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EDITED TRANSCRIPT

WELL.TO - WELL Health Technologies Corp at LD Micro Main Event

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CORPORATE PARTICIPANTS

Hamed Shahbazi *WELL Health Technologies Corp. - Founder, Chairman & CEO*

PRESENTATION

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Hi, everybody. Thanks for coming to our presentation. Thanks, LD Micro, for having us at the conference. We're really excited to give you an update on WELL Health Technologies.

We've been extremely busy, as you may know, if you've been following our story. We've had quite a few catalysts and key events, especially on the acquisition front. So I'll be talking for about 10 minutes and then take some questions. Looking forward to talking to you today.

So a little bit of background information. I started the company [in] recognition that health care was lagging behind other sectors in terms of digitization or modernization. As a kind of general guide that has been involved with other successful build-outs and exits like my founding and growing TIO Networks and selling it to PayPal. Yes, I took that business from nothing to $100 million in revenue, very profitable, and had a good exit there, and I'm involved with other successful businesses as well.

Really, really kind of thought that the application of technology in health care, our largest -- typically the largest services -- economy in any -- in any overarching economy, the largest services sector, and really felt that there was a great opportunity. If anyone's ever been in a medical clinic in Canada or [most] medical clinics -- [not in] Canada, I should say some medical clinics in the United States, you'll see that your experience is probably not being very good. Because it's a very (inaudible) business that had not really benefited from the digitization of (inaudible) other districts.

And so the company was founded to allocate capital and/or make investments in companies that will really benefit from tech enablements. So one of the things that we did is we started to acquire and run medical clinics. And what we found -- we believe that health care assets like medical clinics are a strong asset class because they're very resilient. Patient-doctor relationships are highly resilient, very high lifetime value.

And so we -- our first 6 batch of clinics and another 13, and we're now up to about 27 overall, and about 25 of those are in Canada, making us one of the top 3 operators in medical clinics in the country. We also operate one of the top 3 EHR networks in the country, powering over 10,000 doctors with our EMR services and capabilities.

The EMR services that I'm speaking to are actually ERP systems for their clinics. So about 2,000 clinics use WELL to operate their entire business from soup to nuts. We are also a substantial provider of services in the cybersecurity sector for -- very focused on health care. And it's really built a diversified multilateral health care company that is being tech-enabled in all respects.

So I'll talk a little bit about our unique business unit structure. The company has no debt, has just shy of $100 million in cash in the bank. I think with the latest acquisition, we're probably down to just shy of $90 million. And our revenue now, on a run rate basis, is just short of $100 million, if you kind of add up all the other acquisitions that we've had in terms of their instruments, of their current revenue or the revenues that we sort of announced based on business updates and what have you.

Both analysts now have us as being just over $100 million for next year in terms of consensus estimates, being profitable as well. I think that most analysts have us as being better than 5% EBITDA margins next year and much better EBITDA margins the following year.

The unique structure that I was referring to is our business unit structure. So WELL has 6 distinct business units. We're very much structured as a -- in the reflection of a Berkshire Hathaway. We have 6 business units with 6 kind of management teams to focus on these different business units and are hyper-focused on not only their organic growth plans, but also their inorganic growth plans, and their P&L performance in a very big way.

And so again, primary care clinics is where we began. We then got into EMR. We've made 7 acquisitions there. We are now in the allied health care space, which is, basically, think of any kind of health care that doesn't involve a medical doctor. This could be chiropractors, naturopaths, clinical counselors, occupational therapists and things of that nature. Sleep experts, we have -- we own a sleep network. We've -- we majority own a sleep network called SleepWorks Medical. We also just recently made an acquisition, a control acquisition of Easy Allied Healthcare, which is a Canadian-based multidisciplinary allied health business.

So a couple of notable things to talk about. One is our Circle Medical acquisition. It is a premier asset in the United States. It operates out of Silicon Valley. It owns 2 medical centers, but has operated in over 30 states and is growing like a weed. When we announced that we are making a control transaction there and acquiring that business at 58%, they were probably at around a $5 million U.S. revenue run rate. And within a month of closing the transaction, they're now closer to about a $10 million revenue run rate. So they've been growing like crazy.

They came out of the Y Combinator program, 2 Canadian guys. What they've built is quite remarkable. They've built a fully insured model, where they've gone out and they've worked with about, I believe, about a dozen or so, could be more, payers that they've aggregated and which collectively allowed them to insure about 200 million Americans. And they -- basically, those Americans can -- if there's a telemedicine doctor available that's configured for their state, they can sort of download the Circle Medical app and get a consultation for a small co-pay or no fee. That business is growing, and we're really excited about it.

