MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Mednow Inc. ("Mednow" or the "Company"), for the period ended April 30, 2022.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2021 and 2020, including the supporting notes, the condensed interim consolidated financial statements for the three months period ended: October 31, 2021 and 2020, January 31, 2022 and 2021, and April 30, 2022 and 2021. The Company's audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise identified.

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

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available up to the date of this MD&A, June 14, 2022, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements as at April 30, 2022. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. All statements in this MD&A, other than statements of historical facts, including statements regarding future estimates, plans, objectives, timing, assumptions or expectations of future performance, including without limitation, the Company's expectation that during the next 12 months, the Company will build and open retail pharmacies in the provinces of Alberta and Quebec, the Company's ability to secure institutional contracts and other business development initiatives, the ability to scale and grow the Company's businesses, the Company's ability to pursue and complete future acquisitions and investments, the Company's forecast that in calendar 2022 the Company's revenue will range between C$42.5 million and C$47.5 million, the Company's forecast that the Company's calendar 2022 gross margin will average approximately 20%, with 40,000 to 45,000 active patients and be a net loss for the calendar 2022 year, the Company's forecast that revenue for the 2023 calendar year will range between C$105 million and C$110 million, the Company's forecast that the Company's calendar 2023 annual gross margin will average approximately 25%, with 110,000 to 120,000 active patients, and the Company's forecast to have Adjusted EBITDA in the range of $5 million to $10 million, are forward-looking statements and contains forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", "forecasts" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", or "would" occur.

Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date of this press release, including that during the next 12 months, the Company will build and open retail pharmacies in the provinces of Alberta and Quebec, the Company will have national delivery capabilities in summer 2022, the Company will be successful in the deployment of its resources and personnel, the Company's operations will not be adversely impacted by COVID-19, the availability of financing, the cost of planned expansion, third party contractors and supplies and governmental and other approvals required to conduct the Company's planned activities will be available on reasonable terms and in a timely manner and that general business and economic conditions will not change in a material adverse manner, the Company will be successful in its targeted marketing campaigns and advertising initiatives that will allow the Company to grow its active patients to 40,000 to 45,000 active users in calendar 2022 and 110,000 to 120,000 active patients in calendar 2023, the Company will be successful in growing its active users to its estimated target range in calendar 2022 and calendar 2023, which will allow the Company to generate between C$42.5 million and C$47.5 million of revenue, average gross margin of 20% and a net loss in calendar 2022, and between C$105 million and C$110 million of revenue, average gross margin of 25% and Adjusted EBITDA in the range of $5 million to $10 million in its calendar 2023 year, the Company will be able to continue to buy medications and other goods at reasonable prices and underlying purchase terms to achieve its expected gross margin in calendar 2022 and calendar 2023, the Company will be able to control operating costs to be able to achieve its target and forecasted earnings and Adjusted EBITDA, the Company's web and mobile application will be able to support a higher number of patients and users who will use the application to transact with the Company, and the Company will be successful in its strategic objectives, including the integration of existing business acquisitions and the pursuit of other investments and acquisitions.

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

COMPANY OVERVIEW

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

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

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

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

STATEMENT ON COVID-19

The coronavirus ("COVID-19") was declared a pandemic by the World Health Organization in March 2020. Since then, COVID-19 has spread across the globe and is continuing to impact global economic, business and social activities. 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.

STRATEGIC IMPERATIVES

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

During the next 12 months, the Company expects to open retail pharmacies in the provinces of Alberta and Quebec. These brick-and-mortal retail pharmacies will allow the Company to further develop brand presence across Canada, serve walk-in patients as well as fulfill online orders through home delivery of medications ordered via Mednow's web and mobile application.

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

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

CORE OPERATING BRANDS

MEDNOW PHARMACY

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

INFUSICARE CANADA INC.

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

LONDON PHARMACARE INC. AND LIVER CARE CANADA INC.

On February 22, 2022, the Company acquired 100% of the issued and outstanding shares of London Pharmacare Inc. ("London Pharmacare") and Liver Care Canada Inc. ("Liver Care Canada") from the shareholders of both businesses. London Pharmacare is a retail pharmacy based in London, Ontario that specializes in drugs that treat liver disease and other hepatology medical conditions.

