MEDNOW INC.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended April 30, 2023 and 2022
(expressed in Canadian dollars)
(Unaudited)

NOTICE TO READER

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

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

(Signed)

Ali Reyhany
Chief Executive Officer
Mednow Inc.

(Signed)

Benjamin Ferdinand
Chief Financial Officer
Mednow Inc.

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

	Note	As at April 30, 2023	As at July 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	12	$ 844,391	$ 4,970,532
Accounts receivable	12	2,178,630	1,709,002
Sales tax receivable		639,678	468,308
Inventory	13	1,061,104	971,558
Prepaid expenses	4	486,348	322,720
Leases receivable	8	46,737	43,701
Total current assets		**5,256,888**	**8,485,821**
Non-current assets			
Prepaid expenses	4	122,794	157,350
Due from related parties	14	841,314	158,945
Property and equipment	6	1,702,630	2,362,121
Right-of-use assets	7	2,848,655	3,953,883
Leases receivable	8	77,333	113,457
Intangible assets	5	1,706,750	2,179,523
Goodwill- Mednow East		720,893	720,893
Total non-current assets		**8,020,369**	**9,646,172**
Total assets		**$ 13,277,257**	**$ 18,131,993**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 8,550,720	$ 3,902,601
Bank indebtedness	12	3,769,115	2,673,589
Current portion of lease liabilities	10	1,173,399	1,178,445
Due to related parties	14	657,655	240,055
Income taxes payable		276,569	104,937
Derivative financial liabilities		229,694	—
Current portion of other cash consideration		682,419	353,201
Current portion of contingent consideration		185,796	102,152
Total current liabilities		**15,525,367**	**8,554,980**
Long-term liabilities			
Lease liabilities	10	2,068,100	3,119,425
Deferred revenue		2,849	5,246
Loan payable	12	30,000	30,000
Convertible debt		1,478,099	—
Other cash consideration		—	329,218
Contingent consideration		—	83,644
Total long-term liabilities		**3,579,048**	**3,567,533**
Total liabilities		**19,104,415**	**12,122,513**
Shareholders' equity			
Share capital		31,655,179	31,655,178
Warrants		7,309,905	7,309,905
Share-based payment reserve	11	7,315,578	6,452,824
Contributed surplus on convertible debenture		160,264	—
Deficit		(52,070,804)	(39,335,444)
		(5,629,878)	**6,082,463**
Non-controlling interest		(197,280)	(72,983)
Total shareholders' (deficit) equity		**(5,827,158)**	**6,009,480**
Total liabilities and shareholders' equity		**$ 13,277,257**	**$ 18,131,993**

Subsequent events (Note 18)
Going concern (Note 3)

Approved on behalf of the Board:

/s/ Ali Reyhany
Ali Reyhany, Director

/s/ Kia Besharat
Kia Besharat, Director

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

MEDNOW INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended April 30, 2023 and 2022
(expressed in Canadian dollars- unaudited)

		Three Months Ended April 30,		Nine Months Ended April 30,	
	Note	**2023**	**2022**	**2023**	**2022**
Revenue	13	$12,785,913	$ 6,240,898	$33,856,048	$ 8,928,484
Cost of sales	13	11,301,054	5,008,022	29,893,700	7,080,063
Gross Profit		**1,484,859**	**1,232,876**	**3,962,348**	**1,848,421**
Expenses					
General and administrative	13	4,440,262	4,970,674	12,681,408	12,084,962
Share-based compensation	11	183,638	612,713	862,754	3,178,535
Marketing and sales		5,194	894,145	560,920	1,922,769
Depreciation and amortization	5,6,7	648,506	574,186	2,035,022	970,834
		5,277,600	**7,051,718**	**16,140,104**	**18,157,100**
Other expenses	15	174,153	(9,927)	536,521	12,716
Loss before income taxes		**3,966,894**	**5,808,915**	**12,714,277**	**16,321,395**
Current income tax expense		$ 57,562	$ —	$ 144,947	$ —
Deferred income tax recovery			$ (134,353)		$ (134,353)
Net loss and comprehensive loss for the period		**$ 4,024,456**	**$ 5,674,562**	**$12,859,224**	**$16,187,042**
Attributable to:					
Mednow Inc.		4,011,536	5,662,147	12,734,927	16,156,674
Non-controlling interest		12,920	12,415	124,297	30,368
		$ 4,024,456	**$ 5,674,562**	**$12,859,224**	**$16,187,042**
Loss per share - basic and diluted		$ 0.19	$ 0.26	$ 0.60	$ 0.75
Weighted average number of shares outstanding - basic and diluted		**21,568,359**	**21,568,359**	**21,568,359**	**21,568,359**

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

MEDNOW INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficit) Equity
For the nine months ended April 30, 2023 and 2022
(expressed in Canadian dollars- unaudited)

