

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 three months period ended October 31, 2022.

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

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

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available up to the date of this MD&A, January 17, 2023, being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements as at October 31, 2022. All quarterly information contained herein is unaudited. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. All statements in this MD&A, other than statements of historical facts, including statements regarding future estimates, plans, objectives, timing, assumptions or expectations of future performance, including without limitation, the Company's expectation that during the next 12 months, the Company will build and open retail pharmacies in Canada, 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, are forward-looking statements and contains forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", "forecasts" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", or "would" occur.

Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date of this press release, including that during the next twelve months, the Company will build and open retail pharmacies in Canada, 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 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 based in British Columbia, Manitoba, Ontario and Nova Scotia. The Company provides doctor services, including telemedicine services, virtual care, and doctor home visits for patients in Ontario.

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.

COVID-19

The economic impacts of COVID-19 in Canada have gradually reduced due to vaccination campaigns and preventative and emergency measures implemented by regulatory bodies. The Company continues to implement enhanced safety and health measures, including sanitization and cleaning protocols at its pharmacies and corporate offices. The potential emergence of other variants of COVID-19 may have adverse impacts on global economic conditions as well as on the Company's business activities. Management will continue to assess the impact of COVID-19 on its financial results.

STRATEGIC IMPERATIVES

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

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

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

Mednow actively continues to add institutional contracts, such as the signed agreements with the Police Pensioner's Association of Ontario, a group representing multiple police services throughout the province of Ontario that promotes the mutual interests of police retirees and encourages a cooperative relationship; Sterling Capital Brokers Ltd., one of Canada's largest independent benefit consulting firms that specializes in servicing high growth small-to-medium size

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

businesses; and Aya, a modern Canadian health technology company that provides personalized benefits through health and wellness spending accounts. These large contracts are expected to result in a lower cost of customer acquisition than traditional retail consumers.

CORE OPERATING BRANDS

The Company owns and operates seven (7) retail brick-and-mortar pharmacies, out of which five (5) pharmacies operate under the trade name Mednow Pharmacy, one (1) pharmacy operates under the trade name Infusicare, and one (1) pharmacy operates under the trade name London Pharmacare. In addition, the Company's first franchised retail brick-and-mortar pharmacy opened for business in the province of Quebec in August of 2022, offering Mednow's fast, free prescription delivery and deep commitment to holistic, pharmacist-led patient care. The Quebec-based pharmacy is owned and operated by Pharmacie Raji Al-Kurdi Inc. and is operated pursuant to a franchise agreement (the "franchise agreement") between Mednow ("franchisor") and Pharmacie Raji Al-Kurdi Inc. ("franchisee").

MEDNOW PHARMACY

As at October 31, the Company owns and operates retail brick-and-mortar pharmacies 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.

Infusicare Canada Inc. ("Infusicare"), is a retail brick-and-mortar pharmacy located in Ontario that specializes in biologic drugs, the fastest-growing class of drugs in the pharmaceutical industry.

LONDON PHARMACARE INC.

London Pharmacare is a retail brick-and-mortar pharmacy that specializes in drugs that treat liver disease and other hepatology medical conditions.

MEDVISIT

Medvisit provides in-home doctor and patient consultations in the province of Ontario to patients who are unable to leave their homes. Medvisit has been in operation for over 30 years, with approximately 30,000 patient home visits per year and has served over 400,000 patients since inception of the business.

MEDNOW VIRTUAL CARE

Mednow Virtual Care provides doctor services such as virtual care and telemedicine services to patients in the province of Ontario. The service can be accessed using the Mednow web and mobile application.

CORPORATE DEVELOPMENTS

Normal course issuer bid

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

As at July 31, 2022, the Company purchased and cancelled a life to date total of 309,100 (2021: 309,100) common shares for \$865,955 (2021: \$865,955) of cash consideration. The life to date weighted average cost of the cancelled

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

shares totaled \$455,233 (2021: \$455,233) resulting in a loss on cancellation of \$410,840 (2021: \$410,840) allocated to deficit. The Company did not purchase and cancel any shares during the year ended July 31, 2022.

