MEDNOW INC.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended April 30, 2022 and 2021
(expressed in Canadian dollars)
(Unaudited)

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

	Note	As at April 30, 2022	As at July 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	17	$ 9,387,111	$ 28,758,598
Accounts receivable	17	2,016,673	—
Interest receivable		38,818	—
Sales tax receivable		545,409	256,824
Inventory		1,265,582	—
Prepaid expenses	6	720,154	644,103
Leases receivable	10	43,760	—
Assets held for sale	11	90,000	—
Due from related parties	19	205,380	2,023,565
Total current assets		**14,312,887**	**31,683,090**
Non-current assets			
Prepaid expenses	6	155,332	—
Notes receivable	17	500,000	—
Investment in equity securities	12	627,917	495,475
Property and equipment	8	2,294,356	1,081,263
Right-of-use assets	9	3,611,221	381,740
Leases receivable	10	124,070	—
Intangible assets	7	4,096,277	529,754
Goodwill	7	5,614,901	—
Total non-current assets		**17,024,074**	**2,488,232**
Total assets		**$ 31,336,961**	**$ 34,171,322**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 4,350,740	$ 1,293,276
Bank indebtedness	17	1,694,777	—
Current portion of lease liabilities	14	1,167,615	77,051
Due to related parties	19	217,674	—
Current portion of other cash consideration	4	342,530	—
Current portion of contingent consideration	4	66,356	—
Total current liabilities		**7,839,692**	**1,370,327**
Long-term liabilities			
Deferred tax liabilities	4,18	424,000	—
Lease liabilities	14	2,651,707	314,255
Deferred income		393,177	—
Loan payable	17	30,000	—
Other cash consideration	4	319,256	—
Contingent consideration	4	200,984	—
Total long-term liabilities		**4,019,124**	**314,255**
Total liabilities		**11,858,816**	**1,684,582**
Shareholders' equity			
Share capital	15	31,655,178	31,655,148
Warrants	15	7,309,905	7,309,905
Share-based payment reserve	16	6,552,630	3,374,095
Deficit		(26,009,200)	(9,852,408)
		19,508,513	**32,486,740**
Non-controlling interest		(30,368)	—
Total shareholders' equity		**19,478,145**	**32,486,740**
Total liabilities and shareholders' equity		**$ 31,336,961**	**$ 34,171,322**

Subsequent events (Note 22)

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 nine months ended April 30, 2022 and 2021
(expressed in Canadian dollars - unaudited)

		Three Months Ended April 30,		Nine Months Ended April 30,[1]	
	Note	2022	2021	2022	2021
Revenue	18	$ 6,136,511	$ 124,200	$ 8,597,283	$ 289,800
Cost of sales	18	4,903,635	—	6,748,862	—
Gross Profit		**1,232,876**	**124,200**	**1,848,421**	**289,800**
Expenses					
General and administrative	18	4,970,674	1,852,439	12,084,962	3,089,199
Share-based compensation	16, 18	612,713	1,476,730	3,178,535	1,828,707
Marketing and sales		894,145	170,584	1,922,769	384,633
Depreciation and amortization	7, 8, 9	574,186	44,944	970,834	105,475
		7,051,718	**3,544,697**	**18,157,100**	**5,408,014**
Other expenses (income)	20	(9,927)	(16,369)	12,716	(14,565)
Deferred income tax recovery	18	(134,353)	—	(134,353)	—
Net loss and comprehensive loss for the period		**$ 5,674,562**	**$ 3,404,128**	**$ 16,187,042**	**$ 5,103,649**
Attributable to:					
Mednow Inc.		5,662,147	3,404,128	16,156,674	5,103,649
Non-controlling interest		12,415	—	30,368	—
		$ 5,674,562	**$ 3,404,128**	**$ 16,187,042**	**$ 5,103,649**
Loss per share - basic and diluted		$ 0.26	$ 0.17	$ 0.75	$ 0.29
Weighted average number of shares outstanding - basic and diluted		**21,568,359**	**19,803,952**	**21,568,359**	**17,314,605**

[1] *Restated - Note 18*

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 nine months ended April 30, 2022 and 2021
(expressed in Canadian dollars - unaudited)

	Note	Share Capital: Common shares Number	Share Capital: 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**
Issuance of units, net of issuance costs		5,766,941	27,828,650	5,847,177	—	—	—	**33,675,827**
Issuance of broker warrant units		—	—	1,547,706	—	(1,547,706)	—	**—**
Share repurchases		(16,800)	(24,527)	—	—	(35,854)	—	**(60,381)**
Share-based compensation		—	—	—	1,828,707	—	—	**1,828,707**
Net loss and comprehensive loss		—	—	—	—	(5,103,649)	—	**(5,103,649)**
Balance – April 30, 2021		**21,860,659**	**$ 32,551,155**	**$ 8,521,807**	**$ 1,828,707**	**$ (7,175,061)**	**$ —**	**$ 35,726,608**
Balance- July 31, 2021		**21,568,359**	**$ 31,655,148**	**$ 7,309,905**	**$ 3,374,095**	**$ (9,852,408)**	**—**	**$ 32,486,740**
Other transactions		—	30	—	—	—	—	**30**
Share repurchases		—	—	—	—	(118)	—	**(118)**
Share-based compensation	16	—	—	—	3,178,535	—	—	**3,178,535**
Net loss and comprehensive loss		—	—	—	—	(16,156,674)	(30,368)	**(16,187,042)**
Balance – April 30, 2022		**21,568,359**	**$ 31,655,178**	**$ 7,309,905**	**$ 6,552,630**	**$ (26,009,200)**	**$ (30,368)**	**$ 19,478,145**

