



WELL Health

WELL Health Reports Record Results for Q3-2023, Raises Guidance for Balance of 2023 and Provides Guidance of Over \$900 Million in Revenue for 2024

- WELL achieved record quarterly revenues of \$204.5 million and record Adjusted EBITDA⁽¹⁾ of \$28.2 million in Q3-2023. This was WELL's 19th consecutive quarter of record revenue performance.
- WELL surpassed a total of 1.03 million patient visits⁽²⁾ in Q3-2023, and the Company achieved almost 1.58 million total care interactions⁽²⁾ representing approximately 6.32 million care interactions on an annualized run-rate basis.
- WELL's Canadian business continues to experience significant organic growth and profitability generating Adjusted EBITDA of \$12.3 million in Q3 2023 a YoY increase of 24%.
- WELL is upgrading its guidance with the expectation that 2023 revenue will be between \$755 million to \$765 million reflecting improved organic growth expectations for the balance of the year.
- WELL expects to exceed \$900 million in annual revenue in 2024 through organic growth. WELL also anticipates continued and sustained gains in Adjusted EBITDA and cash flow.

VANCOUVER, BC, Nov. 14, 2023 /CNW/ - WELL Health Technologies Corp. (TSX: WELL) (OTCQX: WHTCF) (the "Company" or "WELL"), a digital healthcare company focused on positively impacting health outcomes by leveraging technology to empower healthcare practitioners and their patients globally, is pleased to announce its interim consolidated financial results for the quarter ended September 30, 2023.

Hamed Shahbazi, Founder and CEO of WELL commented, "Q3 was an outstanding quarter for us, as we achieved record patient visits, Adjusted EBITDA⁽¹⁾ and posted our first quarter ever with more than \$200M in revenues. While all our business units are executing extremely well, our Canadian business grew its Adjusted EBITDA by 24% and shows no signs of slowing down. We are expecting to have strong performance for the remainder of 2023 and into next year. We are ahead of our plan for reaching one billion in revenue and feel confident in introducing our guidance for 2024 of achieving over \$900 million in annual revenue driven by organic growth. The backbone of our success has been the Company's continued focus on tech enabling healthcare providers and supporting them in simplifying their work lives, modernizing, and digitizing their clinical practices and delivering the best healthcare possible."

Mr. Shahbazi further added, "Our commitment to ensuring that we support our healthcare providers with the most advanced technology has led us to significant investments in Artificial Intelligence. During the quarter, we led an investment that resulted in the re-launch of a new senior listed public company called, HEALWELL AI, a healthcare AI technology and data science company focused on preventative care where we are the largest securityholder. We subsequently entered into a strategic alliance agreement with HEALWELL that enabled us to launch WELL AI Decision Support to our network of clinics and doctors. This is only the beginning as we have a compelling pipeline of opportunities that leverage the power of AI to give healthcare providers clinical decision support tools that will give them their time back, enhance clinic productivity and provide better patient outcomes. We are determined to faithfully support healthcare professionals with the very best technology available which now includes significant investments in AI-based products and services."

Eva Fong, WELL's Chief Financial Officer, added, "In Q3 we achieved record revenue in both our Canadian and US patient services businesses. Furthermore, we've had a great year so far on our organic growth as we have delivered year-to-date vs year over year organic growth of 16%. I am also pleased to report that our leverage ratio⁽³⁾ of net bank debt to shareholder Adjusted EBITDA reduced from 2.9x at the end of Q3-2022 to 2.6x as of the end of Q3-2023. Our organic growth profile remains strong, and the M&A pipeline continues to be active, allowing us to provide a positive outlook for the remainder of 2023 and beyond."

Third Quarter 2023 Financial Highlights:

- WELL achieved record quarterly revenue of \$204.5 million in Q3-2023, an increase of 40.2% as compared to revenue of \$145.8 million generated in Q3-2022. Year-to-date, WELL has achieved organic growth⁽⁴⁾ of 16%.
- Canadian Patient Services revenue was \$57.8 million in Q3-2023, an increase of 27.0% as compared to \$45.5 million in Q3-2022, with Primary Care achieving record revenue in the quarter, boosted by organic growth and expansion into Alberta.
- WELL Health USA Patient Services revenue was \$130.7 million in Q3-2023, an increase of 52.3% as compared to \$85.8 million in Q3-2022, driven by the CarePlus acquisition and growth in WELL USA's virtual businesses, Circle Medical and Wisp.
- SaaS and Technology Services revenue was \$15.9 million in Q3-2023, an increase of 10.3% as compared to \$14.5 million in Q3-2022.
- Adjusted Gross Profit⁽¹⁾ was \$94.2 million in Q3-2023, an increase of 20.5% as compared to Adjusted Gross Profit of \$78.2 million in Q3-2022.
- Adjusted Gross Margin⁽¹⁾ percentage was 46.1% in Q3-2023 compared to Adjusted Gross Margin percentage of 53.6% in Q3-2022.
- Adjusted EBITDA⁽¹⁾ was \$28.2 million in Q3-2023, an increase of 2.6% as compared to Adjusted EBITDA of \$27.5 million in Q3-2022.
- Adjusted EBITDA to WELL shareholders was \$22.9 million in Q3-2023, an increase of 13.2% as compared to Adjusted EBITDA to WELL shareholders of \$20.2 million in Q3-2022.
- Adjusted Net Income⁽¹⁾ was \$12.8 million, or \$0.05 per share in Q3-2023, as compared to Adjusted Net Income of \$14.8 million, or \$0.07 per share in Q3-2022.

Third Quarter 2023 Business Highlights:

On July 1, 2023, the Company through its subsidiary CRH, acquired a 100% interest in CarePlus Medical Corporation ("CarePlus"). The acquisition of CarePlus provides CRH with a platform for provider recruitment and locum tenens staffing. The acquisition also expands CRH's US geographical footprint of Anesthesia providers and adds revenue cycle management (RCM) services.

On July 19, 2023, the Company advanced \$3 million to MCI OneHealth Technologies Inc. (TSX: DRDR) ("MCI") as a secured promissory note, which was later credited and settled on October 1st.

On July 27, 2023, the Company announced that it has re-branded CRH Medical Corporation as WELL Health USA. WELL Health USA's goal is to mirror WELL's mission of tech enabling care providers in the United States while digitizing and modernizing healthcare businesses. WELL USA will be used henceforth to reflect WELL's total US based financial activity which includes lines of business such as CRH, Radar, Circle Medical and Wisp.

On August 1, 2023, WELL completed the acquisition of Seekintoo, a provider of Cybersecurity Operations Center services to enterprise clients, equipping them with a managed detection responder service that assures 24/7 vigilant protection against threats.

On August 10, 2023, WELL announced that it had signed a \$38.5 million contract with British Columbia's Public Health Services Authority to provide an array of digital services such as eReferrals, eConsults and eOrders to help further empower providers with best-in-class interoperability tools. This is the third Canadian province, in addition to Ontario and Nova Scotia, that has materially partnered with OceanMD.

Events Subsequent to September 30, 2023:

On October 1, 2023, the Company completed its transaction with MCI that was previously announced on July 19, 2023 (the "HEALWELL Transaction"). MCI changed its name to HEALWELL AI Inc. (TSX: AIDX) ("HEALWELL") and re-launched as a healthcare technology company focused on AI and data science. As

part of the HEALWELL Transaction, the Company acquired clinical assets in Ontario, obtained representation on HEALWELL's board of directors and acquired a call option to purchase up to approximately 30 million Class A Subordinate Voting shares and Class B Multiple Voting shares in HEALWELL over time, subject to the achievement of certain performance metrics.

On October 1, 2023, the Company acquired a 100% interest in Proack Security Inc. ("**Proack**"), a leading provider of offensive security assessments, offering services such as penetration testing, red teaming, and social engineering to proactively identify and mitigate cybersecurity threats. Proack enhances WELL's capabilities in safeguarding sensitive data and maintaining robust security across healthcare and corporate networks.

On October 18, 2023, the Company announced the launch of WELL AI Decision Support. WELL AI Decision Support is a solution that utilizes artificial intelligence to aid healthcare providers in early disease diagnosis and preventative health, particularly in identifying over 110 complex or rare diseases. Developed by HEALWELL AI, this technology has been validated in both Canadian and U.S. healthcare systems. It aims to bridge the gap in healthcare diagnostics and patient care, ensuring more accurate and timely diagnoses, and is available through WELL's digital marketplace for EMR tools and applications.