National Instrument 44-101 Short form prospectus

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

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

SELECTED FINANCIAL INFORMATION

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

	Three months ended October 31,	
	2022	2021
Revenue	\$ 9,723,306	\$ 683,661
Net loss and comprehensive loss	(4,590,971)	(4,801,009)
EBITDA ¹	(3,729,281)	(4,662,673)
Adjusted EBITDA ¹	(3,224,261)	(3,066,768)
Total assets	14,677,069	32,935,825
Total liabilities	12,903,540	3,770,586
Basic and diluted net loss and comprehensive loss per common share	(0.21)	(0.22)

¹ EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures.

RECONCILIATIONS OF NON-IFRS MEASURES

	Three months ended October 31,	
	2022	2021
Net loss and comprehensive loss for the period	\$ (4,590,971)	\$ (4,801,009)
Interest expense	99,312	3,279
Depreciation and amortization	701,678	135,057
Current income tax expense	60,700	—
EBITDA¹	\$ (3,729,281)	\$ (4,662,673)
Loss on investment in equity securities	—	28,724
Share-based compensation	355,020	1,479,529
Acquisition costs	—	87,652
Severance expenses	150,000	—
Adjusted EBITDA¹	\$ (3,224,261)	\$ (3,066,768)

¹ EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures.

DISCUSSION OF OPERATIONS

Comparison of the Three Months Ended October 31, 2022 and 2021

	Three months ended October 31,		
	2022	2021	Variance
Revenue	\$ 9,723,306	\$ 683,661	\$ 9,039,645
Cost of sales	8,495,563	422,337	8,073,226
Marketing and sales	420,454	491,151	(70,697)
General and administrative	4,211,996	2,975,625	1,236,371
Share-based compensation	355,020	1,479,529	(1,124,509)
Depreciation and amortization	701,678	135,057	566,621
Net loss and comprehensive loss for the period	(4,590,971)	(4,801,009)	210,038
EBITDA ¹	(3,729,281)	(4,662,673)	933,392
Adjusted EBITDA ¹	(3,224,261)	(3,066,768)	(157,493)
Basic and diluted net loss and comprehensive loss per common share	(0.21)	(0.22)	0.01

¹EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures.

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

The total net loss and comprehensive loss for the quarter ended October 31, 2022, was \$4,590,971 (\$0.21 loss per share) compared to \$4,801,009 (\$0.22 loss per share) for the quarter ended October 31, 2021. The movements in revenue and expenses are detailed below:

- Revenue increased by \$9,039,645 during the three months period ended October 31, 2022, driven primarily by sales from the Company's retail pharmacy operating segment. The Company's retail pharmacies based in British Columbia, Manitoba, Ontario and Nova Scotia collectively generated revenue of \$9,212,188, as compared to \$17,022 in the prior year comparative period. During the prior year comparative period, the pharmacies in Manitoba and Ontario had not been acquired, and the pharmacies based in British Columbia and Nova Scotia had started its operations during the quarter. The Company generated revenue of \$484,709 from its doctor services operating segment in the three months period ended October 31, 2022, as compared to \$546,445 in the prior comparative period. The Company generated revenue of \$nil from its pharmacy agreements, as compared to \$120,194 in the prior year comparative period, which was generated from its pharmacy agreement with Mednow East and with Mednow West. The pharmacy agreements with Mednow East and Mednow West were terminated on the date of acquisition of March 31, 2022, and October 25, 2021, respectively.

