

HEALWELL AI INC.

**Condensed Interim Consolidated Financial Statements
For the Three and Six Months ended June 30, 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	June 30, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		19,076	9,413
Accounts receivable	4	17,231	5,969
Contract assets	5	21,877	326
Related party receivable	7	403	-
Prepaid and other assets	6	8,746	2,351
Lease receivables		151	269
		67,484	18,328
Non-current assets			
Property and equipment	8	1,253	793
Intangible assets	9	148,043	28,303
Right-of-use assets	17	7,531	4,122
Goodwill	10	98,320	67,143
Investment in equity securities	11	5,321	4,114
Call option and warrants	13	1,491	2,251
Deferred tax asset		977	-
Other assets	6	790	115
Lease receivables		687	366
		331,897	125,535
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	35,893	9,605
Acquisition related payables	15	2,698	6,596
Contingent consideration	16	4,322	1,940
Contract Liabilities	5	19,625	2,453
Related party loan	7	7,994	1,780
Lease liability	17	2,974	946
Debenture payable	18	18,355	-
Loan payable	19	1,000	-
Derivative Liability		4,917	-
		97,778	23,320
Long-term liabilities			
Related party loan	7	898	9,478
Deferred tax liabilities		4,261	6,511
Contingent consideration	14	25,465	2,555
Lease liability	17	7,533	5,237
Debentures payable	18	3,248	2,970
Loan payable	19	44,362	1,792
		183,545	51,863
Shareholders' equity			
Share capital	20	226,899	140,084
Convertible debenture options reserve		881	1,733
Share based payments reserve		23,617	17,291
Accumulated other comprehensive income		563	(3)
Deficit		(113,159)	(95,218)
Equity attributable to HEALWELL AI Inc.		138,801	63,887
Non-controlling interest		9,551	9,785
		148,352	73,672
		331,897	125,535

They were signed on behalf of the Company by:

"Alexander Dobranowski" – Director

"Erik Danudjaja" – Director

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- and six-months ended June 30, 2025 and 2024

(Unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2025	2024 ¹	2025	2024 ¹
Continuing operations					
Revenue					
Subscription, Support and Maintenance		21,082	2,420	24,685	4,008
Professional Services		11,673	1,062	15,637	2,222
Software License		494	-	911	-
Clinical and other revenue		7,273	1,960	13,370	3,792
Total revenue		40,522	5,442	54,603	10,022
Cost of revenue		19,242	2,980	26,795	5,553
Gross profit		21,280	2,462	27,808	4,469
Expenses					
General and administrative		10,309	5,149	20,151	9,125
Research and development		5,768	1,114	7,416	1,856
Sales and marketing		3,221	368	4,329	668
Share-based payments		3,654	702	7,020	1,183
Amortization of intangible assets		5,698	2,027	7,581	3,747
Depreciation of property equipment		285	74	421	146
Depreciation of ROU assets		648	112	785	264
Impairment charges		-	850	-	850
Operating expenses	22	29,583	10,396	47,703	17,839
Income (Loss) before other expense and taxes		(8,303)	(7,934)	(19,895)	(13,370)
Financing expenses	23	1,796	487	3,117	1,160
Effect of foreign exchange rate		(1,285)	-	(1,283)	-
Changes in fair value of call options	13	549	250	760	650
Changes in fair value of contingent consideration	16	1,540	-	2,097	-
Changes in fair value of investments		(1,857)	-	(1,216)	-
Changes in FV of derivative liability		(3,326)	-	(3,326)	-
Loss on fixed assets write off		-	228	-	228
Debt forgiveness		-	(7,863)	-	(7,863)
Liability extinguishment		-	(3,088)	-	(3,088)
		(2,583)	(9,986)	149	(8,913)
Income (Loss) before taxes from continuing operations		(5,720)	2,052	(20,044)	(4,457)
Income taxes recovery		(1,605)	(531)	(1,870)	(765)
Net income (Loss) for the period on continuing operations		(4,115)	2,583	(18,174)	(3,692)
Net income (loss) on discontinued operations, net of tax		-	(43)	-	(54)
Net income (Loss) for the period		(4,115)	2,540	(18,174)	(3,746)
Other Comprehensive Income (Loss)					
Foreign currency translation of foreign operations		416	317	566	50
Net comprehensive Income (Loss) for the period		(3,699)	2,857	(17,608)	(3,696)
Net Income (Loss) attributed to					
Non-controlling interests		69	(42)	(234)	(391)
Shareholders of HEALWELL AI Inc.		(4,184)	2,582	(17,940)	(3,355)
		(4,115)	2,540	(18,174)	(3,746)
Net comprehensive Income (Loss) earnings attributable to					
Non-controlling interests		69	(42)	(234)	(391)
Shareholders of HEALWELL AI Inc.		(3,768)	2,899	(17,374)	(3,305)
		(3,699)	2,857	(17,608)	(3,696)
Earnings (Loss) per share attributable to HEALWELL AI Inc.					
Basic and diluted - Continuing operations		(0.02)	0.02	(0.08)	(0.03)
Basic and diluted	26	(0.02)	0.02	(0.08)	(0.03)

See accompanying notes to the condensed interim consolidated financial statements.

¹ Certain comparative figures have been reclassified to conform to the current period's presentation. Refer to Note 29 – Reclassification of Prior Period Amounts for further details.

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

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

For the six-months ended June 30, 2025 and 2024

(Unaudited)

	Note	Class A Subordinate Voting Shares	Share Capital	Convertible Debenture Option Reserve	Share- based Payment Reserve	Accumulated other comprehensive income	Deficit	Total attributable to equity shareholders	Non- Controlling interest	Total Equity	Class B Multiple Voting Shares
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 Income (loss) and comprehensive income (loss)		-	-	-	-	50	(3,355)	(3,305)	(391)	(3,696)	-
NCI adjustments for Polyclinic		-	-	-	629	-	324	953	(324)	629	-
Buyback of Polyclinic NCI Shares		-	-	-	1,305	-	-	1,305	(1,468)	(163)	-
Share based Payments	22	-	-	-	1,183	-	-	1,183	-	1,183	-
Share issuance	20	14,815,000	18,751	-	-	-	-	18,751	-	18,751	-
Share issued for acquisition	20	21,682,465	14,961	-	-	-	-	14,961	-	14,961	-
Share issuance for settlement of RSUs and DSUs and options	20	135,000	354	-	(110)	-	-	244	-	244	-
Share issued against conversion of debentures	20	3,179,207	619	(220)	-	-	-	399	-	399	-
Share warrants	20	-	-	-	378	-	-	378	-	378	-
Exercise of warrants	20	25,525,988	9,467	-	(455)	-	-	9,012	-	9,012	-
Balance- June 30, 2024		153,324,450	111,520	1,744	15,497	50	(72,280)	56,531	6,631	63,162	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 Income (loss) and comprehensive income (loss)		-	-	-	-	566	(17,940)	(17,374)	(234)	(17,608)	-
Share based Payments	22	-	-	-	7,020	-	-	7,020	-	7,020	-
Share issuance	20	12,737,500	23,595	-	-	-	-	23,595	-	23,595	-
Acquisition of Orion	12	35,643,478	52,395	-	-	-	-	52,395	-	52,395	-
Share issuance for settlement of RSUs, PSUs, DSUs and Options	20	1,317,134	1,838	-	(1,838)	-	-	-	-	-	-
Share issued against conversion of debentures	20	25,651,282	4,362	(852)	-	-	-	3,510	-	3,510	-
Shares warrants	20	-	-	-	1,144	-	-	1,144	-	1,144	-
Exercise of warrants	20	21,562,500	4,625	-	-	-	-	4,625	-	4,625	-
Balance- June 30, 2025		265,740,933	226,899	881	23,617	563	(113,158)	138,802	9,551	148,353	30,800,000

