	
Share issuance for settlement of RSUs, PSUs, DSUs and Options	23	31,949,547	38,146	-		-	-	-	38,146	-	38,146	
Share issued against conversion of debentures	23	833,276	2,484	-		(2,217)	-	-	267	-	267	
Share warrants		5,641,838	947	(231)		-	-	-	716	-	716	
Exercise of warrants	23	-	-	-		378	-	-	378	-	378	
Acquisition of Mutuo		26,752,588	10,331	-		(455)	-	-	9,876	-	9,876	
Balance- December 31, 2024		168,829,039	140,084	1,733	-	17,291	(3)	(95,218)	63,887	9,785	73,672	30,800,000
Balance-January 1, 2025		168,829,039	140,084	1,733	-	17,291	(3)	(95,218)	63,887	9,785	73,672	30,800,000
Net loss and comprehensive loss		-	-	-		-	150	(13,753)	(13,603)	(302)	(13,905)	
Share based Payments	22	-	-	-		3,367	-	-	3,367	-	3,367	
Share issuance	21	12,737,500	23,595	-		-	-	-	23,595	-	23,595	
Share issuance for settlement of RSUs, PSUs, DSUs and Options	21	54,991	103	-		(103)	-	-	-	-	-	
Share issued against conversion of debentures	21	22,969,863	3,900	(763)	-	-	-	-	3,137	-	3,137	
Debenture conversion option		-	-	7,220	-	-	-	-	7,220	-	7,220	
Share warrants	21	-	-	-	1,144	-	-	-	1,144	-	1,144	
Exercise of warrants	21	21,312,500	4,575	-		-	-	-	4,575	-	4,575	
Balance- March 31, 2025		225,903,893	172,257	8,190	1,144	20,555	147	(108,971)	93,322	9,483	102,805	30,800,000

See accompanying notes to the condensed interim consolidated financial statements.

HEALWELL AI INC.
Condensed Interim Consolidated Statement of Cash Flows
(In thousands of Canadian dollars, except per share amounts)
For the Three months ended March 31, 2025 and 2024 (Unaudited)

		Three months ended March 31, 2025	Three months ended March 31, 2024
	Note		
Operating activities:			
Net loss and comprehensive loss for the period		(14,055)	(6,543)
<i>Items not affecting cash:</i>			
Depreciation and amortization		2,157	1,883
Deferred tax recovery		(265)	(288)
Non-cash interest accreted income	17	(8)	(3)
Non-cash interest accreted expense	17	343	48
Share based compensation	22	3,367	481
Expected credit losses	4	-	(14)
Fair value changes in redeemable liability		-	14
Fair value changes in contingent consideration		557	-
Changes in fair value of investments		641	-
Changes in fair value of call options	13	211	400
Interest on related party loan	7	100	603
Interest on convertible debentures		461	-
Interest on related party convertible debentures		180	-
Interest on bank loan		12	11
Non-cash operating items:			
<i>Net Change in non-cash operating items:</i>		(6,299)	(3,408)
Net cash flows used in operating activities from continuing operations	23	2,267	(1,196)
Net cash flows generated in operating activities from discontinued operations		-	(41)
Net cash flows used in operating activities		(4,032)	(4,645)
Investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(2,380)
Measurement period adjustment		81	-
Advance against investment	12	(4,114)	-
Funds held in escrow	20	(82,436)	-
Capitalization of intangible assets	9	(260)	-
Addition in right of use asset	17	(40)	-
Purchase of property and equipment	8	(33)	(353)
Net cash flows (used in) generated from investing activities from continuing operations		(86,802)	(2,733)
Net cash flows (used in) generated from investing activities		(86,802)	(2,733)
Financing activities			
Advances from / (Repayment to) related parties-net		1,176	(274)
Proceeds from issuance of shares, net of expenses	21	23,595	-
Proceeds from the issuance of shares in exercise of warrants	21	4,575	351
Proceeds from debenture conversion	18	3,137	-
Proceeds from issuance of debenture, net of expenses	18	26,636	-
Proceeds from Loan		44,500	-
Repayment of BDC Loan	19	(46)	-
Repayment of Promissory note		(3,576)	-
Lease payments	17	(316)	(297)
Lease payments received	17	75	43
Net cash flows from financing activities from continuing operations		99,756	(177)
Foreign Currency Translation of foreign operations		99	(267)
Net (decrease) increase in cash and cash equivalents		9,021	(7,822)
Cash and cash equivalent at beginning of the period		9,413	19,162
Cash and cash equivalent at ending of the period		18,434	11,340

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements (In thousands of Canadian dollars, except per share amounts) For the three months ended March 31, 2025 and 2024 (Unaudited)

NATURE OF BUSINESS AND BASIS OF OPERATION

1. REPORTING ENTITY

HEALWELL AI INC. ("HEALWELL") is a company incorporated in Canada.

The condensed interim consolidated financial statements of HEALWELL as at and for the three months ended March 31, 2025, and March 31, 2024, comprise HEALWELL and its subsidiaries (together referred to as the "Company"). The Company provides:

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

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

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies as described in the Company's December 31, 2024 financial statements except for the new accounting standards/amendments adopted. The notes presented in these condensed interim consolidated financial statements include, in general, only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the years ended December 31, 2024.

These condensed interim consolidated financial statements for the period ended March 31, 2025, were approved by the Board of Directors on May 12, 2025

b) Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars. Each subsidiary determines its functional currency based on the primary economic environment in which it operates. The functional currency of Intrahealth Australia Limited is the Australian dollar, while Intrahealth New Zealand Limited and Intrahealth Systems Limited use the New Zealand dollar. All other subsidiaries use the Canadian dollar as their functional currency.