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 nine months ended April 30, 2022 and 2021
(expressed in Canadian dollars - unaudited)

	Note	Nine months ended April 30, 2022	2021
Cash flows used in operating activities			
Net loss		$ (16,187,042)	$ (5,103,649)
Non-cash items:			
Share-based compensation	16	3,178,535	1,828,707
Depreciation and amortization	7,8,9	970,834	105,475
Loss on investment in equity securities	12	117,558	—
Deferred income tax recovery	18	(134,353)	—
Contingent consideration remeasurement	20	(55,492)	—
Deferred income		(7,280)	—
Interest income	20	(3,230)	—
Interest expense	20	59,031	—
Changes in non-cash working capital			
Accounts receivable		277,103	(443,247)
Interest receivable		(38,818)	—
Prepaid expenses		(196,952)	(753,191)
Sales tax receivable		(135,561)	(286,568)
Income tax recoverable		93,756	—
Inventory		(279,902)	—
Accounts payable and accrued liabilities		553,982	1,009,399
Net cash used in operating activities		**(11,787,831)**	**(3,643,074)**
Cash (used in) from financing activities			
Repayment of loan payable	17	(10,000)	—
Repayment of bank indebtedness	17	10,451	—
Payment of lease liabilities	14	(322,342)	—
Issuance of units, net of issuance costs		—	33,675,827
Shares repurchase		—	(60,381)
Net cash (used in)/from financing activities		**(321,891)**	**33,615,446**
Cash used in investing activities			
Additions of intangible assets	7	(1,219,272)	(332,815)
Additions of property and equipment	8	(887,643)	(570,303)
Investment in equity securities	12	(250,000)	—
Issuance of note receivable	17	(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)	—
Acquisition of Mednow East Inc.	4	42,786	—
Acquisition of London Pharmacare Inc. and Liver Care Canada Inc.	4	(963,450)	—
Repayments of lease receivables	10	10,070	—
Net due to/from related parties		(349,938)	(1,346,113)
Net cash used in investing activities		**(7,261,765)**	**(2,249,231)**
Change in cash during the period		(19,371,487)	27,723,141
Cash and cash equivalents – beginning of period		28,758,598	5,255,396
Cash and cash equivalents– end of period		**$ 9,387,111**	**$ 32,978,537**

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 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 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, Manitoba, and Nova Scotia. The Company offers doctor services such as virtual care/telemedicine, 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 coronavirus ("COVID-19") was declared a pandemic by the World Health Organization in March 2020. Since then, COVID-19 has spread across the globe and is continuing to impact global economic, business and social activities. Over the last two and a half years, government authorities have implemented preventative and emergency measures, including travel bans and social distancing requirements, to mitigate the spread of COVID-19.

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

The outbreak and the related mitigation measures may continue to have adverse impacts on global economic conditions as well as on the Company's business activities. Management will continue to assess the impact of the coronavirus on its financial results.

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 June 14, 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 April 30, 2022, the Company's subsidiaries incorporated under the Canada Business Corporations Act include:

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%
Mednow Clinic Services Inc.	100%
Liver Care Canada Inc. ("Liver Care")	100%
London Pharmacare Inc. ("London Pharmacare")	100%
Mednow Pharmacy AB Ltd. ("Mednow AB")	100%
Mednow East Inc. ("Mednow East")	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 21. Operating revenues are primarily 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 purchase price for the acquisition 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 has been adjusted based on the target number of annual home visits pursuant to the share purchase agreement. From the date of acquisition to April 30, 2022, Medvisit generated revenue of $1,196,738, and net loss of $200,198 recorded in the Statement of Loss and Comprehensive Loss.

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

The Company incurred acquisition costs of $52,970 in connection with its acquisition of Medvisit which have included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of August 5, 2021 is summarized below. The goodwill acquired is associated with Medvisit’s workforce and expected future growth potential and is not expected to be deductible for tax purposes. The Company is still in the process of finalizing the fair value of the intangible assets and goodwill acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition.

Consideration		
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**

During the third quarter of 2022, the Company reassessed the earn-out payments and does not expect to pay earn-out payments in the first year following the acquisition based on the Company's assessment of the expected number of annual home visits, and this adjustment of $55,492 has been recorded in the Consolidated Statement of Loss and Comprehensive Loss.

(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 19). From the date of acquisition to April 30, 2022, Mednow West generated revenue of $236,446 and net loss of $288,756 which was recorded in the Statement of Loss and Comprehensive Loss.

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

The Company incurred acquisition costs of $83,985 in connection with its acquisition of Mednow West which is included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The purchase price allocation as of the valuation date of October 25, 2021, is summarized below. The goodwill acquired is associated with Mednow West's workforce and expected future growth potential and is not expected to be deductible for tax purposes. The Company is still in the process of finalizing the fair value of the intangible assets and goodwill acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition.

Consideration		
Cash consideration	$	74,209
Assumption of on demand promissory note		979,406
Total consideration	**$**	**1,053,615**
Current assets		
Cash		58,009
Accounts receivable		28,540
Inventory		149,740
Other current assets		11,389
Non-current assets		
Property and equipment		56,464
Right-of-use assets		79,821
Customer relationships		26,000
Goodwill		865,226
Current liabilities		
Accounts payable and accrued liabilities		92,398
Current portion of lease liabilities		64,069
Non-current liabilities		
Lease liabilities		24,034
Deferred tax liability		41,073
Net assets acquired	**$**	**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 management, directors and shareholders of Mednow, for cash consideration of $1,850,000. From the date of acquisition to April 30, 2022, Infusicare has generated revenue of $3,888,178 and net income of $77,259 which was recorded in the Statement of Loss and Comprehensive Loss.

