MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Mednow Inc. ("Mednow" or the "Company"), for the year ended July 31, 2022.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2022 and 2021, including the supporting notes. The Company's audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise identified.

The Company also reports certain non-IFRS measures such as EBITDA and adjusted EBITDA that are discussed in the "Definitions of Certain non-IFRS Financial Measures" in this MD&A.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available up to the date of this MD&A, November 28, 2022, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements as at July 31, 2022. All quarterly information contained herein is unaudited. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. All statements in this MD&A, other than statements of historical facts, including statements regarding future estimates, plans, objectives, timing, assumptions or expectations of future performance, including without limitation, the Company's expectation that during the next 12 months, the Company will build and open retail pharmacies in the province of Alberta and Quebec, the Company's ability to secure institutional contracts and other business development initiatives, the ability to scale and grow the Company's businesses, the Company's ability to pursue and complete future acquisitions and investments, the Company's forecast that revenue for the 2023 calendar year will range between C$105 million and C$110 million, the Company's forecast that the Company's calendar 2023 annual gross margin will average approximately 25%, with 110,000 to 120,000 active patients, and the Company's forecast to have Adjusted EBITDA in the range of $5 million to $10 million, are forward-looking statements and contains forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", "forecasts" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", or "would" occur.

Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date of this press release, including that during the next twelve months, the Company will build and open retail pharmacies in the provinces of Alberta and Quebec, the Company will be successful in the deployment of its resources and personnel, the Company's operations will not be adversely impacted by COVID-19, the availability of financing, the cost of planned expansion, third party contractors and supplies and governmental and other approvals required to conduct the Company's planned activities will be available on reasonable terms and in a timely manner and that general business and economic conditions will not change in a material adverse manner, the Company will be successful in its targeted marketing campaigns and advertising initiatives that will allow the Company to grow its active patients to 110,000 to 120,000 active patients in calendar 2023, the Company will be successful in growing its active users to its estimated target range in calendar 2022 and calendar 2023, which will allow the Company to generate between C$105 million and C$110 million of revenue, average gross margin of 25% and Adjusted EBITDA in the range of $5 million to $10 million in its calendar 2023 year, the Company will be able to continue to buy medications and other goods at reasonable prices and underlying purchase terms to achieve its expected gross margin in calendar 2023, the Company will be able to control operating costs to be able to achieve its target and forecasted earnings and Adjusted EBITDA, the Company's web and mobile application will be able to support a higher number of patients and users who will use the application to transact with the Company, and the Company will be successful in its strategic objectives, including the integration of existing business acquisitions and the pursuit of other investments and acquisitions.

Factors that could cause actual results to vary materially from results anticipated by such forward looking statements include changes in market conditions, fluctuations in the currency markets, changes in national and local governments, legislation, taxation, controls, regulations, and political or economic developments in Canada or other countries in which the Company may carry on business in the future; risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; inadequate insurance or inability to obtain insurance to cover these risks; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by the Company; the Company's ability to successfully integrate acquisitions; the ongoing economic impacts of the COVID-19 pandemic; and the risk factors discussed or referred to in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Investors are cautioned against attributing undue certainty to forward-looking statements. Other than specifically required by applicable laws, we are under no obligation and we expressly disclaim any such obligation to update or alter the forward-looking statements whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.

COMPANY OVERVIEW

Mednow is a healthcare company that has developed a web and mobile application to facilitate the sale and distribution of prescription medications, and the delivery of virtual care and telemedicine services. The Company's web application is accessible and compatible with the internet browsers Safari, Google Chrome, Mozilla FireFox, and Microsoft Edge on mobile phones and on personal computers. Through its technological infrastructure, the Company provides customers with a convenient and secure way to fill, order, receive and manage their prescriptions without having to physically attend a brick-and-mortar pharmacy.

The Company owns and operates retail brick-and-mortar pharmacies that are based in British Columbia, Manitoba, Ontario and Nova Scotia. The Company provides doctor services, including telemedicine and virtual care, as well as doctor home visits for patients who are unable to leave their homes.

On March 4, 2021, the Company completed its initial public offering ("IPO"). On March 9, 2021, the Company listed its common shares on the TSX Venture Exchange ("TSXV") under the symbol "MNOW".

Mednow is a Canadian public company incorporated under the Canada Business Corporations Act on January 17, 2018. The registered corporate office address is 10th Floor, 595 Howe St., Vancouver, BC V6C 2T5. The Company's website is www.mednow.ca. Mednow's fiscal year end is on July 31, 2022.

STATEMENT ON COVID-19

The coronavirus ("COVID-19") was declared a pandemic by the World Health Organization in March 2020. Since then, COVID-19 has spread across the globe and is continuing to impact global economic, business and social activities. During this period of time, government authorities have implemented preventative and emergency measures, including travel bans and social distancing requirements, to mitigate the spread of COVID-19. The preventative and emergency measures have been gradually reduced in parts of the world in the last few months, including in Canada, largely as a result of the access and availability of vaccines, as well as due to the increasing number of vaccinated populations.

The Company has undertaken the following activities to prevent and contain the spread of COVID-19: (1) the implementation of enhanced safety and health measures, such as social distancing measures and sanitization and cleaning protocols; (2) the Company continues to offer select company staff in certain functions such as marketing, technology and administrative shared support services an option to work from home, or to adopt a hybrid work model.

The outbreak, related mitigation measures, as well as the potential emergence of other variants of COVID-19, may continue to have adverse impacts on global economic conditions as well as on the Company's business activities. Management will continue to assess the impact of the coronavirus on its financial results.

STRATEGIC IMPERATIVES

The Company's core strategic imperatives include: continued national expansion of the retail pharmacy and doctor services businesses across Canada through the addition of institutional contracts and other business development initiatives; the integration and growth of acquired businesses; the pursuit of accretive acquisitions and investments in the healthcare industry; and proactive efforts to increase the user base of the Company's services.

Through its partnership with HepCURE, a non-profit company and one of Canada's leading Hepatitis C screening and treatment providers, the Company, through its wholly owned subsidiary, Liver Care Canada, will offer patients access to HepCURE's programming and services to further improve medication adherence of Hepatitis C medications and optimize treatment outcomes to help achieve the goal of eliminating Hepatitis C in Canada by 2030. This will help to expand Liver Care Canada's business outside of Ontario to the rest of Canada.

The Company will continue to pursue strategic acquisitions and investments in healthcare and retail pharmacies, which is part of its strategy to deploy capital to maximize shareholder value.

Mednow actively continues to add institutional contracts, such as the signed agreements with the Police Pensioner's Association of Ontario, a group representing multiple police services throughout the province of Ontario that promotes the mutual interests of police retirees and encourages a cooperative relationship; Sterling Capital Brokers Ltd., one of Canada's largest independent benefit consulting firms that specializes in servicing high growth small-to-medium size businesses; and Aya, a modern Canadian health technology company that provides personalized benefits though health and wellness spending accounts. These large contracts are expected to result in a lower cost of customer acquisition than traditional retail consumers.

CORE OPERATING BRANDS

The Company owns and operates seven (7) retail brick-and-mortar pharmacies, out of which five (5) pharmacies operate under the trade name Mednow Pharmacy, one (1) pharmacy operates under the trade name Infusicare, and one (1) pharmacy operates under the trade name London Pharmacare.

The Company's first franchised retail brick-and-mortar pharmacy opened for business in the province of Quebec in August of 2022, offering Mednow's fast, free prescription delivery and deep commitment to holistic, pharmacist-led patient care. The Quebec-based pharmacy is owned and operated by Pharmacie Raji Al-Kurdi Inc. and is operated pursuant to a franchise agreement (the "Franchise Agreement") between Mednow ("franchisor") and Pharmacie Raji Al-Kurdi Inc. ("franchisee").

On November 8, 2022, the Company opened its retail brick-and-mortar pharmacy based in Calgary, Alberta.

MEDNOW PHARMACY

As at July 31, the Company owns and operates five (5) retail brick-and-mortar pharmacies in British Columbia, Manitoba, Ontario and Nova Scotia operating under the trade name Mednow Pharmacy. The pharmacies serve walk-in patients, as well as online orders placed by patients using the Mednow web and mobile application.

INFUSICARE CANADA INC.

On December 10, 2021, the Company acquired 100% of the issued and outstanding shares of Infusicare Canada Inc. ("Infusicare"), a London, Ontario, based retail pharmacy that specializes in biologic drugs, the fastest-growing class of drugs in the pharmaceutical industry.

LONDON PHARMACARE INC. AND LIVER CARE CANADA INC.

On February 22, 2022, the Company acquired 100% of the issued and outstanding shares of London Pharmacare Inc. ("London Pharmacare") and Liver Care Canada Inc. ("Liver Care Canada") from the shareholders of both businesses.

London Pharmacare is a retail pharmacy based in London, Ontario that specializes in drugs that treat liver disease and other hepatology medical conditions.

MEDVISIT

On August 5, 2021, the Company acquired Medvisit, a business that provides in-home doctor and patient consultations in the province of Ontario. Medvisit has been in operation for over 30 years, with approximately 30,000 patient home visits per year and over 400,000 patients served since inception.

MEDNOW VIRTUAL CARE

On September 15, 2021, the Company launched Mednow Virtual Care, a platform to provide virtual care and telemedicine services, facilitated through the Mednow web application and mobile application. Mednow Virtual Care is currently available in the province of Ontario and British Columbia, and the Company expects to expand its coverage to serve patients across Canada in the near future.

LIFE SUPPORT

On July 9, 2021, pursuant to the terms of its subscription agreement ("subscription agreement"), the Company acquired an equity interest in Life Support Mental Health Inc. ("Life Support", "investee"), a privately held Canadian company that has developed mental health solutions to patients. Through this strategic investment, the Company is able to expand and diversify its portfolio of healthcare services that it can provide to its patients.

On July 9, 2021 the Company paid cash consideration of $500,000 to Life Support, and received 1,265,968 Class C voting common shares of Life Support. On October 18, 2021, the Company paid cash consideration of $250,000 to purchase an additional 473,809 Class C voting common shares of Life Support. As of July 31, 2022, the Company has an equity interest of 12.3% (2021: 10.5%) in Life Support.

On July 31, 2022, the Company identified and assessed indicators of impairment related to Life Support securities. The amount of the impairment was determined using management's estimates and assumptions, including assessments and evaluation of historical and projected future financials of Life Support. As a result, the Company has recognized an impairment loss of $598,238 in the consolidated statements of loss and comprehensive loss which has reduced the investment carrying value to $nil.

The Company has the option to invest an additional $750,000 payable in cash, in exchange for 1,101,606 Class C voting common shares of Life Support, contingent on Life Support meeting performance milestones and targets pursuant to the subscription agreement. The derivative associated with the option has not been recorded in the financial statements as the value has been assessed as insignificant. The performance milestones and targets were not met as of July 31, 2022. If the Company decides not to fund or pursue the remaining purchase option, the Company will not receive the additional common shares of Life Support. The Company will retain all existing shareholder rights in respect to the Class C voting common shares that it holds.

TRUDIAGNOSTIC

On November 12, 2021, the Company entered into an agreement with TruDiagnostic, a United States based company, to acquire a two-year license and distribution rights to sell epigenetic testing kits ("testing kits") to patients in Canada. The Company paid cash consideration of USD $150,000 to acquire the two-year rights pursuant to the agreement. The testing kits are manufactured by TruDiagnostic. The testing kits are available for purchase using the Company's web and mobile application.

DOKO MEDICAL INC.

