MEDNOW INC.

Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2022 and 2021
(expressed in Canadian dollars)
(Unaudited)

NOTICE TO READER

The management of Mednow Inc. (the "Company") is responsible for the preparation of the accompanying Condensed Interim Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the financial position, financial performance, and cash flows of the Company.

These Condensed Interim Consolidated Financial Statements have not been reviewed by an auditor. These Condensed Interim Consolidated Financial Statements are unaudited and include items that management considers necessary for a fair presentation of the financial position, financial performance, and cash flows.

(Signed)
Karim Nassar
Chief Executive Officer
Mednow Inc.

(Signed)
Benjamin Ferdinand
Chief Financial Officer
Mednow Inc.

March 22, 2022

MEDNOW INC.
Condensed Interim Consolidated Statements of Financial Position
(expressed in Canadian dollars - unaudited)

	Note	As at January 31, 2022	As at July 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	15	$ 16,382,890	$ 28,758,598
Accounts receivable	15	1,039,254	—
Interest receivable		25,759	—
Sales tax receivable		408,763	256,824
Inventory		497,286	—
Income tax recoverable		94,256	—
Prepaid expenses	6	637,859	644,103
Due from related parties	17	1,417,881	2,023,565
Total current assets		**20,503,948**	**31,683,090**
Non-current assets			
Prepaid expenses	6	98,397	—
Notes receivable	15	500,000	—
Investment in equity securities	10	656,309	495,475
Property and equipment	8	1,830,935	1,081,263
Right-of-use assets	9	2,816,309	381,740
Intangible assets	7	3,271,435	529,754
Goodwill	7	2,393,424	—
Total non-current assets		**11,566,809**	**2,488,232**
Total assets		**$ 32,070,757**	**$ 34,171,322**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	$ 3,804,297	$ 1,293,276
Bank indebtedness	15	140,444	—
Current portion of loan payable	15	30,000	—
Current portion of lease liabilities	12	699,398	77,051
Due to related parties	17	44,564	—
Current portion of contingent consideration	4	55,503	—
Total current liabilities		**4,774,206**	**1,370,327**
Long-term liabilities			
Deferred tax liabilities	4	555,703	—
Lease liabilities	12	2,150,845	314,255
Contingent consideration	4	51,834	—
Total long-term liabilities		**2,758,382**	**314,255**
Total liabilities		**7,532,588**	**1,684,582**
Shareholders' equity			
Share capital	13	31,655,248	31,655,148
Warrants	13	7,309,905	7,309,905
Share-based payment reserve	14	5,939,917	3,374,095
Deficit		(20,348,948)	(9,852,408)
		24,556,122	**32,486,740**
Non-controlling interest		(17,953)	—
Total shareholders' equity		**24,538,169**	**32,486,740**
Total liabilities and shareholders' equity		**$ 32,070,757**	**$ 34,171,322**

Subsequent events (Note 21)

Approved on behalf of the Board:

/s/ Ali Reyhany
Ali Reyhany, Director

/s/ Kia Besharat
Kia Besharat, Director

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

MEDNOW INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months and six months ended January 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

		Three Months Ended January 31,		Six Months Ended January 31,[1]	
	Note	**2022**	**2021**	**2022**	**2021**
Revenue	16	$ 1,890,429	$ 124,200	$ 2,460,772	$ 165,600
Cost of sales	16	1,536,132	—	1,845,151	—
Gross Profit		**354,297**	**124,200**	**615,621**	**165,600**
Expenses					
General and administrative	16	4,184,437	753,619	7,160,062	1,181,272
Share-based compensation	14, 16	1,086,293	351,977	2,565,822	351,977
Marketing and sales		491,862	173,999	983,013	271,341
Depreciation and amortization	7, 8, 9	263,326	35,029	398,383	60,531
		6,025,918	**1,314,624**	**11,107,280**	**1,865,121**
Other loss	19	41,742	—	22,713	—
Net loss and comprehensive loss for the period		**$ 5,713,363**	**$ 1,190,424**	**$ 10,514,372**	**$ 1,699,521**
Attributable to:					
Mednow Inc.		5,702,649	1,190,424	10,496,419	1,699,521
Non-controlling interest		10,714	—	17,953	—
		$ 5,713,363	**$ 1,190,424**	**$ 10,514,372**	**$ 1,699,521**
Loss per share - basic and diluted		$ 0.26	$ 0.07	$ 0.49	$ 0.11
Weighted average number of shares outstanding - basic and diluted		**21,568,359**	**16,110,518**	**21,568,359**	**16,110,518**

[1] *Restated - Note 16*

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

MEDNOW INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the six months ended January 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