Assets and liabilities of foreign subsidiaries with a different functional currency are translated into Canadian dollars using exchange rates in effect at the balance sheet date. Revenues and expenses are translated at average rates during the period. Translation adjustments are recorded in accumulated other comprehensive income within equity and are reclassified to earnings upon disposal of the foreign operation. Foreign currency transactions are recorded at exchange rates in effect at the transaction date, with resulting gains or losses from remeasurement of monetary items recognized in earnings.

c) Use of estimates and judgements

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

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the December 31, 2024 annual consolidated financial statements.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements (In thousands of Canadian dollars, except per share amounts) For the three months ended March 31, 2025 and 2024 (Unaudited)

3. MATERIAL ACCOUNTING POLICIES

The preparation of condensed interim financial statements is based on accounting principles and practices consistent with those used in the preparation of December 31, 2024 annual consolidated financial statements

4 ACCOUNTS RECEIVABLE	March 31, 2025	December 31, 2024
Accounts receivable consists of the following:		
Trade receivables -Clinical Research & Patient services	1,515	1,550
Trade receivables – AI & Data sciences	3,417	2,519
Trade receivables - Healthcare Software	2,807	2,023
Accrued receivables – Others	66	66
Expected credit losses	(172)	(190)
	7,633	5,968
The change in the allowance for expected credit losses are as follows:		
As at January 1	190	25
Changes from acquisitions during the year	-	153
Expense of provision for expected credit losses- continuing operations	(18)	12
	172	190

5 PREPAID AND OTHER ASSETS	March 31, 2025	December 31, 2024
Prepaid expenses	1,127	1,119
Harmonized Sales Tax (HST)	1,174	1,082
Others	125	265
	2,426	2,466
Less: current portion	(2,301)	(2,351)
	125	115

6 DISCONTINUED OPERATIONS

In December 2023, the Company entered into negotiations to sell its 80% share in Executive Medical Concierge Canada (2021) Ltd. ("EMC") to Health Network Efficiencies Inc. The sale was completed in the end of the second quarter of 2024. The assets and liabilities of EMC have been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" in the consolidated statement of financial position. The results of discontinued operations of EMC for the three months ended March 31, 2025, and 2024 are shown as follows:

	March 31, 2025	March 31, 2024
Revenue	-	235
Cost of revenue	-	183
Gross profits	-	52
Expenses		
Sales and marketing	-	-
General and administrative	-	62
Impairment of goodwill and intangibles	-	-
Operating expenses	-	62
Net income (Loss) before other expense and taxes	-	(10)
Net financing expenses	-	1
Loss (gain) on disposal of subsidiary	-	-
(Loss) Income before taxes	-	(11)

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements (In thousands of Canadian dollars, except per share amounts) For the three months ended March 31, 2025 and 2024 (Unaudited)

Income tax expenses	-	-
Net loss from discontinued operations	-	(11)
The statements of cashflows of EMC for the three month period ended March 31, 2025 and 2024 are as follows:		
	March 31, 2025	March 31, 2024
Net cash flows from operating activities	-	(41)
	March 31, 2025	March 31, 2024
Basic and diluted loss per share	-	(0.00)

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

7 RELATED PARTY BALANCES AND TRANSACTIONS

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

- WELL Health Technologies Corp. (WELL) – has common directorship with the Company and is a significant/controlling shareholder of the Company.
- HEALWELL management and board members.

a) Related party balances	Note	March 31, 2025	December 31, 2024
WELL Health Technologies Corp			
Debenture payable	18	-	2,996
Operating loan payable		5,128	676
Deferred Consideration - Intrahealth	12	642	642
Convertible principal promissory note including accrued interest		5,400	5,300
Holdback – Intrahealth	12	606	606
Holdback – MCI Alberta		(150)	(150)
Related parties of Intrahealth			
Operating loan payable		325	462
Management and Board members			
Debenture payable	18	763	726
		12,714	11,258
HEALWELL to WELL		5,128	676
Holdback Intrahealth		642	642
Intrahealth to WELL balance		325	462
Total current portion		6,095	1,780
Non-current portion		6,619	9,478

During the period, WELL Health Technologies Corp. ("WELL") provided an operating loan of \$4,000 to HEALWELL Inc. to support the funding of its acquisition of Orion Health Holdings Ltd. ("Orion Health"). The loan was extended on arm's length terms and is intended to finance working capital and acquisition-related costs.

b) Related party transactions

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

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three months ended March 31, 2025 and 2024 (Unaudited)

	Three months ended March 31, 2025	Three months ended March 31, 2024
WELL Health Technologies Corp.		
Interest on loan advances	-	293
Transition services	384	151
Interest on debentures	142	121
Interest on promissory notes	100	-
Management and Board members		
Interest on debentures payable	38	38

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

8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

a) Cost	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	314	3,262	3,501	7,077
Additions	29	62	-	91
Acquisition through business combination	379	147	290	816
Disposal	(29)	(464)	-	(493)
FX Translation Reserve	-	9	-	9
Balance, December 31, 2024	693	3,016	3,791	7,500
Additions	-	33	-	33
Adjustment/Reclassification	(182)	182	-	-
Balance, March 31, 2025	511	3,231	3,791	7,533
b) Accumulated Depreciation	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	277	2,774	3,495	6,546
Depreciation	166	202	28	396
Reclass	(32)	32	-	-
Disposal	-	(235)	-	(235)
Balance, December 31, 2024	411	2,773	3,523	6,707
Depreciation	31	93	13	137
Reclass	(30)	30	-	-
Balance, March 31, 2025	412	2,896	3,536	6,844
c) Carrying Amounts	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	282	243	268	793
Balance, March 31, 2025	99	335	255	689