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

- Cost of sales were \$8,495,563 during the three months period ended October 31, 2022, comprised of \$8,134,860 of the cost of inventory sold at retail pharmacies and \$360,703 of the cost of consulting fees paid to doctors. Cost of sales has increased in the current year as a result of increased revenue that the Company generated from its retail pharmacies.
- Marketing and sales expenses decreased by \$70,697 to \$420,454 during the three months ended October 31, 2022. Marketing expenses are comprised of 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 expenses increased by \$1,236,371 to \$4,211,996 during the three months ended October 31, 2022. For the retail pharmacy operating segment, this is primarily comprised of the costs incurred for pharmacy staff and employees, including pharmacists that the Company employs, and operating costs for the retail pharmacies. For the doctor services operating segment, costs are mainly driven by the cost of salaries paid to Medvisit's staff, including its corporate and call center staff. The majority of general and administrative expenses were incurred for the Mednow Inc. operating segment, which includes i) salaries and subcontractor costs paid to the company's corporate office, ii) legal and professional fees, and iii) investor relations and other related public company costs.
- Share-based compensation decreased by \$1,124,509 to costs of \$355,020 during the three months ended October 31, 2022. The decrease in expenses is largely due to assumptions used in calculating the share-based compensation expense in accordance with the Black-Scholes option pricing model.
- During the three months ended October 31, 2022 depreciation and amortization expenses increased by \$566,621 largely driven by 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 \$3,729,281, as compared to a loss of \$4,662,673 in the prior year comparative period, representing an increase in EBITDA of \$933,392 compared to the prior comparative period. The change is primarily due to the increase in gross profit, resulting from increased revenues during the period, and decrease in share-based compensation expenses, partially offset against higher general and administrative expenses, which are comprised of corporate costs, such as increased head count, technology and marketing expenses. 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 \$3,224,261, as compared to a loss of \$3,066,768 in the prior year comparative period, representing a decrease in adjusted EBITDA of \$157,493. Adjusted EBITDA has been adjusted for certain items (Reconciliation of Non-IFRS Measures). EBITDA has been adjusted for certain items to calculate Adjusted EBITDA, summarized in the section Reconciliation of Non-IFRS Measures and the section Definitions of Non-IFRS Financial Measures. The composition of Adjusted EBITDA has changed and has been defined in the aforementioned section.

RESTATEMENT

The Company recorded a restatement to increase its prior year comparative revenue, cost of sales and share-based compensation expense for the three months period ended October 31, 2021. These adjustments were recognized in the Company's annual audited Consolidated Financial Statements for the year ended July 31, 2022. Share-based compensation expense increased due to corrections in the valuation assumptions using the Black-Scholes option pricing model. Revenue and cost of sales increased due to corrections in the gross billings for patient medical consultations relating to the Company's doctor services operating segment. The following table summarizes adjustments to revenue, cost of sales, share-based compensation expense, total expenses, net loss and comprehensive loss and loss per share:

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

	Three months ended October 31, 2021		
	As reported	Adjustment	As restated
Revenue	\$ 570,343	\$ 113,318	\$ 683,661
Cost of sales	309,019	113,318	422,337
Gross profit	261,324	—	261,324
Share-based compensation	1,125,172	354,357	1,479,529
Total expenses	4,727,005	354,357	5,081,362
Net loss and comprehensive loss	4,446,652	354,357	4,801,009
Loss per share - basic and diluted	0.21	0.01	0.22

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended (unaudited)			
	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
Revenue	\$ 124,200	\$ 124,200	\$ 124,200	\$ 683,661
Net loss and comprehensive loss	(1,190,424)	(3,404,128)	(3,850,186)	(4,801,009)
EBITDA ¹	(1,155,395)	(3,359,184)	(3,753,496)	(4,662,673)
Adjusted EBITDA ¹	(803,418)	(1,882,455)	(2,203,582)	(3,066,768)
Total assets	4,487,634	36,871,403	34,171,322	32,935,825
Total liabilities	449,074	1,144,795	1,684,582	3,770,586
Basic and diluted loss and comprehensive loss per common share	(0.07)	(0.17)	(0.21)	(0.22)

	Three months ended (unaudited)			
	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022
Revenue	\$ 2,237,392	\$ 6,493,857	\$ 7,223,760	\$ 9,723,306
Net loss and comprehensive loss	(5,478,162)	(5,422,226)	(13,854,503)	(4,590,971)
EBITDA ¹	(5,205,059)	(4,941,396)	(13,319,073)	(3,729,281)
Adjusted EBITDA ¹	(3,928,484)	(4,192,138)	(4,614,122)	(3,224,261)
Total assets	32,216,320	31,599,793	18,131,993	14,677,069
Total liabilities	7,398,799	11,634,792	12,112,513	12,903,540
Basic and diluted loss and comprehensive loss per common share	(0.25)	(0.25)	(0.64)	(0.21)

¹ EBITDA and Adjusted EBITDA are non-IFRS financial measures and have been discussed in the section Definitions of Non-IFRS Financial Measures.

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.