On November 24, 2021, the Company entered into an agreement with Doko Medical Inc. ("Doko"), a virtual healthcare provider which operates in the United States in 38 states. The Company paid cash consideration of $500,000 in the form of a convertible promissory note that is repayable to the Company on the maturity date of November 24, 2023.

The Company earns interest income of 3%, compounded annually. The promissory note will be automatically converted into equity interest of Doko based on a triggering event that is tied to Doko's ability to raise capital over a defined monetary threshold in the form of equity financing or a change in control at Doko. The amount of the equity interest that the Company will receive on the occurrence of the triggering event is based on a conversion price calculation as defined in the agreement. Doko has the ability to repay the principal and interest at any time, without penalty. The promissory note is subsequently measured at fair value through profit and loss.

The fair value of Doko was calculated based discounted cash flow models that represent management's projections based on current and anticipated market conditions. The key assumptions include a discount rate of 20%, revenue and cost growth rate for each year and the terminal growth rate of 3%. These assumptions are considered to be Level 3 in the fair value hierarchy. A 15% change in the revenue growth assumption will not have an impact on the fair value of the financial asset.

During the year ended July 31, 2022, the Company recorded a loss on the change in fair value of $510,250 in the consolidated statements of loss and comprehensive loss which has reduced the investment carrying value to $nil (2021: $nil).

Doko Medical is a virtual healthcare provider that has over 100 physicians and healthcare workers engaged over its platform, which specializes in urgent care, mental health and erectile dysfunction. Doko Medical has developed a secure and scalable telemedicine platform that helps clinicians deliver care to patients.

BUSINESS COMBINATIONS

Acquisition of Medvisit

On August 5, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Ontario-based 2716725 Ontario Inc., which operates under the trade name Medvisit. The purchase price for the acquisition consisted of cash consideration of $1,320,000 and additional earn-out payments of the estimated fair value $107,338 based on milestones tied to Medvisit's business performance over two years starting from the date of acquisition. The earn-out payments have been discounted using a risk-adjusted discount rate based on the date they are payable. The Company will pay a maximum earn-out of $680,000 over a two-year period ($340,000 per year following the acquisition date), and the earn-out payment has been adjusted based on the target number of annual home visits pursuant to the share purchase agreement.

Through this strategic acquisition, the Company is able to expand and diversify its doctor services business in the province of Ontario, alongside its existing virtual care and telemedicine business.

The Company incurred acquisition costs of $52,970 in connection with its acquisition of Medvisit which have included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. The Company has recorded a measurement period adjustment of $88,280 to decrease the amount of goodwill from $738,516 as at April 30, 2022 to $650,236 as at July 31, 2022, in respect of the deferred tax liability. The purchase price allocation as of the valuation date of August 5, 2021 is summarized below. The goodwill acquired is associated with Medvisit's workforce and expected future growth potential and is not expected to be deductible for tax purposes.

Consideration		
Cash consideration	$	1,320,000
Contingent consideration		107,338
Total consideration	**$**	**1,427,338**
Current assets		
Cash		24,004
Accounts receivable		238,770
Other current assets		10,857
Non-current assets		
Property and equipment		15,889
Right-of-use assets		32,493
Customer relationships		42,000
Intellectual property		82,000
Brand		833,000
Goodwill		650,236
Current liabilities		
Accounts payable and accrued liabilities		233,618
Loan payable		40,000
Lease liabilities		32,493
Non-current liabilities		
Deferred tax liability		195,800
Net assets acquired	**$**	**1,427,338**

From the date of acquisition to July 31, 2022, Medvisit generated revenue of $2,013,958, and a net loss of $295,795 recorded in the consolidated statements of loss and comprehensive loss.

As at July 31, 2022, the Company has reassessed the earn-out payments and does not expect to pay earn-out payments based on the Company's assessment of the number of annual home visits in the first year following the date of acquisition, as well as based on the assessment of projected annual home visits for the second year following the date of acquisition. The adjustment of $107,338 has been recorded in the consolidated statements of loss and comprehensive loss.

The fair value of contingent consideration of Medvisit was fair valued using the Monte Carlo valuation model. The key assumptions include a monthly growth factor of patient visits of 0.015% from the previous month and a discount rate of 5.24%.

Acquisition of Mednow West

On October 25, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Mednow West, a business controlled by the management and certain shareholders of Mednow, for cash consideration of $74,209 and the assumption of the on demand promissory note payable by Mednow West to Mednow Inc. of $979,406 as at the date of acquisition. The amount owed by Mednow West to the Company prior to the acquisition, of $979,406, was eliminated as an intercompany loan upon consolidation (Note 20). From the date of acquisition to July 31, 2022, Mednow West generated revenue of $760,719 and a net loss of $485,865 which was recorded in other expenses in the consolidated statements of loss and comprehensive loss.

Through this strategic acquisition, the Company is able to serve patients at the Mednow West retail pharmacy located in Vancouver, British Columbia and throughout the province using the Mednow web and mobile application. The acquisition positions Mednow to continue to grow its retail pharmacy business.

The Company incurred acquisition costs of $83,985 in connection with its acquisition of Mednow West which is included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. The purchase price allocation as of the valuation date of October 25, 2021, is summarized below. The goodwill acquired is associated with Mednow West's workforce and expected future growth potential and is not expected to be deductible for tax purposes.

Consideration		
Cash consideration	$	74,209
Assumption of on demand promissory note		979,406
Total consideration	**$**	**1,053,615**
Current assets		
Cash		58,009
Accounts receivable		28,540
Inventory		149,740
Other current assets		11,389
Non-current assets		
Property and equipment		56,464
Right-of-use assets		79,821
Customer relationships		26,000
Goodwill		862,314
Current liabilities		
Accounts payable and accrued liabilities		92,398
Current portion of lease liabilities		64,069
Non-current liabilities		
Lease liabilities		24,034
Deferred tax liability		38,161
Net assets acquired	**$**	**1,053,615**

Acquisition of Infusicare

On December 10, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Infusicare, a business controlled by management, directors and shareholders of Mednow, for cash consideration of $1,850,000. From the date of acquisition to July 31, 2022, Infusicare has generated revenue of $6,531,103 and generated net income of $30,518 which was recorded in the consolidated statements of loss and comprehensive loss.

Through this strategic acquisition, the Company is able to serve patients at the Infusicare retail pharmacy located in London, Ontario, and throughout the province of Ontario. The acquisition also positions Mednow to serve patients who require specialized and niche categories of biologic drugs, and to continue to grow the retail pharmacy business.

The Company incurred acquisition costs of $47,837 in connection with its acquisition of Infusicare which is included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. The Company has recorded a measurement period adjustment of $431,927 to increase the amount of goodwill from $789,682 as at

January 31, 2022 to $1,221,609 as at July 31, 2022, based on new information primarily relating to the collectability of accounts receivable balances and an adjustment to the deferred tax liability.

The purchase price allocation as of the valuation date of December 10, 2021, is summarized below. The goodwill acquired is associated with Infusicare's workforce and expected future growth potential and is not expected to be deductible for tax purposes. The Company is still in the process of finalizing the fair value of the intangible assets and goodwill acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition.

Consideration paid	
Cash consideration	$ 1,850,000
Total consideration	**$ 1,850,000**
Current assets	
Cash	17,878
Accounts receivable	615,891
Sales tax receivable	9,830
Inventory	239,637
Income tax recoverable	93,756
Prepaid expenses	34,103
Due from related parties	15,784
Non-current assets	
Property and equipment	13,463
Right-of-use assets	1,015,086
Customer list	940,000
Goodwill	1,221,609
Current liabilities	
Accounts payable and accrued liabilities	860,958
Bank indebtedness	229,985
Due to related parties	29,032
Current portion of lease liability	177,208
Non-current liabilities	
Lease liabilities	837,878
Deferred tax liability	231,976
Net assets acquired	**$ 1,850,000**

Acquisition of London Pharmacare and Liver Care

On February 22, 2022, the Company completed the acquisition of 100% of the issued and outstanding shares of London Pharmacare and Liver Care, businesses controlled by management, directors and shareholders of Mednow. The purchase price consists of: (1) cash consideration of $1,065,000 paid on closing, (2) deferred cash payments of $735,000, with an estimated fair value of $661,786 to be paid on February 22, 2023 and February 22, 2024, representing the first and second year anniversaries following the date of the acquisition, and (3) earn-out payments with the estimated fair value of $215,494 tied to Liver Care's business performance over two years starting from the date of acquisition. The other cash consideration and earn-out payments have been discounted using a risk-adjusted discount rate based on the date they are payable. From the date of acquisition to July 31, 2022, London Pharmacare and Liver Care generated revenue of $6,471,603 and a net loss of $953,454 recorded in the consolidated statements of loss and comprehensive loss.

Through this strategic acquisition, the Company is able to serve patients at the London Pharmacare retail pharmacy

located in London, Ontario, and throughout the province of Ontario. The acquisition also positions Mednow to serve patients who require specialized and niche categories of hepatology drugs, and to continue to grow the retail pharmacy business.

The Company incurred acquisition costs of $125,771 in connection with its acquisition of London Pharmacare and Liver Care which is included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. The Company has recorded a measurement period adjustment of $153,347 to decrease the amount of goodwill from $2,443,937 as at April 30, 2022 to $2,542,926 as at July 31, 2022. This adjustment is based on new information primarily relating to the collectability of accounts receivable, deferred income and the income tax liability. The purchase price allocation as of the valuation date of February 22, 2022, is summarized below. The goodwill acquired is associated with London Pharmacare and Liver Care's workforce and expected future growth potential and is not expected to be deductible for tax purposes. Due to the complexity associated with the valuation process, the Company is still in the process of finalizing the fair value of the intangible assets and goodwill acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition as required by IFRS 3.

The fair value of contingent consideration of London Pharmacare and Liver Care was calculated based on discounted cash flow models that represent management's projections based on current and anticipated market conditions. The key assumptions include a discount rate of 6.26% and a revenue growth rate of (18%) for the fiscal 2023 year. These assumptions are considered to be Level 3 in the fair value hierarchy.

During the year ended July 31, 2022, the Company recorded a gain on the change in fair value of $34,682 in other expenses in the statements of loss and comprehensive loss.

Consideration paid		
Cash consideration	$	1,065,000
Other cash consideration		661,786
Contingent consideration		220,478
Total consideration	**$**	**1,947,264**
Current assets		
Cash		101,550
Accounts receivable		610,211
Sales tax receivable		30,859
Inventory		313,364
Prepaid expenses		323
Current portion of leases receivable		43,283
Intercompany receivable		44,930
Due from related parties		360,463
Non-current assets		
Prepaid expenses		49,750
Investment in equity securities		90,000
Property and equipment		220,930
Right-of-use assets		786,319
Leases receivable		131,387
Doctor relationships		540,000
Goodwill		2,507,910
Current liabilities		
Accounts payable and accrued liabilities		919,354
Bank indebtedness		1,446,421
Sales tax payable		29,227
Current portion of lease liability		318,142
Due to related parties		449,306
Deferred revenue		2,850
Non-current liabilities		
Lease liabilities		642,847
Deferred tax liability		75,868
Net assets acquired	**$**	**1,947,264**

Acquisition of Mednow East

On March 31, 2022 the Company completed the acquisition of 100% of the issued and outstanding shares of Mednow East, a business controlled by management, directors and certain shareholders of Mednow, for cash consideration of $65,578 and the assumption of the on demand promissory note payable by Mednow East to Mednow Inc. of $1,380,437 as at the date of acquisition. The amount owed by Mednow East to the Company prior to the acquisition, of $1,380,437, was eliminated as an intercompany loan upon consolidation (Note 20). From the date of acquisition to July 31, 2022, Mednow East generated revenue of $116,245 and net loss of $71,791 which was recorded in the consolidated statements of loss and comprehensive loss.