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three months ended March 31, 2025 and 2024 (Unaudited)

9 INTANGIBLE ASSETS

Intangible assets consist of the following:

a) Cost	Customer Relationships	Non-Compete Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2023	10,500	-	1,050	10,616	22,166
Acquisition through business combination	9,016	303	-	11,518	20,837
Additions	-	-	-	1,221	1,221
Translation reserve	(11)	-	-	(33)	(44)
Balance, December 31, 2024	19,505	303	1,050	23,322	44,180
Additions	-	-	-	260	260
Translation reserve	14	-	-	18	32
Balance, March 31, 2025	19,519	303	1,050	23,600	44,472
b) Accumulated Amortization	Customer Relationships	Non-Compete Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2023	4,763	-	9	4,888	9,660
Amortization	1,622	5	106	4,484	6,217
Balance, December 31, 2024	6,385	5	115	9,372	15,877
Amortization	481	8	26	1,367	1,882
Balance, March 31, 2025	6,866	13	141	10,739	17,759
c) Carrying Amounts	Customer Relationships	Non-Compete Contracts	Trademark	Software & Product Development	Total
Balance, December 31, 2024	13,120	298	935	13,950	28,303
Balance, March 31, 2025	12,653	290	909	12,861	26,713

During the three months ended March 31, 2025, the Company capitalized \$260 of R&D costs (December 31, 2024 – \$1,221). Intrahealth was the only subsidiary that capitalized costs in the three months ended March 31, 2025.

10 GOODWILL

a) Cost	Total
Balance, December 31, 2023	12,305
Additions through business combinations	59,342
Impairment	(4,513)
Effect of movements in exchange rates	9
Balance, December 31, 2024	67,143
Measurement period adjustments	(81)
Effect of movements in exchange rates	18
Balance, March 31, 2025	67,080

For the three months ended March 31, 2025, the Company has identified the following Cash Generating Units (CGU's) to which goodwill had been allocated, each of which was tested for impairment annually as at December 31: (i) Polyclinic Medical Clinics, (ii) CPO, (iii) Pentavere, (iv) Mutuo, (v) Intrahealth, (vi) VeroSource, and (vii) Biopharma.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements (In thousands of Canadian dollars, except per share amounts) For the three months ended March 31, 2025 and 2024 (Unaudited)

The Company determined that there are no indicators of impairment on any of the CGUs at March 31, 2025 and therefore, management has not updated any of the impairment calculations.

	March 31, 2025	December 31, 2024
Polyclinic Medical Clinics	3,904	3,904
CPO	283	283
Pentavere	8,120	8,120
Intrahealth	16,923	16,905
BioPharma	14,391	14,390
VeroSource	19,269	19,269
Mutuo	4,190	4,272
	67,080	67,143

11 INVESTMENT IN EQUITY SECURITIES

The following table provides the carrying values of the Company's investments in financial assets measured at fair value through profit and loss as at March 31, 2025 and December 31, 2024. Financial asset investments include equity instruments that are measured at fair value through profit and loss (FVPL) in accordance with IFRS 9.

		March 31, 2025	December 31, 2024
Investment in Doctorly	11 (a)	-	636
Investment in Fund holding X.AI Securities	11 (b)	2,875	2,880
Investment in Future Vault Securities	11 (c)	250	250
Investment in Abstractive Health	11 (d)	348	348
		3,473	4,114

11(a) In 2023, the Company invested \$410 (US\$300) to acquire 2,341 shares, representing 1.16% of the outstanding shares of Doctorly GmbH ("Doctorly"). An additional investment of \$77 (US\$54) was made in 2024, increasing the Company's total holdings to 3,557 shares. Doctorly is engaged in the development and commercialization of a next-generation Electronic Health Record (EHR) system, primarily serving healthcare clinics in continental Europe, with a focus on Germany, through a Software-as-a-Service (SaaS) model. On March 27, 2025, Doctorly filed for insolvency and is currently in the preliminary stage of seeking a buyer prior to entering formal liquidation proceedings. As a result of the insolvency filing, the Company has assessed the fair value of its investment in Doctorly as nil as at March 31, 2025 (December 31, 2024 – \$636).

11(b) On May 9, 2024, the Company invested in a Think 1st Principles the fund with the opportunity to realize the long-term appreciation from investments in the securities of X.AI Corp ("X.AI"). The Company invested \$2,752 (US\$2,000) to acquire an indirect interest in less than 1% total outstanding shares in X.AI. The fair value of the investment in X.AI is \$2,875 as of March 31, 2025 (December 31, 2024 - \$2,880). The Company has based the FMV of the investment on the information provided at the time of the initial investment, which was in May 2024. As of March 31, 2025 no subsequent information has been provided to The Company indicating any changes to the FMV of the investment. X.AI is an American startup company working in the area of artificial intelligence.

The preceding investments were recognized as equity under IFRS 9 and are measured at fair value through profit and loss (FVPL). During the three months ended March 31, 2025 a foreign exchange loss of \$5 (March 31, 2024 - \$ nil) was recognized on the investment.

11(c) On September 12, 2024, the Company invested in Future Vault Inc. ("Future Vault") with the opportunity to realize the long-term appreciation from investments in their securities. The Company invested \$250 (US\$183) to acquire direct interest in less than 2% of the total outstanding shares in Future Vault. Future Vault is a top provider of secure document exchange and digital vault solutions, specializing in delivering safe digital storage for financial services and wealth management firms to securely manage client documents. The fair value of the investment in Future Vault is \$250 as of March 31, 2025 (December 31, 2024 - \$250). The preceding investments were recognized as under IFRS 9 and are measured at fair value through profit and loss (FVPL).