HEALWELL AI INC.

Consolidated Statement of Cash Flows

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

	Note	Six months ended June 30, 2025	Six months ended June 30, 2024
Operating activities:			
Net loss for the period		(18,174)	(3,746)
Items not affecting cash:			
Depreciation and amortization		8,781	4,001
Deferred tax recovery		(1,870)	(983)
Net financing expense	23	3,117	1,160
Share based payments	22	7,020	1,183
Expected credit losses	4	61	23
Fair value changes in contingent consideration		2,097	-
Gain on foreign currency exchange rates		(1,283)	-
Changes in fair value of investments		(1,216)	-
Changes in fair value of call options	13	760	650
Changes in fair value of derivative liability		(3,326)	-
Interest paid		(1,274)	(71)
Assets written off		-	229
Debt forgiveness		-	(7,863)
Liability extinguishment		-	(3,088)
Impairment of right of use asset		-	850
Net Change in non-cash operating items:	24	(4,320)	(5,707)
Net cash flows used in operating activities from continuing operations		(9,627)	(13,362)
Net cash flows generated from operating activities from discontinued operations		-	81
Net cash flows used in operating activities		(9,627)	(13,281)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	12	(72,155)	(2,189)
Buyback of Polyclinic		-	(625)
Advance against investment		-	(8,427)
Investment in equity securities		-	(2,752)
Purchase of Intangible assets	9	(1,138)	(934)
Additions/Modifications in right of use asset	17	(71)	-
Purchase of property and equipment	8	(224)	(17)
Net cash flows used in investing activities		(73,588)	(14,944)
Financing activities			
Proceeds from issuance of shares	20	23,595	19,119
Proceeds from Loan, net of issuance cost	19	43,833	-
Proceeds from debenture issuance, net of expenses		27,182	-
Advances from related parties-net		(3,195)	797
Proceeds from conversion of debentures	20	3,510	9,012
Proceeds from settlement of RSUs		-	244
Repayment of Promissory Note and loans		(3,902)	-
Proceeds from exercise of warrants, net of expenses		4,625	-
Lease payments	17	(1,437)	(471)
Lease payments received	17	152	85
Net cash flows generated from financing activities		94,363	28,786
Effect of currency translation on cash		(1,485)	100
Net increase in cash and cash equivalents		9,663	661
Cash and cash equivalent at beginning of the period		9,413	19,162
Cash and cash equivalent at ending of the period		19,076	19,823

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

NATURE OF BUSINESS AND BASIS OF OPERATION

1. REPORTING ENTITY

HEALWELL AI INC. ("HEALWELL") is a company incorporated in Canada under the Business Corporations Act of Ontario. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the symbol AIDX.

The condensed interim consolidated financial statements of HEALWELL as at and for the three and six months periods ended June 30, 2025, and June 30, 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.
- Comprehensive healthcare IT solutions, including electronic health records and interoperability platforms, through its Orion Health Holdings Limited ("Orion Health") 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 Accounting Standard 34, Interim Financial Reporting, and using the same accounting policies as described in the Company's December 31, 2024 financial statements, which were prepared in accordance with IFRS Accounting Standards, except described below. 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 June 30, 2025, were approved by the Board of Directors and authorized for issuance on August 12, 2025

b) Foreign Currency Translation

The condensed interim consolidated financial statements are presented in Canadian dollars. Each subsidiary determines its functional currency based on the primary economic environment in which it operates.

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 reserve adjustments are recorded in translation reserve 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.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

c) Use of estimates and judgements

The preparation of condensed interim consolidated 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.

d) Prior quarter error

During the second quarter of 2025, the Company identified an immaterial error relating to the valuation and allocation of certain embedded derivatives in its first quarter 2025 financial statements, tied to the January 28, 2025 issuance of convertible debentures. The Company had previously assigned too much fair value to the equity component of the issuer call option, instead of the derivative liability holder conversion option. In addition, the Company had previously classified the convertible debentures as long-term liabilities, when in fact they qualified as current liabilities due to the holder call option. As a result of the foregoing, the Company recorded a cumulative adjustment in these second quarter 2025 financial statements to reclass \$18,354 of convertible debenture to current liabilities and reduce the previously recognized issuer call option recorded in equity of \$7,219 to \$nil and recognize a catch-up derivative liability of \$8,243 with an offsetting fair value adjustment of \$3,326.

3. MATERIAL ACCOUNTING POLICIES

The preparation of these condensed interim consolidated financial statements is based on accounting principles and practices consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2024, except as noted below.

As a result of the Orion Health acquisition during the current period, the Company has revised certain accounting policies to reflect the nature of Orion Health's operations. The revised accounting policies outlined below differ from those disclosed in the December 31, 2024 annual consolidated financial statements and are applied prospectively from the date of acquisition.

Revenue Recognition

Revenue represents the amount the Company expects to receive from products and services in its contract with customers, net of discounts and sales taxes. The company reports revenue under four categories: Software License, Professional Services, Subscription, Support and Maintenance, and Clinical and Other Revenue. Software license revenue comprises non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Professional Services revenue includes fees for implementation services, customer programming, product training, select managed services, consulting, and AI and Data Science Services. Subscription, Support and Maintenance primarily consists of fees charged for customer support on software products post-delivery, subscription and renewable licenses, managed services associated with software sold to the customer and hosted software as a service products. Clinical revenue is generated through full-service early-stage Bioanalysis and Phase I-IV and through the company's medical clinics, telehealth, and virtual care platforms.

