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 period ended October 31, 2021.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2021, and 2020, 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.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available up to the date of this MD&A, December 21, 2021, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements as at October 31, 2021. 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 contains statements which may be considered forward-looking. Forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change except as required by applicable securities laws. 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 proprietary 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 proprietary 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. On August 5, 2021, the Company acquired Medvisit, a business that provides 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 outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is continuing to impact worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may continue to have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada (such as the provincial vaccine passports) and other countries to continue to vaccinate its population, contain and treat variants of the disease. The effects that these events will have are highly uncertain and as such, management of the Company will continue to assess the impact of the coronavirus on its financial results.

STRATEGIC IMPERATIVES

The Company's core strategic imperatives include continuing its national expansion of the retail pharmacy business across Canada, the pursuit of accretive acquisitions and investments in retail and specialty pharmacies, as well as the healthcare industry across Canada and the United States, the addition of institutional contracts and other business development initiatives, and proactive efforts to increase the user base of the Company's services. In addition, the Company will continue to grow its virtual care and telemedicine business, operating under the trade name Mednow Virtual Care, and its doctor home visits business which caters to patients who are unable to leave their homes, and operating under the trade name Medvisit.

During the next 12 months, the Company is on course to build and open retail pharmacies in the provinces of Manitoba, Alberta, and Quebec. The Company also expects to acquire a pharmacy based in Toronto from related parties of Mednow Inc. The Company expects to own and operate brick-and-mortal retail pharmacies in these provinces across Canada, which will allow the Company to further develop brand presence, serve walk-in patients as well as serve majority of orders through home delivery of medications ordered via the web and mobile applications.

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

Mednow actively continues efforts to target large, institutional contracts, such as the recently signed agreements with the Police Pensioner's Association of Ontario and Sterling Capital Brokers Ltd. These large contracts are expected to result in a lower cost of customer acquisition than traditional retail consumers.

<u>Liver Care Canada Inc. and London Pharmacare Inc.</u>
On December 20, 2021, the Company entered into a share purchase agreement with Liver Care Canada Inc. ("Liver Care Canada") and the shareholders of Liver Care Canada, some of whom are directors of the Company. Subject to regulatory approval, the Company will acquire all of the issued and outstanding shares of Liver Care Canada for cash consideration of $65,000, with additional earn-out payments tied to Liver Care Canada's performance milestones over the next two years.

On December 20, 2021, the Company entered into a share purchase agreement with London Pharmacare Inc. ("London Pharmacare") and the shareholders of London Pharmacare, some of whom are directors of the Company. Subject to regulatory approvals, the Company will acquire all of the issued and outstanding shares of London Pharmacare for cash consideration of $585,000, with additional earn-out payments tied to London Pharmacare's performance milestones over the next two years.

CORE OPERATING BRANDS

MEDNOW PHARMACY

On September 7, 2021, after receiving regulatory approvals from the Nova Scotia College of Pharmacists, the Company's pharmacy in Nova Scotia opened for business under the trade name Mednow Pharmacy. The pharmacy is a wholly owned subsidiary of Mednow Inc. and fill orders from walk-in patients as well as online orders in the province.

On October 25, 2021, the Company acquired Mednow Pharmacy Inc. ("Mednow West"), a retail pharmacy in British Columbia, from related parties of Mednow. The pharmacy is open for business, operating under the trade name Mednow Pharmacy.

INFUSICARE CANADA INC.

On December 10, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Infusicare Canada Inc. ("Infusicare"), a London, Ontario, based retail specialty pharmacy, from the shareholders of Infusicare, some of whom are directors of the Company. Pursuant to the share purchase agreement, the Company paid cash consideration of $1,850,000 at closing. The Company is in the process of assessing the fair value of the net assets acquired.

This acquisition is expected to bolster Mednow's expertise in biologic drugs, the fastest-growing class of drugs in the pharmaceutical industry. It will allow Mednow to offer same-day delivery in London, Ontario, and the surrounding areas. In its last fiscal year, Infusicare generated approximately $9,300,000 in revenue and $400,000 in gross profit from selling prescription medications and support services to its patients.

MEDNOW VIRTUAL CARE

On September 15, 2021, the Company launched Mednow Virtual Care, a proprietary 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 the Company expects to expand its coverage to serve patients across Canada in the near future.

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.

INVESTMENT IN 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 for 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 October 31, 2021, the Company has an equity interest of 12.3% (July 31, 2021 - 10.5%) in Life Support.