MEDVISIT

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

MEDNOW VIRTUAL CARE

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

LIFE SUPPORT

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

On July 9, 2021 the Company paid cash consideration of $500,000 to Life Support, and received 1,265,968 Class C voting common shares of Life Support. On October 18, 2021, the Company paid cash consideration of $250,000 to purchase an additional 473,809 Class C voting common shares of Life Support. As of April 30, 2022, the Company has an equity interest of 12.3% (2021: 10.5%) in Life Support.

The Company holds significant influence over Life Support's financial and operating policy decisions through its representation on Life Support's Board of Directors. The Company has recognized its investment in Life Support using the equity method. The post-acquisition change of $117,558 was calculated using Life Support's financial information.

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.

TRUDIAGNOSTIC

On November 12, 2021, the Company entered into an agreement with TruDiagnostic, a United States based company, to acquire a two-year license and distribution rights to sell epigenetic testing kits ("testing kits") to patients in Canada. The Company paid cash consideration of USD $150,000 to acquire the two-year rights pursuant to the agreement. The testing kits are manufactured by TruDiagnostic. The Company expects to start selling testing kits to Canadian patients later in the 2022 calendar year. Pursuant to the agreement, the Company will be responsible for purchasing a minimum of 400 testing kits for each twelve month period of the agreement.

DOKO MEDICAL INC.

On November 24, 2021, the Company entered into an agreement with Doko Medical Inc. ("Doko"), a virtual healthcare provider which operates in the United States in 38 states. Pursuant to the agreement, the Company paid cash consideration of $500,000 in the form of a 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. As at April 30, 2022, if the triggering event were to have occurred, the Company's promissory note would be converted into 2.8% of equity interest in Doko.

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

BUSINESS COMBINATIONS

Acquisition of Medvisit

On August 5, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Ontario-based 2716725 Ontario Inc., which operates under the trade name Medvisit. The purchase price for the acquisition consisted of cash consideration of $1,320,000 and additional earn-out payments of the estimated fair value $107,388 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

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**

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 and 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**

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**

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.

CORPORATE DEVELOPMENTS

Pharmacy agreements

On September 15, 2020, and on September 24, 2020, respectively, the Company entered into pharmacy agreements (the "Mednow East Pharmacy Agreement" and the "Mednow West Pharmacy Agreement") with Mednow East Inc. ("Mednow East") and Mednow Pharmacy Inc. ("Mednow West"), businesses that were controlled by management, directors and certain shareholders of Mednow. The Mednow West and Mednow East businesses were acquired by the Company on October 25, 2021, and March 31, 2022, respectively, pursuant to the underlying terms of the share purchase agreements for the businesses. The share purchase agreements have replaced the terms and conditions of the pharmacy agreements. Accordingly, the marketing and technology support service fee revenues generated from the pharmacy agreements were terminated on the date of acquisition. The prorated revenues from the pharmacy agreements to the date of acquisition has been recorded in the Consolidated Statements of Loss and Comprehensive Loss. The on-demand loan owed by Mednow West and Mednow East to the Company prior to the acquisition is recognized as an intercompany loan between Mednow West and Mednow, and between Mednow East and Mednow, and the intercompany loan is eliminated on these Condensed Interim Consolidated Financial Statements.

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

Normal course issuer bid

On March 29, 2021, the Company gave notice of its intention to make a Normal Course Issuer Bid (the "Bid") to be transacted through the facilities of the exchange. The notice provides that the Company may, during the 12-month period commencing April 1, 2021 and ending April 1, 2022, purchase up to 1,093,873 Class A common shares of the Company in total, being 5% of the total number of 21,877,460 shares outstanding as at March 29, 2021. The share purchases 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.

National Instrument 44-101 Short form prospectus

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

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the three months and nine months ended April 30, 2022 and 2021, and the fiscal year ended July 31, 2021, is set forth below.