Through this strategic acquisition, the Company is able to serve patients at the Mednow East retail pharmacy located in Toronto, Ontario and through the province using the Mednow web and mobile application. The acquisition positions Mednow to continue to grow its retail pharmacy business.

The Company incurred acquisition costs of $58,732 in connection with its acquisition of Mednow East which is included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. The purchase price allocation as of the valuation date of March 31, 2022, is summarized below. The goodwill acquired is associated with Mednow East's workforce and expected future growth potential and is not expected to be deductible for tax purposes. The Company is still in the process of finalizing the fair value of the net assets acquired, including goodwill and intangible assets acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition as required by IFRS 3.

Consideration paid		
Cash consideration	$	65,578
Assumption of on demand promissory note		1,380,437
Total consideration	**$**	**1,446,015**
Current assets		
Cash		108,364
Accounts receivable		36,752
Sales tax receivable		121,162
Inventory		285,483
Prepaid expenses		7,991
Due from related parties		24,325
Non-current assets		
Property and equipment		1,498
Right-of-use assets		126,749
Customer list		297,000
Goodwill		720,893
Current liabilities		
Accounts payable and accrued liabilities		76,619
Due to related parties		706
Current portion of lease liability		41,430
Non-current liabilities		
Lease liabilities		86,354
Deferred tax liability		79,093
Net assets acquired	**$**	**1,446,015**

Summary
If the acquisitions had been completed on August 1, 2021, the Company estimates that it would have recorded $29,210,203 in pro forma revenue for the year ended July 31, 2022.

CORPORATE DEVELOPMENTS

Pharmacy agreements
On September 15, 2020, and on September 24, 2020, respectively, the Company entered into pharmacy agreements (the "Mednow East Pharmacy Agreement" and the "Mednow West Pharmacy Agreement") with Mednow East Inc. ("Mednow East") and Mednow Pharmacy Inc. ("Mednow West"), businesses that were controlled by management, directors and certain shareholders of Mednow. The Mednow West and Mednow East businesses were acquired by the Company on October 25, 2021, and March 31, 2022, respectively, pursuant to the underlying terms of the share purchase agreements for the businesses. The share purchase agreements have replaced the terms and conditions of the pharmacy agreements. Accordingly, the marketing and technology support service fee revenues generated from the pharmacy agreements were terminated on the date of acquisition. The prorated revenues from the pharmacy agreements to the date of acquisition has been recorded in the consolidated statements of loss and comprehensive loss.

The on-demand loan owed by Mednow West and Mednow East to the Company prior to the acquisition is recognized as an intercompany loan between Mednow West and Mednow, and between Mednow East and Mednow, and the intercompany loan is eliminated on these audited consolidated financial statements.

Pursuant to the pharmacy agreements that were in effect to the date of acquisition, Mednow provided Mednow West and Mednow East with non-exclusive marketing and technology support services to connect both businesses with potential customers through the Mednow web application, the dashboard and/or the virtual call center in exchange for consideration at fixed amounts based on volume of orders fulfilled.

Normal course issuer bid

On March 29, 2021, the Company gave notice of its intention to make a Normal Course Issuer Bid (the "Bid") to be transacted through the facilities of the exchange. The notice provides that the Company may, during the 12-month period commencing April 1, 2021 and ending April 1, 2022, purchase up to 1,093,873 Class A common shares of the Company in total, being 5% of the total number of 21,877,460 shares outstanding as at March 29, 2021. The share purchases were made on the open market through the facilities of the exchange and were purchased for cancellation. The funding for any purchase pursuant to the Bid was financed out of the working capital of the Company. The Company's Bid were made by Gravitas Securities Inc. on behalf of the Company through the facilities of the TSX Venture Exchange.

As at July 31, 2022, the Company purchased and cancelled a life to date total of 309,100 (2021: 309,100) common shares for $865,955 (2021: $865,955) of cash consideration. The life to date weighted average cost of the cancelled shares totaled $455,233 (2021: $455,233) resulting in a loss on cancellation of $410,822 (2021: $410,822) allocated to deficit. The Company did not purchase and cancel any shares during the year ended July 31, 2022.

National Instrument 44-101 Short form prospectus

On February 15, 2022, the Company filed a notice to the British Columbia Securities Commission, Alberta Securities Commission, Ontario Securities Commission, Manitoba Securities Commission and Financial and Consumer Affairs Authority of Saskatchewan under national instrument 44-101 of the Company's intention to be qualified to file a short form prospectus. The notice will remain in effect until withdrawn by the Company.

On July 15, 2022, the Company received receipt from the British Columbia Securities Commission, the Ontario Securities Commission for the Short Form Base Shelf Prospectus (the "prospectus"). The prospectus has been filed under Multilateral Instrument 11-102 Passport System in Alberta, Saskatchewan and Manitoba.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the year ended July 31, 2022 and 2021 is set forth below.

	Year Ended July 31,	
	2022	2021
Revenue	$ 16,638,670	$ 414,000
Net loss and comprehensive loss	(29,555,900)	(8,953,835)
EBITDA[1]	(28,128,156)	(8,751,670)
Adjusted EBITDA[1]	(15,801,467)	(5,373,050)
Total assets	18,131,993	34,171,322
Total liabilities	12,122,513	1,684,582
Basic and diluted net loss and comprehensive loss per common share	(1.37)	(0.49)

1 EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

RECONCILIATIONS OF NON-IFRS MEASURES

	Year Ended July 31,	
	2022	2021
Net loss and comprehensive loss for the period	$ (29,555,900)	$ (8,953,835)
Interest expense	183,816	815
Depreciation and amortization	1,759,888	201,350
Current/deferred tax recovery	(515,960)	—
EBITDA[1]	**$ (28,128,156)**	**$ (8,751,670)**
Loss on investment in equity securities	147,237	4,525
Share-based compensation	3,078,729	3,374,095
Acquisition costs	346,726	—
Asset impairment charges	7,680,214	—
Loss on fair value remeasurement	510,250	—
Severance expenses	563,533	—
Adjusted EBITDA[1]	**$ (15,801,467)**	**$ (5,373,050)**

[1] EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

DISCUSSION OF OPERATIONS

Comparison of the Year Ended July 31, 2022 and 2021

	Three months ended July 31,			Year ended July 31,		
	2022	2021	Variance	2022	2021	Variance
Revenue	$ 7,206,664	$ 124,200	$ 7,082,464	$ 16,638,670	$ 414,000	$ 16,224,670
Cost of sales	6,758,285	—	6,758,285	13,855,286	—	13,855,286
Marketing and sales	901,233	511,874	389,359	2,823,931	896,507	1,927,424
General and administrative	4,855,412	1,851,435	3,003,977	16,938,975	4,940,634	11,998,341
Share-based compensation	(99,806)	1,545,389	(1,645,195)	3,078,729	3,374,095	(295,366)
Depreciation and amortization	789,053	95,875	693,178	1,759,888	201,350	1,558,538
Asset impairment charges	7,680,214	—	7,680,214	7,680,214	—	7,680,214
Net loss and comprehensive loss for the period	(13,854,503)	(3,850,186)	(10,004,317)	(29,555,900)	(8,953,835)	(20,602,065)
EBITDA[1]	(13,319,073)	(3,753,496)	(9,565,577)	(28,128,156)	(8,751,670)	(19,376,486)
Adjusted EBITDA[1]	(4,614,122)	(2,203,582)	(2,410,540)	(15,801,467)	(5,373,050)	(10,428,417)
Basic and diluted net loss and comprehensive loss per common share	(0.64)	(0.21)	(0.43)	(1.37)	(0.49)	(0.88)

[1] *EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.*

Results of operations for the quarter ended July 31, 2022 as compared to 2021

The total net loss and comprehensive loss for the quarter ended July 31, 2022, was $13,854,503 ($0.64 loss per share) compared to $3,850,186 ($0.21 loss per share) for the quarter ended July 31, 2021. The movements in revenue and expenses are detailed below:

- Revenue increased by $7,082,464 during the three month period ended July 31, 2022, driven primarily by sales from the Company's retail pharmacy operating segment. The Company's retail pharmacies based in British Columbia, Manitoba, Ontario and Nova Scotia collectively generated revenue of $6,698,297, as compared to $nil in the prior comparative period. During the prior year comparative period, the pharmacies in Manitoba and Nova Scotia were not open for business, and the pharmacies in British Columbia and Ontario had not been acquired. The Company generated revenue of $482,366 from its

doctor services operating segment in the three months period ended July 31, 2022, as compared to $nil in the prior comparative period, as the Company started offering doctor services from August 5, 2021, following its acquisition of Medvisit, a business that provides in home doctor care for patients who are not able to leave their homes. The Company generated revenue of $nil from its pharmacy agreements, as compared to $124,200 in the prior year comparative period, which was generated from its pharmacy agreement with Mednow East Inc. and with Mednow West. The pharmacy agreements with Mednow East and Mednow West were terminated on the date of acquisition of March 31, 2022, and October 25, 2021, respectively.

- Cost of sales were $6,758,285 during the three month period ended July 31, 2022, comprised of $6,397,659 of the cost of inventory sold at retail pharmacies and $360,626 of the cost of consulting fees paid to doctors. In the prior year comparative period, these business segments were not operational.
- Marketing and sales expenses increased by $389,359 to $901,233 during the three months ended July 31, 2022, mainly driven by core branding and marketing initiatives to increase the exposure of the Company's brand and to acquire patients and users of Mednow's web and mobile application. The majority of marketing expenses were incurred for the Mednow Inc. operating segment, along with marginal spend incurred to promote and advertise the doctor services operating segment.
- General and administrative expense increased by $3,003,977 to $4,855,412 during the three months ended July 31, 2022. For the retail pharmacy operating segment, this is primarily comprised of the costs incurred for pharmacy staff and employees, including pharmacists that the Company employs, and operating costs for the retail pharmacies. For the doctor services operating segment, costs are mainly driven by the cost of salaries paid to Medvisit's staff, including its corporate and call center staff. The majority of general and administrative expenses were incurred for the Mednow Inc. operating segment, which includes i) salaries and subcontractor costs paid to the company's corporate office as the Company continued to build out its internal teams including business development, technology, and shared support staff, ii) legal and professional fees such as acquisition costs incurred for the Company's acquisitions, and iii) investor relations and other related public company costs.
- Share-based compensation decreased by $1,645,195 to a recovery of $99,806 during the three months ended July 31, 2022. The decrease in expenses is largely due to assumptions used in calculating the share-based compensation expense in accordance with the Black-Scholes option pricing model.
- During the three months ended July 31, 2022 depreciation and amortization expenses increased by $693,178 largely due to the amortization of costs which have been capitalized for the development of the Company's web and mobile application.
- EBITDA for the quarter was a loss of $13,319,073, as compared to a loss of $3,753,496 in the prior year comparative period, representing a decrease in EBITDA of $9,565,577 compared to the prior comparative period. The change is primarily driven by increased corporate costs, such as increased head count, technology and marketing efforts as the Company has continued to build out its internal teams in order to scale and grow its businesses as well as asset impairment charges on goodwill and intangible assets. The Company has adjusted net loss and comprehensive loss for the period for certain items to calculate EBITDA, as summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.
- For the period ended July 31, 2022, the Company recorded asset impairment charges of $7,680,214 based on the impairment analysis for its cash-generating units. The Company also recorded a loss on the fair value remeasurement of its note receivable from Doko of $510,250. The Company has recorded asset impairment charges in the consolidated statements of loss and comprehensive loss calculated using the fair value less costs of disposal method using discounted cash flow models for each of the cash-generating units.
- Adjusted EBITDA for the quarter was a loss of $4,614,122, as compared to a loss of $2,203,582 in the prior year comparative period, representing a decrease in adjusted EBITDA of $2,410,540. Adjusted EBITDA has been adjusted for certain items (Reconciliation of Non-IFRS Measures). EBITDA has been adjusted for certain items to calculate Adjusted EBITDA, summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

