

Wellteq Digital Health Inc.

Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

Wellteq Digital Health Inc.

Contents

As at September 30, 2022 and June 30, 2022

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Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Wellteq Digital Health Inc.
Condensed interim consolidated statements of financial position
As at September 30, 2022 and June 30, 2022
(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2022 \$	June 30, 2022 \$
Assets			
Current assets			
Cash and cash equivalents		751,038	1,508,504
Trade and other receivables	3	145,671	380,720
Other		129,654	126,022
Total current assets		<u>1,026,363</u>	<u>2,015,246</u>
Non-current assets			
Investments	4	3,000	3,000
Equipment		97,223	95,192
Intangible assets	5	12,482	-
Total non-current assets		<u>112,705</u>	<u>98,192</u>
Total assets		<u>1,139,068</u>	<u>2,113,438</u>
Liabilities			
Current liabilities			
Trade payables and accrued liabilities		878,222	835,520
Loans	6	356,290	-
Provisions		115,755	145,368
Deferred revenue		32,309	60,674
Total current liabilities		<u>1,382,576</u>	<u>1,041,562</u>
Total liabilities		<u>1,382,576</u>	<u>1,041,562</u>
Net assets/(liabilities)		<u>(243,508)</u>	<u>1,071,876</u>
Equity			
Share capital		24,587,215	24,587,215
Currency translation adjustment		(36,828)	(45,103)
Options, warrants and RSU's reserve		3,916,065	3,877,446
Deficit		(28,709,960)	(27,347,682)
Total equity/(deficiency)		<u>(243,508)</u>	<u>1,071,876</u>

Nature of operations and going concern - Note 1

Subsequent event - Note 13

"Scott Montgomery"

Scott Montgomery
Director

November 24, 2022
Date of approval by the board of directors

"Brian Leeners"

Brian Leeners
Director

The above condensed interim consolidated statement of financial position should be read in conjunction with the accompanying notes

Wellteq Digital Health Inc.
Condensed interim consolidated statements of loss and comprehensive loss
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

		3 months ended	September	September
	Note	30, 2022	30, 2021	
		\$	\$	
Revenue				
Revenue	11	308,299	261,499	
Cost of goods sold		<u>(237,194)</u>	<u>(174,970)</u>	
Gross profit		<u>71,105</u>	<u>86,529</u>	
Expenses				
General and administrative	12	(1,404,809)	(1,467,443)	
Depreciation and amortization		(7,288)	(335,537)	
Share-based payments – RSU's		<u>(38,619)</u>	<u>-</u>	
Operating loss		(1,379,611)	(1,716,451)	
Other income and expenses				
Government grants and incentives		<u>17,333</u>	<u>5,199</u>	
Loss before income tax expense		(1,362,278)	(1,711,252)	
Income tax expense		<u>-</u>	<u>-</u>	
Loss after income tax expense for the period attributable to the owners of Wellteq Digital Health Inc.		(1,362,278)	(1,711,252)	
Other comprehensive (loss) income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange loss on translation of foreign subsidiaries		<u>8,275</u>	<u>(8,107)</u>	
Other comprehensive (loss) income for the period, net of tax		<u>8,275</u>	<u>(8,107)</u>	
Total comprehensive loss for the period attributable to the owners of Wellteq Digital Health Inc.		<u><u>(1,354,003)</u></u>	<u><u>(1,719,359)</u></u>	
Loss per share - basic and diluted	7	<u><u>(0.01)</u></u>	<u><u>(0.02)</u></u>	
Weighted average number of shares outstanding - basic and diluted		<u>105,989,045</u>	<u>105,989,045</u>	

The above condensed interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wellteq Digital Health Inc.
Condensed interim consolidated statements of cash flows
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