		Share Capital							
	Note	Common shares Number	Common shares Amount	Warrants	Share-based payment reserve	Contributed surplus	Deficit	Non-controlling interest	Total
Balance – July 31, 2021		**21,568,359**	**$ 31,655,148**	**$ 7,309,905**	**$ 3,374,095**	**$ —**	**$ (9,852,408)**	**$ —**	**$ 32,486,740**
Other transactions		—	100		—	—	—	—	**100**
Share repurchases		—	—	—	—	—	(121)	—	**(121)**
Share-based compensation		—	—	—	2,565,822	—	—	—	**2,565,822**
Net loss and comprehensive loss		—	—	—	—	—	(10,496,419)	(17,953)	**(10,514,372)**
Balance – April 30, 2022		**21,568,359**	**$ 31,655,248**	**$ 7,309,905**	**$ 5,939,917**	**$ —**	**$ (20,348,948)**	**$ (17,953)**	**$ 24,538,169**
Balance- July 31, 2022		**21,568,359**	**31,655,178**	**7,309,905**	**6,452,824**	**—**	**(39,335,444)**	**(72,983)**	**6,009,480**
Share-based compensation	11	—	—	—	862,754		—	—	**862,754**
Contributed surplus on convertible debenture						160,264			**160,264**
Net loss and comprehensive loss		—	—	—	—	—	(12,734,927)	(124,729)	**(12,859,656)**
Balance – April 30, 2023		**21,568,359**	**31,655,178**	**7,309,905**	**7,315,578**	**160,264**	**(52,070,371)**	**(197,712)**	**(5,827,158)**

The accompanying notes form an integral part of these consolidated financial statements.

MEDNOW INC.
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended April 30, 2023 and 2022
(expressed in Canadian dollars- unaudited)

	Note	Nine months ended April 30, 2023	2022
Cash flows used in operating activities			
Net loss		$ (12,859,224)	$ (16,187,042)
Non-cash items:			
Share-based compensation	11	862,754	3,178,535
Depreciation and amortization	5,6,7	2,044,053	970,834
Accretion and interest expense on convertible debenture		57,113	
Loss on investment in equity securities		—	89,166
Deferred income		(2,397)	—
Interest income		(6,877)	—
Interest expense		205,016	14,683
Loss on disposal of assets and leases		183,399	—
Change in FV of derivative liability		10,944	
Changes in non-cash working capital			
Accounts receivable		(469,628)	330,753
Interest receivable		—	(25,759)
Prepaid expenses		(129,072)	(53,599)
Sales tax receivable		(171,370)	(124,085)
Income tax payable (recoverable)		171,632	(500)
Inventory		(89,546)	(107,909)
Accounts payable and accrued liabilities		4,662,904	483,954
Net cash used in operating activities		**(5,530,299)**	**(11,430,969)**
Cash from financing activities			
Repayment of loan payable		—	(10,000)
Bank indebtedness	12	1,095,526	(90,628)
Net proceeds from convertible debenture		1,581,250	
Payment of lease liabilities	10	(1,084,708)	(99,353)
Net cash from (used in) financing activities		**1,592,068**	**(199,981)**
Cash used in investing activities			
Additions of intangible assets	5	(170,650)	(557,768)
Additions of property and equipment	6	(14,704)	(451,218)
Issurance of derivative financial liability		218,750	—
Investment in equity securities		—	(250,000)
Issuance of note receivable		—	(500,000)
Acquisition of 2716725 Ontario Inc.			(1,295,996)
Acquisition of Mednow Pharmacy Inc.		—	(16,200)
Acquisition of Infusicare Canada Inc.		—	(1,832,122)
Net proceeds from sale of fixed assets		3,498	—
Repayments of lease receivables		39,965	—
Net due to/from related parties		(264,769)	(328,960)
Net cash from (used in) investing activities		**(187,910)**	**(5,232,264)**
Change in cash during the period		(4,126,141)	(16,863,214)
Cash and cash equivalents – beginning of period		4,970,532	28,758,598
Cash and cash equivalents– end of period		**$ 844,391**	**$ 11,895,384**

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

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

Mednow is a healthcare company that has developed a web and mobile application to facilitate the sale of prescription medications, and the delivery of virtual care and telemedicine services. The Company's application is accessible and compatible with the internet browsers Apple Safari, Google Chrome, Mozilla FireFox, and Microsoft Edge on mobile phones and on personal computers. Through its technological infrastructure, the Company provides customers with a convenient and secure way to fill, order, receive and manage their prescriptions.

The Company owns and operates brick-and-mortar pharmacies located in British Columbia and Ontario. The Company offers doctor services such as virtual care, telemedicine services, 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".

2. COVID-19

The economic impacts of COVID-19 in Canada have gradually reduced due to vaccination campaigns and preventative and emergency measures implemented by Government and 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 the coronavirus on its financial results.

3. BASIS OF PREPARATION

Statement of compliance

These unaudited Condensed Interim Consolidated Financial Statements (the "financial statements") have been prepared by management in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended July 31, 2022. In accordance with IAS 34, certain disclosures included in the annual audited financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These unaudited Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited annual consolidated financial statements for the fiscal year ended July 31, 2022.