The Company holds significant influence over Life Support's financial and operating policy decisions through its representation on Life Support's Board of Directors. The Company has recognized its investment in Life Support using the equity method, with financial information in the Company's Condensed Interim Consolidated Financial Statements.

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 specific to each of the investments. The derivative associated with the option has not been recorded in the Condensed Interim Consolidated Financial Statements as the value has been assessed as insignificant. The performance milestones and targets were not met as of October 31, 2021. 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.

INVESTMENT IN 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 Company expects to start selling testing kits to Canadian patients in early 2022. Pursuant to the agreement, the Company will be responsible for purchasing a minimum of 400 testing kits for each twelve month period of the agreement.

INVESTMENT IN DOKO MEDICAL INC.

On November 24, 2021, the Company paid cash consideration of $500,000 by way of a convertible debenture to acquire a 2.8% equity interest in Doko Medical Inc. ("Doko Medical"), a strategic investment that will allow the Company to continue to expand its virtual care and telemedicine services to 38 states in the United States. 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 base purchase price consisted of cash consideration of $1,320,000 and additional earn-out payments of $107,388 based on milestones tied to Medvisit's business performance over the next two years. 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 will be adjusted based on the target number of annual home visits pursuant to the share purchase agreement. For the period of August 1, 2021, to October 31, 2021, Medvisit generated total revenue of $473,516. From the date of acquisition to October 31, 2021, Medvisit generated revenue of $426,355.

The Company incurred acquisition costs of $52,530 in connection with its acquisition of Medvisit which have included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of August 5, 2021, is summarized below. Due to the complexity associated with the valuation process and short period of time between the acquisition date and period end, the Company is still in the process of finalizing the fair value of the net 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	1,320,000
Contingent consideration	107,338
Net consideration paid	1,427,338
Current assets	
Cash	24,004
Accounts receivable	43,539
Receivable from provincial health care plan	195,231
Other current assets	10,857
Non-current assets	
Property and equipment	15,889
Right-of-use assets	32,493
Customer relationships	56,000
Intellectual property	82,000
Brand	934,000
Goodwill	623,516
Current liabilities	
Accounts payable and accrued liabilities	233,618
Short-term debt	40,000
Non-current liabilities	
Lease liabilities	32,493
Deferred tax liability	284,080
Net purchase price	**$ 1,427,338**

The short-term debt of $40,000 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, 2022, the principal amount of $40,000 will not attract interest. If the loan is not repaid by December 31, 2022, the

Company will incur interest of 5% on the amount that is unpaid. The Company paid $10,000 during the period ended October 31, 2021, and the principal amount owed is $30,000. The Company expects to fully repay the principal amount within the next 12 months.

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 management and certain shareholders of Mednow, for cash consideration of $74,209. The amount owed by Mednow West to Mednow, prior to the acquisition, of $979,406, was eliminated as an intercompany loan upon consolidation (Note 17). For the period of August 1, 2021 to October 31, 2021, Mednow West generated revenue of $113,241. From the date of acquisition to October 31, 2021, Mednow West generated revenue of $12,584.

The Company incurred acquisition costs of $59,594 in connection with its acquisition of Mednow West which have included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of October 25, 2021, is summarized below. Due to the complexity associated with the valuation process and short period of time between the acquisition date and period end, the Company is still in the process of finalizing the fair value of the net 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	74,209
Net consideration paid	74,209
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	76,016
Customer relationships	116,000
Goodwill	775,226
Current liabilities	
Accounts payable and accrued liabilities	92,398
Current portion of lease liability	60,264
Non-current liabilities	
Lease liabilities	24,034
Due to related party-Mednow Inc.	979,406
Deferred tax liability	41,073
Net purchase price	$ 74,209

CORPORATE DEVELOPMENTS

Capital Raise

During June 2020, the Company completed non-brokered private placements resulting in the issuance of an aggregate of 3,294,015 units at a price of $0.55 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A Common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event (as defined herein), one additional Share at an exercise price of $0.80 per Share.

Liquidity Event means the occurrence of (a) any of the following, which results in the common shares of the Company (or the common shares of a resulting issuer) being listed on (i) a recognized Canadian stock exchange; or (ii) a national United States stock exchange:

(a) The Company completing a bona-fide public offering of common shares under a prospectus or registration statement filed with securities regulatory authorities in Canada or the United States; or

(b) The consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction.