Results of operations for the year ended July 31, 2022 as compared to 2021

The total net loss and comprehensive loss for the year ended July 31, 2022, was $29,555,900 ($1.37 loss per share) compared to $8,953,835 ($0.49 loss per share) for the year ended July 31, 2021. The movements in revenue and expenses are detailed below:

- Revenue increased by $16,224,670 during the twelve months ended July 31, 2022. The Company's retail pharmacies based in British Columbia, Manitoba, Ontario and Nova Scotia collectively generated revenue of $14,319,421, as compared to $nil in the prior year, as the Company's pharmacies were not open and operational in the prior year. The Company generated revenue of $2,069,551 from the doctor services operating segment, as compared to $nil in the prior year, as the Company started offering doctor services from August 5, 2021, following its acquisition of Medvisit, the business that provides in home doctor care for patients who are not able to leave their homes. The Company generated revenue of $223,694 from its pharmacy agreement with Mednow East and Mednow West, as compared to $414,000 of revenue in the prior year which was generated from its pharmacy agreement with Mednow East Inc. and an equal amount was generated from the pharmacy agreement with Mednow West. In the prior year, the pharmacy agreement was effective from October 2020 and onwards. The pharmacy agreements with Mednow East and Mednow West were terminated on the date of acquisition of March 31, 2022, and October 25, 2021, respectively.
- Cost of sales were $13,855,286, made up of $12,311,346 of the cost of inventory sold at retail pharmacies and $1,543,940 of consulting fees paid to doctors. In the prior year, these business segments were not operational.
- Marketing and sales expenses increased by $1,927,424 to $2,823,931 during the twelve months ended July 31, 2022, mainly driven by market initiatives to increase exposure of the Company's brand and to acquire patients and users of Mednow's web and mobile app. The majority of marketing expenses were incurred for the Mednow Inc. operating segment, along with marginal spend incurred to promote and advertise the doctor services operating segment.
- General and administrative expense increased by $11,998,341 to $16,938,975 during the twelve months ended July 31, 2022. For the retail pharmacy operating segment, this is primarily comprised of the costs incurred for pharmacy staff and retail operating costs, such as common area maintenance fees paid to the landlord for each of the pharmacies' real estate locations. For the doctor services operating segment, costs are mainly driven by the expenses incurred to maintain the Company's internally developed application that is used for doctor home visits as well as the salaries for Medvisit's staff, including its corporate and call center staff. The majority of general and administrative expenses were incurred for the Mednow Inc. operating segment, which includes i) salaries and subcontractor costs as the Company continued to build out its internal teams, including business development, technology and shared support functions, ii) legal and professional fees, including acquisition costs incurred for the Company's acquisitions, and iii) investor relations and other public company costs.
- Share-based compensation decreased by $295,366 to $3,078,729 during the twelve months ended July 31, 2022. The decrease in expenses is largely due to assumptions used in calculating the share-based compensation expense in accordance with the Black-Scholes option pricing model.
- Depreciation and amortization expenses increased by $1,558,538 to $1,759,888 largely due to the amortization of costs which have been capitalized for the development of the Company's web and mobile application. The Company continued to develop and enhance its web and mobile application during the twelve months ended July 31, 2022.
- EBITDA for the year July 31,2022 was a loss of $28,128,156 as compared to a loss of $8,751,670 in the prior year, representing a decrease in EBITDA of $19,376,486. The change is primarily driven by increased corporate costs, such as increased head count, technology and marketing efforts as the Company has continued to build out its internal teams in order to scale and grow its businesses as well as asset impairment charges on goodwill and intangible assets. The Company has adjusted net loss and comprehensive loss for the period for certain items to calculate EBITDA, as summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.
- For the year ended July 31, 2022, the Company recorded asset impairment charges of $7,680,214 based on the impairment analysis for its cash-generating units. The Company also recorded a loss on the fair value remeasurement of its note receivable from Doko of $510,250. The Company has recorded asset

impairment charges in the consolidated statements of loss and comprehensive loss calculated using the fair value less costs of disposal method using discounted cash flow models for each of the cash-generating units.

- Adjusted EBITDA for the twelve months ended July 31, 2022 was a loss of $15,801,467, as compared to a loss of $5,373,050 in the prior year, representing a decrease in EBITDA of $10,428,417. EBITDA has been adjusted for certain items to calculate Adjusted EBITDA, summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

SUMMARY OF QUARTERLY RESULTS

The following financial data for each of the eight (8) most recently completed quarters has been prepared in accordance with IFRS.

	Three months ended (unaudited)			
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021
Revenue	$ 41,400	$ 124,200	$ 124,200	$ 124,200
Net loss and comprehensive loss	(509,097)	(1,190,424)	(3,404,128)	(3,850,186)
EBITDA[1]	(483,595)	(1,155,395)	(3,359,184)	(3,753,496)
Adjusted EBITDA[1]	(483,595)	(803,418)	(1,882,455)	(2,203,582)
Total assets	5,121,398	4,487,634	36,871,403	34,171,322
Total liabilities	244,391	449,074	1,144,795	1,684,582
Basic and diluted loss and comprehensive loss per common share	(0.03)	(0.07)	(0.17)	(0.21)

	Three months ended (unaudited)			
	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022
Revenue	$ 686,442	$ 2,239,995	$ 6,505,569	$ 7,206,664
Net loss and comprehensive loss	(4,801,009)	(5,478,162)	(5,422,226)	(13,854,503)
EBITDA[1]	(4,662,628)	(5,205,059)	(4,941,396)	(13,319,073)
Adjusted EBITDA[1]	(3,066,723)	(3,928,484)	(4,192,138)	(4,614,122)
Total assets	32,935,825	32,216,320	31,599,793	18,131,993
Total liabilities	3,770,586	7,398,799	11,634,792	12,122,513
Basic and diluted loss and comprehensive loss per common share	(0.22)	(0.25)	(0.25)	(0.64)

[1] EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

During the three months period ended October 31, 2021, the Company acquired Medvisit, the doctor home visits business, Mednow West, the retail pharmacy based in Vancouver, and the Company started the Mednow Virtual Care business which offers virtual care and telemedicine services. The Company generated 80% or $549,226 of its revenue from its doctor services business during the quarter ended October 31, 2021, and 20% or $120,194 of revenue from its pharmacy agreements.

For the period ended January 31, 2022, the Company acquired Infusicare, a retail London, Ontario based pharmacy and generated 67% or $1,639,026 of revenue from its retail pharmacy business, and 24% or $538,869 of revenue from its doctor services business.

For the period ended April 30, 2022, the Company acquired London Pharmacare and Liver Care Canada, a business that specializes in niche categories of hepatology drugs. During its most recent quarter, the Company generated 92%

or $5,964,792 of revenue from its retail pharmacy business, as compared to 8% or $499,206 of revenue from its doctor service business. The Company's pharmacy agreements were terminated following the acquisitions of Mednow West and Mednow East. In future quarters, the Company expects to generate a majority of its revenue through its retail pharmacy and doctor services business.

Following the IPO transaction in March, 2021, the Company has continued to invest in building retail brick-and-mortar pharmacies that are equipped to fulfill a large volume of prescription and non-prescription orders, the development of advanced technological infrastructure which includes the Mednow web and mobile application that is used by patients to order and transact with the Company, and to hire its core internal teams including business development, technology, marketing and other shared support functions. The Company has also issued stock options in accordance with its stock option plan to attract and retain top talent. The share-based compensation expense on the stock options has been valued in accordance with the Black-Scholes option pricing model on the Company's Consolidated Statements of Loss and Comprehensive Loss.

ASSET IMPAIRMENT CHARGES AND FAIR VALUE REMEASUREMENT

(a) Impairment of Goodwill and Intangibles

Impairment of Goodwill
The Company conducts goodwill impairment testing annually, or more often if events, changes or circumstances indicated that it is more likely than not that the fair value of a cash generating units ("CGU") is lower than its carrying amount. At the time of the annual impairment test, the Company determined that the existence of impairment on certain long-lived assets and goodwill, as a result of lower than expected profitability and cash flows and changes in market expectations of cash flows since the Company acquired the goodwill, indicated the fair value of its CGUs might be lower than the carrying value.

The Company has performed an impairment analysis based on historical and forecasted performance measures for its CGU which are: Medvisit, Mednow West, Mednow East and Mednow Ontario Limited, Infusicare, Liver Care Canada Inc. and London Pharmacare Inc. The recoverable amount for the CGU's has been determined using the greater of the value in use and the fair value less costs of disposal, using discounted cash flow models. An impairment charge is recorded when the carrying value of the CGU exceeds the recoverable amount for the CGU.

As at July 31, 2022, the Company identified five CGU's and allocated the carrying value of goodwill to the respective CGUs:

Cash Generating Unit	Carrying Value	Segment
Medvisit	1,516,143	Doctor services
Mednow West	1,670,092	Retail pharmacies
Infusicare	1,951,235	Retail pharmacies
Mednow East and Mednow Ontario Ltd.	1,714,280	Retail pharmacies
Liver Care and London Pharmacare	1,217,914	Retail pharmacies

The Company's fair value less cost of disposal exceeded the value in use and therefore the Company determined the fair value less cost of disposal of each CGU and compared it to the carrying value. The fair value of each reporting unit was determined using a discounted cash flow technique based on the following key assumptions:

Cash Generating Unit	Discount Rate	Forecasted Sales Growth Rate	Terminal Value Growth Rate	Number of Years of Cash Flow Used
Medvisit	40.4%	26.0% - 58.0%	3.0%	5
Mednow West	40.4%	15.0% - 1,266.0%	3.0%	4
Infusicare	40.4%	15.0% -16.0%	3.0%	4
Mednow East and Mednow Ontario Ltd.	40.4%	11.0% - 1,190.0%	3.0%	4
Liver Care and London Pharmacare	40.4%	13.0% - 98.0%	3.0%	4

These assumptions are considered to be Level 3 in the fair value hierarchy.

The Company included four years of cash flows in its discounted cash flow model. Cash flows were based on past experiences, actual operating results and a growth rate based on management's projections. The cash flow forecasts were projected beyond the four year period using an estimated terminal growth rate. The cash flows represent management's projections based on current and anticipated market conditions.

Cash flow projections have been discounted using the weighted average cost of capital, which considers the time value of money, the risks specific to the CGU and was calculated using the risk-free rate and an equity risk premium adjusted for comparable publicly traded companies.

Based on the impairment analysis, the Company has recorded asset impairment charges related to its goodwill in the consolidated statements of loss and comprehensive loss calculated using the fair value less costs of disposal method using discounted cash flow models for each of the CGU's below. As a result of the impairment tests, the Company has recorded the following asset impairment charges for the year ended July 31 (2021: $nil): Medvisit $650,236, Infusicare $1,221,609, Liver Care and London Pharmacare $2,507,910 and Mednow West $862,314.

At each reporting period end the Company considers if there have been any indicators that indicate that its long-lived assets are not recoverable. Based on lower than expected profitability and cash flows, the Company determined that an impairment test was appropriate at that time.

The recoverable amount was lower than the carrying amount for three of its CGUs. The Company then determined the fair value of each of those asset groups and allocated the impairment to the assets within the group, being intellectual property, customer relationships, doctor relationships and brand. The assets were not written down below their individual fair value.