The accounting policies applied to these Condensed Interim Consolidated Financial Statements are based on IFRS which have been applied consistently to all periods presented.

These financial statements were approved and authorized for issuance by the Board of Directors on June 29, 2023.

Basis of preparation

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

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

Going concern

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company incurred a loss during the nine-month period ended April 30, 2023 of $12,859,224 of which $124,297 was attributed to the non-controlling interest, and as of that date, the Company had a deficit of $52,070,804. The Company had net cash used in operations of ($5,530,299) for the nine-month period ended April 30, 2023. As at April 30, 2023, the Company has cash of $844,391.

The continuity of the Company's operations is dependent on its ability to raise financing for its working capital requirements and obtain profitable operations. Management believes that it will be able to secure the necessary financing through shareholders loans and the issuance of new equity or debt instruments. However, there is no assurance that the Company will be successful in these actions. There can be no assurance that adequate financing will be available or available at terms favorable to the Company. Management acknowledges that these factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. Should it be determined that the Company is no longer a going concern, adjustments which could be significant, could be required to the carrying value of the assets and liabilities. These financial statements do not reflect any adjustments to the carrying value of the assets or liabilities or any impact on the consolidated statements of loss and comprehensive loss, and consolidated statements of financial position classifications that would be necessary should the going concern assumption not be appropriate.

(expressed in Canadian dollars- unaudited)

These financial statements are prepared in accordance with IFRS, on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Consolidation

These financial statements include the financial statements of the Company and its subsidiaries. All intercompany transactions are eliminated on consolidation. As of April 30, 2023, the Company's subsidiaries incorporated under the Canada Business Corporations Act include:

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

Segmented information and reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is the chief operating decision maker of the Company. The financial results and business performance indicators for each operating segment are summarized in Note 16. Operating revenues are primarily comprised of the sale of prescription and over-the-counter medications at Company-owned retail pharmacy locations through online and walk-in channels, and sales generated from virtual care, telemedicine and doctor home visit services. The Company's net assets and its underlying revenue are generated from its operations in Canada.

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

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 July 2022, except for the adoption of new standards effective as of January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Company.

(expressed in Canadian dollars- unaudited)

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Company's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Company's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's interim condensed consolidated financial statements.

Significant Judgements, Assumptions and Estimates

The Company closed its private placement offering in February 2023 in exchange for senior secured convertible debentures ("debentures"). The Company applied judgement in identifying components of the convertible note based on the contractual agreement. The separation of the components affects the initial recognition at issuance and the subsequent recognition of interest on the liability component of the convertible note. The determination of the fair value of the liability is also based on a number of assumptions, such as forward-looking contractual cash flows, and estimates and assumptions used to determine the discount rates.

4. PREPAID EXPENSES

	As at April 30, 2023		As at July 31, 2022	
	Current	Non-current	Current	Non-current
Prepaid advertising and investor relations	$ 50,136	$ —	$ 78,248	$ 6,500
Prepaid rent	53,515	77,728	25,481	104,871
Prepaid dues and subscriptions	329,110	—	66,745	1,063
Prepaid insurance and other deposits	53,587	45,066	152,246	44,916
Prepaid expenses	**$ 486,348**	**$ 122,794**	**$ 322,720**	**$ 157,350**

(expressed in Canadian dollars- unaudited)

5. INTANGIBLE ASSETS

The Company's intangible assets comprise of the following:

COST	Software	License	Customer Relationships	Doctor Relationships	Total
Balance as at July 31, 2022	**$ 1,847,382**	**$ 200,850**	**$ 297,000**	**$ 540,000**	**$ 2,885,232**
Additions	157,929	—	—	—	157,929
Disposals		$ (5,371)	$ —	$ —	$ (5,371)
Balance as at April 30, 2023	**$ 2,005,311**	**$ 195,479**	**$ 297,000**	**$ 540,000**	**$ 3,037,790**
ACCUMULATED AMORTIZATION					
Balance as at July 31, 2022	**$ 603,712**	**$ 71,264**	**$ 9,900**	**$ 20,833**	**$ 705,709**
Amortization	489,425	73,000	22,275	40,631	625,331
Balance as at April 30, 2023	**$ 1,093,137**	**$ 144,264**	**$ 32,175**	**$ 61,464**	**$ 1,331,040**
NET BOOK VALUE					
At April 30, 2023	**$ 912,174**	**$ 51,215**	**$ 264,825**	**$ 478,536**	**$ 1,706,750**