Multiple arrangement service contracts

The Company often enters into contracts with customers that involve the delivery of multiple services or product solutions. Where multiple services are sold in a single arrangement, revenue is recognised in relation to each distinct good or service. A good or service is distinct where, amongst other criteria, a customer can benefit from it on its own or together with other resources that are readily available. Revenue is allocated to each distinct product or service in proportion to its stand-alone selling price and recognised when, or as, control is transferred to the customer.

Agent/Principal

The Company has arrangements involving subcontracting all or parts of their Support services and Managed services contracts. When applicable, assessments are made at the individual contract level, and revenue is recorded as either gross (principal) or net (agent) of subcontractor costs. The Company engages third-party service providers to deliver broader omnichannel healthcare access services. Where the Company does not control the service prior to transfer to customers, does not bear clinical or operational risk, and has no pricing discretion, the Company is considered to be Agent and the revenue is recorded net of subcontractor costs.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

Nature of Product and Services

Perpetual on-premise licenses are valid in perpetuity and are billed in one lump sum up front or over an agreed period of time. Revenue from the license of distinct software is recognized at the time that both the right-to-use the software has commenced and the software has been made available to the customer. Revenue from perpetual licenses of software that involves complex implementation or customization that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based on labour hours. The percentage-of-completion method based on labour hours required the company to make significant judgements to determine the estimated hours to completion which affects the timing of revenue recognized.

Professional Services Revenue is generated from software installation, implementation, training, and customization, managed services and AI and Data Science services such as developing AI-enabled algorithms, Data Lake reports and other specialized services. Contracts for these services are structured as follows:

- Time and Material – Revenue is recognized as such services are performed and based on agreed-upon charge rates with customers.
- Fixed Price Contracts – Revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method if the contracts are fixed price. Labour hours are used to measure the progress of the contracts.

Subscription, Support and Maintenance is generated from both the Software and AI and Data Science segments and consists of the following:

- Maintenance and support fees charged for customer support, unscheduled and unspecified software updates on software products. Revenue is recognized ratably over the term of the agreement, commencing from the date the maintenance term begins.
- Subscription-based licenses that include the right to access the software for a given term, technical support, and maintenance services. Revenue is recognized ratably over the term of the agreement, commencing from the date the license term begins.
- The Company provides embedded professional support services through dedicated personnel who operate as part of the customer's team to support the implementation and optimization of Healwell's software solutions. These services are delivered under time-based arrangements and recognized as revenue over time, in line with IFRS 15, based on the period of service provided. The personnel remain under Healwell's employment and direction throughout the engagement.
- Revenue from software-as-a-service (SaaS) arrangements, which provide customers with access to hosted software without transferring control of the underlying software, is recognized on a subscription basis. Revenue from these subscriptions, including access to the hosted software and related maintenance, is recognized ratably over the subscription term. Where customers make significant upfront payments during the initial subscription term, such amounts are recognized ratably over the expected renewal periods, up to the estimated useful life of the software.

Clinical Revenue is generated through Full-Service early-stage Bioanalysis and Phase I-IV and through the Company's medical clinics, telehealth, and virtual care platforms.

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

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

- Professional services revenue from clinical research studies is generated through fixed-price or time and materials, milestone-based contracts with large pharmaceutical, medical device, and consumer product companies. These contracts are designed to evaluate the safety, efficacy, or usability of pharmaceuticals, medical devices, or consumer health products. For Fixed price contracts, revenue is recognized using the percentage-of-completion method, specifically applying the labour hours input method to measure progress. Under this approach, the stage of completion is determined by the ratio of actual labour hours incurred to the total estimated hours required to fulfill the contract. This ensures revenue is recognized in proportion to the work performed, providing a faithful representation of project progress and aligning revenue recognition with the delivery of the underlying services.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue being earned but not billed. These amounts are included in contract assets. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of contract liabilities.

4. ACCOUNTS RECEIVABLE	June 30, 2025	December 31, 2024
Accounts receivable consists of the following:		
Trade receivables -Clinical Research & Patient services	2,068	1,185
Trade receivables – AI & Data sciences	3,976	2,860
Trade receivables - Healthcare Software	15,780	2,051
Accrued receivables – Others	-	63
Expected Credit Losses (Specific Provision)	(4,367)	-
Expected credit losses	(226)	(190)
	17,231	5,969
The change in the allowance for expected credit losses are as follows:		
As at January 1	190	25
Changes from acquisitions during the period	4,342	153
Expense of provision for expected credit losses	61	12
	4,593	190

The Company applies IFRS 9 to account for expected credit losses (ECL) on trade and accrued receivables using both specific and general provisions:

- A specific provision of \$4,367 (December 31, 2024 – nil) has been recognized for certain customers with elevated credit risk due to prolonged aging and collection uncertainty.
- A general provision of \$226 (December 31, 2024 – \$190) reflects lifetime ECL on the remaining receivables portfolio, using a simplified approach to measure lifetime expected credit losses.

The ECL provisions are reviewed regularly based on updated credit risk assessments.

5. CONTRACT ASSETS/(LIABILITIES)

Each customer is billed in accordance with the terms of the contractual arrangement that it has entered with the Group. This means that customer billing and payments are not always aligned with revenue recognition. Contract assets arise when revenue is recognized prior to a customer being billed. Contract liabilities arise when a customer is billed in advance of revenue being earned.

	June 30, 2025	December 31, 2024
Contract assets	21,877	326
Contract Liabilities	(19,625)	(2,453)
Net positions	2,252	(2,127)

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

6. PREPAID AND OTHER ASSETS	June 30, 2025	December 31, 2024
Prepaid expenses	5,714	1,119
Harmonized Sales Tax (HST)	3,032	1,082
Others	790	265
	9,536	2,466
Less: current portion	(8,746)	(2,351)
	790	115

7. RELATED PARTY BALANCES AND TRANSACTIONS

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

- WELL Health Technologies Corp. (WELL) – has common directors with the Company and is a significant/controlling shareholder of the Company.
- HEALWELL management and board members.
- McCrae Limited – related party due to its association with the Orion Health acquisition

a) Related party balances	Note	June 30, 2025	December 31, 2024
WELL Health Technologies Corp			
Debenture payable	18	-	2,996
Operating loan payable		1,638	676
Deferred Consideration - Intrahealth		642	642
Convertible principal promissory note including accrued interest		5,500	5,300
Holdback – Intrahealth		606	606
Holdback – MCI Alberta		(150)	(150)
Related parties of Intrahealth			
Operating loan payable		212	462
Related parties of Mutuo Health			
Operating loan payable		1	-
Management and Board members			
Debenture payable	18	443	726
		8,892	11,258
Current portion payables		7,994	1,780
Non-current portion payables		898	9,478
Related parties of Orion Health			
Operating loan receivable - current		(403)	-