	Three months ended April 30,		Nine months ended April 30,		Year Ended July 31,
	2022	2021	2022	2021	2021
Revenue	$ 6,136,511	$ 124,200	$ 8,597,283	$ 289,800	$ 414,000
Net loss and comprehensive loss	(5,674,562)	(3,404,128)	(16,187,042)	(5,103,649)	(8,953,835)
EBITDA[1]	(5,193,732)	(3,359,184)	(15,294,760)	(4,998,174)	(8,751,670)
Adjusted EBITDA[1]	(4,444,474)	(1,882,454)	(11,673,022)	(3,169,467)	(5,377,575)
Total assets	31,336,961	36,871,403	31,336,961	36,871,403	34,171,322
Total liabilities	11,858,816	1,144,795	11,858,816	1,144,795	1,684,582
Basic and diluted net loss and comprehensive loss per common share	(0.26)	(0.17)	(0.75)	(0.29)	(0.49)

[1] *EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.*

RECONCILIATIONS OF NON-IFRS MEASURES

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Net loss and comprehensive loss for the period	$ (5,674,562)	$ (3,404,128)	$ (16,187,042)	$ (5,103,649)
Interest expense	40,997	—	55,801	—
Depreciation and amortization	574,186	44,944	970,834	105,475
Deferred tax recovery	(134,353)	—	(134,353)	—
EBITDA[1]	**$ (5,193,732)**	**$ (3,359,184)**	**$ (15,294,760)**	**$ (4,998,174)**
Loss on investment in equity securities	28,392	—	117,558	—
Share-based compensation	612,713	1,476,730	3,178,535	1,828,707
Acquisition costs	108,153	—	325,645	—
Adjusted EBITDA[1]	**$ (4,444,474)**	**$ (1,882,454)**	**$ (11,673,022)**	**$ (3,169,467)**

[1] *EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.*

DISCUSSION OF OPERATIONS

Comparison of the Three and Nine Months Ended April 30, 2022 and 2021

	Three months ended April 30,			Nine months ended April 30,[1]		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Revenue	$ 6,136,511	$ 124,200	$ 6,012,311	$ 8,597,283	$ 289,800	$ 8,307,483
Cost of sales	4,903,635	—	4,903,635	6,748,862	—	6,748,862
Marketing and sales	894,145	170,584	723,561	1,922,769	384,633	1,538,136
General and administrative	4,970,674	1,852,439	3,118,235	12,084,962	3,089,199	8,995,763
Share-based compensation	612,713	1,476,730	(864,017)	3,178,535	1,828,707	1,349,828
Depreciation and amortization	574,186	44,944	529,242	970,834	105,475	865,359
Net loss and comprehensive loss for the period	(5,674,562)	(3,404,128)	(2,270,434)	(16,187,042)	(5,103,649)	(11,083,393)
EBITDA[2]	(5,193,732)	(3,359,184)	(1,834,548)	(15,294,760)	(4,998,174)	(10,296,586)
Adjusted EBITDA[2]	(4,444,474)	(1,882,454)	(2,562,020)	(11,673,022)	(3,169,467)	(8,503,555)
Basic and diluted net loss and comprehensive loss per common share	(0.26)	(0.17)	(0.09)	(0.75)	(0.29)	(0.46)

[1] *Restatement - page 14*
[2] *EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.*

Results of operations for the three months ended April 30, 2022 as compared to 2021
The total net loss and comprehensive loss for the three months ended April 30, 2022, was $5,674,562 ($0.26 loss per share) compared to $3,404,128 ($0.17 loss per share) for the three months ended April 30, 2021. The movements in revenue and expenses are detailed below:

- Revenue increased by $6,012,311 during the three months period ended April 30, 2022, driven primarily by sales from the Company's retail pharmacy operating segment. The Company's retail pharmacies based in British Columbia, Manitoba, Ontario and Nova Scotia collectively generated revenue of $5,712,574, as compared to $nil in the prior comparative period. During the prior year comparative period, the pharmacies in Manitoba and Nova Scotia were not open for business, and the pharmacies in British Columbia and Ontario had not been acquired. The Company generated revenue of $382,537 from its doctor services operating segment in the three months period ended April 30, 2022, as compared to $nil in the prior comparative period, as the Company started offering doctor services from August 5, 2021, following its acquisition of Medvisit, a business that provides in home doctor care for patients who are not able to leave their homes. The Company generated revenue of $41,400 from its pharmacy agreement with Mednow East Inc., as compared to $124,200 in the prior year comparative period, which was generated from its pharmacy agreement with Mednow East Inc. and an equal amount was generated from the pharmacy agreement with Mednow West. The pharmacy agreements with Mednow East and Mednow West were terminated on the date of acquisition of March 31, 2022, and October 25, 2021, respectively.
- Cost of sales were $4,903,635 during the three months period ended April 30, 2022, comprised of $4,640,988 of the cost of inventory sold at retail pharmacies and $262,647 of the cost of consulting fees paid to doctors. In the prior year comparative period, these business segments were not operational.
- Marketing and sales expenses increased by $723,561 to $894,145 during the three months ended April 30, 2022, mainly driven by core branding and marketing initiatives to increase the exposure of the Company's brand and to acquire patients and users of Mednow's web and mobile application. The majority of marketing expenses were incurred for the Mednow Inc. operating segment, along with marginal spend incurred to promote and advertise the doctor services operating segment.
- General and administrative expense increased by $3,118,235 to $4,970,674 during the three months ended April 30, 2022. For the retail pharmacy operating segment, this is primarily comprised of the costs incurred for pharmacy staff and employees, including pharmacists that the Company employs, and operating costs for the retail pharmacies. For the doctor services operating segment, costs are mainly driven by the cost of salaries paid to Medvisit's staff, including its corporate and call center staff. The majority of general and administrative expenses were incurred for the Mednow Inc. operating segment, which includes i) salaries and subcontractor costs paid to the company's corporate office as the Company continued to build out its internal teams including business

development, technology, and shared support staff, ii) legal and professional fees such as acquisition costs incurred for the Company's acquisitions, and iii) investor relations and other related public company costs.

- Share-based compensation decreased by $864,017 to $612,713 during the three months ended April 30, 2022. The decrease in expenses is largely due to assumptions used in calculating the share-based compensation expense in accordance with the Black-Scholes option pricing model.
- Depreciation and amortization expenses increased by $529,242 largely due to the amortization of costs which have been capitalized for the development of the Company's web and mobile application.
- EBITDA for the quarter was a loss of $5,193,732, as compared to a loss of $3,359,184 in the prior year comparative period, representing a decrease in EBITDA of $1,834,548 compared to the prior comparative period. The change is primarily driven by increased corporate costs, such as increased head count, technology and marketing efforts as the Company has continued to build out its internal teams in order to scale and grow its businesses. The Company has adjusted net loss and comprehensive loss for the period for certain items to calculate EBITDA, as summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.
- Adjusted EBITDA for the quarter was a loss of $4,444,474, as compared to a loss of $1,882,454 in the prior year comparative period, representing a decrease in adjusted EBITDA of $2,562,020. Adjusted EBITDA has been adjusted for certain items (Reconciliation of Non-IFRS Measures). EBITDA has been adjusted for certain items to calculate Adjusted EBITDA, summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.

Results of operations for the nine months ended April 30, 2022 as compared to 2021

The total net loss and comprehensive loss for the nine months ended April 30, 2022, was $16,187,042 ($0.75 loss per share) compared to $5,103,649 ($0.29 loss per share) for the nine months ended April 30, 2021. The movements in revenue and expenses are detailed below:

- Revenue increased by $8,307,483 during the nine months period ended April 30, 2022. The Company's retail pharmacies based in British Columbia, Manitoba, Ontario and Nova Scotia collectively generated revenue of $7,135,155, as compared to $nil in the prior year comparative period as the Company's pharmacies were not open and operational in the prior year period. The Company generated revenue of $1,238,434 from the doctor services operating segment, as compared to $nil in the prior year comparative period, as the Company started offering doctor services from August 5, 2021, following its acquisition of Medvisit, the business that provides in home doctor care for patients who are not able to leave their homes. The Company generated revenue of $223,694 from its pharmacy agreement with Mednow East and Mednow West, as compared to $289,800 of revenue in the prior year comparative period, which was generated from its pharmacy agreement with Mednow East Inc. and an equal amount was generated from the pharmacy agreement with Mednow West. In the prior comparative period, the pharmacy agreement was effective from October 2020 and onwards. The pharmacy agreements with Mednow East and Mednow West were terminated on the date of acquisition of March 31, 2022, and October 25, 2021, respectively.
- Cost of sales were $6,748,862, made up of $5,913,846 of the cost of inventory sold at retail pharmacies and $835,016 of consulting fees paid to doctors. In the prior year comparative period, these business segments were not operational.
- Marketing and sales expenses increased by $1,538,136 to $1,922,769 during the nine months ended April 30, 2022, mainly driven by market initiatives to increase exposure of the Company's brand and to acquire patients and users of Mednow's web and mobile app. The majority of marketing expenses were incurred for the Mednow Inc. operating segment, along with marginal spend incurred to promote and advertise the doctor services operating segment.
- General and administrative expense increased by $8,995,763 to $12,084,962 during the nine months ended April 30, 2022. For the retail pharmacy operating segment, this is primarily comprised of the costs incurred for pharmacy staff and retail operating costs, such as common area maintenance fees paid to the landlord for each of the pharmacies' real estate locations. For the doctor services operating segment, costs are mainly driven by the expenses incurred to maintain the Company's internally developed application that is used for doctor home visits as well as the salaries for Medvisit's staff, including its corporate and call center staff. The majority of general and administrative expenses were incurred for the Mednow Inc. operating segment, which includes i) salaries and subcontractor costs as the Company continued to build out its internal teams, including business development,