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

The Company incurred acquisition costs of $47,837 in connection with its acquisition of Infusicare which is included in General and Administrative expenses on the Statement of Loss and Comprehensive Loss. The Company has recorded a measurement period adjustment of $134,196 to increase the amount of goodwill from $789,682 as at January 31, 2022 to $923,878 as at April 30, 2022, based on new information primarily relating to the collectability of accounts receivable balances.

The purchase price allocation as of the valuation date of December 10, 2021, is summarized below. The goodwill acquired is associated with Infusicare's workforce and expected future growth potential and is not expected to be deductible for tax purposes. Due to the complexity associated with the valuation process the Company is still in the process of finalizing the fair value of the intangible assets and goodwill acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition as required by IFRS 3.

Consideration paid		
Cash consideration	$	1,850,000
Total consideration	**$**	**1,850,000**
Current assets		
Cash		17,878
Accounts receivable		974,846
Sales tax receivable		9,830
Inventory		239,637
Income tax recoverable		93,756
Prepaid expenses		34,103
Due from related parties		15,784
Non-current assets		
Property and equipment		13,463
Right-of-use assets		1,015,086
Customer list		880,000
Goodwill		923,878
Current liabilities		
Accounts payable and accrued liabilities		860,958
Bank indebtedness		229,985
Due to related parties		29,032
Current portion of lease liability		177,208
Non-current liabilities		
Lease liabilities		837,878
Deferred tax liability		233,200
Net assets acquired	**$**	**1,850,000**

(expressed in Canadian dollars - unaudited)

Acquisition of London Pharmacare and Liver Care

On February 22, 2022, the Company completed the acquisition of 100% of the issued and outstanding shares of London Pharmacare and Liver Care, businesses controlled by management, directors and shareholders of Mednow. The purchase price consists of: (1) cash consideration of $1,065,000 paid on closing, (2) deferred cash payments with the estimated fair value of $661,786 to be paid on February 22, 2023 and February 22, 2024, representing the first and second year anniversaries following the date of the acquisition, and (3) earn-out payments with the estimated fair value of $215,494 tied to Liver Care's business performance over two years starting from the date of acquisition. The other cash consideration and earn-out payments have been discounted using a risk-adjusted discount rate based on the date they are payable. From the date of acquisition to April 30, 2022, London Pharmacare and Liver Care generated revenue of $2,855,381 and a net loss of $109,846 recorded in the Statement of Loss and Comprehensive Loss.

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

The Company incurred acquisition costs of $105,433 in connection with its acquisition of London Pharmacare and Liver Care 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 February 22, 2022, is summarized below. The goodwill acquired is associated with London Pharmacare and Liver Care's workforce and expected future growth potential and is not expected to be deductible for tax purposes. Due to the complexity associated with the valuation process 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 intangible assets, goodwill and deferred income 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	$	1,065,000
Other cash consideration		661,786
Contingent consideration		215,494
Total consideration	**$**	**1,942,280**
Current assets		
Cash		101,550
Accounts receivable		1,030,939
Sales tax receivable		30,859
Inventory		313,364
Prepaid expenses		323
Current portion of leases receivable		43,283
Intercompany receivable		44,930
Due from related parties		360,463
Non-current assets		
Prepaid expenses		49,750
Investment in equity securities		90,000
Property and equipment		220,930
Right-of-use assets		876,816
Leases receivable		131,387
Doctor relationships		500,000
Goodwill		2,443,937
Current liabilities		
Accounts payable and accrued liabilities		919,354
Bank indebtedness		1,446,421
Sales tax payable		29,227
Current portion of lease liability		349,918
Due to related parties		449,306
Deferred income		400,457
Non-current liabilities		
Lease liabilities		701,568
Net assets acquired	**$**	**1,942,280**

(expressed in Canadian dollars - unaudited)

Acquisition of Mednow East

On March 31, 2022 the Company completed the acquisition of 100% of the issued and outstanding shares of Mednow East, a business controlled by management, directors and certain shareholders of Mednow, for cash consideration of $65,578 and the assumption of the on demand promissory note payable by Mednow East to Mednow Inc. of $1,380,437 as at the date of acquisition. The amount owed by Mednow East to the Company prior to the acquisition, of $1,380,437, was eliminated as an intercompany loan upon consolidation (Note 19). From the date of acquisition to April 30, 2022, Mednow East generated revenue of $28,503 and a net loss of $7,281 which was recorded in the Statement of Loss and Comprehensive Loss.

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

The Company incurred acquisition costs of $57,990 in connection with its acquisition of Mednow East 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 March 31, 2022, is summarized below. The goodwill acquired is associated with Mednow East's workforce and expected future growth potential and is not expected to be deductible for tax purposes. Due to the short period of time between the acquisition date and the period end, the Company is still in the process of finalizing the fair value of the net assets acquired, including goodwill and intangible assets acquired. The Company will finalize the accounting for the acquisition no later than one year from the date of acquisition as required by IFRS 3.

Consideration paid		
Cash consideration	$	65,578
Assumption of on demand promissory note		1,380,437
Total consideration	**$**	**1,446,015**
Current assets		
Cash		108,364
Accounts receivable		36,752
Sales tax receivable		121,162
Inventory		282,939
Prepaid expenses		7,991
Due from related parties		24,325
Non-current assets		
Property and equipment		1,498
Right-of-use assets		126,749
Customer list		298,000
Goodwill		643,344
Current liabilities		
Accounts payable and accrued liabilities		76,619
Due to related parties		706
Current portion of lease liability		41,430
Non-current liabilities		
Lease liabilities		86,354
Net assets acquired	**$**	**1,446,015**

Summary of acquisitions

If the acquisitions had been completed on August 1, 2021, the Company estimates that it would have recorded $21,602,449 in pro forma revenue for the nine months period ended April 30, 2022. The breakdown of the pro forma revenue is as follows: Medvisit: $1,204,726, Mednow West: $325,774, Infusicare: $8,002,235, London Pharmacare and Liver Care: $11,461,477, and Mednow East: $608,237.