On November 9, 2023, the Company announced the launch of the WELL Longevity+ Program, enhancing preventative health with advanced precision diagnostics and AI technologies for the early detection of serious health conditions. Expansion plans include rolling out WELL Longevity+ services through WELL Health's network of preventative health clinics throughout Canada.

Outlook:

WELL is expecting its strong performance to continue into the fourth quarter of 2023 and into 2024. WELL's objective is to invest in and achieve significant growth while effectively managing its costs and delivering strong growth and sustained cashflow to shareholders. Management is pleased to provide the following update to its revenue guidance, which only includes announced acquisitions:

- Annual revenue for 2023 is expected to be in the range of \$755 million to \$765 million.
- Annual revenue for 2024 is expected to be over \$900 million.

WELL is focused on growing and acquiring as much market share as possible while delivering solid and sustained Adjusted EBITDA and cashflow growth each year. This is part of our management team's approach to providing shareholders with sustained profitable growth and industry leadership.

WELL is the largest owner and operator of healthcare Clinics in Canada. WELL expects to continue to grow its industry leading Canadian Patient Services business both organically and inorganically and enhance its market leadership as the country's first pan-Canadian clinical network with a highly integrated network of tech-enabled outpatient healthcare clinics across the country. Meanwhile, growth in the Company's WELL Health USA Patient Services business is expected to be primarily driven by organic growth, augmented by the Company's recent acquisition of CarePlus.

As a company with deep tech experience and capabilities, WELL has also made investments in AI technologies a key priority within the Company and expects to develop compelling new products and enhancements to roll out to WELL's vast provider network.

WELL's strong organic growth and robust cash flow profile allows the Company to continue to successfully execute on its acquisition plans. Management expects additional cash flows generated by the Company will be re-invested in the business and allocated in a disciplined manner.

Conference Call:

WELL will hold a conference call to discuss its 2023 Third Quarter financial results on Tuesday, November 14, 2023, at 1:00 pm ET (10:00 am PT). Please use the following dial-in numbers: 416-764-8650 (Toronto local), 778-383-7413 (Vancouver local), 1-888-664-6383 (Toll-Free) or +1-416-764-8650 (International).

The conference call will also be simultaneously webcast and can be accessed at the following audience URL: <https://well.company/events>.

Selected Unaudited Financial Highlights:

Please see SEDAR for complete copies of the Company's condensed interim consolidated financial statements and interim MD&A for the quarter ended September 30, 2023.

	Three months ended			Nine months ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2023	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	204,461	170,922	145,789	544,808	412,623
Cost of sales (excluding depreciation and amortization)	(110,225)	(80,099)	(67,597)	(273,580)	(189,569)
Adjusted Gross Profit ⁽¹⁾	94,236	90,823	78,192	271,228	223,054
Adjusted Gross Margin ⁽¹⁾	46.1 %	53.1 %	53.6 %	49.8 %	54.1 %
Adjusted EBITDA ⁽¹⁾	28,172	27,789	27,458	82,644	77,385
Net (loss) income	(4,482)	(2,016)	611	(17,125)	(3,409)
Adjusted Net Income ⁽¹⁾	12,760	14,361	14,753	41,246	41,211
Loss per share, basic and diluted (in \$)	(0.03)	(0.03)	(0.02)	(0.12)	(0.09)
Adjusted Net Income per share, basic and diluted (in \$) ⁽¹⁾	0.05	0.06	0.07	0.18	0.19
Weighted average number of common shares outstanding, basic and diluted	238,104,415	235,434,417	226,783,493	235,258,386	217,721,268
Reconciliation of net (loss) income to Adjusted EBITDA:					
Net (loss) income for the period	(4,482)	(2,016)	611	(17,125)	(3,409)
Depreciation and amortization	15,449	14,041	13,918	44,012	41,103
Income tax expense (recovery)	(25)	1,889	2,979	2,056	2,534
Interest income	(114)	(127)	(200)	(429)	(411)
Interest expense	8,966	7,828	7,122	24,568	17,530
Rent expense on finance leases	(2,672)	(2,581)	(2,339)	(7,743)	(6,718)
Stock-based compensation	7,043	6,134	5,883	19,776	19,549
Foreign exchange (gain) loss	(539)	(66)	1,088	(888)	608
Time-based earnout expense	1,589	1,476	2,669	13,919	9,705
Change in fair value of investments	-	-	-	-	(602)
Gain on disposal of investments	(7)	(1,517)	(5,240)	(1,524)	(5,240)
Share of net loss of associates	102	91	195	290	433
Transaction, restructuring, integration and other costs expensed	2,862	838	772	3,934	2,303
Other items	0	1,798	-	1,798	-
Adjusted EBITDA ⁽¹⁾	28,172	27,789	27,458	82,644	77,385
Attributable to WELL shareholders	22,912	22,287	20,240	65,831	55,523
Attributable to Non-controlling interests	5,260	5,502	7,218	16,813	21,862
Adjusted EBITDA⁽¹⁾					
WELL Corporate	(5,074)	(4,478)	(4,623)	(14,198)	(12,663)
Canada and others	12,251	11,057	9,877	35,235	23,358
WELL Health USA					
Adjusted EBITDA ⁽¹⁾ attributable to WELL shareholders	20,995	21,210	22,204	61,607	66,690
WELL Corporate	(5,074)	(4,478)	(4,623)	(14,198)	(12,663)
Canada and others	12,184	11,084	9,631	34,730	22,762
WELL Health USA					
Adjusted EBITDA ⁽¹⁾ attributable to Non-controlling interests	15,802	15,681	15,232	45,299	45,424
Canada and others	67	(27)	246	505	596