11(d) On October 25, 2024, the Company made a minority investment of \$348 (US\$250) in Abstractive Health, a healthcare technology company that is creating AI clinical assistants that streamline all patient data. In connection with investment the parties have established a strategic business alliance to serve as a framework for cooperation. The fair value of the investment in the Abstractive Health is \$348 as at March 31, 2025 (December 31, 2024 - \$348).

HEALWELL AI INC.

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12 ADVANCE AGAINST INVESTMENTS

	March 31, 2025	December 31, 2024
Advance against investment in Orion	4,114	-
	4,114	-

During the period, the Company made a \$4.1M advanced payment to fund the acquisition of Orion Health (Note 20).

13 CALL OPTIONS

- i) On December 1, 2023, the Company entered into a shareholders agreement in connection with the acquisition of Pentavere, granting a 48-month call option to purchase all remaining securities from non-HEALWELL shareholders. The purchase price is based on a fair market value formula that varies over time, including fixed minimums and a multiple of Pentavere's trailing six-month gross profit, or if sufficient time has passed the purchase price is instead determined via a valuation process. As of March 31, 2025, the fair value of the call option using the Black-Scholes model was estimated at \$500 (December 31 2024 \$550). During the year ended March 31, 2025, the change in fair value of \$50 (December 31 2024 \$1,100) has been recognized in the statement of profit (loss) and comprehensive income (loss) respectively.
- ii) The share purchase agreement between Mutuo and the Company included a call option to purchase the remaining ownership interest in Mutuo. The Company modeled the probability of exercising the call option and used the Black Scholes method to model the option itself to arrive at a fair value of \$1,339 as at March 31 2025 (December 31, 2024 \$1,500). During the year ended March 31 2025, the change in fair value of \$161 (December 31 2024 - \$nil) has been recognized in the statement of profit (loss) and comprehensive income (loss), respectively.

14 CONTINGENT CONSIDERATION

Balance, December 31, 2023	260
Additions through business combination	6,815
Payments	-
Accretion	-
Changes in Fair Value	(2,580)
Balance, December 31, 2024	4,495
Additions through business combination	-
Payments	-
Accretion	214
Changes in Fair Value	557
Balance, March 31, 2025	5,266

- i) A portion of the total consideration for the acquisition of Khure Health, up to \$5,600 payable in Class A Subordinate Voting Shares of the Company ("Subordinate Voting Shares"), is subject to an earn-out arrangement based on post-acquisition revenue targets. In July 2023, the timeline to achieve the final milestone was extended to December 31, 2025. The fair value of the contingent consideration is reassessed each reporting period based on expected revenue performance. As of March 31 2025, there was no change in the fair value of the contingent consideration (December 31, 2024 - \$nil).
- ii) The deferred purchase/earn-out contingent consideration amount for VeroSource represents the fair value of earn-out payments contingent upon the earnings of the business for the four-year period after the acquisition closing date and up to 50% of the amount can be settled through Subordinate Voting Shares. The determination of the fair value of deferred

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purchase/earn-out is based on the profitability outcomes of VeroSource during the earnout period. As of March 31, 2025, there was no change in the fair value of the contingent consideration (December 31 2024 - \$2,969).

- iii) As part of the BioPharma acquisition, the Company recognized two components of contingent consideration. The first relates to the potential settlement of up to 45% of the value of consideration shares issued to the vendor, based on share price fluctuations 12 months post-issuance. The fair value of this liability was estimated using an option pricing model and is measured at fair value through profit and loss. During the year ended March 31, 2025, the change in fair value of contingent consideration of \$557 (December 31 2024 - \$1,143) has been recognized in the statement of profit (loss) and comprehensive income (loss), respectively.

The second component is a deferred purchase/earn-out consideration of \$2,256, contingent on BioPharma's earnings over a three-year period following the acquisition closing date. Up to 50% of the earn-out may be settled in Subordinate Voting Shares. As of March 31 2025, there was no change in the fair value of the contingent consideration (December 31, 2024 - \$383).

15	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	March 31, 2025	December 31, 2024
	Trade & Other Payables	7,079	4,334
	Income Tax Payables	411	373
	Accrued Liabilities	4,544	4,824
	Deposits	74	74
		12,108	9,605

16	ACQUISITION RELATED PAYABLES	March 31, 2025	December 31, 2024
	Promissory notes	2,635	6,211
	Holdback VeroSource	-	385
	Holdback Mutuo	63	-
		2,698	6,596

17 Leases

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

The Company's right of use assets as at March 31, 2025, and December 31, 2024, are as follows:

Cost	
Balance, December 31, 2023	10,221
Additions	2,849
Disposal of subsidiary and assets	(394)
Balance, December 31, 2024	12,676
Additions	-
Disposals/Modification	(299)
Balance, March 31, 2025	12,377
Accumulated depreciation	
Balance, December 31, 2023	7,019

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Depreciation	685
Impairment	850
Balance, December 31, 2024	8,554
Depreciation	143
Disposals/Modification	(5)
Impairment	-
Balance, March 31, 2025	8,692
Net book value as at:	
December 31, 2024	4,122
March 31, 2025	3,685

The Company's lease liability and lease receivable as at March 31, 2025, and December 31, 2024, are as follows:

	March 31, 2025	December 31, 2024
Lease liability – current	950	946
Lease liability – non-current	5,046	5,237
Total Lease liability	5,996	6,183

Lease Liability

The movement in the lease liability as at March 31, 2025 and December 31, 2024 is broken out as follows:

	Note	March 31, 2025	December 31, 2024
Balance - Beginning		6,183	5,274
Lease modification		53	-
Business combination		-	3,159
Interest expense from continuing operations		76	167
Interest expense from discontinued operations		-	19
Termination		-	(1,268)
Lease cash payments		(316)	(1,168)
Balance - Ending		5,996	6,183

The maturity analysis of lease liabilities at March 31, 2025, is as follows:

Minimum lease payments due	< 1 year	2 – 5 years	>5 years	Total
Lease payments	1,224	4,396	1,374	6,994
Finance charges	(274)	(640)	(84)	(998)
Lease liabilities	950	3,756	1,290	5,996

Lease receivables

The movement in the lease receivables at March 31, 2025 and December 31, 2024 is broken out as follows:

	March 31, 2025	December 31, 2024
Balance-Beginning	635	375
Additions	-	342
Modification	339	112
Interest income from continuing operations	8	43
Lease cash recoveries	(75)	(237)
Balance - Ending	907	635

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As at March 31, 2025 and December 31 2024, the minimum rent expected to be received over the next five years is as follows:

	March 31, 2025	December 31, 2024
2025	303	157
2026	303	157
2027	166	150
2028	127	127
2029	64	95
Total	963	686
Unearned finance income	(56)	(51)
Total	907	635

	March 31, 2025	December 31, 2024
Lease receivable – current	541	137
Lease receivable – non-current	366	498
Total Lease receivable	907	635

18 DEBENTURE PAYABLE

	March 31, 2025	December 31, 2024
Balance as at January 1,	6,691	6,217
Debt issuance	18,272	-
Accrued interest	641	1,190
Converted into shares	(3,137)	(716)
Balance as at March 31,	22,466	6,691
Liability component	22,466	6,691
Reclass to Debt payable to WELL Health Technologies Corp	-	(2,995)
Reclass to Debt payable to Management and Board member	(763)	(726)
	21,703	2,970

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

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

The Company receives a fixed amount of cash in exchange for issuing a predetermined number of equity shares with each warrant corresponding to one share. Warrants associated with the 2023 Debentures are classified as equity. The 2023 Debentures have 2 features – the debenture itself and the conversion feature. The fair value of the liability component, at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 20.5%. The 2023 Debentures are classified as a financial liability whereas the conversion feature is classified as equity.

On January 28, 2025, HEALWELL completed a financing package in connection with the Orion Health acquisition, comprising a \$30,000 convertible debenture offering, a \$25,500 equity offering, and a \$50,000 senior credit facility.

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The Company issued 30,000 subscription receipts with an aggregate principal amount of \$30,000 at a discounted purchase price of \$910 per receipt. Each receipt entitles the holder to \$1,000 principal amount of convertible debentures (the "2025 Debentures"), bearing interest at 10% annually, payable semi-annually on June 30 and December 31, beginning after issuance. The 2025 Debentures mature on December 31, 2029.

The principal amount of the 2025 Debentures is convertible into Class A Subordinate Voting Shares at a fixed conversion price of \$2.40 per share, subject to standard anti-dilution adjustments. Holders may convert at any time prior to maturity, and accrued interest is payable in cash upon conversion. The Company may redeem the 2025 Debentures, in whole or in part, at 110% of principal plus accrued interest, at any time between December 31, 2027 and December 31, 2029. In the event of a Change of Control, the Company is required to repurchase the 2025 Debentures.

Additionally, the Company holds a Mandatory Conversion right whereby, if the 10-day volume-weighted average price (VWAP) of the Subordinate Voting Shares exceeds \$3.85 at any time after 10 trading days following four months and one day from the issuance date, it may require holders to convert their 2025 Debentures into Subordinate Voting Shares at the \$2.40 conversion price, with accrued and unpaid interest payable in cash.

The 2025 Debentures are a hybrid financial instrument comprising liability, derivative liability, and equity components. On initial recognition, the transaction price was allocated to the liability and derivative liability components based on their standalone fair values, with any residual assigned to equity. Post-recognition, the liability is measured at amortized cost, the derivative liability at fair value through profit or loss, and the equity component is not subsequently remeasured.

19 LOANS

As at March 31, 2025 the Company was in compliance with all covenants in respect of its loan facilities.

i) Pentavere has a loan payable from the Business Development Bank of Canada ("BDC") bearing interest at the lender's floating base rate plus 4.4% per annum, payable in monthly interest-only instalments, with principal being due in full on February 15, 2027. The loan is secured by a general security agreement over Pentavere's assets, assignment of directors' life insurance policies and postponement of claims from related parties. Pentavere also has an interest free loan payable from the Federal Economic Development Agency (FEDDEV), payable in monthly instalments. The loan will be fully repaid by December 15, 2030. Furthermore, Pentavere has access to a Line of Credit from CIBC, that was undrawn as at March 31, 2025. Pentavere has a Debt-to-Equity covenant that is tested annually and a liquidity covenant that is tested quarterly with BDC. Pentavere was in compliance with both covenants on March 31, 2025.

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

iii) On March 5, 2025, the Company entered into a credit agreement with a syndicate of lenders led by The Bank of Nova Scotia and including the Royal Bank of Canada, establishing senior secured credit facilities that consist of a \$30,000 revolving credit facility (including a \$5,000 swingline tranche), a \$20,000 non-revolving term facility and a \$1,000 credit card facility. Proceeds would be used to finance the Orion Health acquisition, refinance existing debt, and fund general corporate purposes. The credit facilities mature on March 4, 2028.