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

Business Combinations, Non-Controlling Interest and Goodwill
During the nine months ended April 30, 2022, the Company adopted IFRS 3, Business Combinations, as the Company completed acquisitions discussed in Note 4. IFRS 3 establishes requirements for how an acquirer in a business combination recognizes and measures in its financial statements the assets acquired and liabilities assumed; recognizes and measures the goodwill acquired in the business combination; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company 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 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.

Assets held for sale
The Company has classified assets as assets held for sale if they meet certain criteria, which includes the existence of and commitment to a plan to dispose the assets; the expected selling price of the assets; and the expected timing of the completion of the anticipated sale. The Company has recorded the assets held for sale at the lower of their carrying value and fair value less costs to sell on the Consolidated Statements of Financial Position. The Company reviews the criteria for assets held for sale each period.

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

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

Intangible assets
Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight-line basis as this approach best reflects the consumption and benefit patterns pertaining to the asset’s use. The Company's indefinite life intangible assets are tested for

impairment on an annual basis or more frequently if there are indicators that the indefinite life intangible assets may be impaired. The customer relationships, doctor relationships and intellectual property are tested for impairment when indicators are present.

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 based on the purchase price allocation (Note 4) that was performed during the nine months period ending April 30, 2022.

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

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

Deferred income
In 2017, Liver Care Canada received cash consideration of $1,000,000 from McKesson Canada Corporation ("McKesson") in exchange for Liver Care Canada agreeing to purchase prescription and over-the-counter medications from McKesson. The cash consideration was initially recorded as deferred income on the Consolidated Statements of Financial Position, and is recorded as a reduction to the cost of inventory into the Consolidated Statement of Loss and Comprehensive Loss based on a calculation that is tied to the fair value of the medications purchased during the period.

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

Revenue recognition
The Company's operating revenue is primarily 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, Manitoba and Nova Scotia.

(2) The Company offers doctor services, such as virtual care and telemedicine services, which are facilitated through the web and mobile application, as well as doctor home visits for patients who are unable to leave their homes. Virtual care and telemedicine services are offered in the provinces of British Columbia and Ontario, and doctor home visits are offered in Ontario. The Company enters into consulting agreements with doctors, pursuant to which the doctors provide medical consultations to patients, and the Company provides the technological infrastructure, including a proprietary web and mobile application to facilitate the delivery of virtual care, telemedicine services and doctor home visits. For a majority of doctors, the Company pays the doctors a fixed percentage of the gross billings for each patient/doctor consultation. The Company bills and collects the gross billings for each patient/doctor consultation primarily from the provincial health care plan; out of pocket costs are billed and collected from the patient and private insurance plans. The gross billings for each patient/doctor consultation are recorded as revenue in the Consolidated 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 provided marketing and technology support services to Mednow East pursuant to the pharmacy agreement discussed in Note 19.

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, 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.

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 nine month periods ended April 30, 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 and fixed assets, the determination of the indefinite or finite useful lives of intangible and fixed assets acquired, and the application of IFRS 16 lease accounting standards impact the Company’s profit or loss from the date of acquisition.
- The judgement and assumptions used by the Company in assessing the presentation of revenue on a gross versus net basis for the doctor services operating segments. This assessment is based on various factors, including whether the Company controls the service provided to the patient, and whether the Company is the principal in the transaction (which would lead to the gross recognition of revenue), or whether the Company is the agent in the transaction (which would lead to the net recognition of revenue). The assessment of whether the Company is considered the principal or agent has an impact primarily on the accounting of the amount of revenue and cost of sales recorded.
- The expected credit losses ("ECL") applied against loans, including notes receivable, accounts receivable, leases receivable and due from related parties based on forward-looking factors.
- The judgment and assumptions used by the Company in assessing the acquisitions of London Pharmacare and Liver Care on the acquisition date of February 22, 2022 as a single business acquisition. This assessment is based on factors, including whether the acquisitions are entered into at the same time or in contemplation of each other, whether the acquisitions form a single transaction designed to achieve an overall commercial effect, whether the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement, and whether one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.
- The judgement used in assessing for indicators of impairment for the Company's intangible assets and goodwill.
- The determination of the valuation of inventory, including the assumptions used to calculate the net realizable value of the inventory.

(expressed in Canadian dollars - unaudited)

6. PREPAID EXPENSES

	As at April 30, 2022		As at July 31, 2021
	Current	Non-current	Current
Prepaid equipment	52,238	—	94,575
Prepaid advertising and investor relations	359,041	6,481	391,163
Prepaid rent	33,195	101,041	24,400
Prepaid dues and subscriptions	116,633	2,128	41,795
Prepaid insurance and other deposits	159,047	45,682	92,170
Prepaid expenses	**720,154**	**155,332**	**644,103**

7. INTANGIBLE ASSETS AND GOODWILL

INTANGIBLE ASSETS

The Company's intangible assets comprise of the following:

COST	Software	License	Customer Relationships	Intellectual Property	Brand	Doctor Relationships	Total
Balance as at July 31, 2020	**$ 17,000**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 217,000**
Additions	467,427	—	—	—	—	—	467,427
Balance as at July 31, 2021	**$ 684,427**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 684,427**
Additions	1,113,976	200,850	—	—	—	—	1,314,826
Acquisitions through business combinations	—	—	1,246,000	82,000	833,000	500,000	2,661,000
Balance as at April 30, 2022	**$ 1,798,403**	**$ 200,850**	**$ 1,246,000**	**$ 82,000**	**$ 833,000**	**$ 500,000**	**$ 4,660,253**
ACCUMULATED AMORTIZATION							
Balance as at July 31, 2020	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Amortization	154,673	—	—	—	—	—	154,673
Balance as at July 31, 2021	**$ 154,673**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 154,673**
Amortization	298,110	46,523	44,037	12,300	—	8,333	409,303
Balance as at April 30, 2022	**$ 452,783**	**$ 46,523**	**$ 44,037**	**$ 12,300**	**$ —**	**$ 8,333**	**$ 563,976**
NET BOOK VALUE							
At July 31, 2021	**$ 529,754**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 529,754**
At April 30, 2022	**$ 1,345,620**	**$ 154,327**	**$ 1,201,963**	**$ 69,700**	**$ 833,000**	**$ 491,667**	**$ 4,096,277**

During the nine month period ended April 30, 2022, the Company added $1,314,826 (2021: $467,427) of intangible assets, out of which $1,219,272 (2021: $360,095) was paid in cash consideration and $95,554 (2021: $107,332) is in accounts payable as at April 30, 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	923,878
Additions from acquisition of London Pharmacare and Liver Care	2,443,937
Additions from acquisition of Mednow East	643,344
Balance as at April 30, 2022	**$ 5,614,901**

(expressed in Canadian dollars - unaudited)

8. PROPERTY AND EQUIPMENT

COST	Automation Equipment	Leasehold Improvements	Vehicles	Furniture and Fixtures	Computer Equipment	Capital Work-In-Progress	Medical Equipment	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	203,300	493,089	—	108,286	151,292	156,540	—	1,112,507
Acquisitions through business combinations	—	155,937	20,791	24,202	7,289	—	100,025	308,244
Balance as at April 30, 2022	**$ 1,011,550**	**$ 849,802**	**$ 43,326**	**$ 145,475**	**$ 228,734**	**$ 156,540**	**$ 100,025**	**$ 2,535,452**

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	62,311	63,744	11,304	13,993	38,835	—	17,471	207,658
Balance as at April 30, 2022	**$ 77,519**	**$ 63,744**	**$ 19,297**	**$ 15,144**	**$ 47,921**	**$ —**	**$ 17,471**	**$ 241,096**

NET BOOK VALUE								
At July 31, 2021	**$ 793,042**	**$ 200,776**	**$ 14,542**	**$ 11,836**	**$ 61,067**	**$ —**	**$ —**	**$ 1,081,263**
At April 30, 2022	**$ 934,031**	**$ 786,058**	**$ 24,029**	**$ 130,331**	**$ 180,813**	**$ 156,540**	**$ 82,554**	**$ 2,294,356**

During the nine months period ended April 30, 2022, the Company added $1,112,507 (2021: $1,114,701) of property and equipment, out of which $887,643 (2021: $654,668) was paid in cash consideration and $224,864 (2021: $460,033) is in accounts payable as at April 30, 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	1,416,825	—	1,452,389
Acquisitions through business combinations	—	2,094,991	35,974	2,130,965
Depreciation	(15,745)	(334,303)	(3,825)	(353,873)
Balance as at April 30, 2022	**$ 79,088**	**$ 3,499,984**	**$ 32,149**	**$ 3,611,221**

(expressed in Canadian dollars - unaudited)

10. LEASES RECEIVABLE

		Real Estate Leases
Balance as at July 31, 2021	**$**	**—**
Acquisitions through business combinations		174,670
Interest income		3,230
Lease receipts		(10,070)
Balance as at April 30, 2022	**$**	**167,830**
Current portion		43,760
Long-term portion		124,070

The following table details the undiscounted cash flows and contractual maturities of the Company's lease receivables as at April 30, 2022:

Finance leases		
Year 1	$	53,288
Year 2		53,288
Year 3		50,718
Year 4		31,556
Total undiscounted lease payments	**$**	**188,850**
Unearned finance income		(21,020)
Net investment in the lease	**$**	**167,830**

11. ASSETS HELD FOR SALE

On February 22, 2022, the Company completed the acquisitions of Liver Care and London Pharmacare, and assumed ownership of 50,700 common shares of Innovative Canadian Capital Growth Inc. ("ICCG"), a privately held Canadian company that is developing hydro and power management technologies. As at April 30, 2022, the Company was committed to a plan to sell its ownership in ICCG for a sale price of $90,000 to Tassi Holdings Inc., subject to terms that are usual and customary for a transaction of this nature. At period end, management assessed that the sale of ICCG to Tassi Holdings Inc was highly probable. Based on the above factors, the Company has classified its investment in ICCG as assets held for sale as its carrying amount will be recovered principally through a sale transaction rather than through continuing use. As at April 30, 2022, the Company measured the assets classified as held for sale at the lower of its carrying amount and fair value less costs to sell. On May 13, 2022, the Company completed the sale of 50,700 common shares of ICCG (Note 22).

12. 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		(117,558)
Balance as at April 30, 2022	**$**	**627,917**

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.