		Share Capital						
	Note	Common shares Number	Common shares Amount	Warrants	Share-based payment reserve	Deficit	Non-controlling interest	Total
Balance – July 31, 2020		**16,110,518**	**$ 4,747,032**	**$ 1,126,924**	**$ —**	**$ (487,852)**	**$ —**	**$ 5,386,104**
Share-based compensation		—	—	—	351,977	—	—	**351,977**
Net loss and comprehensive loss		—	—	—	—	(1,699,521)	—	**(1,699,521)**
Balance – January 31, 2021		**16,110,518**	**$ 4,747,032**	**$ 1,126,924**	**$ 351,977**	**$ (2,187,373)**	**$ —**	**$ 4,038,560**
Balance- July 31, 2021		**21,568,359**	**$ 31,655,148**	**$ 7,309,905**	**$ 3,374,095**	**$ (9,852,408)**	**—**	**$ 32,486,740**
Other transactions		—	100	—	—	—	—	**100**
Share repurchases		—	—	—	—	(121)	—	**(121)**
Share-based compensation	14	—	—	—	2,565,822	—	—	**2,565,822**
Net loss and comprehensive loss		—	—	—	—	(10,496,419)	(17,953)	**(10,514,372)**
Balance – January 31, 2022		**21,568,359**	**$ 31,655,248**	**$ 7,309,905**	**$ 5,939,917**	**$ (20,348,948)**	**$ (17,953)**	**$ 24,538,169**

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

MEDNOW INC.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended January 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

		Six months ended January 31,	
	Note	**2022**	**2021**
Cash flows used in operating activities			
Net loss		$ (10,514,372)	$ (1,699,521)
Changes in non-cash operating items:			
Share-based compensation	14	2,565,822	351,977
Depreciation and amortization	7,8,9	398,383	60,531
Loss on investment in equity securities	10	89,166	—
Interest expense	19	14,683	—
Changes in non-cash working capital			
Accounts receivable		330,753	(244,037)
Interest receivable		(25,759)	—
Prepaid expenses		(53,599)	(217,491)
Sales tax receivable		(124,085)	(135,080)
Income tax recoverable		(500)	—
Inventory		(107,909)	—
Accounts payable and accrued liabilities		483,954	327,423
Net cash used in operating activities		**(6,943,463)**	**(1,556,198)**
Cash used in financing activities			
Repayment of loan payable		(10,000)	—
Repayment of bank indebtedness		(90,628)	—
Payment of lease liabilities	12	(99,353)	—
Net cash used in financing activities		**(199,981)**	**—**
Cash used in investing activities			
Additions of intangible assets	7	(557,768)	(225,969)
Additions of property and equipment	8	(451,218)	(49,119)
Investment in equity securities	10	(250,000)	—
Issuance of note receivable	15	(500,000)	—
Acquisition of Infusicare Canada Inc.	4	(1,832,122)	—
Acquisition of 2716725 Ontario Inc. ("Medvisit")	4	(1,295,996)	—
Acquisition of Mednow Pharmacy Inc.	4	(16,200)	—
Net due to/from related parties		(328,960)	(1,359,859)
Net cash used in investing activities		**(5,232,264)**	**(1,634,947)**
Change in cash during the period		(12,375,708)	(3,191,145)
Cash and cash equivalents – beginning of period		28,758,598	5,255,396
Cash and cash equivalents– end of period		**$ 16,382,890**	**$ 2,064,251**

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

1. NATURE OF OPERATIONS

Mednow Inc. (the "Company" or "Mednow") is a Canadian company incorporated under the Canada Business Corporations Act on January 17, 2018. The registered office address is 10th Floor, 595 Howe St., Vancouver, BC V6C 2T5.

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 Apple 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.

The Company owns and operates retail brick-and-mortar pharmacies that are based in British Columbia, Ontario and Nova Scotia. The Company offers doctor services such as virtual care, as well as doctor home visits for patients in Ontario 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".

2. 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.

3. BASIS OF PREPARATION

Statement of compliance
These unaudited Condensed Interim Consolidated Financial Statements (the "financial statements") have been prepared by management in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended July 31, 2021, other than the adoption of new accounting policies in Note 5. In accordance with IAS 34, certain disclosures included in the annual audited financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These unaudited Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited annual consolidated financial statements for the fiscal year ended July 31, 2021.

The accounting policies applied to these Condensed Interim Consolidated Financial Statements are based on IFRS which have been applied consistently to all periods presented, with the exception of the adoption of the accounting policies described in Note 5.

These financial statements were approved and authorized for issuance by the Board of Directors on March 22, 2022.

Basis of preparation
These financial statements have been prepared on a going concern basis of accounting and primarily under the historical cost basis, except for the valuation of certain financial instruments, which are measured at fair value. These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries listed below.

The Company's fiscal year (the "period", "fiscal year", "year") begins on August 1 and ends on July 31.

(expressed in Canadian dollars - unaudited)

Consolidation

These financial statements include the financial statements of the Company and its subsidiaries. All intercompany transactions are eliminated on consolidation. As of January 31, 2022, the Company's subsidiaries incorporated under the Canada Business Corporations Act included:

Subsidiaries	**Percentage of equity interest**
Mednow Pharmacy NS Ltd. ("Mednow NS")	100%
Mednow Pharmacy MB Ltd.	100%
Mednow Pharmacy Inc. ("Mednow West")	100%
Mednow Operations Inc. ("Mednow Operations")	100%
Mednow Virtual Care Ltd. ("Mednow Virtual Care")	70%
Mednow Pharmacy Services Inc.	100%
10111132 Manitoba Ltd. ("Mednow MB")	100%
Mednow Technology Inc.	100%
2716725 Ontario Inc. ("Medvisit")	100%
Mednow Medical Inc. ("Mednow Medical")	100%
Infusicare Canada Inc. ("Infusicare")	100%
Mednow Ontario Ltd.	100%