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

b) Related party transactions

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
WELL Health Technologies Corp.				
Interest on loan advances	-	196	-	637
Debt forgiveness	-	(7,863)	-	(7,863)
Transition services	445	372	829	523
Interest on debentures	21	121	201	242
Interest on promissory notes	100	60	200	60
Management and Board members				
Interest on debentures payable	21	38	59	76
McCrae Limited				
Transition services	(403)	-	(403)	-

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

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	-	224	-	224
Acquisition through business combination (note 12)	-	468	189	657
FX Translation Reserve	-	(22)	3	(19)
Reclassifications	(182)	182	-	-
Balance, June 30, 2025	511	3,868	3,983	8,362
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
Reclassifications	(32)	32	-	-
Disposal	-	(235)	-	(235)
Balance, December 31, 2024	411	2,773	3,523	6,707
Depreciation	62	286	73	421
Reclassifications	(30)	30	-	-
Translation Reserve	-	(13)	(6)	(19)
Balance, June 30, 2025	443	3,076	3,590	7,109
c) Carrying Amounts	Medical equipment	Furniture and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	282	243	268	793
Balance, June 30, 2025	68	792	393	1,253

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 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	-	-	-	1,138	1,138
Acquisition through business combination (Note 12)	67,221	-	18,996	37,748	123,965
Translation reserve	1,181	-	331	706	2,218
Balance, June 30, 2025	87,907	303	20,377	62,914	171,501
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	3,099	15	536	3,931	7,581
Balance, June 30, 2025	9,484	20	651	13,303	23,458
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, June 30, 2025	78,423	283	19,726	49,611	148,043

The Company acquired \$123,965 of intangible assets, composed of customer relationships, trademark and software Intellectual property. The acquired customer relationship assets were valued with key inputs of revenue growth rates, customer attrition rates, and a discount rate determined using a capital asset pricing model and have an estimated useful life of 8 years. The acquired trademark was valued using the royalty method, incorporating assumptions around royalty rates benchmarked to comparable market transactions, forecast revenue attributable to the brand and a market-based discount rate with an estimated useful life of 10 years. The software intellectual property was valued incorporating assumptions around royalty rates, technology migration factor and a market-based discount rate with an estimated useful life of 8 years.

During the six months ended June 30, 2025, the Company capitalized \$ 1,138 of development costs (December 31, 2024 – \$1,221). Intrahealth and Orion were the only subsidiaries that capitalized costs in the six months ended June 30, 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
Additions through business combinations (Note 12)	32,001
Effect of movements in exchange rates and other	(824)
Balance, June 30, 2025	98,320

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

For the six months ended June 30, 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 if applicable: (i) Polyclinic Medical Clinics, (ii) CPO, (iii) Pentavere, (iv) Mutuo, (v) Intrahealth, (vi) VeroSource, (vii) Biopharma and (viii) Orion Health

The Company determined that there are no indicators of impairment on any of the CGUs at June 30, 2025 and therefore, management has not updated any of the impairment calculations.

	June 30, 2025	December 31, 2024
Polyclinic Medical Clinics	3,904	3,904
CPO	283	283
Pentavere	8,120	8,120
Intrahealth	16,967	16,905
BioPharma	14,391	14,390
VeroSource	19,269	19,269
Mutuo	4,190	4,272
Orion	31,196	-
	98,320	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 June 30, 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.

		June 30, 2025	December 31, 2024
Investment in Doctorly	11 (a)	-	636
Investment in Fund holding X.AI Securities	11 (b)	4,606	2,880
Investment in Future Vault Securities		367	250
Investment in Abstractive Health		348	348
		5,321	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 entered the preliminary stages of a formal sale process. In June 2025, Doctorly was acquired by Fred Adv, a German healthcare software provider, through a 100% share transaction. As a result of the acquisition, the Company received cash proceeds of \$12, which were recognized in the consolidated statement of profit and loss during the quarter. The Company has assessed the fair value of its investment in Doctorly to be \$nil as at June 30, 2025 (December 31, 2024 – \$636), reflecting the divestment in June 2025.

11(b) On May 9, 2024, the Company invested in 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 which is an American startup company working in the area of artificial intelligence. In March 2025, X.AI acquired X (formerly Twitter) in an all-stock deal, valuing X.AI at \$80 billion and X at \$33 billion, deepening Grok integration. The fair value of the investment in X.AI therefore increased to \$4,606 as at June 30, 2025 (December 31, 2024 - \$2,880).

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

12. BUSINESS ACQUISITION

On April 1 2025, the Company acquired 100% shares of Orion Health Holdings Limited ("Orion Health"), a global healthcare intelligence platform providing subscription licenses and services to marquee public sector clients with data interoperability and healthcare navigation products. The acquisition has been accounted for as a business combination with the Company consolidating 100% of the results of operations of Orion Health from the date of the acquisition. The assets and liabilities of Orion Health are included in the consolidated financial statements.

The purchase price for the acquisition included both cash and non-cash components. Consideration of \$86,550 was paid in cash. The non-cash components comprised of 35,643,478 Class A Subordinate Voting Shares with a Fair Market Value (FMV) of \$52,396. The FMV of each Share on April 1, 2025 was \$1.47. The non-cash component includes a performance-based earnout of up to \$20,300 which has an estimated fair value of \$9,784 as at the acquisition date, payable over three years if Orion Health achieves Normalized EBITDA exceeding NZD 20,000 in each 12-month period. At the vendor's option, up to 50% of the earn-out may be settled in Class A Subordinate Voting Shares, valued using the 10-day volume-weighted average price (VWAP) prior to each payment date. In addition, the non-cash component includes 50% of the acquired tax losses utilized by Orion Health, with an estimated fair value of \$13,126 as at the acquisition date.

The following table summarizes the fair value of consideration paid on the acquisition date and assets and liabilities recognized as a result of the acquisition. In determining the preliminary purchase price allocation, the Company considered, among other factors, the intended future use of acquired assets, analysis of historical financial performance and estimates of future performance of Orion's business. The Company has not yet finalized the purchase price allocation, including final working capital adjustments and the allocation of fair value amongst net assets acquired. The allocation of the purchase price will be finalized within twelve months following the acquisition date.