technology and shared support functions, ii) legal and professional fees, including acquisition costs incurred for the Company's acquisitions, and iii) investor relations and other public company costs.

- Share-based compensation increased by $1,349,828 to $3,178,535 during the nine months ended April 30, 2022. The costs have increased due to the grant of stock options that were approved by the Board of Directors in the current year, and due to assumptions used in calculating the share-based compensation expense in accordance with the Black-Scholes option pricing model.
- Depreciation and amortization expenses increased by $865,359 to $970,834 largely due to the amortization of costs which have been capitalized for the development of the Company's web and mobile application. The Company continued to develop and enhance its web and mobile application during the nine months period ended April 30, 2022.
- EBITDA for the nine months period ended April 30, 2022 was a loss of $15,294,760 as compared to a loss of $4,998,174 in the prior year comparative period, representing a decrease in EBITDA of $10,296,586. The change is primarily driven by increased corporate costs, such as increased head count, technology and marketing efforts as the Company has continued to build out its internal teams in order to scale and grow its businesses. The Company has adjusted net loss and comprehensive loss for the period for certain items to calculate EBITDA, as summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.
- Adjusted EBITDA for the nine months period ended April 30, 2022 was a loss of $11,673,022, as compared to a loss of $3,169,467 in the prior year comparative period, representing a decrease in EBITDA of $8,503,555. EBITDA has been adjusted for certain items to calculate Adjusted EBITDA, summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures.

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 details the corresponding adjustments that have been done 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

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	July 31, 2020	**October 31, 2020**	**January 31, 2021**	**April 30, 2021**
Revenue	$ —	$ 41,400	$ 124,200	$ 124,200
Net loss and comprehensive loss	(410,789)	(509,097)	(1,190,424)	(3,404,128)
EBITDA[1]	(410,789)	(483,595)	(1,155,395)	(3,359,184)
Adjusted EBITDA[1]	(410,789)	(483,595)	(803,418)	(1,882,455)
Total assets	5,540,787	5,121,398	4,487,634	36,871,403
Total liabilities	154,683	244,391	449,074	1,144,795
Basic and diluted loss and comprehensive loss per common share	(0.05)	(0.03)	(0.07)	(0.17)

	Three months ended			
	July 31, 2021	**October 31, 2021**	**January 31, 2022**	**April 30, 2022**
Revenue	$ 124,800	$ 570,343	$ 1,890,429	$ 6,136,511
Net loss and comprehensive loss	(3,850,187)	(4,799,117)	(5,713,363)	(5,674,562)
EBITDA[1]	(3,753,497)	(4,662,395)	(5,438,633)	(5,193,732)
Adjusted EBITDA[1]	(2,203,583)	(3,066,490)	(4,162,058)	(4,444,474)
Total assets	34,171,322	32,935,825	32,070,757	31,336,961
Total liabilities	1,684,582	3,770,586	7,532,588	11,858,816
Basic and diluted loss and comprehensive loss per common share	(0.21)	(0.23)	(0.26)	(0.26)

[1] *EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.*

The Company's revenue from its quarter ended October 31, 2020, to its quarter ended July 31, 2021, was generated from pharmacy agreements with Mednow West and Mednow East. During this period of time, the Company's costs increased as it added head count, developed national pharmacy infrastructure and assets, and built its technology platform.