IFRS 10, Consolidated Financial Statements, outlines the requirements for the preparation and presentation of Consolidated Financial Statements, requiring entities to consolidate entities it controls. Consolidation of a subsidiary begins on the date that control is acquired by a Company over the subsidiary and ceases when the Company loses control of the subsidiary. The income and expenses of new subsidiaries acquired or disposed during the year, as well as new subsidiaries incorporated during the year are included in the consolidated statements of loss and comprehensive loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The Company has control over the subsidiary when it has the right, and when it is exposed, to variable returns from the subsidiary, and when it has the ability to impact financial and operating returns through its power over the subsidiary. When the Company does not own all of the equity interest in the subsidiary, the non-controlling interest is disclosed as a separate line item in the Condensed Interim Consolidated Statements of Financial Position and the loss to non-controlling equity interest holders are disclosed as a separate line item in the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss.

Segmented information and reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The financial results and business performance indicators for each operating segment are summarized in Note 20. Operating revenues are comprised of the sale of prescription and over-the-counter medications at Company-owned retail pharmacy locations through online and walk-in channels, sales generated from virtual care, telemedicine and doctor home visit services, as well as the Company's marketing and technology support services. The Company's net assets and its underlying revenue are generated from its operations in Canada.

Management is organized based on the Company's operations as a whole rather than the specific revenue streams.

(expressed in Canadian dollars - unaudited)

4. 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 the estimated fair value $107,388 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 will be adjusted based on the target number of annual home visits pursuant to the share purchase agreement. From the date of acquisition to January 31, 2022, Medvisit generated revenue of $829,924 and net loss of $116,228 recorded in the Statement of Loss and Comprehensive Loss.

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 Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of August 5, 2021 is summarized below. 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.

Consideration		
Cash consideration	$	1,320,000
Contingent consideration		107,338
Total consideration	**$**	**1,427,338**
Current assets		
Cash		24,004
Accounts receivable		43,539
Receivable from provincial health care plan		195,231
Other current assets		10,857
Non-current assets		
Property and equipment		15,889
Right-of-use assets		32,493
Customer relationships		42,000
Intellectual property		82,000
Brand		833,000
Goodwill		738,516
Current liabilities		
Accounts payable and accrued liabilities		233,618
Loan payable		40,000
Lease liabilities		32,493
Non-current liabilities		
Deferred tax liability		284,080
Net assets acquired	**$**	**1,427,338**

(expressed in Canadian dollars - unaudited)

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 17). From the date of acquisition to January 31, 2022, Mednow West generated revenue of $129,869 and net loss of $139,140 recorded in the Statement of Loss and Comprehensive Loss.

The Company incurred acquisition costs of $70,636 in connection with its acquisition of Mednow West which is 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. 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.

Consideration		
Cash consideration		74,209
Assumption of on demand promissory note		979,406
Total consideration	**$**	**1,053,615**
Current assets		
Cash		58,009
Accounts receivable		28,540
Inventory		149,740
Other current assets		11,389
Non-current assets		
Property and equipment		56,464
Right-of-use assets		76,016
Customer relationships		26,000
Goodwill		865,226
Current liabilities		
Accounts payable and accrued liabilities		92,398
Current portion of lease liability		60,264
Non-current liabilities		
Lease liabilities		24,034
Deferred tax liability		41,073
Net assets acquired	**$**	**1,053,615**

(expressed in Canadian dollars - unaudited)

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 the management, directors and shareholders of Mednow, for cash consideration of $1,850,000. From the date of acquisition to January 31, 2022, Infusicare generated revenue of $1,268,837 and net loss of $70,243 recorded in the Statement of Loss and Comprehensive Loss.

The Company incurred acquisition costs of $47,687 in connection with its acquisition of Infusicare which is included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of December 10, 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	1,850,000
Total consideration	**$ 1,850,000**
Current assets	
Cash	17,878
Accounts receivable	1,118,768
Sales tax receivable	7,454
Inventory	239,637
Income tax recoverable	93,756
Prepaid expenses	28,225
Due from related parties	21,663
Non-current assets	
Property and equipment	13,463
Right-of-use assets	1,015,086
Customer list	870,000
Goodwill	789,682
Current liabilities	
Accounts payable and accrued liabilities	860,959
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	230,550
Net assets acquired	**$ 1,850,000**

Acquisitions of Medvisit, Mednow West and Infusicare

If the acquisitions of Medvisit, Mednow West and Infusicare had been completed on August 1, 2021, the Company estimates that it would have recorded $6,696,450 in pro forma revenue for the six months period ended January 31, 2022.

5. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Business Combinations, Non-Controlling Interest and Goodwill

During the six months ended January 31, 2022, the Company adopted IFRS 3, Business Combinations, as the Company completed acquisitions as 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. 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 acquisition costs 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.

Inventory

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.

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.

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 to patients in Canada. The license has been recorded as an intangible asset.

The Company has recognized the following intangible assets from its acquisitions of Medvisit, Mednow West and Infusicare based on the purchase price allocation that was performed during the six months period ending January 31, 2022.