		3 months ended	
	Note	September	September
		30, 2022	30, 2021
		\$	\$
Cash flows used in operating activities			
Loss for the period		(1,362,278)	(1,711,252)
Adjustments for:			
Depreciation and amortization		7,288	335,537
Share-based payments - RSU's		38,619	-
Foreign exchange loss (gain)		8,251	(8,107)
Interest expense		1,809	1,288
		<u>(1,306,311)</u>	<u>(1,382,534)</u>
Change in operating assets and liabilities:			
Accounts payable and accrued liabilities		42,714	(118,673)
Tax receivable		147,015	(4,601)
Trade and other receivables		88,034	162,563
Accrued revenue		(38,235)	-
Deferred revenue		(28,365)	-
Prepaid expenses		34,603	73,180
Other provisions		(29,613)	-
Net cash used in operating activities		<u>(1,090,158)</u>	<u>(1,270,065)</u>
Cash flows used in investing activities			
Purchase of equipment		(9,319)	(71,447)
Intangible assets	5	(12,482)	(127,676)
Net cash used in investing activities		<u>(21,801)</u>	<u>(199,123)</u>
Cash flows from financing activities			
Proceeds from borrowings		354,493	-
Net cash from financing activities		<u>354,493</u>	<u>-</u>
Net decrease in cash and cash equivalents		(757,466)	(1,469,188)
Cash and cash equivalents at the beginning of the period		1,508,504	7,515,765
Cash and cash equivalents at the end of the period		<u><u>751,038</u></u>	<u><u>6,046,577</u></u>

Supplemental cash flow information - Note 9

The above condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes

Wellteq Digital Health Inc.
Condensed interim consolidated statements of changes in equity
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

	Common shares #	Share capital \$	Options, warrants and RSU's reserve \$	Currency translation adjustment \$	Deficit \$	Total equity
Balance at June 30, 2021	105,989,045	24,587,215	3,858,013	(14,812)	(14,975,163)	13,455,253
Net and comprehensive loss for the period	-	-	-	(8,107)	(1,711,252)	(1,719,359)
Balance at September 31, 2021	<u>105,989,045</u>	<u>24,587,215</u>	<u>3,858,013</u>	<u>(22,919)</u>	<u>(16,686,415)</u>	<u>11,735,894</u>
Net and comprehensive loss for the period	-	-	-	(22,184)	(10,661,267)	(10,683,451)
Share based payments	-	-	19,433	-	-	19,433
	<u>105,989,045</u>	<u>24,587,215</u>	<u>3,877,446</u>	<u>(45,103)</u>	<u>(27,347,682)</u>	<u>1,071,876</u>
Balance at June 30, 2022	<u>105,989,045</u>	<u>24,587,215</u>	<u>3,877,446</u>	<u>(45,103)</u>	<u>(27,347,682)</u>	<u>1,071,876</u>
Share-based payments – RSU's	-	-	38,619	-	-	38,619
Net and comprehensive loss for the period	-	-	-	8,275	(1,362,278)	(1,354,003)
Balance at September 30, 2022	<u>105,989,045</u>	<u>24,587,215</u>	<u>3,916,065</u>	<u>(36,828)</u>	<u>(28,709,960)</u>	<u>(243,508)</u>

The above condensed interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

Note 1. Nature of operations and going concern

Wellteq Digital Health Inc. (the “Company” or “Wellteq”) was continued under the British Columbia Business Corporations Act on September 27, 2017. The Company’s principal business is providing digital corporate wellness solutions and data-driven personalized health and wellness coaching to engage its users in healthier behaviours. The Company’s registered office is located at 1100 – 1199 West Hastings Street, Vancouver, BC V6E 3T5.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future. As at September 30, 2022, the Company had a working capital deficiency of \$356,213 (June 30, 2022 – working capital of \$973,684). During the three months ended September 30, 2022, the Company recorded a loss of \$1,362,278 (2021 - \$1,711,252) and recorded cash outflows used in operating activities of \$1,090,158 (2021 – outflows of \$1,270,065). The Company’s ability to continue as a going concern is dependent upon its ability to fund its operations through equity financing, debt or other means or achieve profitable operations. The Company notes that on September 2, 2022, the Company announced that it had entered into a definitive arrangement agreement with Advanced Human Imaging Ltd. (ASX, NASDAQ: AHI) (“AHI”) whereby AHI will acquire all of the outstanding shares of Wellteq pursuant to a plan of arrangement (the “Transaction”). Pursuant to the terms of the arrangement agreement, Wellteq shareholders will receive one (1) ordinary share of AHI (an “AHI Share”) for every six (6) Wellteq common shares (a “Wellteq Share”) held (or 0.1667 AHI Shares for every 1 Wellteq Share). In connection with the arrangement agreement, AHI and Wellteq have entered into a loan agreement (the “Loan Agreement”), whereby AHI has agreed to advance to Wellteq up to A\$1,200,000. This arrangement was subject to the approval of shareholders, which was received on November 24, 2022. Closing of the transaction is subject to obtaining a final order of the Supreme Court of British Columbia and satisfaction of other customary conditions.