As a result of this assessment, the Company determined that intangible assets with a carrying amount of $2,646,174 were no longer recoverable and adjusted the carrying value to the estimated fair value of $806,267 resulting in an impairment loss of $1,839,907.

The fair value of each asset group was determined using cash flows expected to be generated by market participants, discounted at a weighted average cost of capital.

Impairment of Life Support

As at July 31, 2022, the Company identified and assessed indicators of impairment related to Life Support securities primarily based on lower than expected profitability and cash flows. The Company has determined the recoverable amount using the greater of the value in use and the fair value less costs of disposal, using discounted cash flow models. The Company has applied key assumptions (as discussed above) in determining the recoverable amount. These assumptions are considered to be Level 3 in the fair value hierarchy. Management's estimate of the discount rate reflects its weighted average cost of capital.

Based on the impairment analysis, the Company has recognized asset impairment charges of $598,238 in the consolidated statements of loss and comprehensive loss which has reduced the investment carrying value of Life Support to $nil (2021: $495,475).

Our valuation is highly sensitive to the assumptions in our financial model. There is an inherit risk in relying on the Company's judgement on factors in the discounted cash flow as this can substantially change the valuation of the CGU's reflected in our financial statements. The inputs used, such as the revenue growth rate and discount rate requires a degree of judgment, and changes in assumptions could impact the impairment assessment.

(b) Fair Value Remeasurement

On November 24, 2021, the Company entered into an agreement with Doko Medical Inc. ("Doko"), a virtual healthcare provider which operates in the United States in 38 states. The Company paid cash consideration of $500,000 in the form of a convertible promissory note that is repayable to the Company on the maturity date of November 24, 2023. The Company earns interest income of 3%, compounded annually. The promissory note will be automatically converted into equity interest of Doko based on a triggering event that is tied to Doko's ability to raise capital over a defined monetary threshold in the form of equity financing or a change in control at Doko. The amount of the equity interest that the Company will receive on the occurrence of the triggering event is based on a conversion price calculation as defined in the agreement. Doko has the ability to repay the principal and interest at any time, without penalty. The promissory note is subsequently measured at fair value through profit and loss.

The fair value of Doko was calculated based discounted cash flow models that represent management's projections based on current and anticipated market conditions. The key assumptions include a discount rate of 20%, revenue and cost growth rate for each year and the terminal growth rate of 3%. These assumptions are considered to be Level 3 in the fair value hierarchy. A 15% change in the revenue growth assumption will not have an impact on the fair value of the financial asset.

During the year ended July 31, 2022, the Company recorded a loss on the change in fair value of $510,250 which has been recorded to other expenses on the statement of loss and comprehensive loss.

Opening fair value as at August 1, 2021	**$**	**500,000**
Fair value increases related to interest accretion		10,250
Decrease in fair value		(510,250)
Closing fair value as at July 31, 2022	**$**	—

CORPORATE UPDATE OF FINANCIAL PERFORMANCE

The Company provided a corporate update on February 24, 2022, on its calendar 2022 and 2023 financial objectives. Pursuant to the update, the Company forecasts to generate annual revenue between the range of $42.5 million to $47.5 million for the calendar 2022 year, which comprises the months from January to December 2022. The Company projects $42 million of revenue from the retail pharmacy business segment, and $3 million from the doctor services operating segment. The Company forecasts to have 40,000 to 45,000 active patients by the end of the 2022 calendar year. The Company forecasts to have gross margin of approximately 20% and a net loss for the year.

For the 2023 calendar year, comprising the months from January to December 2023, the Company forecasts annual revenue between the range of $105 million to $110 million, with $102 million of revenue from the retail pharmacy operating segment, and $5 million from the doctor services operating segment. The Company forecasts to have 110,000 to 120,000 active patients by the end of the 2023 calendar year. The Company forecasts to have gross margin of approximately 25% and Adjusted EBITDA in the range of $5 million to $10 million. While the forecasted figures for Adjusted EBITDA for the calendar year ended 2022 and 2023 remain the same as previously disclosed, the composition of Adjusted EBITDA has changed. Please refer to the "Definition of Non-IFRS Measures" section for an explanation of the change in composition of Adjusted EBITDA.

On November 8, 2022, the Company opened its retail brick-and-mortar pharmacy based in Calgary, Alberta.

The Company's results as at July 31, 2022, are summarized below. The Company had 31,000 active patients at the end of July 2022.

	For the period ended January - July 2022 (unaudited)
Revenue	$ 14,708,141
Cost of Sales	12,705,850
Gross margin %	14%
Other costs	23,872,427
Net Loss and comprehensive loss	(21,870,136)
EBITDA[1]	(20,737,668)
Adjusted EBITDA[1]	(10,087,260)

[1] EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

As of the date of this report, November 28, 2022, management has assessed that the Company is no longer able to achieve its calendar 2022 financial objectives due to market conditions and delays in adding institutional contracts. As a result, the Company has determined that it is unlikely that the financial and patient forecast will be achieved for calendar 2022. The actual financial and patient metrics have been disclosed above. Due to this, the Company has decided to withdraw its previously disclosed forward-looking information as it relates to calendar 2022. The Company has assessed that it is on track to achieve its calendar 2023 financial and business objectives.

RECONCILIATIONS OF NON-IFRS MEASURES

	For the period ended January - July 2022 (unaudited)
Net loss and comprehensive loss for the period	$ (21,870,136)
Interest expense	181,174
Depreciation and amortization	1,467,525
Current/deferred tax recovery	(516,231)
EBITDA[1]	**$ (20,737,668)**
Loss on investment in equity securities	118,513
Share-based compensation	1,599,201
Acquisition costs	178,697
Asset impairment charges	7,680,214
Loss on fair value remeasurement	510,250
Severance costs	563,533
Adjusted EBITDA[1]	**$ (10,087,260)**

[1] EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

FINANCIAL RESULTS BY OPERATING SEGMENTS

Information for each reportable operating segment is included below:

	For the year ended July 31,				
	2022				2021
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	Mednow Inc.
Revenue	$ 14,319,421	$ 2,069,551	$ 249,698	$ 16,638,670	$ 414,000
Other amounts in loss	17,192,498	2,608,623	26,393,449	46,194,570	9,367,835
Net loss	**$ (2,873,077)**	**$ (539,072)**	**$ (26,143,751)**	**$ (29,555,900)**	**$ (8,953,835)**

	As at July 31,				
	2022				2021
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	Mednow Inc.
Investment in equity securities	$ —	$ —		$ —	$ 495,475
Non-current assets other than financial instruments	5,656,156	64,669	3,925,347	9,646,172	1,992,757

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At July 31, 2022, the Company had working capital of -$69,159. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at July 31, 2022, the Company had $4,970,532 in cash (July 31, 2021: $28,758,598).

The consolidated financial statements for the years ended July 31, 2022 and 2021 do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes.

Financial instruments and risk management

Capital risk management
The Company's objectives in managing its capital are to ensure the Company's ability to continue as a going concern and to maintain a flexible capital structure of equity and debt financing to optimize the costs of capital with minimal risks. The Company considers the items included in shareholders' equity to be capital. The Board of Directors monitors the Company's capital position on a regular basis.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, including the regular monitoring of cash flow and maturity dates of financial assets and liabilities.

The following table has been prepared based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Company could be required to pay. The Company continues to pursue future financing options.

	As at July 31, 2022				
	On demand	Within one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$3,902,601	$ —	$ —	$ —	$ 3,902,601
Bank indebtedness	2,673,589	—	—	—	2,673,589
Loan payable	—	—	30,000	—	30,000
Due to related parties	240,055	—	—	—	240,055
Other cash consideration	—	367,500	367,500	—	735,000
Contingent consideration	—	102,152	83,588	—	185,740
Lease liabilities	—	1,456,084	3,104,137	546,866	5,107,087
Total	**$6,816,245**	**$1,925,736**	**$3,585,225**	**$ 546,866**	**$12,874,072**

On December 10, 2021, the Company acquired Infusicare, a retail pharmacy based in London, Ontario. Infusicare has access to the credit facility pursuant to its agreement with HSBC Bank Canada. The credit facility is used to support the day to day operating requirements of Infusicare. The credit facility provides for a maximum line of credit of the lesser of $1,000,000 or 90% of the Ontario Drug Benefit accounts receivable plus 80% of the other major customers accounts receivables, as approved by HSBC Bank Canada, at the end of the previous month. The interest rate is at the prime rate of HSBC Bank Canada. The facility includes a requirement that the Company maintains certain financial ratios. All amounts advanced and outstanding under the credit facility shall be repaid on demand. The credit facility is secured by a general security agreement from Infusicare creating a first priority security interest in property and intellectual property of Infusicare. As at July 31, 2022, the Company had drawn $640,468 (2021: $nil) from its credit facility.

On February 22, 2022, the Company acquired London Pharmacare and Liver Care Canada. The companies have access to a credit facility based on its agreement with the Bank of Nova Scotia. The credit facility is used to support working capital requirements and general operating expenses of London Pharmacare and Liver Care Canada. The credit facility provides for a maximum line of credit of the lesser of $5,000,000 or 90% of the Ontario Drug Benefit accounts receivable plus 75% of other accounts receivables, as approved by The Bank of Nova Scotia. The interest rate is at the prime lending rate of The Bank of Nova Scotia. The facility includes a requirement that the Company maintains certain financial ratios. All amounts advanced and outstanding under the credit facility shall be repaid on demand. The credit facility is secured by a general security agreement from London Pharmacare and Liver Care Canada creating a first priority security interest in assets of both companies, including receipts from insurance coverage specific to pharmacy contents and equipment. The credit facility is also secured by personal guarantees from select members of the Company's management, directors and shareholders. As at July 31, 2022, the Company had drawn $2,033,121 (2021: $nil) from its credit facility.

The loan payable of $30,000 (2021: $nil) consists of the Canada Emergency Business Allowance, a loan provided by the Federal Government of Canada to extend financial support to businesses impacted by the outbreak of the coronavirus. Pursuant to the terms, the principal amount of $40,000 is to be repaid by December 31, 2025. If the loan is repaid by December 31, 2023, the principal amount of $40,000 will not attract interest. If the loan is not repaid by December 31, 2023, the Company will incur interest of 5% on the amount that is unpaid. As at July 31, 2022, the Company has paid $10,000 to reduce its principal amount owed to $30,000. The Company expects to repay the principal amount before the end of the calendar year 2023.

	As at July 31, 2021				
	On demand	Within one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$1,293,276	$ —	$ —	$ —	$ 1,293,276
Lease liabilities	—	77,051	230,004	84,251	391,306
Total	**$1,293,276**	**$ 77,051**	**$ 230,004**	**$ 84,251**	**$ 1,684,582**

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to honor a financial obligation. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, accounts receivable and notes receivable and due from related parties. As at July 31, 2022, the Company's maximum exposure to credit risk for these financial instruments was as follows:

	As at July 31, 2022	As at July 31, 2021
Cash and cash equivalents	$ 4,970,532	$ 28,758,598
Accounts receivable	1,709,002	—
Due from related parties	—	2,023,565
Leases receivable	157,158	—

The Company's accounts receivable of $1,542,326 (2021: $nil) consist primarily of amounts that are expected to be collected from private insurers and provincial health care plans, such as the Ontario Health Insurance Plan ("OHIP"). The Company generates revenue from sales of prescription medications to patients, and the Company submits claims to insurers based on each patient's coverage. These claims are reflected as amounts due to the Company from insurers, which are collected in accordance with standard payment terms of each insurer.