Purchase price allocation	\$
Cash Consideration on closing	86,550
Issued shares (35,643,478 shares issued at \$1.47/share)	52,395
Contingent Consideration	22,911
	161,856
Cash and cash equivalents	14,395
Trade and other receivables	18,867
Contract and Other Assets	15,542
Deferred tax asset	35,355
Property, plant and equipment	657
Other Long Term Assets	1,664
Customer Relationships	67,221
Software Intellectual Property	37,748
Trademark	18,996
Right-of-use assets	4,059
Trade and other payables	(19,460)
Current income tax liabilities	(1,523)
Payroll and other Employee Liabilities	(4,608)
Current Portion of Lease liabilities	(2,283)
Deferred Revenue	(17,972)
Deferred Tax Liability	(34,711)
Non-Current Liabilities	(4,092)
Goodwill	32,001
	161,856

Orion is included in the Healthcare Software operating segment (note 28). During the three and six months ended June 30, 2025, the Company incurred approximately \$215 and \$2,672 in acquisition and related costs (three and six months ended June 30, 2024 - \$nil). These costs are included in 'General and Administration' in the condensed consolidated interim income statements. Since its acquisition on April 1, 2025, up to the period ended June 30, 2025, Orion Health contributed revenue of \$24,444 and net income of \$574. Had the acquisition occurred as of January 1, 2025, management estimates that Orion Health would have

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

contributed revenue of \$25,431 and \$45,834 for the three and six months ended June 30, 2025, respectively, and net income of \$951 and net loss of \$5,603 for the same periods. The goodwill recorded on acquisition is largely reflective of potential to achieve growth over time, supported by underlying growth and expansion of the services we provide and markets we operate in. The goodwill recognized is not deductible for income tax purposes.

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 June 30, 2025, the fair value of the call option using the Black-Scholes model was estimated at \$200 (December 31 2024 \$550). During the period ended June 30, 2025, the change in fair value of \$350 (December 31 2024 \$950) has been recognized in the statement of profit (loss) and comprehensive income (loss).
- 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 \$1,090 as at June 30 2025 (December 31, 2024 \$1,500). During the period ended June 30 2025, the change in fair value of \$410 (December 31 2024 - \$nil) has been recognized in the statement of profit (loss) and comprehensive income (loss).

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2025	December 31, 2024
Trade & Other Payables	21,871	4,334
Income Tax Payables	2,302	373
Accrued Liabilities	11,646	4,824
Deposits	74	74
	35,893	9,605

15. ACQUISITION RELATED PAYABLES

	June 30, 2025	December 31, 2024
Promissory notes	2,635	6,211
Holdback VeroSource	-	385
Holdback Mutuo	63	-
	2,698	6,596

16. CONTINGENT CONSIDERATION

Balance, December 31, 2023	260
Additions through business combination	6,815
Changes in Fair Value	(2,580)
Balance, December 31, 2024	4,495
Additions through business combination (Note 12)	22,911
Accretion	283
Changes in Fair Value	2,098
Balance, June 30, 2025	29,787
Current portion	4,322
Non-current portion	25,465

- 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") of which \$3,600 has already been paid, 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 June 30, 2025, the change in fair value of contingent consideration of \$2,000 (December 31 2024 - \$nil) has been recognized in the statement of profit (loss) and comprehensive income (loss).

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

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 Class A Subordinate Voting Shares. The determination of the fair value of deferred purchase/earn-out is based on the profitability outcomes of VeroSource during the earnout period. As of June 30, 2025, the change in fair value of contingent consideration of \$304 (December 31, 2024 - \$2,969) has been recognized in the statement of profit (loss) and comprehensive income (loss).

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 June 30, 2025, the change in fair value of contingent consideration of \$400 (December 31, 2024 - \$1,143) has been recognized in the statement of profit (loss) and comprehensive income (loss).

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 Class A Subordinate Voting Shares. As of June 30, 2025, there was no change in the fair value of the contingent consideration (December 31, 2024 - \$383).

iv) As part of the Orion acquisition, the Company recognized a contingent consideration/earn-out of \$22,911, which was recorded as part of the purchase price allocation and recognized against goodwill. This contingent consideration represents a three-year performance-based earn-out, with up to 50% of the amount payable, at the vendor's option, in shares based on the 10-day volume-weighted average price (VWAP) of the shares prior to the applicable payment date. The earn-out is contingent upon Orion Health's ability to achieve normalized EBITDA greater than \$16,500 for each 12-month period.

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 June 30, 2025, and December 31, 2024, are as follows:

Cost

Balance, December 31, 2023	10,221
Additions	2,849
Transferred to net investment in sub-lease	(394)
Balance, December 31, 2024	12,676
Additions	644
Additions through business combination (Note 12)	4,059
Effect of Translation	58
Disposals/Modification	(573)
Balance, June 30, 2025	16,864

Accumulated depreciation

Balance, December 31, 2023	7,019
Depreciation	685
Impairment	850
Balance, December 31, 2024	8,554
Depreciation	785
Disposals/Modification	(6)
Impairment	-
Balance, June 30, 2025	9,333

Net book value as at:

December 31, 2024	4,122
June 30, 2025	7,531

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

The Company's lease liability and lease receivable as at June 30, 2025, and December 31, 2024, are as follows:

	June 30, 2025	December 31, 2024
Lease liability – current	2,974	946
Lease liability – non-current	7,533	5,237
Total Lease liability	10,507	6,183

Lease Liability

The movement in the lease liability as at June 30, 2025 and December 31, 2024 is broken out as follows:

	Note	June 30, 2025	December 31, 2024
Balance - Beginning		6,183	5,274
Lease modification		493	-
Business combination		5,154	3,159
Interest expense from continuing operations		243	167
Interest expense from discontinued operations		-	19
Termination		(124)	(1,268)
Effect of Translation		(5)	-
Lease cash payments		(1,437)	(1,168)
Balance - Ending		10,507	6,183

The maturity analysis of lease liabilities at June 30, 2025, is as follows:

Minimum lease payments due	< 1 year	2 – 5 years	>5 years	Total
Lease payments	3,495	7,166	1,202	11,863
Finance charges	(521)	(767)	(68)	(1,356)
Lease liabilities	2,974	6,399	1,134	10,507

18. DEBENTURE PAYABLE

		June 30, 2025	December 31, 2024
Balance as at January 1,		6,691	6,217
Debenture issuance		17,795	-
Accrued interest		1,065	1,190
Converted into shares		(3,505)	(716)
Balance - Ending		22,046	6,691
Liability component		22,046	6,691
Reclass to Debenture payable to WELL Health Technologies Corp	7	-	(2,995)
Reclass to Debenture payable to Management and Board member	7	(443)	(726)
Total		21,603	2,970
Current portion		(18,355)	-
Non-current portion		3,248	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 Class A Subordinate Voting Shares at \$0.20/share, and for every \$1 of debentures purchased, subscribers also received 5 warrants for Class A 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

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

using a market interest rate for an equivalent instrument without a 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.

In connection with the Orion Health acquisition, HEALWELL completed a series of financing transactions comprising a \$30,000 convertible debenture offering, a \$25,500 equity offering, and a \$50,000 senior credit facility. The equity financing and convertible debenture offering were completed on January 21, 2025, and 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 senior credit facility was finalized on March 5, 2025, providing gross proceeds of \$50,000.