6. PROPERTY AND EQUIPMENT

COST	Automation Equipment	Leasehold Improvements	Vehicles	Furniture and Fixtures	Computer Equipment	Medical Equipment	Total
Balance as at July 31, 2022	**$ 998,250**	**$ 1,134,271**	**$ 43,326**	**$ 242,934**	**$ 268,808**	**$ 100,025**	**$2,787,614**
Additions	—	13,695	—	2,831	—	—	16,526
Disposals	—	(164,485)	—	(15,911)	(8,572)	—	(188,968)
Adjustments	—	—	—	—	(2,499)	—	(2,499)
Balance as at April 30, 2023	**$ 998,250**	**$ 983,481**	**$ 43,326**	**$ 229,854**	**$ 257,737**	**$ 100,025**	**$2,612,673**
ACCUMULATED DEPRECIATION							
Balance as at July 31, 2022	**$ 100,781**	**$ 159,433**	**$ 26,907**	**$ 27,566**	**$ 69,351**	**$ 41,455**	**$ 425,493**
Depreciation	74,869	258,662	8,446	35,686	65,138	41,749	484,550
Balance as at April 30, 2023	**$ 175,650**	**$ 418,095**	**$ 35,353**	**$ 63,252**	**$ 134,489**	**$ 83,204**	**$ 910,043**
NET BOOK VALUE							
At April 30, 2023	**$ 822,600**	**$ 565,386**	**$ 7,973**	**$ 166,602**	**$ 123,248**	**$ 16,821**	**$1,702,630**

(expressed in Canadian dollars- unaudited)

7. RIGHT-OF-USE ASSETS

	Vehicles	Real Estate Leases	Other	Total
Balance as July 31, 2022	**$ 73,444**	**$ 3,665,195**	**$ 215,244**	**$ 3,953,883**
Lease additions	15,625	—	—	15,625
Depreciation	(15,341)	(888,810)	(30,021)	(934,172)
Lease disposals	(26,673)	(160,008)	—	(186,681)
Balance as at April 30, 2023	**$ 47,055**	**$ 2,616,377**	**$ 185,223**	**$ 2,848,655**

8. LEASES RECEIVABLE

	Real Estate Leases
Balance as at July 31, 2022	**$ 157,158**
Interest income	6,877
Lease receipts	(39,965)
Balance as at April 30, 2023	**$ 124,070**
Current portion	46,737
Long-term portion	77,333

The following table details the undiscounted cash flows and contractual maturities of the Company’s lease receivables as at April 30, 2023:

Finance leases	
Year 1	$ 53,288
Year 2	50,718
Year 3	31,556
Year 4	—
Total undiscounted lease payments	**$ 135,562**
Unearned finance income	(11,492)
Net investment in the lease	**$ 124,070**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at April 30, 2023	As at July 31, 2022
Trade accounts payable	$ 7,277,919	$ 2,407,673
Accrued liabilities	334,504	559,896
Accrued salaries, wages and benefits	938,296	935,032
Accounts payable and accrued liabilities	**$ 8,550,719**	**$ 3,902,601**

10. LEASE LIABILITIES

The Company’s leases primarily consist of commercial real estate leases and vehicles. The Company has recognized right-of-use assets in respect of its leases (Note 7).

The Company has also recognized lease liabilities for these leases, which were initially measured at the present value of the future lease payments, discounted at rates ranging from 2.95% to 10.53% (2022: 2.95% to 10.53%). Interest on lease liabilities is included in interest expense in the consolidated interim statements of loss and comprehensive loss. The carrying amount of the Company’s lease liabilities is summarized in the table below.

(expressed in Canadian dollars- unaudited)

	Vehicles	Real Estate Leases	Other	Total
Balance as at July 31, 2022	**$ 75,108**	**$ 4,057,007**	**$ 165,755**	**$ 4,297,870**
Lease additions	15,625	—	—	15,625
Interest expense	2,222	196,035	7,190	205,447
Lease payments	(16,916)	(1,040,004)	(27,788)	(1,084,708)
Lease disposals	(27,738)	(164,997)	—	(192,735)
Balance as at April 30, 2023	**$ 48,301**	**$ 3,048,041**	**$ 145,157**	**$ 3,241,499**
Current portion	$ 18,276	$ 1,126,289	$ 28,834	$ 1,173,399
Long-term portion	$ 30,025	$ 1,921,752	$ 116,323	$ 2,068,100

The following table details the undiscounted cash flows and contractual maturities of the Company's lease obligations as at April 30, 2023:

	Vehicles	Real Estate Leases	Other
Year 1	$ 16,588	$ 1,320,851	$ 37,051
Year 2	16,588	1,063,263	30,351
Year 3	5,529	502,388	23,160
Year 4	—	367,847	23,160
Year 5	—	128,375	23,160
Thereafter	—	327,392	14,250

11. SHARE-BASED PAYMENT RESERVE

	As at	
	April 30, 2023	July 31, 2022
Beginning balance	**$ 6,452,824**	**$ 3,374,095**
Share-based compensation	862,754	3,078,729
Ending balance	**$ 7,315,578**	**$ 6,452,824**

Stock options

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees, advisors and consultants to the Company non-transferable options to purchase common shares. Under the Plan, options generally vest over a period of three years and expire five years from the grant date.

(expressed in Canadian dollars- unaudited)

The following table's summarize the continuity of the stock options during the period ended April 30, 2023.