We also acquired Insig Corp., which is a telehealth leader here in Canada. So we have some strong telehealth assets. But again, it's one of the many things that we do. We recently made a substantial investment in an e-prescription fulfillment company called Pillway and are going to be connecting that into our health care-connected ecosystem.

We've made 2 acquisitions in our cybersecurity division. Now, will push us over $20 million in revenue. And we just recently bought this past fall the largest medical back-office outsourcing company so -- in the country in Canada. So this is a company -- DoctorCare is a company that you go to as a doctor if you don't have your own sophisticated accounting back office, and you want them to do your billing for you because the claim codes can be very sophisticated. And if you want to make sure that that's done in a competent way that also optimizes your yield as a doctor.

So we're very proud of the business units that we created. You're going to see us go deep in each one of these. We think each one of these can be a multibillion-dollar company in and of itself, and because of the depth of the TAM involved in each one of these things.

Our apps business unit is also -- has also built an apps marketplace called apps.health. This is very similar to your Apple App store or your Google App store for your phone, only these apps would be downloaded to your EHR to make it more capable. So we have now about 26 apps with about 13 partners. We think we'll be over about 100 apps by the end of next year. It's a cornerstone aspect to our strategy. And all of our EMR clinicians and doctors have access to those apps and are now sort of voraciously acquiring them and using them.

The company, again, from a consensus estimates' perspective, next year is just over $100 million. And we're really excited about our program. We're very disciplined investors and acquirers and have a great pipeline with lots of cash, and it's been a great run so far. The stock has done very well, but it's been really consolidating for a long time here in the $7 range. And we feel really strongly that -- given where we're at in terms of our revenue, our profitability and our plans for 2021, that we are really well positioned for further growth.

One of our major investors is Li Ka-shing, kind of the Bill Gates of Asia, if you will, behind stories like -- investing stories like Spotify and Facebook and through his Horizon Ventures (sic) [Horizons Ventures] platform. We -- Mr. Li and Horizons Ventures, his partner there, Solina Chau, have invested in almost every round that we've made available to them.

And also management at WELL has invested in every single round that's been made available to them, including myself. I've got well over $5 million of my own personal cash deployed into WELL, and I'm not currently taking a cash salary today. I'm taking it in the form of restricted stock units so that, myself, I can have alignment with our shareholders. And every team of our -- every one of our management team members has part of their salary deferred in the form of restricted stock units as well so that they also have stake in the game. So we're really, really proud of that.

A lot of our key management team worked with me before at TIO and have now come over and supporting the effort here at WELL and have been involved with phenomenal companies. We also have our Chief Medical Officer is Dr. Michael Frankel. He is really one of probably the largest owner-operators of clinics in the country now, running our network of clinics. Arjun Kumar ran the largest OSCAR service provider in Canada. Shervin Bakhtiari is...

Unidentified Participant

All right, and perhaps let's try to transition into the Q&A.

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Okay. Last bit, last 2 guys, Shervin and Iain, again, running key divisions in the company. So that pretty much gives you the high-level view on WELL. Happy to take questions. Sorry for going over.

QUESTIONS AND ANSWERS

Unidentified Participant

(inaudible) why don't you kick off?

Unidentified Participant

All right. Yes. Thanks, Ben. You talked about estimates next year for $100 million, and it looks like that would be about double what you're doing this year. How do you get there? How do you get to double in revenues?

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Well, actually, we're already kind of there in terms of our run rate. If you take a look at our last quarterly results, and you just add the different revenues from the different acquisitions that we made, because we've made those public announcements about acquisitions, what their current run rate or their LTM revenues were, often we also provide commentary on their profitability.

So you'll see that we've been patterning a very thoughtful sort of focus on profitable growth companies and that come with very strong revenue. So when you kind of pool that all together, you had a little bit of organic growth, you're pretty much over $100 million.

Unidentified Participant

No, and all of this is Canada, is that correct? Is there any other geographic revenue?

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Yes. There's one key asset that I spoke of, Circle Medical, that's based out of the Bay Area, San Francisco area. And they are an owner-operator of medical clinics as well as a operator of a significant telehealth program that's multistate across the United States.

Unidentified Participant

And how much is that, of the (inaudible)...

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Well, as I was mentioning in my presentation, when we acquired into the company, we own 58% of the company. So it's a control transaction. They were -- we've announced that they were on a $5 million U.S. revenue run rate.

When we closed the transaction, we announced that they were at a $5.7 million. And then we had a business update a few weeks later, where we announced that they were up 40% on a month-over-month basis. So their business is really taking off. So they're pretty much getting roughly around a $10 million revenue run rate today.

Unidentified Participant

Got it. Great. Thank you.

Unidentified Participant

So Hamed -- go ahead, Ben.

Unidentified Participant

Go ahead, Kevin. No, please go ahead.