FINANCIAL RESULTS BY OPERATING SEGMENTS

Information for each reportable operating segment is included below:

	For the three months ended October 31,			
	2022			
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total
Revenue	\$ 9,212,188	\$ 484,709	\$ 26,409	\$ 9,723,306
Other amounts in loss	10,418,600	778,421	3,117,255	14,314,277
Net loss	\$ (1,206,412)	\$ (293,712)	\$ (3,090,846)	\$ (4,590,971)

	For the three months ended October 31,			
	2021			
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total
Revenue	\$ 17,022	\$ 546,445	\$ 120,194	\$ 683,661
Other amounts in loss	177,915	610,742	4,696,013	5,484,670
Net loss	\$ (160,893)	\$ (64,297)	\$ (4,575,819)	\$ (4,801,009)

	As at October 31,			
	2022			
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total
Non-current assets other than financial instruments	\$ 5,302,133	\$ 63,006	\$ 4,079,834	\$ 9,444,973

	As at July 31,			
	2022			
	Retail Pharmacies	Doctor Services	Mednow Inc.	Total
Non-current assets other than financial instruments	\$ 5,656,156	\$ 64,669	\$ 3,925,347	\$ 9,646,172

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred ongoing losses and expects to incur further losses in the development of its business. As at October 31, 2022, the Company had working capital of \$(4,394,542). While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at October 31, 2022, the Company had \$1,705,406 in cash (July 31, 2022: \$4,970,532).

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

Financial instruments and risk management

Capital risk management

The Company's objectives in managing its capital are to ensure the Company's ability to continue as a going concern and to maintain a flexible capital structure of equity and debt financing to optimize the costs of capital with minimal

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

risks. The Company considers the items included in shareholders' equity to be capital. The Board of Directors monitors the Company's capital position on a regular basis.

Liquidity risk

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

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

	As at October 31, 2022				
	On	Within	Between one	More than	
	demand	one year	and five	five years	Total
			years		
Accounts payable and accrued liabilities	\$4,578,044	\$ —	\$ —	\$ —	\$ 4,578,044
Bank indebtedness	3,049,965	—	—	—	3,049,965
Loan payable	—	—	30,000	—	30,000
Due to related parties	204,790	—	—	—	204,790
Other cash consideration	—	367,500	367,500	—	735,000
Contingent consideration	102,152	83,644	—	—	185,796
Lease liabilities	—	1,438,418	2,803,265	511,112	4,752,796
Total	\$7,934,951	\$1,889,562	\$3,200,765	\$ 511,112	\$13,536,391

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

Credit risk

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

	As at October 31, 2022	As at July 31, 2022
Cash and cash equivalents	\$ 1,705,406	\$ 4,970,532
Accounts receivable	1,772,060	1,709,002
Due from related parties	553,438	158,945

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

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

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 Three Months Ended October 31, 2022, and 2021

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

	Three months ended October 31,	
	2022	2021
Net cash used in operating activities	\$ (2,669,451)	\$ (3,684,332)
Net cash from financing activities	\$ 507	\$ (40,068)
Net cash used in investing activities	\$ (596,182)	\$ (1,929,859)

Cash used in operating activities

The Company's cash outflows from operating activities for the three months ended October 31, 2022, primarily relate to (i) people costs, including salaries and consulting fees for the Company's retail pharmacy operations, marketing, and business development teams, (ii) legal and other professional fees incurred by the Company, and (iii) investor relations activities and related public company costs.

Cash flows from financing activities

During the period ended October 31, 2022, the Company paid \$364,389 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 \$364,896, funds that were drawn from credit facilities with Canadian banks.

Cash used in investing activities

The Company's cash outflows used in investing activities primarily relate to (i) \$161,604 of costs incurred to develop the Company's web and mobile application and (ii) the related party loan of \$429,758 mainly to the franchisee pursuant to the franchise and financing agreement.

CORPORATE UPDATE OF FINANCIAL PERFORMANCE

The Company provided a corporate update on February 24, 2022, which included its calendar 2023 financial objectives. As of the date of this report, January 17, 2023, management has assessed that the Company is no longer able to achieve its calendar 2023 financial objectives due to market conditions and delays in adding institutional contracts. As a result, the Company has determined that it is unlikely that the financial and patient forecast will be achieved for calendar 2023. The Company has decided to withdraw its previously disclosed forward-looking information as it relates to calendar 2023. On November 28, 2022, the Company had withdrawn its previously disclosed forward-looking information as it relates to the calendar 2022 financial objectives.