WELL Health USA	5,193	5,529	6,972	16,308	21,266
Reconciliation of net (loss) income to Adjusted Net Income:					
Net (loss) income for the period	(4,482)	(2,016)	611	(17,125)	(3,409)
Amortization of intangible assets	11,734	10,720	10,620	33,484	31,818
Time-based earnout expense	1,589	1,476	2,669	13,919	9,705
Stock-based compensation	7,043	6,134	5,883	19,776	19,549
Change in fair value of investments	-	-	-	-	(602)
Other items	-	1,798	-	1,798	-
Non-controlling interest included in net loss	(3,124)	(3,751)	(5,030)	(10,606)	(15,850)
Adjusted Net Income ⁽¹⁾	12,760	14,361	14,753	41,246	41,211
Adjusted Net Income per share ⁽¹⁾	0.05	0.06	0.07	0.18	0.19

Footnotes:

- (1) This is a non-GAAP financial measure and ratio. In addition to results reported in accordance with IFRS, the Company uses certain non-GAAP financial measures as supplemental indicators of its financial and operating performance. These non-GAAP financial measures include Adjusted Net Income, Adjusted Net Income Per Share, Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted Free Cash Flow. The Company believes these supplementary financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in its business.

Adjusted Net Income and Adjusted Net Income per Share

The Company defines Adjusted Net Income as net income (loss), after excluding the effects of stock-based compensation expense, amortization of acquired intangible assets, time-based earnout expense, change in fair value of investments, non-controlling interests, and revenue precluded from recognition under IFRS 15 that relates to certain patient services revenue that the Company believes should be recognized as revenue based on its contractual relationships. Adjusted Net Income Per Share is Adjusted Net Income divided by weighted average number of shares outstanding. The Company believes that these non-GAAP financial measures provide useful information to analyze our results, enhance a reader's understanding of past financial performance and allow for greater understanding with respect to key metrics used by management in decision making. More specifically, the Company believes Adjusted Net Income is a financial metric that tracks the earning power of the business that is available to WELL shareholders.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA represents net income (loss) before interest, taxes, depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA (i) less net rent expense on premise leases considered to be finance leases under IFRS and before (ii) transaction, restructuring, and integration costs, time-based earn-out expense, change in fair value of investments, share of income (loss) of associates, foreign exchange gain/loss, and stock-based compensation expense, (iii) revenue precluded from recognition under IFRS 15 that relates to certain patient services revenue that the Company believes should be recognized as revenue based on its contractual relationships, and (iv) gains/losses that are not reflective of ongoing operating performance. The Company considers Adjusted EBITDA to be a financial metric that measures cash that the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives. EBITDA and Adjusted EBITDA should not be considered alternatives to net income (loss), cash flow from operating activities or other measures of financial performance in accordance with IFRS.

Adjusted Gross Profit and Adjusted Gross Margin

The Company defines Adjusted Gross Profit as revenue less cost of sales (excluding depreciation and amortization) and Adjusted Gross Margin as adjusted gross profit as a percentage of revenue. Adjusted gross profit and adjusted gross margin should not be construed as an alternative for revenue or net income (loss) determined in accordance with IFRS. The Company does not present gross profit in its consolidated financial statements as it is a non-GAAP financial measure. The Company believes that adjusted gross profit and adjusted gross margin are meaningful metrics that are often used by readers to measure the Company's efficiency of selling its products and services.