During the three months period ended October 31, 2021, the Company acquired Medvisit, the doctor home visits business, Mednow West, the retail pharmacy based in Vancouver, and the Company started the Mednow Virtual Care business which offers virtual care and telemedicine services. The Company generated 76% or $433,127 of its revenue from its doctor services business during the quarter ended October 31, 2021, and 21% or $120,194 of revenue from its pharmacy agreements.

For the period ended January 31, 2022, the Company acquired Infusicare, a retail London, Ontario based pharmacy and generated 74% or $1,405,559 of revenue from its retail pharmacy business, as compared to 22% or $422,770 of revenue from its doctor services business.

For the period ended April 30, 2022, the Company acquired London Pharmacare and Liver Care Canada, a business that specializes in niche categories of hepatology drugs. During its most recent quarter, the Company generated 93% or $5,712,574 of revenue from its retail pharmacy business, as compared to 6% or $382,537 of revenue from its doctor service business. The Company's pharmacy agreements were terminated following the acquisitions of Mednow West and Mednow East. In future quarters, the Company expects to generate a majority of its revenue through its retail pharmacy and doctor services business.

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

CORPORATE UPDATE OF FINANCIAL PERFORMANCE

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

For the 2023 calendar year, comprising the months from January to December 2023, the Company forecasts annual revenue between the range of $105 million to $110 million, with $102 million of revenue from the retail pharmacy operating segment, and $5 million from the doctor services operating segment. The Company forecasts to have 110,000 to 120,000 active patients by the end of the 2023 calendar year. The Company forecasts to have gross margin of approximately 25% and Adjusted EBITDA in the range of $5 million to $10 million.

The Company plans to open retail pharmacies in Alberta and Quebec later this year.

The Company's results as at April 30, 2022, are summarized below. The Company had 23,000 active patients at the end of April 2022.

	For the period ended January - April 2022
Revenue	$ 7,094,007
Cost of Sales	5,713,361
Gross margin %	19%
Other costs	8,839,229
Net Loss	(7,458,583)
EBITDA[1]	(6,860,389)
Adjusted EBITDA[1]	(5,679,244)

[1] *EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.*

As of the date of this report, June 14, 2022, management has assessed that the Company is on track to meet the 2022 calendar year objectives and financial forecast above, and the Company confirms that there are no material differences in the underlying assumptions and factors that were used to develop the Company's forecast.

RECONCILIATIONS OF NON-IFRS MEASURES

		For the period ended January - April 2022
Net loss and comprehensive loss for the period	$	(7,458,583)
Interest expense		49,103
Depreciation and amortization		683,444
Deferred tax recovery		(134,353)
EBITDA[1]	**$**	**(6,860,389)**
Loss on investment in equity securities		44,455
Share-based compensation		979,074
Acquisition costs		157,616
Adjusted EBITDA[1]	**$**	**(5,679,244)**

[1] EBITDA and Adjusted EBITDA has been discussed in the section Definitions of Non-IFRS Financial Measures.

FINANCIAL RESULTS BY OPERATING SEGMENTS

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

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At April 30, 2022, the Company had working capital of $6,473,195. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at April 30, 2022, the Company had $9,387,111 in cash (July 31, 2021: $28,758,598).

The consolidated financial statements for the nine months ended April 30, 2022 and 2021 do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes.

Financial instruments and risk management

Capital risk management

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

Liquidity risk

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

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

	As at 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 ("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. 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 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.

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 Euros. Due to the short-term payment terms on these trade payables, the Company's currency risk is minimal. The Company does not use derivative instruments to hedge its exposure to foreign currency translations.

CASH FLOWS BY ACTIVITY

Comparison of the Nine Months Ended April 30, 2022, and 2021

The table below outlines a summary of cash inflows and outflows by activity for the nine months ended April 30, 2022, and 2021.