Although the Company has successfully raised funds in the past, and is confident the Transaction will be completed, there is no assurance that it will be able to do so. These events and conditions may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and settle its liabilities in the normal course of business. The consolidated financial statements do not reflect the adjustments to the carrying value of the assets and liabilities, the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern, which could be material.

Note 2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended June 30, 2022 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended June 30, 2022.

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

Unless otherwise stated, all dollar amounts are in Canadian dollars (“C\$”).

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

Note 3. Current assets - trade and other receivables

	September 30, 2022	June 30, 2022
	\$	\$
Trade receivables	112,309	200,343
R&D tax incentive	-	135,966
Other receivable	33,362	44,411
	<u>145,671</u>	<u>380,720</u>

Note 4. Non-current assets - investments

	September 30, 2022	June 30, 2022
	\$	\$
Brightspark Software Inc.	1,000	1,000
GrowBuddy Inc	1,000	1,000
Massive Bio, Inc.	1,000	1,000
	<u>3,000</u>	<u>3,000</u>

As at September 30, 2022, the Company holds a 19% ownership interest in BrightSpark. BrightSpark is a related party to Wellteq as the Wellteq Chief Technology Officer and a director own the remaining interest in BrightSpark.

As of the date of the acquisition of CBDS, March 19, 2021 CBDS held a 6.52% ownership interest in GrowBuddy Inc. At September 30, 2022, the ownership interest remained at 6.52%. On acquisition of CBDS, the Company recorded the investment at \$1,000.

As of the date of the acquisition of CBDS, March 19, 2021, CBDS held a 0.53% ownership interest in Massive Bio, Inc. At September 30, 2022, the ownership interest remained at 0.53%. On acquisition of CBDS, the Company recorded the investment at \$1,000.

Note 5. Non-current assets - intangible assets

	September 30, 2022	June 30, 2022
	\$	\$
Development - at cost	1,691,594	1,679,112
Less: Accumulated amortization	(946,356)	(946,356)
Less: Impairment	(732,756)	(732,756)
	<u>12,482</u>	<u>-</u>
Other intangible assets - at cost	6,524,465	6,524,465
Less: Accumulated amortization	(1,673,124)	(1,673,124)
Less: Impairment	(4,851,341)	(4,851,341)
	<u>-</u>	<u>-</u>
	<u>12,482</u>	<u>-</u>

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
For the three months ended September 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

Note 5. Non-current assets - intangible assets (continued)

At June 30, 2022, the Company determined that there were indicators of impairment on the intangible assets and accordingly, the Company recorded impairment expense to profit or loss of \$5,584,097. The fair value was determined in accordance with level 3 of the fair value hierarchy.

The Company has made this assessment based on the following factors:

- The internally generated and acquired intangibles are not currently deriving income for the Company;
- The carrying amount of net assets, before impairment, exceeded the Company's market capitalisation as at June 30, 2022; and
- The value of unimpaired intangibles significantly exceeded the proposed acquisition price from AHI, as described in Note 13.

Reconciliations

Reconciliations of the net book values at the beginning and end of the current financial period are set out below:

3 months ended	Internally Generated - Completed \$	Acquired Intangibles \$	Total \$
Balance at June 30, 2022	-	-	-
Additions	12,482	-	12,482
Balance at September 30, 2022	<u>12,482</u>	<u>-</u>	<u>12,482</u>

- * Intangible assets include both internally generated and acquired software with finite useful lives. Amortization of intangible assets of \$0 for the three months ended September 30, 2022 (2021 - \$329,248) is included in depreciation and amortization.

Note 6. Current liabilities - Loans

	Loan assumed from CBDS \$	⁽¹⁾ Loan from AHI \$	Total \$
Balance at June 30, 2021	47,655	-	47,655
Interest	1,288	-	1,288
Repayment of loan in cash	(48,943)	-	(48,943)
Balance at June 30, 2022	-	-	-
Additions	-	354,493	354,493
Interest accrued	-	1,809	1,809
FX translation	-	(12)	(12)
Balance at September 30, 2022	<u>-</u>	<u>356,290</u>	<u>356,290</u>

⁽¹⁾ On September 2, 2022, the Company announced that it had entered into a definitive arrangement agreement with Advanced Human Imaging Ltd. (ASX, NASDAQ: AHI) ("AHI") whereby AHI will acquire all of the outstanding shares of Wellteq Digital Health Inc, pursuant to a plan of arrangement (the "Transaction").