Adjusted Free Cash Flow

The Company defines Adjusted Free Cash Flow Attributable to Shareholders as Adjusted EBITDA Attributable to Shareholders, less cash interest, less cash taxes and less capital expenditures.

Adjusted Net income, Adjusted Net Income per Share, Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin and Adjusted Free Cash Flow are not recognized measures for financial statement presentation under IFRS and do not have standardized meanings. As such, these measures may not be comparable to similar measures presented by other companies and should be considered as supplements to, and not as substitutes for, or superior to, the corresponding measures calculated in accordance with IFRS.

- (2) Patient visits are defined by any interaction a patient has with a WELL practitioner through all sources and channels. This includes also diagnostic testing consultations or any asynchronous physician consultations. Care Interactions are defined as Patient Visits plus Technology Interactions and Billed Provider Hours.
- (3) Leverage ratio is defined as Net Bank Debt divided by trailing twelve months (TTM) Shareholder Adjusted EBITDA, where Net Bank Debt is calculated as Total Debt less cash and excluding convertible debt.
- (4) Organic growth includes the impact of USD/CAD exchange rates.

WELL HEALTH TECHNOLOGIES CORP.

Per: "Hamed Shahbazi"
Hamed Shahbazi
Chief Executive Officer, Chairman and Director

About WELL Health Technologies Corp.

WELL's mission is to tech-enable healthcare providers. We do this by developing the best technologies, services, and support available, which ensures healthcare providers are empowered to positively impact patient outcomes. WELL's comprehensive healthcare and digital platform includes extensive front and back-office management software applications that help physicians run and secure their practices. WELL's solutions enable more than 33,000 healthcare providers between the US and Canada and power the largest owned and operated healthcare ecosystem in Canada with more than 150 clinics supporting primary care, specialized care, and diagnostic services. In the United States WELL's solutions are focused on specialized markets such as the gastrointestinal market, women's health, primary care, mental health, revenue cycle management, and practitioner recruiting. WELL is publicly traded on the Toronto Stock Exchange under the symbol "WELL" and on the OTC Exchange under the symbol "WHTCF". To learn more about the Company, please visit: www.well.company.

Forward-Looking Statements

This news release may contain "Forward-Looking Information" within the meaning of applicable Canadian securities laws, including, without limitation: its care interaction run-rate and annual guidance; information regarding the Company's goals, strategies and growth plans; expectations regarding continued revenue and EBITDA growth; the expected benefits and synergies of completed acquisitions; capital allocation plans in the form of more acquisitions or share repurchases; the expected financial performance as well as information in the "Outlook" section herein. Forward-Looking Information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies. Forward-Looking Information generally can be identified by the use of forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-Looking Information involve known and unknown risks, uncertainties and other factors that may cause future results, performance, or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by the Forward-Looking Information and the Forward-Looking Information are not guarantees of future performance. WELL's comments expressed or implied by such Forward-Looking Information are subject to a number of risks, uncertainties, and conditions, many of which are outside of WELL's control, and undue reliance should not be placed on such information. Forward-Looking Information are qualified in their entirety by inherent risks and uncertainties, including: direct and indirect material adverse effects from the COVID-19 pandemic; adverse market conditions; risks inherent in the primary healthcare sector in general; regulatory and legislative changes; that future results may vary from historical results; inability to obtain any requisite future financing on suitable terms; any inability to realize the expected benefits and synergies of acquisitions; that market competition may affect the business, results and financial condition of WELL and other risk factors identified in documents filed by WELL under its profile at www.sedarplus.ca, including its most recent Annual Information Form. Except as required by securities law, WELL does not assume any obligation to update or revise any forward-looking information, whether as a result of new information, events or otherwise.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about estimated annual run-rate revenue and Adjusted EBITDA, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set out in the above paragraph. The actual financial results of WELL may vary from the amounts set out herein and such variation may be material. WELL and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, WELL undertakes no obligation to update such FOFI. FOFI contained in this news release was made as of the date hereof and was provided for the purpose of providing further information about WELL's anticipated future business operations on an annual basis. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

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