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 Class A 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 Class A 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 June 30, 2025 the Company was in compliance with all covenants in respect of its loan facilities.

Description	FEDDEV LOAN	BDC LOAN	SCOTIA LOAN	Total
Balance as at January 1, 2024	744	804	-	1,548
Acquired through business combination	-	239	-	239
Accretion	45	-	-	45
Repayments	-	(40)	-	(40)
Balance as at December 31, 2024	789	1,003	-	1,792
Drawdowns	-	-	43,833	43,833
Accretion	24	-	-	24
Repayment/Settlements	-	(93)	(250)	(343)
Amortization of financing fees	-	-	56	56
Balance as at June 30, 2025	813	910	43,639	45,362
Current portion			1,000	1,000
Non-current portion	813	910	42,639	44,362

- 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 installments. 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 June 30, 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 June 30, 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

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

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 June 30, 2025 (and 3.5:1 thereafter),
- A Fixed Charge Coverage Ratio of at least 1.15:1.

The Company was in compliance with both covenants on June 30, 2025.

20. 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 Class A Subordinate Voting Shares against warrants exercised	21,562,500	4,625	
Issuance of Class A Subordinate Voting Shares for acquisition of Orion acquisition	35,643,478	52,395	
Share issuance, net of share issuance costs	12,737,500	23,595	
Issuance of Class A Subordinate Voting Shares against conversion of debentures	25,651,282	4,362	
Issuance of Class A Subordinate Voting Shares against RSU, PSU & DSU and options	1,317,134	1,838	
Balance- June 30, 2025	265,740,933	226,899	30,800,000

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

(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 June 30 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	21,250,000	6,740,000

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:

	2025	2024
Risk free rate	4.05%	4.15%
Expected life (years)	2	2
Volatility	124.01%	121.51%
Underlying stock price	\$1.72-\$1.86	\$1.65
Strike price	\$1.18-\$1.34	\$1.35 - \$1.80

21. SHARE BASED PAYMENT ARRANGEMENTS

June 30, 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	985	3.25
\$1.36	81	81	1.77
\$1.92	100	100	4.17
\$2.39	820	273	3.84
\$1.42	100	-	3.76
	2,696	1,439	3.44
December 31, 2024			
Exercise price	Number of share options outstanding ('000)	Number of share options exercisable ('000)	Weighted average remaining contractual life (years)
\$0.69	1,595	984	4.25
\$1.36	81	81	1.30
\$1.92	100	100	1.92
\$2.39	820	-	2.39
	2,596	1,165	3.57

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

	Number of options ('000)	Weighted average exercise price
Options Outstanding – December 31, 2023	2,259	\$0.76
Options Granted	920	\$2.34
Options Forfeited	(197)	\$3.10
Options Settled	(386)	\$3.00
Options Outstanding – December 31, 2024	2,596	\$4.46
Options Granted	100	\$1.42
Options Outstanding – June 30, 2025	2,696	\$4.35

(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 June 30, 2025	No. of shares	Vested
PSUs		
Grants in 2023	1,025,000	274,998
Grants in 2024	431,250	93,749
Grants in 2025	4,987,559	7,042
Total PSUs	6,443,809	375,789
RSUs		
Grants in 2023	1,095,000	298,331
Grants in 2024	1,755,114	712,853
Grants in 2025	5,501,073	38,292
Total RSUs	8,351,187	1,049,476
DSUs		
Grants in 2024	43,947	43,947
Total DSUs	43,947	43,947
Total No. of Shares	14,838,943	1,469,212

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

22. OPERATING EXPENSES BY NATURE	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Salaries and other short-term employee benefits	14,955	2,538	20,808	4,702
Research and development Costs	137	163	284	326
Sales and marketing Costs	471	-	809	31
Office expenses	1,940	713	3,765	1,260
Insurance	403	104	612	268
Technology and communication expenses	762	299	1,194	509
Public company expenses	647	1,462	1,380	2,493
Share based payments	3,654	702	7,020	1,183
Depreciation of property equipment	285	74	421	146
Depreciation of ROU assets	648	112	785	264
Amortization of intangible assets	5,698	2,027	7,581	3,747
Impairment charges	-	850	-	850
Travelling expenses	332	183	503	281
Acquisition related expenses	215	562	2,672	1,000
Wages subsidies and grants	(276)	-	(276)	-
Others	(288)	607	145	779
Expenses from continuing operations	29,583	10,396	47,703	17,839

23. FINANCING EXPENSE	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Financing expenses consist of the following:				
Interest on lease liabilities	160	22	243	52
Interest on lease receivables	(8)	(3)	(16)	(7)
Interest income	(78)	(156)	(91)	(344)
Interest on debentures payables	344	306	805	709
Interest on related party loan	180	181	460	342
Interest accretion on contingent liabilities	70	-	283	-
Interest, bank charges and fees	1,128	137	1,433	408
Financing from continuing operations	1,796	487	3,117	1,160

24. NET CHANGE IN NON-CASH OPERATING ITEMS

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

	June 30, 2025	June 30, 2024
Accounts receivable	8,557	(1,421)
Prepaid and other assets	(6,418)	(2,485)
Accounts payable and accrued liabilities	355	(1,801)
Deferred revenue	(801)	-
Contract assets	(6,013)	-
Total changes in non-cash operating items	(4,320)	(5,707)

25. CONTINGENCIES

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.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

26. EARNINGS PER SHARE

	Three months ended June 30		Six Months ended June 30	
	2025	2024	2025	2024
Net loss attributable to Company shareholders:				
Continuing Operations	(4,184)	2,625	(17,940)	(3,355)
Discontinued Operations	-	(43)	-	-
	(4,184)	2,582	(17,940)	(3,355)
Weighted average number of Class A Subordinate Voting Shares	264,873,686	109,685,137	219,644,377	111,204,684
Basic and diluted loss per share-Continuing operations	(0.02)	0.02	(0.08)	(0.03)
Basic and diluted loss per share-Discontinued operations	-	(0.0003)	-	-
Basic and diluted loss per share	(0.02)	0.02	(0.08)	(0.03)

27. 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 June 30, 2025:

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 contract assets. Accounts receivables and contract assets consist of a large customer base in various geographical areas and the Company's trade receivables and contract assets are not exposed to any significant credit exposure to any single counterparty or group of counterparties having similar characteristics. The Company's net investment in subleases are also well diversified among a range of corporations, individual patients and tenants.

b) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to foreign currency risk and interest rate risk.

Foreign currency risk

The Company operates internationally and is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the relevant group entity and is primarily exposed to risk in the following currencies: New Zealand Dollar (NZD), Australian Dollar (AUD), Pound Sterling (GBP), EURO (EUR), US Dollar (USD), and United Arab Emirates (AED).