	Number of options	Weighted average exercise price
Balance as at July 31, 2020	—	$ —
Granted	2,880,500	1.77
Forfeited	(50,000)	1.75
Balance as at July 31, 2021	**2,830,500**	1.77
Granted	1,656,500	0.85
Cancelled	(200,000)	1.80
Forfeited	(695,625)	1.53
Expired	(102,250)	1.75
Balance as at July 31, 2022	**3,489,125**	**1.38**
Granted	465,000	0.42
Forfeited	(86,500)	1.12
Expired	(84,125)	1.74
Balance as at October 31, 2022	**3,783,500**	**$ 1.26**
Forfeited	(72,625)	$ 0.96
Expired	(17,500)	$ 1.76
Balance as at January 31, 2023	**3,693,375**	1.26
Granted	817,500	0.48
Forfeited	(691,875)	1.12
Expired	(302,500)	1.69
Balance as at April 30, 2023	**3,516,500**	**$ 1.07**

The following table provides additional information about the Company's stock options as at April 30, 2023:

Grant date	Number of options outstanding	Exercise price $	Expiration date	Number of options exercisable
January 21, 2021	937,000	$ 1.75	January 21, 2026	813,500
June 11, 2021	214,500	$ 1.65	June 11, 2026	53,625
July 2, 2021	395,000	$ 1.85	July 2, 2026	98,750
October 20, 2021	24,000	$ 1.40	October 20, 2026	6,000
March 14, 2022	465,000	$ 0.74	March 13, 2027	41,250
June 14, 2022	245,500	$ 0.39	June 13, 2027	—
August 11, 2022	418,000	$ 0.42	August 10, 2027	140,292
February 13, 2023	427,500	$ 0.50	February 13, 2028	30,667
February 15, 2023	40,000	$ 0.51	February 15, 2028	13,333
March 3, 2023	350,000	$ 0.46	March 3, 2028	—
	3,516,500	**$ 1.07**		**1,197,417**

Stock options granted were valued using the Black-Scholes option pricing model with the following weighted-average assumptions for the nine month period ended April 30, 2023:

	For the 9 months period ended April 30, 2023
Expected volatility	74%
Expected life	3 years
Expected forfeiture rate	23%
Risk-free interest rate	3.60%
Dividend yield	0%
Weighted average exercise price	$ 0.46
Weighted average fair value of options at grant date	$ 0.28

(expressed in Canadian dollars- unaudited)

The Company recorded share-based compensation expense for options of $862,754 for the nine month period ended April 30, 2023 (2022: $3,178,535) with an offsetting increase to the share-based payment reserve.

No stock options were exercised during the period ended April 30, 2023 (2022: $nil), and as a result $nil was transferred to share capital from the share-based payment reserve. The weighted average remaining life of the options is 3.72 years.

12. FINANCIAL RISK MANAGEMENT

Capital risk management

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

Liquidity risk

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

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

			As at April 30, 2023		
	On demand	**Within one year**	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	$ 8,550,720	$ —	$ —	$ —	$ 8,550,720
Bank indebtedness	3,769,115	—	—	—	3,769,115
Loan payable	—	—	30,000	—	30,000
Due to related parties	657,655	—	—	—	657,655
Other cash consideration	367,500	367,500	—	—	735,000
Contingent consideration	—	185,796	—	—	185,796
Convertible debenture	—	—	1,800,000	—	1,800,000
Lease liabilities	—	1,374,490	2,183,821	341,642	3,899,953
Total	**$ 13,344,990**	**$ 1,927,786**	**$ 4,013,821**	**$ 341,642**	**$ 19,628,239**

			As at July 31, 2022		
	On demand	**Within one year**	**Between one and five years**	**More than five years**	**Total**
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	83,644	—	185,796
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, leases receivable and due from related parties. As at April 30, 2023, the Company's maximum exposure to credit risk for these financial instruments was as follows:

	As at April 30, 2023	As at July 31, 2022
Cash and cash equivalents	$ 844,391	$ 4,970,532
Accounts receivable	2,178,630	1,709,002
Due from related parties	841,314	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 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.

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

REVENUE

	Three months ended April 30,		Nine months ended April 30,	
Revenue	2023	2022	2023	2022
Revenue from doctor services	$ 469,536	486,924	$ 1,426,391	1,569,635
Revenue from pharmacy agreements	—	41,400	—	223,694
Revenue from franchise agreement	51,474	—	112,924	—
Revenue from pharmacies	12,264,903	5,712,574	32,316,733	7,135,155
Total revenue	**$ 12,785,913**	**$ 6,240,898**	**$ 33,856,048**	**$ 8,928,484**

COST OF SALES

	Three months ended April 30,		Nine months ended April 30,	
Cost of sales	2023	2022	2023	2022
Cost of consulting fees paid to doctors	$ 351,976	367,034	$ 1,062,341	1,166,217
Cost of products sold at pharmacies	10,949,078	4,640,988	28,831,359	5,913,846
Total cost of sales	**$ 11,301,054**	**$ 5,008,022**	**$ 29,893,700**	**$ 7,080,063**