- 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 the Mednow West and Infusicare retail pharmacies.
- 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
License	2-3 years

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 British Columbia, Ontario and Nova Scotia. The Company's Halifax, Nova Scotia based retail pharmacy operations commenced on September 7, 2021. The Company acquired the retail pharmacy in British Columbia on October 25, 2021. The Company acquired the retail pharmacy in London, Ontario on December 10, 2021.

(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 Statement of Loss and Comprehensive Loss. 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 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 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.

(expressed in Canadian dollars - unaudited)

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.

Significant Judgements, Assumptions and Estimates
The following are examples of the significant estimates and assumptions that have been made during the three and six months periods ended January 31, 2022, in applying the Company's accounting policies that have a significant impact on the amounts in these Condensed Interim Consolidated 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. The underlying assumptions and estimates used for the purchase price accounting impact the asset and liability amounts recorded in the statement of financial position on the acquisition date. The estimated economic lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired 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 notes receivable, accounts receivable, and due from related parties based on forward-looking factors.

6. PREPAID EXPENSES

	As at January 31, 2022		As at July 31, 2021
	Current	Non-current	Current
Prepaid equipment	$ 94,575	$ —	$ 94,575
Prepaid advertising and investor relations	224,762	—	391,163
Prepaid rent	68,485	95,207	24,400
Prepaid dues and subscriptions	115,273	3,190	41,795
Prepaid insurance and other deposits	134,764	—	92,170
Prepaid expenses	**$ 637,859**	**$ 98,397**	**$ 644,103**

(expressed in Canadian dollars - unaudited)

7. INTANGIBLE ASSETS AND GOODWILL

INTANGIBLE ASSETS

The Company's intangible assets comprise of the following:

COST	Software	License	Customer Relationships	Intellectual Property	Brand	Total
Balance as at July 31, 2020	**$ 217,000**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 217,000**
Additions	467,427	—	—	—	—	467,427
Balance as at July 31, 2021	**$ 684,427**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 684,427**
Additions	882,235	214,850	—	—	—	1,097,085
Acquisitions through business combinations	—	—	938,000	82,000	833,000	1,853,000
Balance as at January 31, 2022	**$ 1,566,662**	**$ 214,850**	**$ 938,000**	**$ 82,000**	**$ 833,000**	**$ 3,634,512**
ACCUMULATED AMORTIZATION						
Balance as at July 31, 2020	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Amortization	154,673	—	—	—	—	154,673
Balance as at July 31, 2021	**$ 154,673**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 154,673**
Amortization	158,385	20,971	20,848	8,200	—	208,404
Balance as at January 31, 2022	**$ 313,058**	**$ 20,971**	**$ 20,848**	**$ 8,200**	**$ —**	**$ 363,077**
NET BOOK VALUE						
At July 31, 2021	**$ 529,754**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 529,754**
At January 31, 2022	**$ 1,253,604**	**$ 193,879**	**$ 917,152**	**$ 73,800**	**$ 833,000**	**$ 3,271,435**

The Company added $1,097,085 of intangible assets during the six months period ended January 31, 2022, out of which $557,768 was paid in cash consideration and $539,317 is in accounts payable as at January 31, 2022, in the Company's Condensed Interim Consolidated Statements of Financial Position.

GOODWILL

	Goodwill
Balance as at July 31, 2021	**$ —**
Additions from acquisition of Medvisit	738,516
Additions from acquisition of Mednow West	865,226
Additions from acquisition of Infusicare	789,682
Balance as at January 31, 2022	**$ 2,393,424**

(expressed in Canadian dollars - unaudited)

8. PROPERTY AND EQUIPMENT

COST	Automation Equipment	Leasehold Improvements	Vehicles	Furniture and Fixtures	Computer Equipment	Capital Work-In-Progress	Total
Balance as at July 31, 2020	$ —	$ —	$ —	$ —	$ —		$ —
Additions	808,250	200,776	22,535	12,987	70,153	—	1,114,701
Balance as at July 31, 2021	**$ 808,250**	**$ 200,776**	**$ 22,535**	**$ 12,987**	**$ 70,153**	**$ —**	**$1,114,701**
Additions	—	129,880	—	69,510	108,782	443,820	751,992
Acquisitions through business combinations	—	56,464	9,800	19,552	—	—	85,816
Balance as at January 31, 2022	**$ 808,250**	**$ 387,120**	**$ 32,335**	**$ 102,049**	**$ 178,935**	**$ 443,820**	**$1,952,509**
ACCUMULATED DEPRECIATION							
Balance as at July 31, 2020	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Depreciation	15,208	—	7,993	1,151	9,086	—	33,438
Balance as at July 31, 2021	**$ 15,208**	**$ —**	**$ 7,993**	**$ 1,151**	**$ 9,086**	**$ —**	**$ 33,438**
Depreciation	40,454	12,436	6,441	6,675	22,130	—	88,136
Balance as at January 31, 2022	**$ 55,662**	**$ 12,436**	**$ 14,434**	**$ 7,826**	**$ 31,216**	**$ —**	**$ 121,574**
NET BOOK VALUE							
At July 31, 2021	**$ 793,042**	**$ 200,776**	**$ 14,542**	**$ 11,836**	**$ 61,067**	**$ —**	**$1,081,263**
At January 31, 2022	**$ 752,588**	**$ 374,684**	**$ 17,901**	**$ 94,223**	**$ 147,719**	**$ 443,820**	**$1,830,935**

The Company added $751,992 of property and equipment during the six months period ended January 31, 2022, out of which $451,218 was paid in cash consideration and $300,774 is in accounts payable as at January 31, 2022, in the Company's Condensed Interim Consolidated Statements of Financial Position.