On June 30, 2020, and July 10, 2020, the Company completed a brokered and non-brokered private placement of an aggregate of 2,635,274 units at a price of $1.75 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event, one additional Share at an exercise price of $2.63 per share. In connection with the June 30, 2020 and July 10, 2020 private placements, the Company issued to certain brokers an aggregate of: (i) 131,764 units on the same terms as the units issued to subscribers; (ii) 210,822 Broker Warrants; and (iii) cash commission totaling $368,938.

On July 31, 2020, the Company completed a non-brokered private placement of an aggregate of 49,465 units at a price of $1.75 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event, one additional Class A common share at an exercise price of $2.63 per Share. In connection with the July 31, 2020, private placement, the Company issued to certain fiscal advisors an aggregate of: (i) 3,957 Advisory Warrants; and (ii) cash commission totaling $6,925.

On February 26, 2021, the Company's IPO prospectus was filed with and accepted by the TSX Venture Exchange and receipted by the securities regulatory authorities in British Columbia and Ontario pursuant to the provisions of the applicable Securities Acts, and has been filed under Multilateral Instrument 11-102 Passport System in Alberta, Saskatchewan and Manitoba. The Class A common shares of the Company was listed and admitted to trading on TSX Venture Exchange, on the effective date of March 9, 2021.

On March 4, 2021, the Company completed its IPO for gross proceeds of $37,073,194 from the sale of 5,492,325 units at $6.75 per unit. Each unit is comprised of one (1) Class A common share of the Company and one-half of one Class A common share purchase warrant exercisable at $8.50 for 24 months.

As part of the transaction, the Company paid cash commission of $2,965,856, legal and syndicate fees of $431,511, and other direct listing costs of $129,497. The Company also issued 274,616 corporate finance units and 439,386 broker warrant units as part of the transaction. The fair value of the corporate finance units and broker warrant units was estimated using the Black-Scholes option pricing model to be $1,853,657 and $1,358,319, respectively. The total fair value of transaction costs is $6,738,840.

The fair value of the warrant component issued within the IPO and corporate finance units was estimated using the Black Scholes option pricing model with the assumptions in the Company's financial statements.

Each corporate finance unit resulted in the issuance of one (1) Class A common share, and one half non-transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the Liquidity Event, one additional Class A common share of the Company at an exercise price of $8.50 per share.

Each broker warrant unit will entitle the holder to acquire one (1) underlying broker unit of the Company at any time for a period of two (2) years from the Liquidity Event, at an exercise price equal to the issue price of $6.75. Total broker warrant units issued were 439,386 which when exercised would result in 439,386 Class A common shares and warrants which represent an option to acquire 219,693 additional Class A common shares at $8.50 per share.

Pharmacy agreements

On September 15, 2020, the Company entered into a pharmacy agreement (the "Mednow East Pharmacy Agreement") with Mednow East Inc. ("Mednow East"), a company controlled by management and certain shareholders of Mednow, pursuant to which Mednow provides Mednow East with non-exclusive marketing and technology support services to connect Mednow East with potential customers, and Mednow East will fulfill orders for pharmacy products 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. Pursuant to the pharmacy agreement, the Company has provided an unsecured, on-demand loan to Mednow East with defined interest terms.

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 management and certain shareholders of Mednow. On October 25, 2021, Mednow West was acquired by the Company pursuant to the terms of the share purchase agreement, which has replaced the terms and conditions of the pharmacy agreement, including the marketing and technology support service fee revenue which was terminated on the date of acquisition. The prorated revenue of $58,094 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 prior to the acquisition is recognized as an intercompany loan between Mednow West and Mednow, and the intercompany loan is eliminated on these Condensed Interim Consolidated Financial Statements.

Stock options

The Board of Directors authorized and approved the granting of 449,000 options on October 20, 2021, under the Company's Plan to various directors, officers, employees, and technical consultants. All options expire five years from the date of their grant.

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 are to be made on the open market through the facilities of the exchange and will be purchased for cancellation. The funding for any purchase pursuant to the Bid will be financed out of the working capital of the Company. The Company's Bid will be made from time to time by Gravitas Securities Inc. on behalf of the Company through the facilities of the TSX Venture Exchange.