The term facility is repayable in quarterly principal installments of \$250, with mandatory prepayments under specified conditions. Interest is calculated based on a tiered pricing grid tied to the Company's leverage ratio, with rates based on Prime, US Base Rate, CORRA, or SOFR. The facilities are secured by a first-ranking charge over all present and after-acquired property of Orion Health and its direct and indirect parents and subsidiaries. The agreement includes an accordion feature allowing for an increase in the revolving facility by up to \$25,000, subject to lender consent.

The Company is subject to customary covenants, including:

- A Total Leverage Ratio not exceeding 4:1 through March 31, 2025 (and 3.5:1 thereafter),
- A Fixed Charge Coverage Ratio of at least 1.15:1.

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20 FUNDS HELD IN ESCROW

On December 16, 2024 HEALWELL entered into an agreement to acquire 100% of the share of Auckland, New Zealand based 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 transaction, expected to close on April 1, 2025, has a total purchase price of approximately \$143,973 (NZD\$175,000), with an additional performance-based earn-out of up to \$20,568 (NZD\$25,000) over three years.

Approximately \$86,550 (NZD \$105,000) of the purchase price for the Orion Health acquisition will be paid in cash. Of this amount, \$82,436 was held in escrow at March 31, 2025 and will be released from escrow when the transaction closes on April 1, 2025. The remaining \$4,114 was an advance made in March 2025 against this investment as disclosed in Note 12.

21 SHARE CAPITAL

(a) Authorized:

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

(b) Issued :

	Class A Subordinate Voting Shares		Class B Multiple Voting Shares
	No. of Shares	Amount	
Balance – December 31, 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 – December 31, 2024	168,829,039	140,084	30,800,000
Issuance of Subordinate Voting Shares against warrants exercised	21,312,500	4,575	
Share issuance, net of share issuance costs	12,737,500	23,595	
Issuance of Subordinate Voting Shares against conversion of debentures	22,969,863	3,900	
Issuance of Subordinate Voting Shares against RSU,PSU & DSU and options	54,991	103	

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Balance- March 31, 2025	225,903,893	172,257	30,800,000
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(c) Warrants

The following table summarizes grants of share warrants issued as broker compensation for equity bought deal financings, debenture warrants as part of October 1, 2023 debenture financing and the warrants issued as part of December 2023, May 2024 and January 2025 bought deal equity financings:

Share Warrant Type & Date	Share Warrants Outstanding as at December 31 2024	Exercise Price	Fair Value	Exercised	Net Outstanding as at March 31 2025
Broker Warrants					
December 22, 2023	678,563	0.80	0.49	-	678,563
May 22, 2024	586,677	1.35	1.10	-	586,677
May 22, 2024	7,120,000	1.80	1.01	-	7,120,000
January 21, 2025	453,750	2.08	1.34	-	453,750
January 28, 2025	455,000	2.40	1.18	-	455,000
Bought Deal Warrants					
December 22, 2023	3,616,150	1.20	0.52	312,500	3,303,650
January 21, 2025	6,368,750	2.50	0.02	-	6,368,750
Debenture Warrants					
October 1, 2023	27,990,000	0.20	0.20	21,000,000	6,990,000

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

	March 31, 2025
Risk free rate	4.05%-4.15%
Expected life (years)	3-4
Volatility	121.51%-124.01%
Underlying stock price	\$1.65-\$1.86
Strike price	\$0.20 - \$2.50

22 SHARE BASED PAYMENT ARRANGEMENTS

March 31, 2025			
Exercise price	Number of share options outstanding ('000)	Number of share options exercisable ('000)	Weighted average remaining contractual life (years)
\$0.69	1,595	984	3.50
\$1.36	81	81	2.02
\$1.58	100	100	4.42
\$2.39	820	-	2.39
	2,596	1,165	3.57
December 31, 2024			
Exercise price	Number of share options outstanding ('000)	Number of share options exercisable ('000)	Weighted average remaining contractual life (years)
\$0.69	1,595	984	4.25
\$1.36	81	81	1.30

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\$1.92	100	100	1.92
\$2.39	820	-	2.39
	2,596	1,165	3.57

	Number of options ('000)	Weighted average exercise price
Options Outstanding – December 31, 2023	2,259	\$0.76
Options Granted	920	\$2.34
Options Cancelled	-	-
Options Forfeited	(196)	\$3.10
Options Settled	(386)	\$3.00
Options Outstanding – December 31, 2024	2,597	\$1.13
Options Granted	-	-
Options Cancelled	-	-
Options Forfeited	-	-
Options Settled	-	-
Options Outstanding – March 31, 2025	2,597	\$1.13

(b) DSUs, RSUs and PSUs

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

The Company also grants Performance Share Units (“PSUs”) to key employees as part of their long-term incentive compensation. The fair value of the PSUs is recorded as an expense at the grant date based on assessing the performance criteria associated with the PSUs and adjusted quarterly depending on likely achievement of the performance criteria associated with the PSUs. To date, all PSUs that have been awarded by the Company have been equity settled.