EXPENSES CLASSIFIED BY NATURE

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

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
General and administrative				
Payroll and subcontractor	$ 2,861,963	$ 3,002,531	$ 8,291,621	$ 7,469,346
Legal and professional	564,914	778,478	1,564,714	1,840,984
Director fees	45,000	70,500	135,000	210,500
Management fee	60,000	91,066	180,000	267,011
Investor relations, public company costs and other	847,586	955,738	2,294,548	2,133,507
Bad debt expense	26,870	—	62,729	—
Travel and meals	33,929	72,361	152,796	163,614
	$ 4,440,262	**$ 4,970,674**	**$ 12,681,408**	**$12,084,962**

(expressed in Canadian dollars- unaudited)

RESTATEMENT

The Company recorded a restatement to increase its prior year comparative revenue and cost of sales for the three month and nine month period ended April 30, 2022. These adjustments were recognized in the Company's annual audited Consolidated Financial Statements for the year ended July 31, 2022. 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 and cost of sales.

	Three months ended April 30, 2022			Nine months ended April 30, 2022		
	As reported	**Adjustment**	**As restated**	**As reported**	**Adjustment**	**As restated**
Revenue	$ 6,136,511	$ 104,387	$ 6,240,898	$ 8,597,283	$ 331,201	$ 8,928,484
Cost of sales	4,903,635	104,387	5,008,022	6,748,862	331,201	7,080,063
Gross profit	1,232,876	—	1,232,876	1,848,421	—	1,848,421

14. 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 condensed interim consolidated statements of loss and comprehensive loss is below.

	Three months ended April 30,		Nine months ended April 30,	
	2023	**2022**	**2023**	**2022**
Management and director remuneration	$ 246,019	$ 491,461	$ 774,338	$ 1,440,370
Share-based compensation expense - directors and officers	41,857	311,933	318,855	1,496,130
	$ 287,876	**$ 803,394**	**$ 1,093,193**	**$ 2,936,500**

As at April 30, 2023, included in accounts payable and accrued liabilities was $80,000 (2022: $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 April 30, 2023, the franchisee has drawn $552,152 (2022: $nil) pursuant to its agreement.

	As at April 30, 2023	**As at July 31, 2022**
Due from related parties		
Medpoint Care Pharmacy.- non-interest bearing	129,481	74,351
Pharmacie Raji Al-Kurdi - on demand, interest bearing	552,152	—
Health Gate Pharmacy - on demand, non-interest bearing	27,842	—
Care Health Inc. - on demand, non interest bearing	32,259	—
Due from other related parties-non-interest bearing	99,580	84,594
	$ 841,314	**$ 158,945**
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	47,777	2,718
Care Education Inc.- on demand, non-interest bearing	71,302	97,277
2627639 Ontario Inc.- on demand, non-interest bearing	24,756	24,756
Due to other related parties- on demand, non-interest bearing	428,536	30,020
	$ 657,655	**$ 240,055**

(expressed in Canadian dollars- unaudited)

During the period ended April 30, 2023, 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.

On February 8, 2023, the Company closed its private placement offering of gross proceeds of $1,800,000, which was raised from a director and shareholder of Mednow Inc., in exchange for 1,800 senior secured convertible debentures of the Company ("Debentures") at a price of $1,000 per debenture. The debentures will reach maturity 18 months after the issuance date ("closing date"). The principal amount of each debenture will be convertible into 5,555 units of the Company (each a "Unit") at a conversion price of $0.18 per unit at the option of the holder at any time and from time to time during the period beginning on the later of: (i) the four month anniversary of the closing date of February 8, 2023; and (ii) the date on which the Company completes the minimum financing of at least $4,000,000, and (iii) ending on the maturity date which is 18 months from the closing date. Each unit will be comprised of one Class A common share in the capital of the Company and one Class A common share purchase warrant of the Company that will entitle the holder to purchase one Class A common share at a price of $0.25 per Class A common share for a period of 48 months from the date of issuance thereof, subject to applicable policies of the TSXV. The debenture agreement also provides certain repayment and interest conversion provisions based on volume-weight-average-price. The debentures bear annual interest of 12%. The Company analyzed the compound features of variable conversion and repayment embedded in the debentures and determined that the embedded features should be separated from the underlying debenture and accounted for as a derivative liability and measured initially at fair value with subsequent changes in fair value recorded in profit or loss. For the conversion feature that was accounted for as equity component, a credit was made in contributed surplus with a reduction from the debentures. The remaining portion of the debentures was subject to accretion of interest. The Company makes estimates and utilizes assumptions in determining the fair value for derivative liability and equity component based on the application of valuation models, depending on the circumstances. These valuation models require management to make various assumptions and estimates that are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, interest rates, and expected terms.