9. RIGHT-OF-USE ASSETS

	Vehicles	Real Estate Leases	Other	Total
Balance as at July 31, 2020	$ —	$ —	$ —	$ —
Lease additions	61,846	333,133	—	394,979
Depreciation	(2,577)	(10,662)	—	(13,239)
Balance as July 31, 2021	**$ 59,269**	**$ 322,471**	**$ -**	**$ 381,740**
Lease additions	35,564	1,377,253		1,412,817
Acquisitions through business combinations	—	1,103,633	19,962	1,123,595
Depreciation	(10,102)	(90,084)	(1,657)	(101,843)
Balance as at January 31, 2022	**$ 84,731**	**$ 2,713,273**	**$ 18,305**	**$ 2,816,309**

10. INVESTMENT IN EQUITY SECURITIES

Balance as at July 31, 2020	$ —
Subscription in investment in equity securities	500,000
Loss on investment in equity securities	(4,525)
Balance as at July 31, 2021	**$ 495,475**
Subscription in investment in equity securities	250,000
Loss on investment in equity securities	(89,166)
Balance as at January 31, 2022	**$ 656,309**

(expressed in Canadian dollars - unaudited)

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 January 31, 2022, the Company has an equity interest of 12.3% (2021 - 10.5%) in Life Support.

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 Condensed Interim Consolidated Financial Statements as the value has been assessed as insignificant. The performance milestones and targets were not met as of January 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.

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. Life Support's financial information is summarized below:

Life Support Financial Information

	As at January 31, 2022	As at July 31, 2021
Current assets	$ 118,645	$ 346,988
Non-current assets	3,173	4,330
Current liabilities	548,749	420,263
Non-current liabilities	200,000	200,000
Total liabilities	748,749	620,263

	Six months ended January 31, 2022	July 31, 2021
Revenue for the period	$ 1,490	$ —
Loss from operations for the period	(649,232)	(66,795)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at January 31, 2022	As at July 31, 2021
Trade accounts payable	$ 2,652,847	$ 1,064,779
Accrued liabilities	117,420	50,609
Accrued salaries, wages and benefits	1,034,030	177,888
Accounts payable and accrued liabilities	**$ 3,804,297**	**$ 1,293,276**

(expressed in Canadian dollars - unaudited)

12. LEASE LIABILITY

The Company's leases primarily consists of commercial real estate leases and a vehicle. The Company has recognized right-of-use assets in respect of these leases (Note 9).

The Company has also recognized lease liabilities for these leases, which were initially measured at the present value of the future lease payments, discounted at rates ranging from 2.95% to 6.60%. Interest on lease liabilities is included in interest expense in the consolidated statements of loss and comprehensive loss. The carrying amount of the Company's lease liabilities is summarized in the table below.

	Vehicles	Real Estate Leases	Other	Total
Balance as at July 31, 2020	$ —	$ —	$ —	$ —
Lease additions	61,846	333,133	—	394,979
Interest expense	356	459	—	815
Lease payments	(2,765)	(1,723)	—	(4,488)
Balance as at July 31, 2021	**$ 59,437**	**$ 331,869**	**$ —**	**$ 391,306**
Lease additions	35,564	1,377,253	—	1,412,817
Acquisitions through business combinations	—	1,111,459	20,418	1,131,877
Interest expense	1,750	11,620	226	13,596
Lease payments	(11,084)	(86,455)	(1,814)	(99,353)
Balance as at January 31, 2022	**$ 85,667**	**$ 2,745,746**	**$ 18,830**	**$ 2,850,243**
Current portion	$ 21,354	$ 671,507	$ 6,537	$ 699,398
Long-term portion	$ 64,313	$ 2,074,239	$ 12,293	$ 2,150,845

The following table details the undiscounted cash flows and contractual maturities of the Company's lease obligations as at January 31, 2022:

	Vehicles	Real Estate Leases	Other
Year 1	$ 24,958	$ 802,262	$ 7,255
Year 2	24,958	795,347	7,255
Year 3	24,958	738,243	5,527
Year 4	13,899	342,204	—
Year 5	5,580	338,884	—
Thereafter	—	100,471	—

During the period ended January 31, 2022, the Company entered into a short-term lease to rent a corporate office facility for its staff based in Toronto, Ontario. The Company incurred total costs of $73,916 (2021 - $65,019), which are recorded in the consolidated statement of loss and comprehensive loss within general and administrative expenses. The Company terminated its short-term lease with a notice to its landlord effective November 30, 2021. Due to the short-term nature of this lease, and the Company's ability to terminate the lease with short-term notice, the Company did not recognize a right-of-use asset, and corresponding lease liability in connection its corporate office.

13. SHARE CAPITAL AND WARRANTS

The Company is authorized to issue an unlimited number of Class A, B and C common shares.