The Company's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in CAD):

	NZD CAD	AUD CAD	GBP CAD	USD CAD	EUR CAD	AED CAD
As at June 30 2025						
Cash and cash equivalents	1,130	366	1,939	779	282	32
Trade receivables	1,549	517	5,237	8,666	928	-
Trade payables	(1,127)	(100)	(75)	(4,519)	(306)	(1)
Net exposure	1,551	782	7,100	4,927	904	31

The following table summarises the sensitivity of profit and loss and equity with regards to the Company's financial assets and financial liabilities affected by Foreign Currency/CAD exchange rate with all other aspects being equal. It assumes a +/-10% change in the CAD to the currency exchange rate for the year ended June 30 2025 (2024: 10%).

	NZD CAD	AUD CAD	GBP CAD	USD CAD	EUR CAD	AED CAD
As at June 30 2025						
10% strengthening in CAD	1,706	861	7,810	5,419	995	34
10% weakening in CAD	1,396	704	6,390	4,434	814	28

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

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 Note 19, the Company is exposed to interest rate risk with respect to its credit facilities. At June 30, 2025 the amounts outstanding are as follows: \$43,639 (December 31, 2024 - \$nil) from Scotia credit facility and \$910 (December 31, 2024 - \$1,003) 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 June 30 2025, would have increased/decreased by \$55 (December 31, 2024 - \$5).

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages this risk by managing its working capital and ensuring that sufficient credit is available. The following are the contractual maturities of financial liabilities based on undiscounted cash flows as at June 30, 2025:

	June 30, 2025		
	< 1 year	2 – 5 years	Over 5 years
Lease payments	3,495	7,166	1,202
Accounts payable and accrued liabilities	35,893	-	-
Acquisitions related payables	2,698	-	-
Loan payable	1,000	44,362	-
Related party loan	7,994	898	-
Debenture payable	30,000	4,475	-
Liability for contingent consideration	456	30,188	-
	81,536	87,089	1,202

The Company's liquidity position has strengthened as of the period ended June 30, 2025. The Company has cash of \$19.1M as at June 30, 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 19).

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 June 30th, 2025.

d) Fair Value

The categories within the fair value hierarchy of the Company's financial instruments carried at fair value are as follows:

As at Asset/(Liability)	Level 1	Level 2	Level 3	June 30, 2025 Total
Call option and warrants	-	-	1,491	1,491
Investments in equity securities	-	-	5,321	5,321
Derivative liability	-	-	(4,917)	(4,917)
Contingent consideration	-	-	(29,787)	(29,787)

As at Asset/(Liability)	Level 1	Level 2	Level 3	December 31, 2024 Total
Call option and warrants	-	-	2,251	2,251
Investments in equity securities	-	-	4,114	4,114
Contingent consideration	-	-	(4,495)	(4,495)

Valuation techniques and key inputs

Investments in equity securities (non-listed)	Recent comparable transactions, discounts for lack of marketability
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.
Derivative liability	Derivative liability is measured at fair value using a valuation model provided by FINCAD. The model incorporates inputs such as interest rates, volatility and dividend yields as well as contractual terms of the instrument.

There were no transfers of assets or liabilities in Q2 2025 (2024 - nil) between any levels within the fair value hierarchy.

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

28. 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 – James Lee.

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 June 30, 2025					
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total
Subscription, Support and Maintenance	479	20,603	-	-	21,082
Professional Services	2,295	9,378	-	-	11,673
Software License	-	494	-	-	494
Clinical and other revenue	-	-	7,273	-	7,273
Total revenue	2,774	30,475	7,273	-	40,522
Cost of Revenue	863	13,660	4,719	-	19,242
Gross Profit	1,911	16,815	2,554	-	21,280
General and administrative	551	4,307	2,448	3,003	10,309
Research and development	645	5,123	-	-	5,768
Sales and marketing	327	2,423	437	34	3,221
Other costs	847	5,417	335	3,686	10,285
Total Operating Expenses	2,370	17,270	3,220	6,723	29,583
EBITDA	352	5,685	(518)	(3,620)	1,899
Total Assets	4,460	226,738	18,612	82,087	331,897

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

Six months Ended June 30, 2025					
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total
Subscription, Support and Maintenance	922	23,763	-	-	24,685
Professional Services	4,160	11,477	-	-	15,637
Software License	-	911	-	-	911
Clinical and other revenue	-	-	13,370	-	13,370
Total revenue	5,082	36,151	13,370	-	54,603
Cost of Revenue	1,695	16,380	8,720	-	26,795
Gross Profit	3,387	19,771	4,650	-	27,808
General and administrative	1,054	5,137	5,308	8,652	20,151
Research and development	1,255	6,161	-	-	7,416
Sales and marketing	585	2,655	1,055	34	4,329
Other costs	1,696	6,368	671	7,072	15,807
Total Operating Expenses	4,590	20,321	7,034	15,758	47,703
EBITDA	428	6,540	(2,087)	(14,048)	(9,167)
Total Assets	4,460	226,738	18,612	82,087	331,897

Three Months Ended June 30, 2024					
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total
Subscription, Support and Maintenance	106	2,314	-	-	2,420
Professional Services	757	305	-	-	1,062
Software License	-	-	-	-	-
Clinical and other revenue	-	-	1,960	-	1,960
Total revenue	863	2,619	1,960	-	5,442
Cost of Revenue	348	1,304	1,328	-	2,980
Gross Profit	515	1,315	632	-	2,462
General and administrative	242	677	675	3,555	5,149
Research and development	474	640	-	-	1,114
Sales and marketing	213	155	-	-	368
Other costs	846	932	202	1,785	3,765
Total Operating Expenses	1,775	2,404	877	5,340	10,396
EBITDA	(439)	(157)	2,986	2,228	4,618
Total Assets	2,395	4,199	11,015	74,814	92,423

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

Six Months Ended June 30, 2024					
	AI and Data Sciences	Healthcare Software	Clinical Research & Patient services	Healwell Corporate	Total
Subscription, Support and Maintenance	151	3,857	-	-	4,008
Professional Services	1,424	798	-	-	2,222
Software License	-	-	-	-	-
Clinical and other revenue	-	-	3,792	-	3,792
Total revenue	1,575	4,655	3,792	-	10,022
Cost of Revenue	773	2,174	2,606	-	5,553
Gross Profit	802	2,481	1,186	-	4,469
General and administrative	505	1,071	1,161	6,388	9,125
Research and development	837	977	2	40	1,856
Sales and marketing	428	237	3	-	668
Other costs	1,566	1,710	440	2,474	6,190
Total Operating Expenses	3,336	3,995	1,606	8,902	17,839
EBITDA	(1,022)	196	2,936	(1,566)	544
Total Assets	2,395	4,199	11,015	74,814	92,423

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

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
EBITDA	1,899	4,618	(9,167)	544
Depreciation & amortization	(5,983)	(2,101)	(8,001)	(3,893)
Interest and financing expenses	(1,636)	(465)	(2,876)	(1,108)
Income taxes recovery	1,605	531	1,870	765
Net loss for the period	(4,115)	2,583	(18,174)	(3,692)

Geographical Regions

Six months ended June 30, 2025			
	Canada	Australia & New Zealand	Total
Revenue	22,986	31,617	54,603
Total Assets	108,183	223,714	331,897
Six months ended June 30, 2024			
	Canada	Australia & New Zealand	Total
Revenue	5,364	4,658	10,022
Total Assets	89,180	4,199	93,379

HEALWELL AI INC.