The carrying value of cash and cash equivalents, accounts receivable, leases receivable, due from related parties, accounts payable, bank indebtedness, due to related parties and other cash consideration approximates their fair values due to the short-term nature.

Currency risk

Currency risk is the risk that fluctuations in the US dollar, Euro, and Canadian dollar will impact the Company's results, including its financial statements. The Company's transactions that are exposed to the risk of foreign currency fluctuations primarily include the costs paid to develop the web application from US and Europe based third party companies, and other vendors and suppliers who invoice and require payment in US dollars and Euros. Due to the short-term payment terms on these trade payables, the Company's currency risk is minimal. The Company does not use derivative instruments to hedge its exposure to foreign currency translations.

CASH FLOWS BY ACTIVITY

Comparison of the Year Ended July 31, 2022, and 2021

The table below outlines a summary of cash inflows and outflows by activity for the year ended July 31, 2022, and 2021.

	Year ended July 31, 2022	Year ended July 31, 2021
Net cash used in operating activities	$ (16,086,503)	$ (5,588,326)
Net cash from financing activities	$ 339,068	$ 32,675,888
Net cash used in investing activities	$ (8,040,631)	$ (3,584,360)

Cash used in operating activities

The Company's cash outflows from operating activities for the year ended July 31, 2022, primarily relate to (i) people costs, including salaries and consulting fees as the Company continued to build out its retail pharmacy operations, marketing expertise, institutional business, and other back-office support teams, (ii) marketing costs for national advertising campaigns and initiatives to increase brand exposure, (iii) acquisition costs incurred for the Company's completed and pending acquisitions, (iv) legal and other professional fees incurred by the Company, and (v) investor relations activities and related public company costs.

Cash flows from financing activities
During the year ended July 31, 2022, the Company repaid $10,000 of its short-term debt relating to the Canada Emergency Business Allowance and paid $622,643 of lease liabilities primarily in connection with leased real estate space for the retail pharmacies and corporate offices in Nova Scotia, Ontario, Manitoba and British Columbia. The Company received net cash proceeds of $971,830, funds that were drawn from credit facilities with Canadian banks.

Cash used in investing activities
The Company's cash outflows from investing activities primarily relate to (i) the acquisition of Infusicare Canada Inc. for $1,832,122, (ii) the acquisition of Medvisit for $1,295,996, (iii) acquisition of London Pharmacare and Liver Care for $963,450, (iv) $500,000 paid by the Company to Doko Medical Inc. for the issuance of a promissory note, (v) the related party loan of $281,122 mainly to Mednow East Inc., Mednow West and Mednow Clinics, (vi) the cost of the additional subscription in Life Support's shares of $250,000, (vii) the purchase of pharmacy equipment and other capital expenditures of $1,594,345, and (viii) and $1,462,384 of costs incurred to develop the Company's web and mobile application.

SIGNIFICANT ACCOUNTING POLICIES

Significant Judgements, Assumptions and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

The following are examples of the significant estimates and assumptions that have been made during the year ended July 31, 2022, in applying the Company's accounting policies that have a significant impact on the amounts in these financial statements.

- The determination of the purchase price accounting of the businesses that the Company has acquired, including the acquisition date fair value of the identifiable assets and liabilities acquired and the fair value of contingent consideration as well as the associated remeasurement of earnouts. The underlying assumptions and estimates used for the purchase price accounting impact the asset and liability amounts recorded in the consolidated statements of financial position on the acquisition date. The estimated economic lives of the acquired amortizable assets, the identification of intangible and fixed assets, the determination of the indefinite or finite useful lives of intangible and fixed assets acquired, and the application of IFRS 16 lease accounting standards impact the Company's profit or loss from the date of acquisition.
- The judgement and assumptions used by the Company in assessing the presentation of revenue on a gross versus net basis for the doctor services operating segments. This assessment is based on various factors, including whether the Company controls the service provided to the patient, and whether the Company is the principal in the transaction (which would lead to the gross recognition of revenue), or whether the Company is the agent in the transaction (which would lead to the net recognition of revenue). The assessment of whether the Company is considered the principal or agent has an impact primarily on the accounting of the amount of revenue and cost of sales recorded.
- The expected credit losses ("ECL") applied against loans, including accounts receivable, leases receivable and due from related parties based on forward-looking factors.
- The judgment and assumptions used by the Company in assessing the acquisitions of London Pharmacare and Liver Care on the acquisition date of February 22, 2022 as a single business acquisition. This assessment is based on factors, including whether the acquisitions are entered into at the same time or in contemplation of each other, whether the acquisitions form a single transaction designed to achieve an

overall commercial effect, whether the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement, and whether one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

- The determination of the valuation of inventory, including the assumptions used to calculate the net realizable value of the inventory.
- The judgement used by the Company in assessing for indicators of impairment for the Company's intangible and tangible assets, performing the annual impairment test, as well as the assumptions and estimates used to calculate and record asset impairment charges and/or the determination of the recoverable amounts of tangible and intangible assets subject to depreciation, amortization, or with indefinite lives.
- The assumptions and judgement applied to assess and determine the cash generating units of the Company and the impairment of goodwill, including the growth rates and discount rate assumed in the model.
- The ability of the Company to remain a going concern. Considerations include all information about the availability of capital financing, current working capital funds, and future commitments and obligations.
- The Company applied judgment when determining share-based expenses using the Black-Scholes option pricing model, which incorporates assumptions regarding the expected life of the instrument, volatility, dividend yield, and risk-free rates.
- The underlying estimated useful life of the Company's property, equipment and intangible assets.
- The determination of the incremental borrowing rate used to calculate and record the Company's right-of-use assets and lease liabilities, as well as the determination of the Company's lease renewal options. In estimating its incremental borrowing rate, the Company considers the term of the lease, the lease renewal terms, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.
- The derivation of the income tax provision, assets and liabilities, including the recoverability, if any, of the Company's deferred tax assets in relation to unused tax losses by estimating the probability, timing and level of any future taxable profits as well as changes to future tax rates.
- The determination of significance influence with respect to the Company's investment in Life Support Mental Health Inc.

Business Combinations, Non-Controlling Interest and Goodwill

For the year ended July 31, 2022, the Company adopted IFRS 3, Business Combinations, as the Company completed acquisitions discussed in Note 4. IFRS 3 establishes requirements for how an acquirer in a business combination recognizes and measures in its financial statements the assets acquired, and liabilities assumed; recognizes and measures the goodwill acquired in the business combination; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company has elected to apply the acquisition model in accordance with IFRS 3 for accounting for business combinations under common control.

The Company has also applied IFRS 3 to recognize, measure and disclose the non-controlling interest ("NCI") in its virtual care and telemedicine business which operates as Mednow Virtual Care Ltd., a subsidiary controlled by Mednow Inc. Non-controlling interest represents the equity interest that is owned by parties outside of the Company. The share of net assets of the subsidiaries attributable to non-controlling interest is presented as a component of equity.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed were recognized at their fair value. Goodwill was measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Contingent consideration was measured at fair value at the time of the business combination and was taken into account in the determination of goodwill. The contingent consideration liability is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in other expenses (income) on the consolidated statements of loss and comprehensive loss. Acquisition costs are expensed as incurred.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with changes impacting goodwill. Measurement period adjustments arise from additional information obtained during the measurement period which cannot exceed one year from the acquisition date about circumstances that existed at the acquisition date.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held with banks and other short-term investments that are readily convertible to a known amount of cash throughout their term and are subject to an insignificant risk of change in value.

Due To and From Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties subject to common control are also considered to be related. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company's related party transactions are described in Note 20.

Inventory
Inventory is comprised of finished goods. Inventory is valued and recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Cost includes all direct expenses in bringing inventory to its present condition and location, net of consideration received from suppliers and vendors. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Inventory is written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, shrinkage or declining retail prices. The Company records consideration received from suppliers and vendors as a reduction to the cost of inventory, and these amounts are recognized in cost of sales when the associated inventory is sold.

Leases Receivable
The lease receivable balance relates to leases that the Company has entered into with the landlord and has subsequently entered into a sublease agreement with the tenant. The lease receivable for the sublease was measured at the amount equal to the lease liability and includes the underlying interest income resulting from the sublease agreement.

When the Company enters into sublease arrangements as an intermediate lessor, the Company assesses whether the sublease is classified as a finance sublease or an operating sublease by reference to the corresponding right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Investment in Equity Securities
The Company recognizes its investment in equity securities using the equity method. The investment is initially measured at cost, which comprises the amount paid by the Company to obtain an equity stake, and the investment is then adjusted for the post-acquisition share of the Company's net profit or loss of the investee, which is reflected in the consolidated statements of loss and comprehensive loss. Post-acquisition distributions received from the investee reduce the carrying amount of the Company's investment.

Property and Equipment
Property and equipment are stated at cost, net of accumulated depreciation. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized. The assets are amortized when they are available for use. Property and equipment includes the cost of buying and replacing component parts of equipment and any expenditures required to make the equipment ready for use.

Property and equipment acquired in a business combination are initially recognized at their fair value at the acquisition date.

Following initial recognition, the underlying assets are carried at cost, less accumulated depreciation and accumulated asset impairment losses.

Depreciation is calculated using the straight-line basis as this approach best reflects the consumption and benefit patterns pertaining to the asset's use. Depreciation is charged commencing when the asset is available for use. The following rates are based on the expected useful lives of the assets:

Automation equipment	10 years
Leasehold improvements	Lease term
Vehicles	2 - 5 years
Furniture and fixtures	5 years
Computer equipment	3 years
Medical equipment	3 - 10 years

Property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss.

Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight-line basis as this approach best reflects the consumption and benefit patterns pertaining to the asset's use. The Company's indefinite life intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that the indefinite life intangible assets may be impaired. The customer relationships, doctor relationships and intellectual property are tested for impairment when indicators are present.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight-line basis as this approach best reflects the consumption and benefit patterns pertaining to the asset's use. The Company's indefinite life intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that the indefinite life intangible assets may be impaired. The customer relationships, doctor relationships and intellectual property are tested for impairment when indicators are present.

Software	3 years
License	2 - 3 years
Customer and doctor relationships	5-10 years
Intellectual property	5 years
Brand	Indefinite life

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss.

The software intangible asset includes costs capitalized to build and develop the Company's web and mobile application software. The costs are capitalized where the expenditure is incurred on developing an income generating web and/or mobile application and when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

All research costs are expensed as incurred. Subsequent expenditures are capitalized only if it increases the future economic benefits embodied in the web and mobile application. All other expenditures, including operating costs, are recognized in the consolidated statements of loss and comprehensive loss.

The Company has recognized the following intangible assets from its acquisitions based on the purchase price allocation (Note 4) that was performed during the year ended July 31, 2022.

- Customer and doctor relationships - The Company's customer and doctor relationships consist of the fair value assessed using management's financial projections, historical data and assumptions based on repeat customers for the Medvisit doctor home visits business and the Mednow West, London Pharmacare, Mednow East and Infusicare retail pharmacies, and based on the Company's ability to continue to retain doctors for the Liver Care business.
- Intellectual property - The Company's intellectual property consists of the fair value of the internally developed application that is used by doctors for the coordination and scheduling of doctor home visits, to record patient medical reports and diagnosis, as well as to bill the provincial health care plan. The application is used by Medvisit for its doctor home visits business.
- Brand - The Company's brand consists of the value attached to the Medvisit operating trade name based on management's financial projections and assumptions.

Right-of-use Assets
The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date for leases with terms of more than 12 months. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease terms range from 3 to 10 years for facilities, automation equipment and vehicles.