In connection with the arrangement agreement, AHI and Wellteq have entered into a loan agreement (the "Loan Agreement"), whereby AHI has agreed to advance to Wellteq up to A\$1,200,000. Pursuant to the agreement, interest accrues on the loan at a rate of 10% per annum, calculated on the advance of each instalment. The principal amount is due and payable six months after the initial advance, and in any event not later than January 31, 2023.

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
As at 30 September 2022

Note 7. Equity - Share capital

a) Authorized:

An unlimited number of common shares without par value.

b) Issued:

During the three months ended September 30, 2022, no equity transactions occurred.

During the year ended June 30, 2022, no equity transactions occurred.

c) Stock options:

The Company has an incentive compensation plan for stock options. The maximum number of shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the market price of a common share on the trading day immediately preceding the date of option grant. The vesting terms of the awards are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 30 days of termination of employment or holding office as a director or officer of the Company.

A summary of options outstanding as of September 30, 2022 and June 30, 2022 and the changes during the periods then ended is presented below:

	Number of options #	Weighted average exercise price \$	Weighted average remaining life (years)
<u>Balance outstanding – June 30, 2021</u>	<u>7,540,000</u>	<u>\$0.30</u>	<u>2.72</u>
Granted	1,000,000	\$0.30	-
<u>Balance outstanding, June 30, 2022</u>	<u>8,540,000</u>	<u>\$0.30</u>	<u>1.72</u>
Forfeited during period	(350,000)	\$0.30	
<u>Balance outstanding and exercisable - September 30, 2022</u>	<u>8,190,000</u>	<u>\$0.30</u>	<u>1.47</u>

During the period ended September 30, 2022, 350,000 options were forfeited as a result of the resignation of Andrea Johnson as a director. The options had vested immediately upon granting, and were exercisable at a price of \$0.30 per share.

At September 30, 2022, the following stock options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Option Expiry Date	Number	Exercise Price
March 19, 2024	7,190,000	\$0.30
March 26, 2024	1,000,000	\$0.30

d) Restricted stock units

The Company has an incentive compensation plan for restricted stock units (RSU's). The maximum number of shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. This limit is shared with that of options.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant.

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
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Note 7. Equity - Share capital (continued)

On vesting, each RSU entitles the holder to receive one common share in the Company.

During the year ended June 30, 2022, 880,000 RSU's were issued to employees of the Company in accordance with the Company's RSU plan. The RSU's were issued on the following terms.

- Expiry - 3 years from grant
- 10% of employee allocation vests after 12 months from grant
- 20% of employee allocation vests after 24 months from grant
- 20% of employee allocation vests after 36 months from grant
- 12.5% of employee allocation vests on the Company acquiring \$2 million of Annualised Recurring Revenue
- 12.5% of employee allocation vests on the Company acquiring \$5 million of Annualised Recurring Revenue
- 12.5% of employee allocation vests on the Company's share price reaching \$0.10
- 12.5% of employee allocation vests on the Company's share price reaching \$0.20

No RSU's had vested as at September 30, 2022.

During the three months ended September 30, 2022, no RSU's were issued to employees.

A summary of RSU's outstanding as of September 30, 2022, and June 30, 2022 and the changes during the periods then ended is presented below:

	Number of RSU's #	Weighted average exercise price \$	Weighted average remaining life (years)
<u>Balance outstanding - June 30, 2021</u>	-	-	-
Granted - April 6, 2022	811,250	-	-
Granted - June 10, 2022	68,750	-	-
<u>Balance outstanding - June 30, 2022</u>	<u>880,000</u>	-	<u>2.78</u>
	-	-	-
<u>Balance outstanding - September 30, 2022</u>	<u>880,000</u>	-	<u>2.53</u>

During the three months ended September 30, 2022, the Company recorded share-based payment expense of \$38,619 (2021 - \$nil) relating to RSUs. The grant date fair value of the RSUs was \$44,000 based on the trading price of the Company's common shares on the date of grant.