As at October 31, 2021, the Company purchased and cancelled a total of 309,100 common shares for $865,955 of cash consideration. The weighted average cost of the cancelled shares totaled $455,233 resulting in a loss on cancellation of $410,821 allocated to deficit. The Company did not purchase common shares during the period ended October 31, 2021.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the three months ended October 31, 2021 and 2020, and the year ended July 31, 2021, is set forth below.

	Three months ended October 31,		Year Ended July 31,
	2021	2020	2021
Revenue	$ 570,343	$ 41,400	$ 414,000
Net loss and comprehensive loss	(4,446,652)	(509,097)	(8,953,835)
Total assets	32,935,825	5,121,398	34,171,322
Total liabilities	3,770,586	244,391	1,684,582
Basic and diluted net loss and comprehensive loss per common share	$ (0.21)	$ (0.03)	$ (0.49)

DISCUSSION OF OPERATIONS

Comparison of the Three Months Ended October 31, 2021 and 2020

	Three months ended October 31,		
	2021	2020	Variance
Revenue	570,343	41,400	528,943
Cost of sales	309,019	—	309,019
Marketing and sales	491,151	97,342	393,809
General and administrative	2,975,625	427,653	2,547,972
Share-based compensation	1,125,172	—	1,125,172
Depreciation and amortization	135,057	25,502	109,555
Net loss and comprehensive loss for the period	(4,446,652)	(509,097)	(3,937,555)

Results of operations for the three months ended October 31, 2021 as compared to 2020
The total loss and comprehensive loss for the three months ended October 31, 2021, was $4,446,652 ($0.21 loss per share) compared to $509,097 ($0.03 loss per share) for the three months ended October 31, 2020. The movements in revenue and expenses are detailed below:

- Revenue increased by $528,943 to $570,343 during the three months ended October 31, 2021, primarily driven by $433,127 of revenue from the Company's doctor services, including virtual care, telemedicine services and doctor home visits (under the Medvisit business). Medvisit was acquired on August 5, 2021, and sales from the date of acquisition to October 31, 2021, were recorded in the Statement of Loss and Comprehensive Loss. The Company also generated $120,194 of revenue from its technology and marketing support services, pursuant to the pharmacy agreement. In the prior year, the Company generated $41,400 of revenue pursuant to the pharmacy agreement. The Company did not offer doctor services in the prior year.
- Cost of sales increased by $309,019 during the three months ended October 31, 2021, driven primarily by $286,255 of consulting fees paid for doctor services and $22,764 of the cost of goods sold at Company-owned retail pharmacies. The Company started offering doctor services during the period ended October 31, 2021, and this line of business was not operating in the prior year. The Company has entered into consulting agreements with doctors to pay doctors a fixed percentage of the gross billings based on each doctor and patient consultation.
- Marketing and sales expenses increased by $393,809 to $491,151 during the three months ended October 31, 2021, as the Company continued to focus on core branding and online marketing activities to acquire patients and users of Mednow's web and mobile application, as well as its doctor services.
- General and administrative expense increased by $2,547,972 to $2,975,625 during the three months ended October 31, 2021. The increase in expenses is primarily related to: i) acquisition costs incurred for the Company's completed and pending acquisitions, ii) investor relations, legal, professional fees and other

public company costs, iii) increased office expenses in connection with the increased head count and operations, iv) share-based compensation expense of $1,125,172 in connection with the Company's stock option plan as compared to $nil in the prior year period, v) and increased staff and contractor costs as the Company continues to build out its internal teams, including its operations and technology teams.

SUMMARY OF QUARTERLY RESULTS

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

	For the quarter ended			
	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020
Revenue	—	—	—	41,400
Net loss and comprehensive loss	(18,724)	(38,000)	(410,789)	(509,097)
Total assets	137,010	169,136	5,540,787	5,121,398
Total liabilities	176,632	246,785	154,683	244,391
Basic and diluted loss and comprehensive loss per common share	$ -	$ (0.01)	$ (0.05)	$ (0.03)

	For the quarter ended			
	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
Revenue	124,200	124,200	124,200	570,343
Net loss and comprehensive loss	(870,787)	(2,182,888)	(5,391,063)	(4,446,652)
Total assets	4,487,634	36,871,403	34,171,322	32,935,825
Total liabilities	449,074	1,144,795	1,684,582	3,770,586
Basic and diluted loss and comprehensive loss per common share	$ (0.04)	$ (0.14)	$ (0.28)	$ (0.21)

FINANCIAL RESULTS BY OPERATING SEGMENTS

Below is a summary of each operating segment's performance for the three-month period ended October 31, 2021.