Impairment of Non-Financial Assets
The Company reviews the carrying value of non-financial assets for potential impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows or cash generating units ("CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

For non-financial assets other than goodwill, a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Lease Liabilities
Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Lease liabilities are measured at amortized cost using the effective interest method. They are remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in-substance fixed lease payment.

When lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statements of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

Income Taxes
Deferred income taxes are recorded based on temporary differences between the tax base of assets and liabilities and their carrying values in the financial statements. Deferred income taxes are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred income tax asset or liability is recovered or settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of any deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes are recognized as an expense or income in the consolidated statements of loss and comprehensive loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

Revenue Recognition
The Company's operating revenue is primarily comprised of sales from four (4) key sources:

(1) The Company sells prescription and over-the-counter medications at its retail pharmacies through online and walk-in channels. The Company owns brick-and-mortar retail pharmacies which service patients in the provinces of British Columbia, Ontario, Manitoba and Nova Scotia.

(2) The Company offers doctor services, such as virtual care and telemedicine services, which are facilitated through the web and mobile application, as well as doctor home visits for patients who are unable to leave their homes. Virtual care and telemedicine services are offered in the provinces of British Columbia and Ontario, and doctor home visits are offered in Ontario. The Company enters into consulting agreements with doctors, pursuant to which the doctors provide medical consultations to patients, and the Company provides the technological infrastructure, including a proprietary web and mobile application to facilitate the delivery of virtual care, telemedicine services and doctor home visits. For a majority of doctors, the Company pays the doctors a fixed percentage of the gross billings for each patient/doctor consultation. The Company bills and collects the gross billings for each patient/doctor consultation primarily from the provincial health care plan; out of pocket costs are billed and collected from the patient and private insurance plans. The gross billings for each patient/doctor consultation are recorded as revenue in the consolidated statements of loss and comprehensive loss when the service has been provided to the patient. Gross billings for consultations are variable, based on the nature of each medical consultation. The Company has applied judgement and used assumptions to conclude that it is the principal in the doctor services operating segments.

(3) The Company provided marketing and technology support services to Mednow West and Mednow East pursuant to the pharmacy agreement discussed in Note 20.

Marketing and Technology Support Services

The Company provides marketing and technology support services to pharmacies by connecting individuals to a network of pharmacies. The pharmacies pay the Company fixed consideration each month based on the aggregate

revenues the pharmacy earns from the underlying customer in that month for using the marketing and technology support services. Under the arrangement, the performance obligation is the use of the marketing and technology support service each month and accordingly, the performance obligation is fulfilled through the passage of time and therefore this service revenue is recognized as the services are provided each month.

(4) Pursuant to its franchise agreement with Pharmacie Raji Al-Kurdi Inc. ("franchisee"), the Company provided the franchisee with the (i) license to use the Company's intellectual property, including its web and mobile application, to access patients in the province of Quebec, (ii) pharmacy training materials, (iii) marketing and promotional materials, and (iv) shared support services, such as resources for payroll, accounting and technology functions. Revenue from the franchise agreement is comprised of royalty revenue pursuant to the franchise agreement, and a monthly fee for shared support services. The Company's franchised retail brick-and-mortar pharmacy is located in Saint-Laurent, Quebec.

Revenue is recognized on prescription and over-the-counter medication sales when control of the goods has been transferred to the patient, which occurs at the time the point of sale is made. For walk-in patients this occurs at the time the product is delivered, and for ship to orders this occurs when the product has been delivered. Revenue is measured at the amount of consideration the Company expects to be entitled to, net of sales tax, discounts, and sales adjustments. The Company does not have the practice of providing returns.

Cost of Sales
Cost of sales is comprised of the product cost of goods sold in Company-owned retail pharmacy stores through online and walk-in channels. Products sold at the Company's retail pharmacy stores primarily consist of prescription and over-the-counter medications.

Cost of sales also includes the cost of the consulting fees paid to doctors for virtual care and telemedicine services, as well as doctor home visits.

Acquisition Costs
Acquisition costs, reported under General and Administrative expenses on the consolidated statements of loss and comprehensive loss, include costs associated with business combinations, whether completed or not, such as advisory, legal, accounting, valuation and other professional or consulting fees.

Share-based Payment Transactions
The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at exercise prices equal to the closing market price on the day preceding the date the options were granted.

The fair value of the options granted to employees is measured using the Black-Scholes option pricing model, and is recognized as the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

When the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

Foreign Currency Translation
In preparing the financial statements, transactions in currency other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transaction. Foreign currency non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statements of loss and comprehensive loss.

Loss Per Share
Basic loss per share is computed by dividing net loss of the Company by the weighted average number of common shares outstanding during the period.

The dilutive effect on loss per share is calculated presuming the exercise of outstanding warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of dilutive loss per share excludes the effects of various conversions and exercise of warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Potentially dilutive common shares, relating to warrants and options outstanding as at July 31, 2022 and July 31, 2021, were not included in the computation of loss per share because their effect was anti-dilutive.

Financial Instruments
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when obligations are discharged, cancelled or they expire.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Measurement
At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss.

Debt financial instruments measured at fair value through other comprehensive income ("FVOCI") are non-derivative financial assets with contractual cash flows that meet the strictly principal and interest ("SPPI") test and are managed on a hold to collect and for sale basis. Subsequent measurement of debt instruments classified at FVOCI under IFRS 9 - Financial Instruments ("IFRS 9") operates in a similar manner to available for sale debt securities under IAS 39 - Financial Instruments: Recognition and Measurement, except that ECL impairment model must be applied to these instruments under IFRS 9. As a result, FVOCI debt instruments are measured initially at fair value, plus direct and incremental transaction costs. Subsequent to initial recognition, FVOCI debt instruments are remeasured at fair value through other comprehensive income ("OCI"), with the exception that both related foreign exchange gains or losses and changes in ECL allowances are recognized in the statement of net earnings and comprehensive income.

Measurement in subsequent periods depends on the classification of the financial instrument. The Company classifies its financial instruments depending on the purpose for which the instruments were acquired and their characteristics.

Financial asset
For subsequent measurement, there are two measurement categories into which the Company classifies its financial assets:

a) Amortized cost
Financial assets measured at amortized cost are debt financial instruments with contractual cash flows that meet the SPPI test and are managed on a hold to collect basis. These financial assets are recognized initially at fair value plus or minus direct and incremental transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method, net of an allowance for expected credit losses.

b) Fair value through profit or loss
Trading financial instruments are mandatorily measured at FVTPL as they are held for trading purposes or are part of a managed portfolio with a pattern of short-term profit taking. Non-trading financial assets are also mandatorily measured at fair value if their contractual cash flow characteristics do not meet the SPPI test or if they are managed together with other financial instruments on a fair value basis. Trading and non-trading financial instruments valued at FVTPL are remeasured at fair value as at the consolidated statements of financial position date. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities
Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss (irrevocable election at the time of recognition). Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Financial instruments	**Recognition Method**
Assets	
Cash and cash equivalents	Amortized Cost
Accounts receivable	Amortized Cost
Due from related parties	Amortized Cost
Prepaid deposits	Amortized Cost
Note receivable	FVTPL
Liabilities	
Accounts payable and accrued liabilities	Amortized Cost
Bank indebtedness	Amortized Cost
Loan payable	Amortized Cost
Due to related parties	Amortized Cost
Contingent consideration related to business acquisition	FVTPL
Other cash consideration related to business acquisition	Amortized Cost

Fair Value Hierarchy
The Company applies a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing an investment based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

- Level 1 - quoted prices in active markets for identical investments.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (as prices) or indirectly (derived from prices).
- Level 3 - inputs for the investment that are not based on observable market data (unobservable inputs).

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel. Key management personnel includes the directors (executive and non-executive) and officers of the Company. Remuneration of key management personnel that was included in general and administrative expenses on the consolidated statements of loss and comprehensive loss is below.

	Year Ended July 31,	
	2022	2021
Management and director remuneration	$ 1,610,291	$ 846,622
Share-based compensation expense - directors and officers	1,514,245	2,304,859
	$ 3,124,536	**$ 3,151,481**

As at July 31, 2022, included in accounts payable and accrued liabilities was $11,850 (2021: $16,831) of payments owed to key management personnel.

On September 15, 2020, the Company entered into a pharmacy agreement (the "Mednow East Pharmacy Agreement") with Mednow East Inc. ("Mednow East"), a company that was controlled by the following members of management, directors and shareholders of Mednow: (1) Ali Reyhany, CEO, director, and shareholder of Mednow Inc.; (2) Felipe Campusano, director and shareholder of Mednow Inc.; (3) Karim Nassar, former CEO, director and shareholder of Mednow Inc. On March 31, 2021, Mednow East was acquired by the Company (Note 4) based on the terms of the share purchase agreement, which has replaced the terms and conditions of the pharmacy agreement, including the service fee revenue which is terminated on the date of acquisition. The loan owed by Mednow East prior to the acquisition is recognized as an intercompany loan between Mednow East and Mednow, and the intercompany loan is eliminated on these Consolidated Financial Statements.

On September 24, 2020, the Company entered into a pharmacy agreement (the "Mednow West Pharmacy Agreement") with Mednow Pharmacy Inc. ("Mednow West"), a company that was controlled by the following members of management, directors and shareholders of Mednow: (1) Ali Reyhany, CEO, director, and shareholder of Mednow Inc.; (2) Felipe Campusano, director and shareholder of Mednow Inc.; (3) Karim Nassar, former CEO of Mednow Inc. On October 25, 2021, Mednow West was acquired by the Company (Note 4) pursuant to the terms of the share purchase agreement, which has replaced the terms and conditions of the pharmacy agreement, including the service fee revenue which is terminated on the date of acquisition. The loan owed by Mednow West prior to the acquisition is recognized as an intercompany loan between Mednow West and Mednow, and the intercompany loan is eliminated on these Consolidated Financial Statements.

The Company acquired London Pharmacare and Liver Care Canada on February 22, 2022, and assumed the non-interest bearing receivables of $18,328 due from Medpoint Care Pharmacy, a company controlled by Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, CEO, director and shareholder of the Company; and a receivable of $68,778 primarily due from Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, and Felipe Campusano, director and shareholder of the Company. The Company also assumed the non-interest bearing payables due to Point Edward Pharmacare Inc., Thunder Bay IDA Pharmacy, Care Education Inc. and 2627639 Ontario Inc. The aforementioned businesses are controlled by Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, CEO, director and shareholder of the Company.

	As at July 31, 2022	As at July 31, 2021
Due from related parties		
Mednow East Inc.- on demand, non-interest bearing	$ —	$ 845,115
Mednow East Inc.- on demand, interest bearing at 18% per annum	—	233,910
Mednow Pharmacy Inc.- on demand, non-interest bearing	—	684,687
Mednow Pharmacy Inc.- on demand, interest bearing at 18% per annum	—	217,350
Mednow Clinic Ltd.- on demand, non-interest bearing	—	42,503
Medpoint Care Pharmacy.- non-interest bearing	74,351	—
Due from other related parties-non-interest bearing	84,594	—
	$ 158,945	**$ 2,023,565**
Due to related parties		
Point Edward Pharmacare Inc.- on demand, non-interest bearing	85,284	—
Thunder Bay IDA Pharmacy.- on demand, non-interest bearing	2,718	—
Care Education Inc.- on demand, non-interest bearing	97,277	—
2627639 Ontario Inc.- on demand, non-interest bearing	24,756	—
Due to other related parties- on demand, non-interest bearing	30,020	**$ —**
	$ 240,055	**$ —**

The Company entered into a formal management services agreement with Care Health Inc. on September 25, 2020. For a monthly fee of $5,000, Care Health Inc. provides Mednow with back office support including general administrative support and advisory services, as the board of directors of Mednow may reasonably request from time to time. Care Health Inc. is controlled by Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, CEO, director and shareholder of the Company. Care Health Inc. is also a shareholder of Mednow. On June 2, 2022, the Company terminated its management services agreement with Care Health Inc.