RELATED PARTY TRANSACTIONS

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

	Three months ended October 31,	
	2022	2021
Management and director remuneration	\$ 261,742	\$ 454,523
Share-based compensation expense - directors and officers	142,020	2,896,956
	\$ 403,762	\$ 3,351,479

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

As at October 31, 2022, included in accounts payable and accrued liabilities was \$26,262 (2021: \$11,850) of payments owed to key management personnel.

Pursuant to its franchise and financing agreement with the franchisee, the Company paid for the franchisee's pharmacy set up costs and shared support services, such as payroll, marketing and accounting services. All amounts drawn from the line of credit are subject to the Company's approval. All amounts advanced and outstanding under the credit facility shall be repaid on demand by the franchisee at an interest rate of 5%. As at October 31, 2022, the franchisee has drawn \$359,549 (2021: \$nil) pursuant to its agreement.

	<u>As at October 31,</u> <u>2022</u>	<u>As at July 31,</u> <u>2022</u>
Due from related parties		
Medpoint Care Pharmacy.- non-interest bearing	90,532	74,351
Pharmacie Raji Al-Kurdi - on demand, interest bearing	349,549	—
Health Gate Pharmacy - on demand, non-interest bearing	20,554	—
Arcade and Jory Care Pharmacy - on demand, non interest bearing	12,772	—
Due from other related parties-non-interest bearing	80,031	84,594
	<u>\$ 553,438</u>	<u>\$ 158,945</u>

Due to related parties		
Point Edward Pharmacare Inc.- on demand, non-interest bearing	85,284	85,284
Thunder Bay IDA Pharmacy.- on demand, non-interest bearing	25,248	2,718
Care Education Inc.- on demand, non-interest bearing	69,502	97,277
2627639 Ontario Inc.- on demand, non-interest bearing	24,756	24,756
Due to other related parties- on demand, non-interest bearing	—	30,020
	<u>\$ 204,790</u>	<u>\$ 240,055</u>

During the period ended October 31, 2022, the Company sold prescription medications to Arcade and Jory Guardian Pharmacy, Midland Guardian Pharmacy, New Care Pharmacy and Wasaga Beach I.D.A. Pharmacy. These businesses are owned by Care Group of Pharmacies, a business controlled by management, directors and shareholders of Mednow Inc.

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.

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

	Three months ended October 31,	
	2022	2021
Revenues		
Mednow East Inc. pharmacy agreement	\$ —	\$ 62,100
Mednow Pharmacy Inc. pharmacy agreement	—	58,094
Medpoint Pharmacy prescription sales	16,180	—
Health Gate Pharmacy prescription sales	6,777	—
Arcade and Jory Guardian Pharmacy prescription sales	12,772	—
Midland Guardian Pharmacy prescription sales	5,340	—
New Care Pharmacy prescription sales	1,750	—
Wasaga Beach I.D.A. Pharmacy prescription sales	4,210	—
	\$ 47,029	\$ 120,194
Cost of sales		
Compass Pharmacies Inc. inventory purchases	\$ 36,588	\$ 14,780
General and administrative		
Care Health Inc. management fees	\$ —	\$ 15,000
Mednow Clinic Ltd. payroll and office expenses	16,556	30,494
	\$ 16,556	\$ 45,494

INITIAL PUBLIC OFFERING - USE OF PROCEEDS

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

Description	Original estimated use of proceeds (minimum offering) (Unaudited)	Original estimated use of proceeds (maximum offering) (Unaudited)	Actual use of proceeds (Unaudited)
Branding and Service Integration Assets	\$ 50,000	\$ 50,000	\$ 100,000
Technology Development Investments	400,000	400,000	1,150,000
Marketing Expenses	773,000	773,000	3,127,698
Expansion of Product Offering to include Non-Prescription Goods and Medical Devices	75,000	75,000	518,000
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	18,895,497
Unallocated working capital	19,545,000	28,745,000	—
Property and equipment	—	—	1,800,000
Investments	—	—	1,250,000
Acquisitions	—	—	4,065,000
Related parties	—	—	1,650,000
Share repurchases	—	—	866,000
Total	\$ 25,616,000	\$ 34,816,000	\$ 36,980,195

The Company invested \$1,150,000 to develop its technological infrastructure, including its web and mobile application, and \$518,000 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

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

in areas such as cyber security, data privacy, improvements to the user experience and quality of the technology relative to market competitors.