	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	For the period ended October 31, 2020
Revenue	$ 17,022	$ 433,127	$ 120,194	$ 570,343	$ 41,400
Other amounts in loss	177,915	497,424	4,341,656	5,016,995	550,497
Net loss	**$ (160,893)**	**$ (64,297)**	**$(4,221,462)**	**$(4,446,652)**	**$(509,097)**

	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	As at July 31, 2021
Cash	393,372	44,549	22,666,418	23,104,339	28,758,598
Other assets	732,560	228,037	4,242,616	5,203,213	3,801,707
Property and equipment, intangibles, goodwill	838,970	15,140	3,774,163	4,628,273	1,611,017
Accounts payable and other	189,051	238,643	1,805,514	2,233,208	1,293,276
Lease liabilities	435,609	26,225	1,075,544	1,537,378	391,306

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At October 31, 2021, the Company had working capital of $23,957,556. 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 October 31, 2021, the Company had $23,104,339 in cash (July 31, 2021 - $28,758,598).

The consolidated financial statements for the three months ended October 31, 2021 and 2020 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 October 31, 2021				
	On demand	Within one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 1,764,712	$ —	$ —	$ —	$ 1,764,712
Current portion of loan payable	—	30,000	—	—	30,000
Due to related parties	6,006	—	—	—	6,006
Contingent consideration	—	55,503	51,834	—	107,337
Lease liabilities	—	258,103	1,178,587	100,688	1,537,378
Total	**$ 1,770,718**	**$ 343,606**	**$ 1,230,421**	**$ 100,688**	**$ 3,445,433**

	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
Due to related parties	—	—	—	—	—
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

The Company's credit risk arises from its $931,578 (2021 - $738,528) of cash on hand and cash deposits held with banks, $22,172,761 (2021 - $28,020,070) of short-term investments as at October 31, 2021, and its due from related parties (Note 17) of $1,294,325 (July 31, 2021 - $2,023,565), which represents the entities maximum exposure to credit risk. The balance due from related parties is entirely concentrated to Mednow East Inc. and Mednow Clinic Ltd. in Note 17.

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and due from (to) related parties approximates their fair values due to the short-term nature.

Currency risk
Currency risk is the risk that fluctuations in USD and CAD 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 a US-based third party company, and other vendors and suppliers who invoice and require payment in USD. The Company does not use derivative instruments to hedge its exposure to foreign currency translations.

CASH FLOWS BY ACTIVITY

Comparison of the Three Months Ended October 31, 2021, and 2020

The table below outlines a summary of cash inflows and outflows by activity for the three months ended October 31, 2021, and 2020.

	Three months ended October 31,	
	2021	**2020**
Net cash used in operating activities	$ (3,684,332)	$ (558,630)
Net cash used in financing activities	$ (40,068)	$ —
Net cash used in investing activities	$ (1,929,859)	$ (1,409,976)

Cash used in operating activities
The Company's cash outflows used in operating activities for the three months ended October 31, 2021, primarily relate to (i) people costs, including salaries and consulting fees paid 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 the Company's marketing of its product offering, (iii) acquisition costs incurred for the Company's completed and pending acquisitions, and (iv) legal, investor relations activities and other professional fees incurred by the Company.

Cash flows used in financing activities
During the period ended October 31, 2021, the Company repaid $10,000 of its short-term debt and paid $30,068 of lease liabilities primarily for its real estate locations for its open pharmacies in Nova Scotia and British Columbia, as well as for its upcoming pharmacy in Manitoba.

Cash used in investing activities
The Company's cash outflows used in investing activities relate to (i) the acquisition of Medvisit for the net amount of $1,295,996, (ii) the acquisition of Mednow West for the net amount of $16,200, (iii) additional subscription in Life Support's shares of $250,000, (iv) the related party loan of $96,618 pursuant to the pharmacy agreement, and (v) the purchase of pharmacy equipment and other capital expenditures, including enhancements to the Company's web and mobile application.

SIGNIFICANT ACCOUNTING POLICIES

Business Combinations, Non-Controlling Interest and Goodwill
During the three months ended October 31, 2021, the Company adopted IFRS 3, Business Combinations, as the Company completed the acquisitions of two companies 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 accounts for business combinations by applying the acquisition method.