Unidentified Participant

Okay. Hamed, I've followed you pretty closely when you managed TIO. You did a really, really nice job there. I saw you at many LD events. So kudos.

I'm liable to just blindly jump into this. But I'm telling you, you scared me. You scared me because it looks to me like you're all over the map. To your point, you think you've got $7 billion or $8 billion businesses. I know you got cut off on your management slide. You got cut off there. But how do you assure investors that you're going to manage entities nicely? And how are you going to show investors that you're able to grow them organically versus putting up this consolidated number?

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Yes. So if you look at the 6 business units, they're highly complementary and synergistic. They -- re-employs decentralized structures, much like Constellation Software here in Canada or Berkshire Hathaway. We studied the kind of -- the approaches to management that consolidators like Berkshire Hathaway used, which is, again, pushing a lot of the operational control down to that management that runs those businesses at the subsidiary level, basically centralizing very few things, including capital allocation, providing a number of shared services, again, at the HQ level, but really, really bringing on talented management, making sure that they are really incentivized. They have the right structure to grow, and they're empowered.

And that works. And so each of our business units is growing very nicely organically. They've all accelerated, not because of my management, but because we've picked incredible managers and because we're letting them do their job. So culturally, we're a company that -- where great managers and great CEOs want to work.

So if you look at -- if you think that 6 business units is a lot or the number of companies we bought is a lot, you got to look at a company like Constellation Software. It's a $35 billion company that has literally thousands of subsidiaries. And their philosophy is very similar to ours without a lot of the intercompany behavior. So there's phenomenal track record of this model working. But it really only works if you buy quality, and you let people -- and you bring those great leaders into the business. So we feel very strongly that these 6 business units are going to grow because of the fantastic management and because of the quality of those businesses.

Unidentified Participant

So Hamed, I understand your response, and I suppose I agree, but not wholeheartedly. I think where you lose me is when you say, on one hand, you're decentralized. On the other hand, you expect to reap synergies. So that's probably where you lose me. Maybe you could also talk about how you plan to drive organic growth versus just layering on -- and proving to investors that you're doing that versus just hiding it with acquisitions.

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Yes. I mean we -- just look at our numbers. Look at our Qs. We're very -- we provide a lot of disclosure, and there was enormous organic growth in our business. And we talk about that.

Our medical clinic business has not changed much year-over-year in terms of new acquisitions. And we experienced record growth over pre-pandemic periods by virtue of the growth that we've -- the technology that we've added. We've improved the bottom line. We improved the top line.

Back to your synergies comment, you may have misunderstood what I meant about synergies. I wasn't necessarily pointing to cost synergies. I was pointing to the benefits of being in a health care ecosystem, where you can pick up business from other divisions. So it's more -- the model wasn't necessarily related with cost synergies.

Unidentified Participant

You're talking about cross-selling and delivering other services?

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Correct, correct. Like for example, our medical clinics use our own EMR. Our EMR test beds their new applications in our own medical clinics. Our -- all of our companies source their cybersecurity, which is one of the most important attributes of keeping these companies safe, from our own cybersecurity companies. So there's enormous cost recovery that's happening and revenue referral and synergy that's happening across the company.

Unidentified Participant

Thanks very much, Hamed.

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Thank you, Kevin.

Unidentified Participant

Hamed, so just maybe wrapping things up. Can you give us a little more color on how you're going about sourcing your deals? Because that sounds like it's a key part of the growth strategy. And thus far, have you found yourself in competitive processes? Or are you really able to engage kind of one-on-one and not finding yourself in auctions per se?

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

We shy away from options. We have a fantastic watchlist. We get very deep. We contact people, and we get to really know them. Because to us, we're not in it for the sizzle. We're in it to bring in a fantastic offering, management team to really synergize with our group and to really go to work, continuing to build these companies.

And so there has to be a lot of cultural awareness there. Auctions, that don't really give you a chance to do a lot of good due diligence and will dig in and understand the business very well. And oftentimes, they're artfully managed by bankers who are trying to squeeze every last red cent out of you.

So I'm much more about doing my homework, having a big watchlist. Weighting [and being] thoughtful about how that watchlist works is not just a [gambles] with a bunch of stack-ranked entries. It's about really understanding and weighting different attributes and criteria within that watchlist, being able to take...

Unidentified Participant

I'm sorry to interrupt. That's it on time.

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Okay. Awesome. Yes. So just bottom line is we're -- we've got a great list, and we're very thoughtful and methodical about it.

Unidentified Participant

Thank you.

Unidentified Participant

Awesome. Thank you.

Unidentified Participant

Hamed, it was really great to see you. Congrats. I'm glad you're back in the game.

Hamed Shahbazi - *WELL Health Technologies Corp. - Founder, Chairman & CEO*

Thanks, Ben. Appreciate it.

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