The convertible debt balance at April 30, 2023 is as follows:

	As at April 30, 2023
Balance at beginning of period	**—**
Face value at issuance date	1,800,000
Initial recognition of derivative liability	(218,750)
Equity component	(160,264)
Accretion of interest expense	57,113
Balance, end of period	**1,478,099**

(expressed in Canadian dollars- unaudited)

The derivative liability balance at April 30, 2023 is as follows:

	As at April 30, 2023
Initial Recognition	218,750
Changes in fair value for period ended April 30, 2023	10,944
Balance, end of period	**229,694**

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, 2023	Three months ended April 30, 2022	Nine months ended April 30, 2023	Nine months ended April 30, 2022
Revenues				
Mednow East Inc. pharmacy agreement	$ —	$ 41,000	$ —	$ 165,000
Mednow Pharmacy Inc. pharmacy agreement	—	—	—	58,094
Medpoint Pharmacy prescription sales	1,946	—	55,130	—
Health Gate Pharmacy prescription sales	—	—	14,065	—
Arcade and Jory Guardian Pharmacy prescription sales	—	—	12,772	—
Midland Guardian Pharmacy prescription sales	7,169	—	5,340	—
New Care Pharmacy prescription sales	—	—	1,750	—
Wasaga Beach I.D.A. Pharmacy prescription sales	8,052	—	17,641	—
	$ 17,167	**$ 41,000**	**$ 106,698**	**$ 223,094**
Cost of sales				
Compass Pharmacies Inc. inventory purchases	$ —	$ —	$ 36,588	$ 27,955
General and administrative				
Care Health Inc. management fees	$ —	$ 15,000	$ —	$ 45,000
Mednow Clinic Ltd. payroll and office expenses	8,286	—	28,376	—
	$ 8,286	**$ 15,000**	**$ 28,376**	**$ 45,000**

15. OTHER EXPENSES (INCOME)

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022	Nine Months Ended April 30, 2023	Nine Months Ended April 30, 2022
Interest income on pharmacy agreements		$ (12,280)	$ —	$ (51,566)
Interest income on cash and cash equivalents	$ (4,600)	(22,852)	(20,594)	(80,844)
Interest income - IFRS 16	$ (2,111)	(3,230)	(6,878)	(3,230)
Rent income	$ (20,374)	—	(60,136)	—
Interest expense on operating line of credit	$ 62,601	6,761	149,128	7,950
Interest expense - IFRS 16	$ 67,284	37,466	208,644	51,081
Interest expense- other	$ 1,361	—	$ 6,569	—
Accretion of interest expense on convertible debenture	$ 57,113		57,113	
Foreign exchange loss	$ 2,032	11,308	16,601	27,259
Loss on investment in equity securities		28,392	—	117,558
Changes in FV of derivative liability	$ 10,944		10,944	
Loss on disposal of asset		—	190,130	—
Gain on disposal of lease		—	(6,731)	—
Contingent consideration remeasurement		(55,492)	—	(55,492)
Other Income	$ (97)	—	(8,269)	—
Total	$ 174,153	$ (9,927)	$ 536,521	$ 12,716

(expressed in Canadian dollars- unaudited)

The Company closed its Nova Scotia based brick-and-mortar pharmacy on December 11, 2022. The Company has recorded the loss of $190,130 (2022: $nil) on the disposal of its assets (refer to the disposals in note 5 and 6), and a gain of $6,731 (2022: $nil) on disposal of its leases (refer to the disposals in note 7 and 10) relating to the Nova Scotia pharmacy for the period ended April 30, 2023.

16. SEGMENTED INFORMATION

Information for each reportable operating segment is included below:

	For the three months ended April 30, 2023			
	Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**
Revenue	$ 12,264,903	$ 469,536	$ 51,474	$ 12,785,913
Cost of sales	10,938,695	351,976	10,383	11,301,054
General and administrative	2,335,953	194,215	1,910,094	4,440,262
Share based compensation	—	—	183,638	183,638
Marketing and sales	—	867	4,327	5,194
Depreciation	335,403	6,496	306,607	648,506
Income tax expense (recovery)	57,562	—	—	57,562
Other amounts in loss	97,154	590	76,409	174,153
Net loss	**$ (1,499,864)**	**$ (84,608)**	**$ (2,439,984)**	**$ (4,024,456)**

	For the three months ended April 30, 2022			
	Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**
Revenue	$ 5,712,574	$ 486,924	$ 41,400	$ 6,240,898
Cost of sales	4,633,414	367,034	7,574	5,008,022
General and administrative	1,308,767	236,419	3,425,488	4,970,674
Share based compensation	—	—	612,713	612,713
Marketing and sales	867	1,362	891,916	894,145
Depreciation	261,765	7,293	305,128	574,186
Income tax expense (recovery)	—	—	(134,353)	(134,353)
Other amounts in loss	—	—	(9,927)	(9,927)
Net loss	**$ (492,239)**	**$ (125,184)**	**$ (5,057,139)**	**$ (5,674,562)**