The Company has also applied IFRS 3 to recognize, measure and disclose the non-controlling interest 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. 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 acquisition costs on the consolidated statements of loss and comprehensive loss. Acquisition costs are expensed as incurred.

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Cost includes all direct expenses incurred 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.

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. Depreciation 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 and intellectual property are tested for impairment when indicators are present.

The Company has recognized the following intangible assets from its acquisition of Medvisit and Mednow West based on the purchase price allocation that was performed during the quarter.

- Customer relationships - The Company's customer relationships consists 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 Mednow West retail pharmacy.
- 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.

Customer relationships	5-10 years
Intellectual property	5 years
Brand	Indefinite life

Revenue recognition
The Company's operating revenue is comprised of sales from three (3) 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 Nova Scotia and British Columbia. The Company's Nova Scotia retail pharmacy operations commenced on September 7, 2021, and the Company acquired the retail pharmacy in British Columbia on October 25, 2021.

(2) The Company offers virtual care and telemedicine services, 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 Statement of Loss and Comprehensive Loss. Gross billings for consultations are variable, based on the nature of each medical consultation.

(3) The Company provides marketing and technology support services discussed in Note 17.

Revenue is recognized when control of the goods or services has been transferred to the patient, at the time the point of sale is made or when the service is delivered to customers. Revenue is measured at the amount of consideration the Company expects to be entitled to, net of sales tax, discounts, estimated returns and sales adjustments.

Cost of goods sold
Cost of goods sold 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 goods sold 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 Statement 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.

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 statement of loss and comprehensive loss was as follows:

	Three months ended October 31,	
	2021	**2020**
Management and director remuneration	$ 454,523	$ 41,940
Share-based compensation expense - directors and officers	2,896,956	72,000
	$ 3,351,479	**$ 113,940**

On September 15, 2020, the Company entered into a pharmacy agreement (the "Mednow East Pharmacy Agreement") with Mednow East Inc. ("Mednow East"), a company controlled by management and certain shareholders of Mednow, pursuant to which Mednow provides Mednow East with non-exclusive marketing and technology support services to connect Mednow East with potential customers, and Mednow East will fulfill orders for pharmacy products 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. Pursuant to the pharmacy agreement, the Company has provided an unsecured, on-demand loan to Mednow East with defined interest terms.

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 management and certain shareholders of Mednow. 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 prorated revenue of $58,094 to the date of acquisition has been recorded in the Consolidated Statements of Loss and Comprehensive Loss. 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 Condensed Interim Consolidated Financial Statements.

The Company has provided an unsecured, on-demand, non-interest bearing loan to Mednow Clinic Ltd., a business controlled by management and a certain shareholder of Mednow Inc.

The due to other related parties of $6,006 consists of the consulting fees payable to a doctor for virtual care and telemedicine services. The doctor has a 15% equity interest in Mednow Virtual Care Ltd., a subsidiary controlled by the Company.

	As at October 31, 2021	As at July 31, 2021
Due from (to) related party		
Mednow East Inc.- on demand, non-interest bearing	$ 909,744	$ 845,115
Mednow East Inc.- on demand, interest bearing at 18% per annum	304,083	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	80,498	42,503
Due to other related parties	(6,006)	—
	$ 1,288,319	**$ 2,023,565**

	Three months ended October 31, 2021	2020
Revenues		
Mednow East Inc.	$ 62,100	$ 20,700
Mednow Pharmacy Inc.	58,094	20,700
	120,194	41,400
General and administrative - management fees		
Care Health Inc.	**$ 15,000**	**$ 15,000**

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. shall provide 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 related due to common directors and management. Care Health Inc. is also a shareholder of Mednow.

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.

As at October 31, 2021, included in accounts payable and accrued liabilities was $126,849 (2021 – $16,831) of payments owed to key management personnel.

OFF BALANCE SHEET ARRANGEMENTS

As at October 31, 2021, 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 October 31, 2021
Common shares	21,568,359
Options	3,279,500
Warrants	
Share purchase warrants	6,260,893
Broker warrants	439,386
Total common shares on a fully-diluted basis	**31,548,138**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Condensed Interim 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 October 31, 2021, 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 Company's Condensed Interim Consolidated Financial Statements have not been reviewed by an auditor. The Condensed Interim Consolidated Financial Statements are unaudited and include all items that management considers necessary for a fair presentation of the financial position, financial performance and cash flows.

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, is available under the Company's profile on SEDAR at www.sedar.com.