During the year ended July 31, 2022, the Company sold prescription inventory to Medpoint Care Pharmacy and Health Gate Pharmacy, businesses controlled by management, directors and shareholders of Mednow Inc. The Company also purchased inventory from Compass Pharmacies Inc. which is a wholly owned subsidiary of the Care Group of Pharmacies, which is related due to common directors and management. The Company also paid payroll and office expenses on behalf of Mednow Clinic Ltd., a business controlled by management.

The related party transactions are conducted in the normal course of business operations and were measured at the exchange amount, which is the amount agreed to by the related parties.

	Year Ended July 31, 2022	Year Ended July 31, 2021
Revenues		
Mednow East Inc. pharmacy agreement	$ 165,600	$ 207,000
Mednow Pharmacy Inc. pharmacy agreement	58,094	207,000
Medpoint Pharmacy prescription sales	53,193	—
Health Gate Pharmacy prescription sales	4,871	—
	$ 281,758	**$ 414,000**
Cost of sales		
Compass Pharmacies Inc. inventory purchases	$ 88,151	$ —
General and administrative		
Care Health Inc. management fees	$ 61,010	$ 60,000
Mednow Clinic Ltd. payroll and office expenses	43,197	—
	$ 104,207	**$ 60,000**

INITIAL PUBLIC OFFERING - USE OF PROCEEDS

On March 4 2021, the Company completed an initial public offering and raised gross proceeds of $37,073,194. The following table sets out a comparison of how the Company used the proceeds following the initial public offering, an explanation of the variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Description	Original estimated use of proceeds (minimum offering) (Unaudited)	Original estimated use of proceeds (maximum offering) (Unaudited)	Actual use of proceeds (Unaudited)
Branding and Service Integration Assets	$ 50,000	$ 50,000	$ 100,000
Technology Development Investments	400,000	400,000	1,120,000
Marketing Expenses	773,000	773,000	3,057,698
Expansion of Product Offering to include Non-Prescription Goods and Medical Devices	75,000	75,000	418,000
Costs of Listing	350,000	350,000	3,558,000
General and administrative costs for 12 months after completion of IPO and unallocated working capital	4,423,000	4,423,000	16,387,944
Unallocated working capital	19,545,000	28,745,000	—
Property and equipment	—	—	1,740,000
Investments	—	—	1,250,000
Acquisitions	—	—	4,065,000
Related parties	—	—	1,188,000
Share repurchases	—	—	866,000
Total	**$ 25,616,000**	**$ 34,816,000**	**$ 33,750,642**

The Company invested $1,120,000 to develop its technological infrastructure, including its web and mobile application, and $418,000 to expand its product offerings to over-the-counter medications and other medical services. The actual costs are higher than the original estimate due to upgrades and enhancements to the Company's application in areas such as cyber security, data privacy, improvements to the user experience and quality of the technology relative to market competitors.

The Company incurred marketing costs of $3,057,698, which is higher than the original estimate of $773,000. As at July 31, 2022, the Company operates retail pharmacies in the provinces of British Columbia, Manitoba, Ontario and Nova Scotia. The Company launched national marketing campaigns to acquire new patients and users of its application, and to increase brand exposure across Canada in a bid to increase sales. The targeted national marketing campaigns were executed through channels such as physical signage, tv ads, radio coverage and digital ads, resulting in higher marketing costs than originally estimated. The Company's marketing costs and technology investments were also higher to general economic conditions and factors such as inflation.

The Company incurred $3,558,000 of listing costs, which is primarily comprised of IPO transaction costs of $2,965,856 of cash commission, legal and syndicate fees of $431,511, and direct listing costs of $129,497.

The general and administrative costs of $16,387,944 are higher than the original estimate, as the Company increased its head count and business operating costs for the development of its retail pharmacy business across Canada, and operating costs in connection with its acquisitions that were done in the 12 months following completion of the IPO. The Company incurred professional and legal costs in connection with its strategic acquisitions, which has contributed to higher general and administrative costs than previously estimated.

The Company invested $1,740,000 to purchase state-of-the-art pharmacy equipment to enable efficient and timely fulfillment and delivery of prescription and non-prescription medications to patients across the country. The Company's pharmacies are now equipped with advanced pharmacy equipment that positions the Company to scale and support institutional clients with a large number of clients.

The Company invested $1,250,000, which is comprised of $750,000 of cash in exchange for common shares of Life Support Mental Health, and a loan of $500,000 to Doko, two strategic investments that have diversified and expanded the Company's portfolio of healthcare services that it can provide to its patients.

The Company completed strategic acquisitions of healthcare and retail pharmacy businesses. The Company has paid cash consideration of $4,065,000 to acquire these businesses as at July 31, 2022. Through these strategic acquisitions, the Company has been able to expand, grow and diversify its businesses across Canada.

The Company provided $1,188,000 of cash to related parties, primarily to Mednow West and Mednow East, in connection with its pharmacy agreements with the two businesses.

The Company repurchased shares in connection with its normal course issuer bid, incurring cash costs of $866,000, a strategic decision to deploy the Company's capital to maximize shareholder value.

OFF BALANCE SHEET ARRANGEMENTS

As at July 31, 2022, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value and an unlimited number of common shares. The table below lists the securities outstanding:

	As at November 28, 2022
Common shares	21,568,359
Options	3,767,000
Warrants	
Share purchase warrants	6,260,893
Broker warrants	439,386
Total common shares on a fully-diluted basis	**32,035,638**

DEFINITIONS OF CERTAIN NON-IFRS FINANCIAL MEASURES

This MD&A uses certain non-IFRS financial measures which are defined below. Non-IFRS financial measures are not standardized financial measures under IFRS. As such, these measures may not be comparable to similar financial measures that are disclosed by other companies. These measures include "EBITDA" and "Adjusted EBITDA". These measures are provided as additional information that is disclosed to provide further insight into the Company's results of operations from management's perspective. These measures should not be reviewed and assessed as a substitute for financial information reported under IFRS. A reconciliation of the non-IFRS measures to the IFRS measure is in the section "Selected Financial Information".

EBITDA and Adjusted EBITDA

EBITDA represents net loss and comprehensive loss for the period before interest expense, income taxes, and depreciation and amortization expenses. Adjusted EBITDA represents net loss and comprehensive loss for the period before interest expense, income taxes, depreciation and amortization expenses, loss on investment in equity securities, share-based compensation expense, acquisition costs incurred, asset impairment charges, the fair value remeasurement

of the note receivable from Doko and severance expenses. These adjustments to calculate the non-IFRS measures of EBITDA and Adjusted EBITDA are for items that are not necessarily reflective of the Company's underlying operating performance. As there is no generally accepted or standard method of calculating EBITDA, these measures are not necessarily comparable to similarly titled measures reported by other issuers. EBITDA and Adjusted EBITDA are presented as management believes it is a useful indicator of the Company's relative financial performance. These measures should not be considered by an investor as an alternative to net income or other IFRS financial measures as determined in accordance with IFRS.

The Company presents EBITDA and Adjusted EBITDA to indicate ongoing financial performance from period to period, including comparative prior year periods. The Company has disclosed certain non-IFRS measures on this report, including the disclosure of non-IFRS financial measures for prior year comparative periods.

Reconciliation of Non-IFRS Financial Measures

The following are reconciliations of net loss and comprehensive loss to EBITDA. The adjustments include:
1. The amortization and depreciation expenses of intangible assets, fixed assets, and the right-of-use assets of the Company.
2. The net interest expenses, which primarily includes interest expense on the Company's credit facility and interest expense and interest income recorded in accordance with IFRS 16.
3. The underlying income taxes recorded.

The following are reconciliations of EBITDA to Adjusted EBITDA. The adjustments include:
1. The loss on investment in equity securities in connection with the Company's investment in Life Support.
2. The share-based compensation expense recorded by the Company in connection with the stock option plan.
3. The acquisition costs incurred by the Company.
4. The asset impairment charges recorded by the Company as part of its annual impairment test of goodwill and intangible assets.
5. The fair value remeasurement of the promissory note with Doko.
6. The severance expenses incurred by the Company.

In prior periods, Adjusted EBITDA represented net loss and comprehensive loss for the period before interest expense, income taxes, depreciation and amortization expenses, loss on investment in equity securities, share-based compensation expense, and acquisition costs incurred. In the current period, the composition of Adjusted EBITDA has changed. It now excludes the following additional items: asset impairment charges, the fair value remeasurement of the note receivable from Doko and severance expenses.

The exclusion of certain items in calculating the non-IFRS measures does not imply that they are non-recurring, infrequent, unusual or not useful to investors.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements and other financial information contained in this report have been prepared by management. It is management's responsibility to ensure that sound judgement, appropriate accounting policies and reasonable estimates have been used to prepare this information and that the consolidated financial statements are in accordance with International Financial Reporting Standards.

Management is also responsible for designing, maintaining and testing a system of internal controls over the financial reporting processes. Internal controls have been designed to provide reasonable assurance that the financial records are reliable, accurate and form a proper basis for the preparation of the consolidated financial statements. As of July 31, 2022, management reviewed and tested the internal controls over financial reporting and concluded that they were effective to provide reasonable assurance over the consolidated financial statements.

The Audit Committee of the Board of Directors, consisting, entirely of independent directors, is responsible for reviewing the consolidated financial statements with management and the external auditors and reporting to the Board

of Directors. The Audit Committee is responsible for retaining the services of the independent auditor and for renewing the auditor's mandate, which is subject to Board of Directors' review and shareholder approval.

The independent auditor, MNP LLP, is responsible for conducting an examination in accordance with Canadian generally accepted auditing standards to express an opinion on whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The report of MNP LLP, which outlines the scope of its examination and its opinion on the consolidated financial statements, appears on the consolidated audited financial statements.

RISK FACTORS AND UNCERTAINTIES

The Company is subject to various financial, operational and political risks that could have a significant impact on its business, profitability and levels of operating cash flows. Although the Company assesses and seeks to mitigate these risks by careful management of its activities, resources and employing qualified personnel, these risks cannot be eliminated. Such risks include, but are not limited to, business and country risks discussed below.

For a discussion of these and additional risk factors, please refer to the Company's prospectus under "Risk Factors" therein. The prospectus filed on February 26, 2021, the short form base shelf prospectus filed on July 15, 2022, and the annual information form filed on February 15, 2022, is available under the Company's profile on SEDAR at www.sedar.com.

SUBSEQUENT EVENTS

On August 11, 2022, the Board approved the grant of 455,000 stock options to employees and consultants, pursuant to the Company's stock option plan.

On August 24, 2022, the Company opened a pharmacy distribution center in the province of Quebec that is owned and operated by Pharmacie Raji Al-Kurdi Inc. (the "franchisee"), pursuant to a franchise agreement between the Company (the "franchisor") and the franchisee. The pharmacy, located in Saint-Laurent, Quebec, will have access to the Company's technological infrastructure, future access to Mednow's telemedicine and virtual care services, access to industry wholesalers, suppliers and other business partners, and access to the Company's shared support and administrative functions.

On November 7, 2022, the Company engaged Gravitas Securities Inc. (the "agent") to offer on a commercially reasonable efforts basis senior secured convertible debentures of the Company at a price of $1,000 per convertible debenture for gross proceeds to the Company of up to $3,000,000.

On November 8, 2022, the Company opened its retail brick-and-mortar pharmacy based in Calgary, Alberta.