At September 30, 2022, the following RSU's were outstanding entitling the holder thereof the right to acquire one common share for each RSU held:

	Number	Number Unvested
April 6, 2025	811,250	811,250
June 10, 2025	68,750	68,750
	<u>880,000</u>	<u>880,000</u>

Wellteq Digital Health Inc.
Notes to the condensed interim consolidated financial statements
For the three months ended September 30, 2022 and 2021
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Note 7. Equity - Share capital (continued)

e) Warrants:

A summary of warrants outstanding as of September 30, 2022 and June 30, 2022 and the changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance outstanding - June 30, 2021	<u>26,997,398</u>	<u>\$0.41</u>	<u>1.48</u>
Expired	(6,611,532)	\$0.34	-
Balance outstanding - June 30, 2022	<u>20,385,866</u>	<u>\$0.43</u>	<u>0.72</u>
Balance outstanding - September 30, 2022	<u>20,385,866</u>	<u>\$0.43</u>	<u>0.47</u>

At September 30, 2022, the following warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Expiry Date	Number	Exercise Price
March 19, 2023	16,706,108	\$0.45
March 19, 2023 ⁽¹⁾	<u>3,679,758</u>	<u>\$0.30 / \$0.45</u>
	<u><u>20,385,866</u></u>	

⁽¹⁾ 2,453,172 warrants are exercisable at \$0.30 into one common share and one half of one warrant. Each whole warrant is exercisable into one additional common share at \$0.45 per share up to March 19, 2023.

f) Escrow shares:

On March 19, 2021, the Company entered into an escrow agreement with certain shareholders of the Company. 11,051,172 common shares of the Company were placed into escrow. The escrow shares are also subject to Lock-Up Agreements with 25% released 36 months after listing on the CSE and a further 25% released every 3 months thereafter. These escrow shares will be released as follows:

Date of Automatic Timed Release	Amount of Escrow Shares Released
On the date that the Company's common shares were listed on the CSE, March 23, 2021 (released)	1/10 of the escrow shares
6 months after the listing date (released)	1/6 of the remainder of the escrow shares
12 months after the listing date (released)	1/5 of the remainder of the escrow shares
18 months after the listing date (released)	1/4 of the remainder of the escrow shares
24 months after the listing date	1/3 of the remainder of the escrow shares
30 months after the listing date	1/2 of the remainder of the escrow shares
36 months after the listing date	The remainder of the escrow shares

As at September 30, 2022, 4,973,030 common shares remained in escrow (June 30, 2022 – 6,630,705).

The Company and certain shareholders of the Company entered into voluntary Lock-Up Agreements where certain common shares are subject to resale restrictions. All of the escrow shares are also subject to the voluntary Lock-Up Agreements. As at September 30, 2022, 31,137,301 common shares remain subject to voluntary Lock-Up Agreements (June 30, 2022 - 33,396,763). 2,259,463 common shares were released from Lock-Up on September 23, 2022. 7,784,325 common shares will be released on March 23, 2024, 7,784,325 common shares on June 23, 2024, 7,784,325 common shares on September 23, 2024 and the final 7,784,325 common shares on December 23, 2024.

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Note 7. Equity - Share capital (continued)

g) Basic and diluted loss per share:

During the three months ended September 30, 2022, potentially dilutive common shares totalling 29,455,866 (2021 - 34,537,398) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

Note 8. Related party transactions

Key management personnel are comprised of the following:

- Chief Executive Officer;
- Chief Financial Officer;
- Chief Operating Officer;
- Chief Technology Officer;
- Chief Medical Officer (up to December 31, 2021);
- Chief Product Officer;
- Chief Growth Officer; and
- the directors of the Company

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	3 months ended	
	September 30, 2022	September 30, 2021
	\$	\$
Salaries	253,454	323,680
Retirement benefits	15,861	27,606
	<u>269,315</u>	<u>351,286</u>

At September 30, 2022, accounts payable and accrued liabilities included \$120,857 (June 30, 2022 - \$97,064) owing to directors and officers of the Company and/or companies they control, of which they were significant shareholders or of which they acted as management. The amounts owing include amounts related to accrued salary entitlements, expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand.

During the three months ended September 30, 2022, the Company incurred software development costs and capital expenditure reimbursements of \$112,858 (2021 - \$293,599) from a company controlled by the Chief Technology Officer. These software development costs are included in general and administrative expenses of \$112,858 (2021 - \$100,832), capital expenditure reimbursements have been included in equipment of \$nil (2021 - \$66,859) and a portion has been recognized as an intangible asset of \$nil (2021 - \$125,908). During the three months ended September 30, 2022, the Company incurred professional and accounting services costs of \$18,106 (2021 - \$36,216) from a company in which the Chief Financial Officer acted as management and was a significant shareholder.