Class A common shares carry voting rights, non-cumulative dividends as set and declared by the board of directors and carry a priority feature in the event of dissolution of the Company where each holder of Class A common shares shall receive $100 per share in priority to any payment on the Class B and Class C common shares.

Class B common shares are non-voting, non-cumulative dividends as set and declared by the board of directors and carry a priority feature in the event of dissolution of the Company where each holder of Class B common shares shall receive $50 per share in priority to any payment on the Class C common shares.

(expressed in Canadian dollars - unaudited)

Class C common shares are non-voting, non-cumulative dividends as set and declared by the board of directors.

	Class A Common Shares		Warrants	
	Shares	Amount $	Warrants	Amount $
Balance as at July 31, 2020	**16,110,518**	**$ 4,747,032**	**3,377,422**	**$ 1,126,924**
Balance as at January 31, 2021	**16,110,518**	**4,747,032**	**3,377,422**	**1,126,924**
Balance as at July 31, 2021	**21,568,359**	**$ 31,655,148**	**6,700,279**	**$ 7,309,905**
Other transactions	—	100	—	—
Balance as at January 31, 2022	**21,568,359**	**$ 31,655,248**	**6,700,279**	**$ 7,309,905**

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 January 31, 2022, the Company purchased and cancelled a life to date total of 309,100 common shares for $865,955 of cash consideration. The life to date weighted average cost of the cancelled shares totaled $455,233 resulting in a loss on cancellation of $410,822 allocated to deficit.

During the periods ended January 31, 2022 and 2021, the Company did not purchase and cancel common shares.

14. SHARE-BASED PAYMENT RESERVE

	As at January 31, 2022	As at July 31, 2021
Beginning balance	**$ 3,374,095**	**$ -**
Share-based compensation	2,565,822	3,374,095
Ending balance	**$ 5,939,917**	**$ 3,374,095**

Stock options

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees, advisors and technical consultants to the Company non-transferable options to purchase common shares. The plan provides for a maximum number of stock options reserved for issuance equal to 10% of the Company's issued and outstanding common shares. On June 30, 2021, subject to shareholder and TSXV approval, the Company's directors approved an amendment to increase the maximum number of stock options reserved for issuance to 20% of the Company's issued and outstanding common shares. Under the plan, options generally vest over a period of three years and expire five years from the grant date.

The following table summarizes the continuity of the stock options during the period ended January 31, 2022.

	Number of options	Weighted average exercise price
Balance as at July 31, 2021	**2,830,500**	**$ 1.77**
Granted	449,000	$ 1.40
Cancelled	(200,000)	$ 1.80
Forfeited	(7,000)	$ 1.75
Expired	(1,000)	$ 1.75
Balance as at January 31, 2022	**3,071,500**	**$ 1.71**

(expressed in Canadian dollars - unaudited)

The following table provides additional information about the Company's stock options as at January 31, 2022:

Grant date	Number of options outstanding		Exercise price $	Expiration date	Number of options exercisable
January 21, 2021	1,453,000	$	1.75	January 21, 2026	623,250
June 11, 2021	399,500	$	1.65	June 11, 2026	18,750
July 2, 2021	770,000	$	1.85	July 2, 2026	16,500
October 20, 2021	449,000	$	1.40	October 20, 2026	—
	3,071,500	**$**	**1.71**		**658,500**

Stock options granted were valued using the Black-Scholes option pricing model with the following weighted-average assumptions for the period ended January 31, 2022:

		For the period ended January 31, 2022
Expected volatility		86.84%
Expected life		3 years
Expected forfeiture rate		0%
Risk-free interest rate		0.45%
Dividend yield		0%
Weighted average exercise price	$	1.40
Weighted average fair value of options at grant date	$	0.78

The Company recorded share-based compensation expense for options of $1,086,293 for the three months period ended January 31, 2022 (2021 – $351,977) with an offsetting increase to the share-based payment reserve. For the six months period ended January 31, 2022, the Company recorded share-based compensation expense for options of $2,565,822 (2021 - $351,977) with an offsetting increase to the share-based payment reserve.

No stock options were exercised during the period ended January 31, 2022 (2021 - nil), and as a result $nil was transferred to share capital from the share-based payment reserve. The weighted average remaining life of the options is 4.27 years.

15. FINANCIAL 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 January 31, 2022				
	On demand	Within one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 3,804,297	$ —	$ —	$ —	$ 3,804,297
Bank indebtedness	140,444	—	—	—	140,444
Current portion of loan payable	—	—	30,000	—	30,000
Due to related parties	44,564	—	—	—	44,564
Contingent consideration	—	55,503	51,834	—	107,337
Lease liabilities	—	699,398	2,056,521	94,324	2,850,243
Total	**$ 3,989,305**	**$ 754,901**	**$ 2,138,355**	**$ 94,324**	**$ 6,976,885**

(expressed in Canadian dollars - unaudited)

On December 10, 2021, the Company acquired Infusicare, a retail pharmacy based in London, Ontario. Infusicare has access to the credit facility ("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, 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 January 31, 2022, the Company had drawn $140,444 (2021 - nil) from its credit facility.