	Nine months ended April 30,			
	2022		2021	
Net cash used in operating activities	$	(11,787,831)	$	(3,643,074)
Net cash (used in) from financing activities	$	(321,891)	$	33,615,446
Net cash used in investing activities	$	(7,261,765)	$	(2,249,231)

Cash used in operating activities
The Company's cash outflows from operating activities for the nine months ended April 30, 2022, primarily relate to (i) people costs, including salaries and consulting fees as the Company continued to build out its retail pharmacy operations, marketing expertise, institutional business, and other back-office support teams, (ii) marketing costs for national advertising campaigns and initiatives to increase brand exposure, (iii) acquisition costs incurred for the Company's completed and pending acquisitions, (iv) legal and other professional fees incurred by the Company, and (v) investor relations activities and related public company costs.

Cash flows used in financing activities
During the period ended April 30, 2022, the Company repaid $10,000 of its short-term debt relating to the Canada Emergency Business Allowance and paid $322,340 of lease liabilities primarily in connection with leased real estate space for the retail pharmacies and corporate offices in Nova Scotia, Ontario, Manitoba and British Columbia. The Company received net cash proceeds of $10,451, funds that were drawn from credit facilities with Canadian banks.

Cash used in investing activities
The Company's cash outflows from investing activities primarily relate to (i) the acquisition of Infusicare Canada Inc. for $1,832,122, (ii) the acquisition of Medvisit for $1,295,996, (iii) acquisition of London Pharmacare and Liver Care for $963,450, (iv) $500,000 paid by the Company to Doko Medical Inc. for the issuance of a promissory note, (v) the related party loan of $349,938 mainly to Mednow East Inc., Mednow West and Mednow Clinics, (vi) the cost of the additional subscription in Life Support's shares of $250,000, (vii) the purchase of pharmacy equipment and other capital expenditures of $887,643, and (viii) and $1,219,272 of costs incurred to develop the Company's web and mobile application.

SIGNIFICANT ACCOUNTING POLICIES

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-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.

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

On September 24, 2020, the Company entered into a pharmacy agreement (the "Mednow West Pharmacy Agreement") with Mednow Pharmacy Inc. ("Mednow West"), a company that was controlled by the following members of management, directors and shareholders of Mednow: (1) Ali Reyhany, President, director, and shareholder of Mednow Inc.; (2) Felipe Campusano, director and shareholder of Mednow Inc.; (3) Karim Nassar, Chief Executive Officer of Mednow Inc. On October 25, 2021, Mednow West was acquired by the Company (Note 4) pursuant to the terms of the share purchase agreement, which has replaced the terms and conditions of the pharmacy agreement, including the service fee revenue which is terminated on the date of acquisition. The loan owed by Mednow West prior to the acquisition is recognized as an intercompany loan between Mednow West and Mednow, and the intercompany loan is eliminated on these 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 Karim Nassar, Chief Executive Officer 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, a company controlled by Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, President, director and shareholder of the Company; and a receivable of $68,778 primarily due from Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, and Felipe Campusano, director and shareholder of the Company. The Company also assumed the non-interest bearing payables due to Point Edward Pharmacare Inc., Thunder Bay IDA Pharmacy, Care Education Inc. and 2627639 Ontario Inc. The aforementioned businesses are controlled by Karim Ragheb, Chief Executive Officer of London Pharmacare and Liver Care, Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, President, director and shareholder of the Company. 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 controlled by Felipe Campusano, director and shareholder of the Company, and Ali Reyhany, President, director and shareholder of the Company. 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

INITIAL PUBLIC OFFERING - USE OF PROCEEDS

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

Description	Original estimated use of proceeds (minimum offering)	Original estimated use of proceeds (maximum offering)	Actual use of proceeds
Branding and Service Integration Assets	$ 50,000	$ 50,000	$ 100,000
Technology Development Investments	400,000	400,000	985,000
Marketing Expenses	773,000	773,000	2,448,000
Expansion of Product Offering to include Non-Prescription Goods and Medical Devices	75,000	75,000	268,000
Costs of Listing	350,000	350,000	3,558,000
General and administrative costs for 12 months after completion of IPO and unallocated working capital	4,423,000	4,423,000	13,141,000
Unallocated working capital	19,545,000	28,745,000	—
Property and equipment	—	—	1,493,000
Investments	—	—	1,250,000
Acquisitions	—	—	4,065,000
Related parties	—	—	1,059,000
Share repurchases	—	—	866,000
Total	**$ 25,616,000**	**$ 34,816,000**	**$ 29,233,000**

The Company invested $985,000 to develop its technological infrastructure, including its web and mobile application, and $268,000 to expand its product offerings to over-the-counter medications and other medical services. The actual costs are higher than the original estimate due to upgrades and enhancements to the Company's application in areas such as cyber security, data privacy, improvements to the user experience and quality of the technology relative to market competitors.