(expressed in Canadian dollars - unaudited)

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 April 30, 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 April 30, 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 April 30, 2022	As at July 31, 2021
Current assets	$ 53,087	$ 346,988
Non-current assets	3,173	4,330
Current liabilities	665,317	420,263
Non-current liabilities	436,983	200,000
Total liabilities	1,102,300	620,263

	Nine months ended April 30, 2022	July 31, 2021
Revenue for the period	$ 3,089	$ —
Loss from operations for the period	(1,011,429)	(66,795)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at April 30, 2022	As at July 31, 2021
Trade accounts payable	$ 3,027,618	$ 1,064,779
Accrued liabilities	211,103	50,609
Accrued salaries, wages and benefits	1,112,019	177,888
Accounts payable and accrued liabilities	**$ 4,350,740**	**$ 1,293,276**

(expressed in Canadian dollars - unaudited)

14. LEASE LIABILITIES

The Company's leases primarily consist of commercial real estate leases and vehicles. 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	1,324,277	24,484	1,384,325
Acquisitions through business combinations	—	2,277,975	36,977	2,314,952
Interest expense	2,739	47,604	738	51,081
Lease payments	(17,324)	(299,068)	(5,950)	(322,342)
Balance as at April 30, 2022	**$ 80,416**	**$ 3,682,657**	**$ 56,249**	**$ 3,819,322**
Current portion	$ 21,590	$ 1,127,463	$ 18,562	$ 1,167,615
Long-term portion	$ 58,826	$ 2,555,194	$ 37,687	$ 2,651,707

The following table details the undiscounted cash flows and contractual maturities of the Company's lease obligations as at April 30, 2022:

	Vehicles	Real Estate Leases	Other
Year 1	$ 24,958	$ 1,357,905	$ 20,503
Year 2	24,958	1,218,528	20,503
Year 3	24,958	888,617	13,803
Year 4	9,748	380,946	4,959
Year 5	3,488	238,390	—
Thereafter	—	94,784	—

During the nine months period ended April 30, 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.

15. 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**
Share issuance	5,766,941	27,828,650	3,322,857	7,394,883
Share repurchases	(16,800)	(24,527)	—	—
Balance as at April 30, 2021	**21,860,659**	**32,551,155**	**6,700,279**	**8,521,807**
Balance as at July 31, 2021	**21,568,359**	**$ 31,655,148**	**6,700,279**	**$ 7,309,905**
Other transactions	—	30	—	—
Balance as at April 30, 2022	**21,568,359**	**$ 31,655,178**	**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 April 30, 2022, the Company purchased and cancelled a life to date total of 309,100 (2021: 16,800) common shares for $865,955 (2021: $60,382) of cash consideration. The life to date weighted average cost of the cancelled shares totaled $455,233 (2021: $24,527) resulting in a loss on cancellation of $410,822 (2021: $35,854) allocated to deficit. The Company did not purchase and cancel any shares during the three and nine months period ended April 30, 2022.

16. SHARE-BASED PAYMENT RESERVE

	As at April 30, 2022	As at July 31, 2021
Beginning balance	**$ 3,374,095**	**$ —**
Share-based compensation	3,178,535	3,374,095
Ending balance	**$ 6,552,630**	**$ 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 April 30, 2022.

	Number of options	Weighted average exercise price
Balance as at July 31, 2021	**2,830,500**	**$ 1.77**
Granted	1,341,500	$ 0.96
Cancelled	(200,000)	$ 1.80
Forfeited	(197,500)	$ 1.30
Expired	(1,000)	$ 1.75
Balance as at April 30, 2022	**3,773,500**	**$ 1.51**

(expressed in Canadian dollars - unaudited)

The following table provides additional information about the Company's stock options as at April 30, 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	750,000	$	1.85	July 2, 2026	16,500
October 20, 2021	326,000	$	1.40	October 20, 2026	3,750
March 14, 2022	845,000	$	0.74	March 13, 2027	—
	3,773,500	**$**	**1.51**		**662,250**

Stock options granted were valued using the Black-Scholes option pricing model with the following weighted-average assumptions for the period ended April 30, 2022:

		For the 9 months period ended April 30, 2022
Expected volatility		81%
Expected life		3 years
Expected forfeiture rate		0%
Risk-free interest rate		1.48%
Dividend yield		0%
Weighted average exercise price	$	0.96
Weighted average fair value of options at grant date	$	0.51

The Company recorded share-based compensation expense for options of $612,713 for the three months period ended April 30, 2022 (2021: $1,476,730) and $3,178,535 (2021: $1,828,707) for the nine months period ended April 30, 2022, with an offsetting increase to the share-based payment reserve.

No stock options were exercised during the period ended April 30, 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 4.03 years.

17. 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.

(expressed in Canadian dollars - unaudited)

	As at April 30, 2022				
	On demand	**Within one year**	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	$ 4,350,740	$ —	$ —	$ —	$ 4,350,740
Bank indebtedness	1,694,777	—	—	—	1,694,777
Loan payable	—	—	30,000	—	30,000
Due to related parties	217,674	—	—	—	217,674
Other cash consideration	—	342,530	319,256	—	661,786
Contingent consideration	—	66,356	200,984	—	267,340
Lease liabilities	—	1,167,615	2,562,401	89,306	3,819,322
Total	**$ 6,263,191**	**$ 1,576,501**	**$ 3,112,641**	**$ 89,306**	**$ 11,041,639**

On December 10, 2021, the Company acquired Infusicare, a retail pharmacy based in London, Ontario. Infusicare has access to the credit facility pursuant to its agreement with HSBC Bank Canada. The credit facility is used to support the day to day operating requirements of Infusicare. The credit facility provides for a maximum line of credit of the lesser of $1,000,000 or 90% of the Ontario Drug Benefit accounts receivable plus 80% of the other major customers accounts receivables, as approved by HSBC Bank Canada, at the end of the previous month. The interest rate is at the prime rate of HSBC Bank Canada. 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 April 30, 2022, the Company had drawn $214,432 (2021: $nil) from its credit facility.