Note 9. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the three months ended September 30, 2022, there were no transactions excluded from the statement of cash flows.

During the three months ended September 30, 2021, there were no transactions excluded from the statement of cash flows.

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Note 10. Financial instruments

Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in market that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The following is an analysis of the Company's financial assets and liabilities measured at fair value:

	As at September 30, 2022		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash and cash equivalents	751,038	-	-
Investments	-	-	3,000
Total	751,038	-	3,000

	As at June 30, 2022		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash and cash equivalents	1,508,504	-	-
Investments	-	-	3,000
Total	1,508,504	-	3,000

The carrying amounts of the Company's trade and other receivables, all trade and other payables and loans in the condensed interim consolidated statement of financial position approximate their fair values due to their short-term nature.

Note 11. Revenue

The following table shows the Company's revenue disaggregated by major service lines.

	3 months ended	
	September 30, 2022	September 30, 2021
	\$	\$
Software services	261,283	201,378
Consulting and service delivery	45,347	51,601
Other revenue	1,669	8,520
	308,299	261,499

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Note 12. General and administrative

	3 months ended	
	September	September
	30, 2022	30, 2021
	\$	\$
Consulting fees	38,000	30,463
Employee benefits, management fees, director fees	792,860	893,569
Professional fees	132,073	89,662
Transfer agent and filing fees	16,412	21,457
Investor relations and marketing	79,992	120,483
Interest expense	1,772	1,288
Corporate administration and other	218,946	211,359
IT development	124,754	99,162
	<u>1,404,809</u>	<u>1,467,443</u>

Note 13. Significant and subsequent events

On September 2, 2022, the Company announced that it had entered into a definitive arrangement agreement with Advanced Human Imaging Ltd. (ASX, NASDAQ: AHI) ("AHI") whereby AHI will acquire all of the outstanding shares of Wellteq Digital Health Inc, pursuant to a plan of arrangement (the "Transaction"). Pursuant to the terms of the arrangement agreement, Wellteq shareholders will receive one (1) ordinary share of AHI (an "AHI Share") for every six (6) Wellteq common shares (a "Wellteq Share") held (or 0.1667 AHI Shares for every 1 Wellteq Share). As agreed under the arrangement agreement, Wellteq's outstanding options that were issued under its Stock Option Plan will be cancelled at the effective time of the Arrangement. It is anticipated that Wellteq's outstanding warrants and agent compensation options will remain outstanding following the Arrangement, and will be exercisable for the corresponding amount of AHI Shares (i.e. one (1) AHI Share for every six (6) wellteq Shares issuable).

Wellteq's RSU's are expected to automatically vest immediately prior to the Arrangement becoming effective, resulting in 880,000 Wellteq Shares being issued to holders of the RSU's. These Wellteq Shares will then be acquired by AHI as part of the Arrangement, and the holders will receive the corresponding amount of AHI Shares in consideration for their wellteq Shares (i.e. one (1) AHI Share for every six (6) wellteq Shares).

In connection with the Arrangement Agreement, AHI and Wellteq have entered into a loan agreement (the "Loan Agreement"), whereby AHI has agreed to advance to Wellteq up to A\$1,200,000. Pursuant to the agreement, interest accrues on the loan at a rate of 10% per annum, calculated on the advance of each instalment. The principal amount is due and payable six months after the initial advance, and in any event not later than January 31, 2023. As at November 24, 2022, Wellteq has drawn down A\$1,000,000.

On October 21, 2022, the Supreme Court of British Columbia issued an interim order in connection with the Transaction. The interim order, among other things, authorized the holding of a special meeting of the holders of common shares of the Company to consider and vote on the proposed Transaction.

At the Meeting, the Wellteq shareholders as of the record date of October 19, 2022 were asked to consider and, if deemed advisable, pass a special resolution to approve the Transaction in accordance with the terms of the Plan of Arrangement. Pursuant to the interim order, the meeting was scheduled to be held virtually by video conference on November 24, 2022 at 8:30 a.m. (Vancouver time). The shareholders approved the Transaction at the Meeting.

Apart from the above, no other matter or circumstance has arisen since September 30, 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.