Net outstanding Share based payments by type March 31, 2025	No. of shares	Vested
PSUs		
Grants in 2023	1,175,000	424,998
Grants in 2024	671,250	333,749
Grants in 2025	2,472,281	3,792
Total PSUs	4,318,531	762,539
RSUs		
Grants in 2023	1,195,000	398,331
Grants in 2024	2,161,805	332,358
Grants in 2025	2,730,776	3,792
Total RSUs	6,087,581	734,481
DSUs		
Grants in 2021	22,900	22,900
Grants in 2022	85,293	85,293
Grants in 2023	168,115	168,115
Grants in 2024	101,841	101,841
Total DSUs	378,149	378,149
Total No. of Shares	10,784,261	1,875,169

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23 OPERATING EXPENSES BY NATURE	March 31, 2025	March 31, 2024
Salaries and other short-term employee benefits	5,852	1,696
Research and development	148	916
Sales and marketing	338	883
Facilities expenses	-	51
Professional and accounting	1,825	1,242
Recruiting expenses	-	8
Insurance	209	164
Technology and communication expenses	427	372
Stock compensation	3,367	481
Public company expenses	733	664
Depreciation of property equipment	2,157	839
Shared Service Cost	-	151
Others	3,068	358
Expenses from continuing operations	18,124	7,825
Others	-	62
Expenses from continued and discontinued operations	18,124	7,887

24 FINANCING EXPENSE	March 31, 2025	March 31, 2024
Financing expenses consist of the following:		
Interest on lease liabilities	81	48
Interest on lease receivables	(8)	(3)
Interest income	(13)	(188)
Interest on debentures payables	461	-
Interest accretion on contingent liabilities	214	-
Interest on related party loan	280	388
Interest, bank charges and fees	307	428
Financing from continuing operations	1,322	673
Financing from discontinued operations		
Interest on lease liabilities	-	1
Interest on lease receivables	-	-
Interest, bank charges and fees	-	-
Expenses from continued and discontinued operations	1,322	674

25 NET CHANGE IN NON-CASH OPERATING ITEMS

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

	March 31, 2025	March 31, 2024
Accounts receivable	(1,664)	(78)
Other assets	40	(1,995)
Accounts payable and accrued liabilities	2,127	877
Deferred revenue	2,673	-
Unbilled receivables	(909)	-
	2,267	(1,196)

HEALWELL AI INC.

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26 KEY MANAGEMENT COMPENSATION

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
Salary, wages and benefits	360	240
Management fee	88	-
Share-based compensation	1,109	422
	1,557	662

27 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 claim is at the stage of document discovery. There has been no movement on the claim in five years and management suspects that it has been abandoned. The Company considers it to be too early to make a determination as to the outcome of this claim and has therefore not recognized a provision in relation to this claim. If there was an adverse decision related to the lawsuit, the potential undiscounted amount of the total payments that the Company could be required to make is estimated to be approximately \$3,000.

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

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

28 EARNINGS PER SHARE

	March 31, 2025	March 31, 2024
Net loss attributable to Company shareholders		
Continuing Operations	(13,753)	(5,927)
Discontinued Operations	-	(11)
	(13,753)	(5,928)
Weighted average number of Class A Subordinate Voting Shares	171,905,025	104,000,185
Basic and diluted loss per share-Continuing operations	(0.08)	(0.06)
Basic and diluted loss per share-Discontinued operations	-	-
Basic and diluted loss per share	(0.08)	(0.06)

29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at March 31, 2025:

a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk due to its history of cash outflows from operations and risk in achieving cost reductions. The Company manages this risk by managing its working capital and ensuring that sufficient credit is available. The following are the contractual maturities of financial liabilities based on undiscounted cash flows as at March 31, 2025:

March 31, 2025

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	< 1 year	2 – 5 years	Over 5 years
Lease payments	1,224	4,396	1,374
Accounts payable and accrued liabilities	12,108	-	-
Acquisitions related payables	2,698	-	-
Loan payable	-	46,258	-
Related party loan	6,095	6,619	-
Debenture payable	-	21,703	-
Liability for contingent consideration	2,711	2,555	-
	24,836	81,531	1,374

The Company's liquidity position has strengthened as of the period ended March 31, 2025. The Company has cash of \$18,434 as at March 31, 2025 (December 31, 2024 - \$9,413) and the Company has access to a \$5,500 LOC as part of the debt agreement it signed with The Bank of Nova Scotia during the reporting period (Note 31).

As described in Note 31, the Company announced entering into an agreement to acquire Orion Health, and during the reporting period it closed an upsized bought deal financing for \$55,500 and entered into a credit agreement for a \$50,000 debt facility. The bought deal financing and the debt facility, along with the issuance of Subordinate Voting Shares, were used to fund the acquisition of Orion Health. With the closing 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 March 31, 2025.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable, net investments in subleases and loan receivable. The Company has a low concentration of credit risk as 19% (2024 - 25%) 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 across numerous jurisdictions. The Company has assessed the credit risk associated with its receivables from branches of provincial governments as low due to strong provincial credit ratings and a history of collection, thereby lowering the risk of default. The Company has never experienced a credit loss and does not reserve against its government receivables.

Receivables from Non-Government Customers

- (i) **Clinical research and patient services:** Clinical research and patient services receivables from non-government customers arise from the provision of health services that are not covered by the provincial governments and includes amounts due from the Workplace Safety and Insurance Board, individual patients, corporate clients and private insurers. The Company's historical loss percentage for these receivables is low.
- (ii) **AI and data sciences and Health care software:** It is comprised primarily of larger Fortune 500 pharmaceutical corporations and government organizations. 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.

Receivables from Subtenants

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

c) Market Risk

Market risk is the risk that the fair value or future cashflows 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 cashflows of a financial instrument will fluctuate because of changes in market interest rates. As described in Notes 30, the Company is exposed to interest rate risk with respect to its credit facilities. At March 31, 2025 the amounts drawn are as follows: \$44,500 (December 31, 2024 - \$nil) from Bank credit facilities; \$958 (December 31, 2024 - \$1,003) from financing from BDC.