On February 22, 2022, the Company acquired London Pharmacare and Liver Care Canada. The companies have access to a credit facility based on its agreement with the Bank of Nova Scotia. The credit facility is used to support working capital requirements and general operating expenses of London Pharmacare and Liver Care Canada. The credit facility provides for a maximum line of credit of the lesser of $5,000,000 or 90% of the Ontario Drug Benefit accounts receivable plus 75% of other accounts receivables, as approved by The Bank of Nova Scotia. The interest rate is at the prime lending rate of The Bank of Nova Scotia. All amounts advanced and outstanding under the credit facility shall be repaid on demand. The credit facility is secured by a general security agreement from London Pharmacare and Liver Care Canada creating a first priority security interest in assets of both companies, including receipts from insurance coverage specific to pharmacy contents and equipment. The credit facility is also secured by personal guarantees from select members of the Company's management, directors and shareholders. As at April 30, 2022, the Company had drawn $1,480,345 (2021: $nil) from its credit facility.

The loan payable of $30,000 (2021: $nil) consists of the Canada Emergency Business Allowance, a loan provided by the Federal Government of Canada to extend financial support to businesses impacted by the outbreak of the coronavirus. Pursuant to the terms, the principal amount of $40,000 is to be repaid by December 31, 2025. If the loan is repaid by December 31, 2023, the principal amount of $40,000 will not attract interest. If the loan is not repaid by December 31, 2023, the Company will incur interest of 5% on the amount that is unpaid. As at April 30, 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, lease and notes receivable and due from related parties. As at April 30, 2022, the Company's maximum exposure to credit risk for these financial instruments was as follows:

	As at April 30, 2022	As at July 31, 2021
Cash and cash equivalents	$ 9,387,111	$ 28,758,598
Accounts receivable	2,016,673	—
Due from related parties	205,380	2,023,565
Notes receivable	500,000	—
Leases receivable	167,830	—
Interest receivable	38,818	—

The Company's accounts receivable of $2,016,673 (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.

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

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

Currency risk

Currency risk is the risk that fluctuations in the US dollar, Euro, and Canadian dollar will impact the Company's results, including its financial statements. The Company's transactions that are exposed to the risk of foreign currency fluctuations primarily include the costs paid to develop the web application from US and Europe based third party companies, and other vendors and suppliers who invoice and require payment in US dollars and Euro's. 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.

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

REVENUE

	Three months ended April 30,		Nine months ended April 30,	
Revenue	2022	2021	2022	2021
Revenue from doctor services	$ 382,537	—	$ 1,238,434	—
Revenue from pharmacy agreements	41,400	124,200	223,694	289,800
Revenue from retail pharmacies	5,712,574	—	7,135,155	—
Total revenue	**$ 6,136,511**	**$ 124,200**	**$ 8,597,283**	**$ 289,800**

COST OF SALES

	Three months ended April 30,		Nine months ended April 30,	
Cost of sales	2022	2021	2022	2021
Cost of consulting fees paid to doctors	$ 262,647	—	$ 835,016	—
Cost of products sold at retail pharmacies	4,640,988	—	5,913,846	—
Total cost of sales	**$ 4,903,635**	**$ —**	**$ 6,748,862**	**$ —**

(expressed in Canadian dollars - unaudited)

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 April 30,		Nine Months Ended April 30,	
	2022	2021	2022	2021
General and administrative				
Payroll and subcontractor	$ 3,002,531	$ 711,597	$ 7,469,346	$ 1,191,265
Legal and professional	778,478	402,761	1,840,984	587,371
Director fees	70,500	107,500	210,500	251,500
Management fee	91,066	15,000	267,011	45,000
Investor relations, public company costs and other	955,738	588,751	2,133,507	957,224
Travel and meals	72,361	26,830	163,614	56,839
	$ 4,970,674	**$ 1,852,439**	**$ 12,084,962**	**$ 3,089,199**

RESTATEMENT

The Company recorded a restatement to increase its prior year comparative share-based compensation expense for the three and nine month period ended April 30, 2021, an adjustment recognized in 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 following table summarizes adjustments to share-based compensation expense, total expenses, net loss and comprehensive loss, and loss per share:

	Three months ended April 30, 2021			Nine months ended April 30, 2021		
	As reported	Adjustment	As restated	As reported	Adjustment	As restated
Share-based compensation	$ 255,490	$ 1,221,240	$ 1,476,730	$ 287,830	$ 1,540,877	$ 1,828,707
Total expenses	2,326,041	1,221,240	3,547,281	3,871,525	1,540,877	5,412,402
Net loss and comprehensive loss	2,182,888	1,221,240	3,404,128	3,562,772	1,540,877	5,103,649
Loss per share - basic and diluted	0.11	0.06	0.17	0.21	0.09	0.29

19. RELATED PARTY TRANSACTIONS

The Company’s related parties include key management personnel. Key management personnel include 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 April 30, 2022, included in accounts payable and accrued liabilities was $35,392 (2021: $16,831) of payments owed to key management personnel.

	Three months ended April 30,		Nine Months Ended April 30,	
	2022	2021	2022	2021
Management and director remuneration	$ 491,461	$ 226,276	$ 1,440,370	$ 475,716
Share-based compensation expense - directors and officers	311,933	995,929	1,496,130	1,293,883
	$ 803,394	**$ 1,222,205**	**$ 2,936,500**	**$ 1,769,599**

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, directors and certain shareholders of Mednow. On March 31, 2021, Mednow East was acquired by the Company (Note 4) based on the terms of the share purchase agreement, which has replaced the terms and conditions of the pharmacy agreement, including the service fee revenue which is terminated on the date of acquisition. The loan owed by Mednow East prior to the acquisition is recognized as an intercompany loan between Mednow East and Mednow, and the intercompany loan is eliminated on these Condensed Interim Consolidated Financial Statements.