The Company incurred marketing costs of \$3,127,698, which is higher than the original estimate of \$773,000. As at October 31, 2022, the Company operates retail pharmacies in the provinces of British Columbia, Manitoba, Ontario and Nova Scotia. Following the IPO, 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 \$18,895,497 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 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 \$1,800,000 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 October 31, 2022. Through these strategic acquisitions, the Company has been able to expand, grow and diversify its businesses across Canada.

The Company provided \$1,650,000 of cash to related parties, primarily to Mednow West and Mednow East, in connection with its pharmacy agreements with the two businesses, and to the franchisee to support pharmacy operations in the province of Quebec.

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

OUTSTANDING SHARE DATA

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

	As at Jan 16, 2023
Common shares	21,568,359
Options	3,756,000
Warrants	
Share purchase warrants	6,260,893
Broker warrants	439,386
Total common shares on a fully-diluted basis	32,024,638

DEFINITIONS OF CERTAIN NON-IFRS FINANCIAL MEASURES

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

EBITDA and Adjusted EBITDA

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

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

Reconciliation of Non-IFRS Financial Measures

The following are reconciliations of net loss and comprehensive loss to EBITDA. The adjustments include:

1. The amortization and depreciation expenses of intangible assets, fixed assets, and the right-of-use assets of the Company.
2. The net interest expenses, which primarily includes interest expense on the Company's credit facility and interest expense and interest income recorded in accordance with IFRS 16.
3. The underlying income taxes recorded.

The following are reconciliations of EBITDA to Adjusted EBITDA. The adjustments include:

1. The loss on investment in equity securities in connection with the Company's investment in Life Support.
2. The share-based compensation expense recorded by the Company in connection with the stock option plan.
3. The acquisition costs incurred by the Company.

4. The asset impairment charges recorded by the Company as part of its annual impairment test of goodwill and intangible assets.
5. The fair value remeasurement of the promissory note with Doko.
6. The severance expenses incurred by the Company.

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 October 31, 2022, management reviewed and tested the internal controls over financial reporting and concluded that they were effective to provide reasonable assurance over the consolidated financial statements.

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors. 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, the short form base shelf prospectus filed on July 15, 2022, and the annual information form filed on February 15, 2022, is available under the Company's profile on SEDAR at www.sedar.com.

SUBSEQUENT EVENTS

On November 7, 2022, the Company announced that it had engaged Gravititas Securities Inc. (the "Agent") to offer on a commercially reasonable efforts basis senior secured convertible debentures of the Company (each, a "Convertible Debenture") at a price of \$1,000 per Convertible Debenture for gross proceeds to the Company of up to \$3,000,000. The Company has further agreed to grant the Agent an option to increase the size of the Offering by up to 15% (the "Over-Allotment Option"), exercisable in whole or in part at any time for a period of 30 days after closing of the Offering. On January 12, 2023, the Company amended the terms and increased the size of its private placement offering of secured convertible debentures to up to \$4,000,000. In addition, the Company elected to carry out the Offering on a non-brokered basis as opposed to commercially reasonable efforts agency offering basis as previously contemplated. In connection with the revised terms of the Offering, the TSX Venture Exchange approved an extension for completion of the Offering to February 9, 2023.

On December 5, 2022, MNP LLP, Chartered Professional Accountants ("MNP") resigned on its own initiative as the Company's auditor, and the directors of the Company (the "Board") appointed SRCO Professional Corporation, Chartered Professional Accountants ("SRCO"), as the Company's successor auditor. MNP's resignation did not occur because of any reportable disagreement or unresolved issue involving the Company, or any consultation with SRCO.

MEDNOW INC.
Management's Discussion and Analysis
For the period ended October 31, 2022

and was considered, approved and recommended by the Audit Committee of the Company's Board. The decision to appoint SRCO as successor auditor was also considered, approved and recommended by the Audit Committee of the Company's Board.