If interest rates increased/decreased by 50 basis points and all other variables were held constant, the Company's net loss for the three months ended March 31, 2025, would have increased/decreased by \$227 (December 31, 2024 - \$5).

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

The Company also faces foreign currency risk related to the translation of the net assets of its foreign operations into Canadian dollars. A 1% movement in foreign exchange rates relative to the CAD would result in an approximate \$2 (December 31, 2024 - \$0.13) change in the Company's net income for the three months ended March 31, 2025.

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:

	March 31, 2025	December 31, 2024
Cash	18,434	9,413
Accounts receivable	7,633	5,969
Call option and warrants	2,040	2,251
Lease receivables	907	635
Investments in equity securities	3,473	4,114
Prepays and other assets	2,426	2,466
Accounts payable and accrued liabilities	(12,108)	(9,605)
Acquisitions related payable	(2,698)	(6,596)
Loans payable	(46,258)	(1,792)
Related party loan	(12,714)	(11,258)
Lease liabilities	(5,996)	(6,183)
Debenture payable	(21,703)	(2,970)
Liability for contingent consideration	(5,266)	(4,495)

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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.
Convertible debentures	Convertible debentures are valued using a discounted cash flow model for the liability component and an option pricing model (e.g., Black-Scholes) for the equity component, in accordance with IFRS.

There were no transfers of assets or liabilities in Q1 2025 (2024 - nil) between any levels within the fair value hierarchy.

30 SEGMENT REPORTING

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

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

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

Three months Ended March 31, 2025						
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total	Discontinued operations
Revenue	2,310	5,680	6,098	-	14,088	-
Cost of Revenue	833	2,720	4,000	-	7,553	-
Gross Profit	1,477	2,960	2,098	-	6,535	-
General and administrative	573	863	3,055	10,876	15,367	-
Research and development	610	1,038	-	-	1,649	-
Sales and marketing	257	226	625	-	1,108	-
Total Operating Expenses	1,440	2,127	3,680	10,867	18,124	-
EBITDA	105	862	(1,385)	(10,424)	(10,841)	-
Total Assets	4,633	7,194	10,867	198,172	220,866	-

Three Months Ended March 31, 2024						
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total	Discontinued operations
Revenue	712	2,036	1,831	-	4,579	235
Cost of Revenue	221	347	1,174	448	2,190	183
Gross Profit	491	1,689	657	(448)	2,389	52
General and administrative	588	1,909	590	3,062	6,149	-
Research and development	582	0	98	235	916	-

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Sales and marketing	219	3	121	417	760	-
Total Operating Expenses	1,389	1,912	809	3,714	7,825	
EBITDA	(555)	354	63	(3,754)	(3,892)	(11)
Total Assets	2,030	2,782	4,410	65,509	74,731	703

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

	March 31, 2025	March 31, 2024
EBITDA	(10,841)	(3,892)
Depreciation & amortization	(2,157)	(1,944)
Interest and financing expenses	(1,322)	(673)
Income taxes recovery / (expense)	265	234
Net loss for the period	(14,055)	(6,275)

Geographical Regions

	Three months ended March 31, 2025		
	Canada	Australia & New Zealand	Total
Revenue	10,434	3,654	14,088
Total Assets	215,681	5,185	220,866
	Three months ended March 31, 2024		
	Canada	Australia & New Zealand	Total
Revenue	2,543	2,036	4,579
Total Assets	72,652	2,782	75,434

31 SUBSEQUENT EVENTS

On April 1, 2025, HEALWELL acquired all outstanding ordinary shares of Orion Health, a global healthcare intelligence platform serving major public sector clients, for total consideration of approximately \$143,973 (NZD \$175,000), plus a performance-based earn-out of up to \$20,568 (NZD \$25,000), in accordance with a share purchase agreement dated December 16, 2024. The purchase price included approximately \$86,550 (NZD \$105,000) in cash and \$57,423 (NZD \$70,000) (converted into Canadian dollars) settled through the issuance of 35,643,478 Subordinate Voting Shares at \$1.61 per share, of which 78.6% are subject to voluntary resale and trading restrictions. The earn-out is payable over three years, contingent on Orion Health achieving normalized EBITDA in excess of \$16,500 (NZD \$20,000) annually, with up to 50% payable in Subordinate Voting Shares at the vendor's option based on the 10-day VWAP preceding each payment date.

The acquisition was partially financed through a senior secured credit facility of up to \$50,000, provided by a syndicate of banks led by the Bank of Nova Scotia and including the Royal Bank of Canada, under a credit agreement dated March 4, 2025. The facility matures on March 4, 2028, and is secured by all present and after-acquired property of Orion Health and its direct and indirect parents and subsidiaries.

On April 1 2025, WELL Health Technologies Corp. exercised its right to acquire 30,800,000 Subordinate Voting Shares and 30,800,000 Class B Multiple Voting Shares ("Multiple Voting Shares") of the Company from certain of its existing shareholders pursuant to the call option agreement between HEALWELL, WELL, certain founding shareholders of HEALWELL and their permitted transferees dated October 1, 2023. Following the exercise of the Call Right, WELL owns 97,223,161 Subordinate Voting Shares and 30,800,000 Multiple Voting Shares or approximately 37.3% of the economic interest and approximately 69.6% of the voting rights in HEALWELL on a non-diluted basis. Each Multiple Voting Share has nine votes per share and each Subordinate Voting Share has one vote per share. Upon the exercise of the Call Right, WELL also has the ability to nominate a majority of the directors to the Board of Directors of the Company.