The current portion of 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, 2022, the Company will incur interest of 5% on the amount that is unpaid. As at January 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, interest and notes receivable and due from related parties. As at January 31, 2022, the Company's maximum exposure to credit risk for these financial instruments was as follows:

	As at January 31, 2022	**As at July 31, 2021**
Cash and cash equivalents	$ 16,382,890	$ 28,758,598
Accounts receivable	1,039,254	—
Due from related parties	1,417,881	2,023,565
Notes receivable	500,000	—
Interest receivable	25,759	—

The Company's accounts receivable of $1,039,254 (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 balance due from related parties is primarily from Mednow East Inc. and Mednow Clinic Ltd. in Note 17.

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. Pursuant to the agreement, 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 will earn 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 carrying value of cash and cash equivalents, accounts receivable, notes receivable, interest receivable, due from related parties, accounts payable, current portion of loan payable, bank indebtedness and due to related parties approximates their fair values due to the short-term nature.

(expressed in Canadian dollars - unaudited)

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. 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.

16. REVENUE, COST OF SALES AND EXPENSES CLASSIFIED BY NATURE AND RESTATEMENT

REVENUE

	Three months ended January 31,		Six months ended January 31,	
Revenue	**2022**	**2021**	**2022**	**2021**
Revenue from doctor services	$ 422,770	$ —	$ 855,897	$ —
Revenue from pharmacy agreements	62,100	124,200	182,294	165,600
Revenue from retail pharmacies	1,405,559	—	1,422,581	—
Total revenue	**$ 1,890,429**	**$ 124,200**	**$ 2,460,772**	**$ 165,600**

COST OF SALES

	Three months ended January 31,		Six months ended January 31,	
Cost of sales	**2022**	**2021**	**2022**	**2021**
Cost of consulting fees paid to doctors	$ 286,114	$ —	$ 572,369	$ —
Cost of products sold at retail pharmacies	1,250,018	—	1,272,782	—
Total cost of sales	**$ 1,536,132**	**$ —**	**$ 1,845,151**	**$ —**

EXPENSES CLASSIFIED BY NATURE

Expenses are classified by function on the statement of loss and comprehensive loss and include general and administrative, marketing and sales and depreciation. Below is a breakdown of the nature of expenses within general and administrative expenses:

	Three months ended January 31,		Six Months Ended January 31,	
	2022	**2021**	**2022**	**2021**
General and administrative				
Payroll and subcontractor	$ 2,736,136	$ 332,223	$ 4,512,355	$ 476,728
Legal and professional	486,506	273,043	1,062,506	442,316
Director fees	70,500	72,000	140,000	144,000
Management fee	88,945	15,000	175,945	30,000
Investor relations, public company costs and other	740,053	39,527	1,176,486	55,775
Travel and meals	62,297	21,826	92,770	32,453
	$ 4,184,437	**$ 753,619**	**$ 7,160,062**	**$ 1,181,272**

RESTATEMENT

The Company has recorded a restatement to increase its share-based compensation expense for the three months period ended October 31, 2021 by $354,357. The Company's share-based compensation expense for the three and six months period ended January 31, 2022 is in Note 14. The Company recorded the restatement to increase its prior year comparative share-based compensation expense by $319,637 for the three and six months period ended January 31, 2021, an adjustment that was recognized as part of the Company's annual audited Consolidated Financial Statements for the year ended July 31, 2021, due to corrections in the valuation assumptions using the Black-Scholes option pricing model. The corresponding adjustments have been done to share-based compensation expense, net loss and comprehensive loss, and loss per share.

(expressed in Canadian dollars - unaudited)

17. 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 is below.

As at January 31, 2022, included in accounts payable and accrued liabilities was $23,769 (2021 – $16,831) of payments owed to key management personnel.

	Three months ended January 31,		Six Months Ended January 31,	
	2022	2021	2022	2021
Management and director remuneration	$ 625,852	$ 187,740	$ 1,070,090	$ 259,740
Share-based compensation expense - directors and officers	592,098	—	1,184,197	—
	$ 1,217,950	**$ 187,740**	**$ 2,254,287**	**$ 259,740**

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 Company has a payable to Liver Care Canada and London Pharmacare Inc. of $37,639 and $6,925 as at January 31, 2022. Liver Care Canada Inc. and London Pharmacare Inc. are businesses that are controlled by directors of the Company, and both businesses were acquired by the Company on February 22, 2022 (Note 21).

	As at January 31, 2022	As at July 31, 2021
Due from related parties		
Mednow East Inc.- on demand, non-interest bearing	$ 930,706	$ 845,115
Mednow East Inc.- on demand, interest bearing at 18% per annum	374,256	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	90,910	42,503
Due from other related parties	22,009	—
	$ 1,417,881	**$ 2,023,565**
Due to related parties		
Liver Care Canada -on demand, non-interest bearing	37,639	—
London Pharmacare Inc. -on demand, non-interest bearing	6,925	—
	$ 44,564	**$ —**

(expressed in Canadian dollars - unaudited)

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. will 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.