Notes to Condensed Interim Consolidated Financial Statements

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

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

29 RECLASSIFICATION OF PRIOR PERIOD AMOUNTS

In Q2 2025, Management disaggregated the reported revenue streams and reclassified specific cost categories to provide more insight into the different products and services of the Company, and to enhance the presentation and understandability of the Company's cost structure within the consolidated statement of comprehensive income.

These reclassifications had no impact on previously reported net loss. The table below shows the changes made for the relevant quarters of 2024 and 2025:

	Q1 - 2024			Q2 - 2024			Q1 - 2025		
	(\$ in thousands)			(\$ in thousands)			(\$ in thousands)		
	Reported	Revised	Change \$	Reported	Revised	Change \$	Reported	Revised	Change \$
Continuing operations									
Revenue									
Subscription, support and maintenance	-	1,588	1,588	-	2,420	2,420	-	3,604	3,604
Professional services	-	1,160	1,160	-	1,062	1,062	-	3,964	3,964
Software license	-	-	-	-	-	-	-	417	417
Clinical and other revenue	-	1,832	1,832	-	1,960	1,960	-	6,097	6,097
Total revenue	4,579	4,580	1	5,442	5,442	-	14,082	14,082	-
Cost of Revenue	2,190	2,573	383	2,129	2,980	851	7,553	7,553	-
Gross profit	2,389	2,007	(382)	3,313	2,462	(851)	6,529	6,529	-
Operating Expenses									
General and administrative	6,149	3,976	(2,173)	8,346	5,149	(3,197)	15,367	9,842	(5,525)
Research and development	916	742	(174)	800	1,114	314	1,649	1,649	-
Sales and marketing	760	300	(460)	1,503	368	(1,135)	1,108	1,108	-
Share-based payments	-	481	481	-	702	702	-	3,367	3,367
Amortization of intangible assets	-	1,720	1,720	-	2,027	2,027	-	1,882	1,882
Depreciation of property equipment	-	72	72	-	74	74	-	137	137
Depreciation of ROU assets	-	152	152	-	112	112	-	137	137
Impairment charges	-	-	-	850	850	-	-	-	-
Operating expenses	7,825	7,443	(382)	11,499	10,396	(1,103)	18,124	18,122	(2)
Loss before other expense (income) and taxes	(5,436)	(5,436)	-	(8,186)	(7,934)	252	(11,595)	(11,593)	2
Financing expenses	673	673	-	622	487	(135)	1,322	1,322	-
Other Income	-	-	-	(159)	-	-	-	2	-
Effect of foreign exchange rate	-	-	-	-	-	-	-	-	-
Changes in fair value of call options	400	400	-	250	250	-	211	211	-
Changes in fair value of contingent consideration	-	-	-	-	-	-	557	557	-
Changes in fair value of investments	-	-	-	-	-	-	641	641	-
Loss on settlement of shares-contingent consideration	-	-	-	-	-	-	-	-	-
Loss on fixed assets write off	-	-	-	-	228	228	-	-	-
Debt forgiveness	-	-	-	(7,863)	(7,863)	-	-	-	-
Liability extinguishment	-	-	-	(3,088)	(3,088)	-	-	-	-
Impairment of investment in an associate	-	-	-	-	-	-	-	-	-
	1,073	1,073	-	(10,238)	(9,986)	252	2,731	2,733	2
Loss before taxes	(6,509)	(6,509)	-	2,052	2,052	-	(14,326)	(14,326)	-
Income tax recovery	(234)	(234)	-	(531)	(531)	-	(265)	(265)	-
Net loss for the period on continuing operations, net of tax	(6,275)	(6,275)	-	2,583	2,583	-	(14,061)	(14,061)	-
Net profit on discontinued operations, net of tax	(11)	(11)	-	(43)	(43)	-	-	-	-
Net loss for the period	(6,286)	(6,286)	-	2,540	2,540	-	(14,061)	(14,061)	-

- (1) In 2024 and Q1 2025 the company presented a consolidated view of all revenue streams. In Q2 2025, this view has been disaggregated to present each revenue stream as a distinct line item on the profit and loss statement.
- (2) In 2024 the company reported quarterly amortization of intangibles within cost of revenue, which has now been reclassified to a separate line item under operating expenses in Q2 2025 to align with the Company's updated presentation policy. Furthermore, employee costs directly related to revenue-generating activities were reclassified from operating expenses to cost of sales in Q2 2025.
- (3) In 2024 and Q1 2025, the company previously recorded stock-based compensation, Amortization of Intangible assets, Depreciation of property and equipment, depreciation of ROU, and impairment charges within general and administrative expenses. In Q2 2025, these items were reclassified as separate line items within operating expenses.
- (4) In 2024, the reported research and development costs included the amortization of intangible assets. In Q2 2025, these costs were reclassified to a separate line item within operating expenses. Furthermore, in Q2 2025, the employee costs were further analyzed and re-classified to their appropriate function.
- (5) In 2024, the reported sales and marketing costs included the amortization of intangible assets. In Q2 2025, these costs were reclassified to a separate line item within operating expenses. Furthermore, in Q2 2025, the employee costs were further analyzed and re-classified to their appropriate function.

30 SUBSEQUENT EVENTS

On July 16 2025 the Company acquired the remaining 49% of Pentavere Research Group Inc., by exercising a call option that it had previously negotiated at the time of its original acquisition of a majority interest in Pentavere in 2023. Pursuant to the call option, the Company acquired all of the remaining issued and outstanding shares of Pentavere for an aggregate purchase price of \$13,978 which was satisfied with the issuance of 10,161,562 Class A Subordinate Voting Shares at a deemed price of \$1.3756 per share, equal to the 5-Day VWAP on July 11th, 2025. With 100% ownership of Pentavere, the Company intends to deepen integration between its AI businesses and accelerate commercialization of AI products across healthcare offerings.