	For the nine months ended April 30, 2023			
	Pharmacies	**Doctor Services**	**Mednow Inc.**	**Total**
Revenue	$ 32,316,733	$ 1,426,391	$ 112,924	$ 33,856,048
Cost of sales	28,820,976	1,062,341	10,383	29,893,700
General and administrative	5,995,908	933,378	5,752,122	12,681,408
Share based compensation	—	—	862,754	862,754
Marketing and sales	14,949	9,753	536,218	560,920
Depreciation	1,088,299	19,488	927,235	2,035,022
Income tax expense (recovery)	144,947	—	—	144,947
Other amounts in loss	438,257	1,674	96,590	536,521
Net loss	**$ (4,186,603)**	**$ (600,243)**	**$ (8,072,378)**	**$ (12,859,224)**

(expressed in Canadian dollars- unaudited)

	For the nine months ended April 30,			
	2022			
	Pharmacies	Doctor Services	Mednow Inc.	Total
Revenue	$ 7,135,155	$ 1,569,635	$ 223,694	$ 8,928,484
Cost of sales	5,896,218	1,159,833	24,012	7,080,063
General and administrative	1,912,097	671,534	9,501,331	12,084,962
Share based compensation	—	—	3,178,535	3,178,535
Marketing and sales	938	10,843	1,910,988	1,922,769
Depreciation	371,427	21,834	577,573	970,834
Income tax expense (recovery)	—	—	(134,353)	(134,353)
Other amounts in loss	—	—	12,716	12,716
Net loss	**$ (1,045,525)**	**$ (294,409)**	**$ (14,847,108)**	**$ (16,187,042)**

	As at April 30,			
	2023			
	Pharmacies	Doctor Services	Mednow Inc.	Total
Non-current assets other than financial instruments	4,193,782	45,179	3,781,408	8,020,369

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

17. CONTINGENCIES

The Company is a party to certain legal proceedings from time-to-time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages, or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on our consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs.

18. SUBSEQUENT EVENTS

On May 9, 2023, the Company permanently ceased ordinary business operations of its Liver Care and London Pharmacare businesses ("Disposal Group"). The assets and liabilities of the Disposal Group, excluding those subject to the credit facility agreement with the bank lender are available for immediate sale in its present condition, subject to terms that are usual and customary, and the sale is highly probable. In accordance with IFRS 5 ("Non-Current Assets Held for Sale and Discontinued Operations"), the Company will classify this Disposal Group as held for sale as it's carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Company will measure the Disposal Group, comprised of the assets and liabilities of Liver Care and London Pharmacare, as held for sale at the lower of its carrying amount and fair value less costs to sell. As this Disposal Group represents a major line of business, and as the Company has a single coordinated plan to dispose of this separate major line of business, the Company will present the Disposal Group as discontinued operations as a single amount in the consolidated statement of operations and comprehensive loss, comprising the post-tax loss of discontinued operations and post-tax loss recognized on the measurement to fair value less costs to sell. As of May 2, 2023, the Company did not have access to draw from its credit facility with the bank lender for the Disposal Group.

On May 15, 2023, the Company closed its offering by way of a prospectus supplement. Pursuant to the offering, the Company issued 1,945,415 units of the Company at a price of $0.27 per unit for aggregate gross proceeds of approximately $525,262. The offering was completed pursuant to an agency agreement dated May 9, 2023 with Gravitas Securities Inc. In connection with the offering, Gravitas Securities Inc. received a cash commission of $42,020.96, 155,633 broker warrants and a corporate finance fee of 97,270 units. Each broker warrant is exercisable to acquire one unit at the unit price for a period of 5 years from the closing date. Each unit issued pursuant to the offering consists of one Class A common share in the capital of Mednow and one share purchase warrant. Each Warrant entitles the holder thereof to purchase one share at a price equal to $0.41 for a period of 60 months following the closing date, subject to acceleration in certain circumstances. The warrants are governed by the terms of a warrant indenture (the "Indenture") dated May 15, 2023 between the Company and Endeavour Trust Corporation, as warrant agent, a copy of which will be available under the Company's profile at www.sedar.com.

On May 15, 2023, concurrently with closing of the offering, the Company closed a non-brokered private placement of 2,166,667 units for gross proceeds of $585,000 from management, directors and shareholders of the Company. The units issued pursuant to the private placement have the same terms as those issued pursuant to the offering. In connection with the private placement, the Company paid finder's fees of $23,400, issued 86,666 finder's warrants, and paid a fiscal advisory fee through the issuance of 86,666 units. Each finder's warrant is exercisable to acquire one unit at the unit price for a period of 5 years from the closing date. All securities issued pursuant to the private placement will be subject to a four-month hold period from the date of issue.

On May 17, 2023, the Board approved the grant of 50,000 stock options, pursuant to the Company's stock options plan.

On May 24, 2023, the bank lender to the Disposal Group submitted an application to the Ontario Superior Court of Justice to adjudge London Pharmacare Inc as bankrupt and that a bankruptcy order be made in respect of the property of London Pharmacare Inc.