	Three months ended January 31,		Six Months Ended January 31,	
	2022	2021	2022	2021
Revenues				
Mednow East Inc.	$ 62,100	$ 62,100	$ 124,200	$ 82,800
Mednow Pharmacy Inc.	—	62,100	58,094	82,800
	62,100	124,200	182,294	165,600
General and administrative - management fees				
Care Health Inc.	**$ 15,000**	**$ 15,000**	**$ 30,000**	**$ 30,000**

18. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2021 – 27%) to the loss before income taxes for the year, and is reconciled as follows:

	Six months ended January 31,	
	2022	2021
Net loss before income taxes	**$ (10,514,372)**	**$ (1,699,521)**
Statutory tax rate	27%	27%
Statutory income tax recovery	(2,838,880)	(458,871)
Tax rate changes and other adjustments		
Share-based payment	692,771	95,035
Other non-deductible	7,050	4,380
Effect of losses not recognized	2,170,094	343,112
Effect of other temporary differences not recognized	(31,035)	16,344
Income tax recovery	**$ —**	**$ —**

Deferred tax assets have not been recognized in respect of loss carry forwards, share issuance costs and other temporary deductible differences, because it is not probable that future taxable profits will be available against which the Company will be able to use these benefits.

19. OTHER LOSS

	Three Months Ended January 31,		Six Months Ended January 31,	
	2022	2021	2022	2021
Interest income on Mednow East and Mednow West pharmacy agreements	$ 15,438	—	$ 39,286	—
Interest income on cash and cash equivalents	25,767	—	57,948	—
Interest expense on operating line of credit	(1,087)	—	(1,087)	—
Interest expense - IFRS 16	(10,317)	—	(13,596)	—
Foreign exchange loss	(11,101)	—	(16,098)	—
Loss on investment in equity securities	(60,442)	—	(89,166)	—
Total	**$ (41,742)**	**$ —**	**$ (22,713)**	**$ —**

(expressed in Canadian dollars - unaudited)

20. SEGMENTED INFORMATION

Below is a summary of each operating segment's performance for the three months and six months period ended January 31, 2022 and 2021.

	Three months ended January 31, 2022				2021
	Retail Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**	**Mednow Inc.**
Revenue	$ 1,405,559	$ 422,770	$ 62,100	$ 1,890,429	$ 124,200
Other amounts in loss	1,810,248	534,558	5,258,986	7,603,792	1,314,624
Net loss	**$ (404,689)**	**$ (111,788)**	**$ (5,196,886)**	**$ (5,713,363)**	**$ (1,190,424)**

	Six months ended January 31, 2022				2021
	Retail Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**	**Mednow Inc.**
Revenue	$ 1,422,581	$ 855,897	$ 182,294	$ 2,460,772	$ 165,600
Other amounts in loss	1,988,163	1,031,982	9,954,999	12,975,144	1,865,121
Net loss	**$ (565,582)**	**$ (176,085)**	**$ (9,772,705)**	**$ (10,514,372)**	**$ (1,699,521)**

Below is a summary of each operating segment's performance as at January 31, 2022 and 2021.

	As at January 31, 2022				As at July 31, 2021
	Retail Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**	**Mednow Inc.**
Cash	$ 554,008	$ 20,730	$ 15,808,152	$ 16,382,890	$ 28,758,598
Other assets	1,683,824	199,518	2,074,541	3,957,883	1,396,402
Property and equipment, capital work-in-progress, intangibles, goodwill	1,365,930	14,344	6,115,520	7,495,794	1,611,017
Right-of-use assets	1,724,788	19,496	1,072,025	2,816,309	381,740
Due from related parties	29,845	-	1,388,036	1,417,881	2,023,565
Accounts payable and other	1,403,723	194,478	3,039,580	4,637,781	1,293,276
Lease liabilities	1,757,883	19,746	1,072,614	2,850,243	391,306
Due to related parties	44,564	—	—	44,564	—

21. SUBSEQUENT EVENTS

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 February 22, 2022, the Company completed the acquisition of 100% of the issued and outstanding shares of Liver Care Canada Inc. ("Liver Care Canada") from the shareholders of Liver Care Canada, some of whom are directors of the Company. Pursuant to the share purchase agreement, the Company paid cash consideration of $65,000 on closing, with additional earn-out payments that are tied to Liver Care Canada’s performance milestones over the next two years. Due to the short proximity from the acquisition to the reporting date, the Company has not prepared a preliminary purchase price allocation. This will be disclosed in the Company’s third quarter financial statements.

On February 22, 2022, the Company completed the acquisition of 100% of the issued and outstanding shares of London Pharmacare Inc. ("London Pharmacare") from the shareholders of London Pharmacare, some of whom are directors of the Company. Pursuant to the terms of the share purchase agreement and amending agreement, the Company paid cash consideration of $1,000,000 on closing, with additional deferred, fixed cash payments of $367,500 to be paid on February 22, 2023, and $367,500 to be paid on February 22, 2024, which represent the first and second anniversary dates following the closing of the transaction. Due to the short proximity from the acquisition to the reporting date, the Company has not prepared a preliminary purchase price allocation. This will be disclosed in the Company's third quarter financial statements.

On March 4, 2022, the Company entered into a share purchase agreement with Mednow East, a business that is controlled by management and directors of Mednow Inc. Pursuant to the agreement, the Company will acquire all of the issued and outstanding common shares of Mednow East. The Company will pay cash consideration of $65,578 and will convert $1,374,422 owed by Mednow East to the Company (based on the pharmacy agreement) into a non-interest bearing on-demand convertible promissory note.