(expressed in Canadian dollars - unaudited)

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, directors 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 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 of $118,274 to Mednow Clinic Ltd., a business controlled by management and a certain shareholder of Mednow Inc.

The Company acquired London Pharmacare and Liver Care Canada on February 22, 2022, and assumed the non-interest bearing receivables of $18,328 due from Medpoint Care Pharmacy, and a receivable of $68,778 from management, directors and shareholders of the Company. The Company also assumed the non-interest bearing payables due to Point Edward Pharmacare Inc., Thunder Bay IDA Pharmacy, Care Education Inc. and 2627639 Ontario Inc. The aforementioned businesses are controlled by management, directors and shareholders of Mednow Inc. During the period ended April 30, 2022, the related party balances changed largely to a cash settlement that the Company received from Thunder Bay IDA Pharmacy.

	As at April 30, 2022	As at July 31, 2021
Due from related parties		
Mednow East Inc.- on demand, non-interest bearing	$ —	$ 845,115
Mednow East Inc.- on demand, interest bearing at 18% per annum	—	233,910
Mednow Pharmacy Inc.- on demand, non-interest bearing	—	684,687
Mednow Pharmacy Inc.- on demand, interest bearing at 18% per annum	—	217,350
Mednow Clinic Ltd.- on demand, non-interest bearing	118,274	42,503
Medpoint Care Pharmacy.- on demand, non-interest bearing	18,328	—
Due from other related parties- on demand, non-interest bearing	68,778	—
	$ 205,380	**$ 2,023,565**
Due to related parties		
Point Edward Pharmacare Inc.- on demand, non-interest bearing	85,412	—
Thunder Bay IDA Pharmacy.- on demand, non-interest bearing	10,229	—
Care Education Inc.- on demand, non-interest bearing	97,277	—
2627639 Ontario Inc.- on demand, non-interest bearing	24,756	—
	$ 217,674	**$ —**

The Company entered into a formal management services agreement with Care Health Inc. on September 25, 2020. For a monthly fee of $5,000, Care Health Inc. provides Mednow with back office support including general administrative support and advisory services, as the board of directors of Mednow may reasonably request from time to time. Care Health Inc. is 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 April 30,		Nine Months Ended April 30,	
	2022	2021	2022	2021
Revenues				
Mednow East Inc.	$ 41,400	$ 62,100	$ 165,600	$ 144,900
Mednow Pharmacy Inc.	—	62,100	58,094	144,900
	$ 41,400	**$ 124,200**	**$ 223,694**	**$ 289,800**
General and administrative - management fees				
Care Health Inc.	$ 15,000	$ 15,000	$ 45,000	$ 45,000

(expressed in Canadian dollars - unaudited)

20. OTHER EXPENSES (INCOME)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2022	2021	2022	2021
Interest income on pharmacy agreements	$ (12,280)	$ (18,953)	$ (51,566)	$ (18,953)
Interest income on cash and cash equivalents	(22,852)	—	(80,844)	—
Interest income - IFRS 16	(3,230)	—	(3,230)	—
Interest expense on operating line of credit	6,761	—	7,950	—
Interest expense - IFRS 16	37,466	—	51,081	—
Foreign exchange loss	11,308	2,584	27,259	4,388
Loss on investment in equity securities	28,392	—	117,558	—
Contingent consideration remeasurement	(55,492)	—	(55,492)	—
Total	**$ (9,927)**	**$ (16,369)**	**$ 12,716**	**$ (14,565)**

21. SEGMENTED INFORMATION

Information for each reportable operating segment is included below:

	Three months ended April 30,				
	2022				2021
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	Mednow Inc.
Revenue	$ 5,712,574	$ 382,537	$ 41,400	$ 6,136,511	$ 124,200
Other amounts in loss	6,228,690	452,385	5,129,998	11,811,073	3,528,328
Net loss	**$ (516,116)**	**$ (69,848)**	**$ (5,088,598)**	**$ (5,674,562)**	**$ (3,404,128)**

	Nine months ended April 30,				
	2022				2021
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	Mednow Inc.
Revenue	$ 7,135,155	$ 1,238,434	$ 223,694	$ 8,597,283	$ 289,800
Other amounts in loss	8,211,547	1,484,368	15,088,410	24,784,325	5,393,449
Net loss	**$ (1,076,392)**	**$ (245,934)**	**$ (14,864,716)**	**$ (16,187,042)**	**$ (5,103,649)**

	As at April 30, 2022				As at July 31, 2021
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total	Mednow Inc.
Investment in equity securities	$ —	$ —	$ 627,917	$ 627,917	$ 495,475
Non-current assets other than financial instruments	4,806,048	26,548	10,939,491	15,772,087	1,992,757

22. SUBSEQUENT EVENTS

On May 13, 2022, the Company completed the sale of 50,700 common shares of Innovative Canada Capital Growth Inc. ("ICCG"). The Company received cash consideration of $90,000 from the buyer of the common shares, Tassi Holdings Inc. The Company does not have any remaining ownership in ICCG (Note 11).

On June 2, 2022, the Company terminated its management services agreement with Care Health Inc., which is a related party due to common directors and management. Care Health Inc. is also a shareholder of Mednow (Note 19).

On June 14, 2022, the Board approved the grant of 315,000 stock options to employees and consultants, pursuant to the Company's stock option plan.