The Company incurred marketing costs of $2,448,000, which is higher than the original estimate of $773,000. As at April 30, 2022, the Company operates retail pharmacies in the provinces of British Columbia, Manitoba, Ontario and Nova Scotia. The Company launched national marketing campaigns to acquire new patients and users of its application, and to increase brand exposure across Canada in a bid to increase sales. The targeted national marketing campaigns were executed through channels such as physical signage, tv ads, radio coverage and digital ads, resulting in higher marketing costs than originally estimated. The Company's marketing costs and technology investments were also higher to general economic conditions and factors such as inflation.

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

The general and administrative costs of $13,141,000 are higher than the original estimate, as the Company increased its head count and business operating costs for the development of its retail pharmacy business across Canada, and operating costs in connection with its acquisitions that were done in the 12 months following completion of the IPO. The Company incurred professional and legal costs in connection with its strategic acquisitions, which has contributed to higher general and administrative costs than previously estimated.

The Company invested $1,493,000 to purchase state-of-the-art pharmacy equipment to enable efficient and timely fulfillment and delivery of prescription and non-prescription medications to patients across the country. The Company's pharmacies are now equipped with advanced pharmacy equipment that positions the Company to scale and support institutional clients with a large number of clients.

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

The Company completed strategic acquisitions of healthcare and retail pharmacy businesses. The Company has paid cash consideration of $4,065,000 to acquire these businesses as at April 30, 2022. Through these strategic acquisitions, the Company has been able to expand, grow and diversify its businesses across Canada.

The Company provided $1,059,000 of cash to related parties, primarily to Mednow West and Mednow East, in connection with its pharmacy agreements with the two businesses.

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

OFF BALANCE SHEET ARRANGEMENTS

As at April 30, 2022, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUTSTANDING SHARE DATA

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

	As at June 15, 2022
Common shares	21,568,359
Options	4,088,500
Warrants	
Share purchase warrants	6,260,893
Broker warrants	439,386
Total common shares on a fully diluted basis	**32,357,138**

DEFINITIONS OF CERTAIN NON-IFRS FINANCIAL MEASURES

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

EBITDA and Adjusted EBITDA

EBITDA represents net loss and comprehensive loss for the period before interest expense, income taxes, and depreciation and amortization expenses. Adjusted EBITDA represents net loss and comprehensive loss for the period before interest expense, income taxes, depreciation and amortization expenses, loss on investment in equity securities, share-based compensation expense, and acquisition costs incurred. These adjustments to calculate the non-IFRS measures of EBITDA and Adjusted EBITDA are for items that are not necessarily reflective of the Company's underlying operating performance. As there is no generally accepted or standard method of calculating EBITDA, these measures are not necessarily comparable to similarly titled measures reported by other issuers. EBITDA and Adjusted EBITDA are presented as management believes it is a useful indicator of the Company's relative financial performance. These measures should not be considered by an investor as an alternative to net income or other IFRS financial measures as determined in accordance with IFRS.

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

Reconciliation of Non-IFRS Financial Measures

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

The following are reconciliations of EBITDA to Adjusted EBITDA. The adjustments include:
1. The loss on investment in equity securities in connection with the Company's investment in Life Support.
2. The share-based compensation expense recorded by the Company in connection with the stock option plan.
3. The acquisition costs incurred by the Company.

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management is also responsible for designing, maintaining and testing a system of internal controls over the financial reporting processes. Internal controls have been designed to provide reasonable assurance that the financial records are reliable, accurate and form a proper basis for the preparation of the consolidated financial statements. As of April 30, 2022, management reviewed and tested the internal controls over financial reporting and concluded that they were effective to provide reasonable assurance over the consolidated financial statements.

The Condensed Interim Consolidated Financial Statements are unaudited and include all items that management considers necessary for a fair presentation of the financial position, financial performance and cash flows.

RISK FACTORS AND UNCERTAINTIES

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

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

SUBSEQUENT EVENTS

On 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.

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.

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.