Consolidated Financial Statements of

KDA GROUP INC.

For the years ended July 31, 2023, and 2022

KDA GROUP INC.

Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
KDA GROUP INC.

Opinion

We have audited the consolidated financial statements of KDA GROUP INC. (the Company), which comprise the consolidated statement of financial position as at July 31, 2023, and the consolidated statements of profit (loss) and comprehensive profit (loss), changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	*How the Matter Was Addressed in the Audit*
Impairment Assessment of Intangible Assets The Company's accounting policies in respect of intangible assets and impairment are set out in the accounting policy notes of the consolidated financial statements (Note 3). The disclosure on the "Accounting estimates and judgments" in relation to impairment of intangible assets is set out in Note 4 of the consolidated financial statements. The Company assesses whether there has been an impairment in the carrying amount of intangible assets that are not amortized at least annually or whenever an indicator of impairment exists. In assessing the recoverability of intangible assets of $12,098,456, management prepared a value in use calculation across the CGU, which involves assumptions, such as future cash flows and the discount rate to apply to those. No impairment was recognized as a result of the impairment review. **Why the Matter is a Key Audit Matter** Due to the subjectivity involved in estimating future performance and the significance of the carrying value of intangible assets, we identified this as a significant risk and key audit matter. In addition, the audit effort involved the use of professionals with specialized knowledge in the field of valuation.	The primary procedures we performed to address this key audit matter included the following: Tested the reasonableness of key assumptions in the value in use calculations, including the projected revenue growth, discount rates by comparing them with business case, external audit evidence of the Company and specific market economic developments, taking into account the sensitivity test of the intangible assets for any changes in the respective assumptions. In conjunction with Mazars' valuation experts, we: ▪ Evaluated the appropriateness of the impairment model used by the Company's management; ▪ Evaluated the reasonableness of the key input assumptions, including the discount rate; and ▪ Performed sensitivity analysis on the key assumptions used in the impairment model.

Other Matter

The consolidated financial statements of the Company as at July 31, 2022, and for the year then ended were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements in their report dated November 25, 2022.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole are, free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company`s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieve fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Martin Cloutier.

Mazars, LLP [1]

Montréal, November 28, 2023

[1] FCPA auditor, public accountancy permit No. A117854

KDA GROUP INC.

Consolidated Statements of Financial Position
As at July 31, 2023 and 2022

	2023	2022
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**4,632,498**	2,737,141
Trade receivables	**458,835**	5,044,522
Tax credit RS&DE	**466,812**	-
Other receivables (Note 6)	**1,052,046**	-
Prepaid expenses	**44,531**	96,911
Loans receivable from shareholders, without interest	**-**	3,080
	6,654,722	7,881,654
Non-current assets		
Investments (note 6)	**1,200,000**	-
Property and equipment (note 7)	**5,752**	99,304
Intangible assets (note 8)	**12,098,456**	10,162,836
Goodwill (note 9)	**-**	6,310,861
Deferred tax assets (note 19)	**366,610**	2,409,271
Right of use assets (note 10)	**1,488,718**	1,802,867
	15,159,536	20,785,139
TOTAL ASSETS	**21,814,258**	28,666,793

KDA GROUP INC.

Consolidated Statements of Financial Position

As at July 31, 2023 and 2022

	2023	2022
	$	$
LIABILITIES		
Current liabilities		
Trade and other payables (note 11)	**1,777,873**	4,222,669
Due to third-party (note 12)	**128,453**	128,453
Deferred revenues	**-**	1,697,350
Income taxes payable (note 19)	**242,250**	8,584
Preferred shares (note 15)	**-**	7,873,881
Current maturity of long-term debt (note 13)	**1,605,000**	8,219,594
Current maturity of lease liabilities (note 14)	**342,500**	290,408
	4,096,076	22,440,939
Non-current liabilities		
Long-term debt (note 13)	**-**	4,590,563
Lease liabilities (note 14)	**1,212,502**	1,563,915
Deferred tax liabilities (note 19)	**-**	274,260
	1,212,502	6,428,738
TOTAL LIABILITIES	**5,308,578**	28,869,677
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 16)	**30,262,759**	29,904,954
Contributed surplus	**3,078,864**	2,866,272
Deficiency attributable to shareholders	**(16,835,972)**	(32,974,139)
Equity attributable to non-controlling interest	**29**	29
TOTAL EQUITY (DEFICIENCY)	**16,505,680**	(202,884)
TOTAL LIABILITIES AND EQUITY	**21,814,258**	28,666,793

Going concern (note 1)
Contingencies (note 25)
Subsequent events (note 27)

Approved on behalf of the Board:

(Signed)
Michael W. Kinley, CFO

(Signed)
Marc Lemieux, CEO

Accompanying notes form an integral part of these Consolidated financial statements

KDA GROUP INC.

Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)
For the years ended July 31, 2023, and 2022

	2023	2022
	$	$
Continuing operations		
Revenues	**161,124**	207,093
Cost of revenues	**-**	55,317
Selling and administrative expenses (note 17)	**3,159,817**	3,839,077
Amortization and depreciation	**310,551**	314,692
Loss before the following:	**(3,309,244)**	(4,001,993)
Net finance expenses (income)		
Financial costs	**1,327,961**	1,178,534
Accreted interest (note 18)	**61,472**	1,821,272
Income (loss) on debt revaluation (notes 13, 14)	**(7,171,521)**	2,457,975
Income (Loss) before income tax and discontinued operations	**2,472,844**	(9,459,774)
Income tax (recovery) expense (note 19)	**1,854,459**	120
Deferred income tax recovery (note 19)	**-**	(477,870)
Income (loss) income from continuing operations	**618,385**	(8,982,024)
Discontinued operations		
Income from discontinued operations, net of tax (note 6)	**15,519,782**	4,419,696
Net income (loss) and comprehensive profit (loss)	**16,138,167**	(4,562,328)
Income (loss) and comprehensive income (loss) attributable to:		
Shareholders of KDA Group Inc.	**16,138,167**	(4,562,328)
	16,138,167	(4,562,328)
Income (loss) per share to equity holders of KDA Group Inc. from continuing operations	**0.004**	(0.061)
Income per share to equity holders of KDA Group Inc. from discontinued operations (note 6)	**0.104**	0.030
Basic and diluted (note 20)	**0.108**	(0.031)

Accompanying notes form an integral part of these Consolidated financial statements

KDA GROUP INC.

Consolidated Statements of Changes in Equity (Deficiency)
For the years ended July 31, 2023, and 2022

				Total Equity (Deficiency) attributable to shareholders						
	Number of shares	Class "A" Common shares	Contributed surplus	Warrants reserve	Premium on convertible shares and debentures	Deficiency	Total	Other comprehensive loss	Non controlling Interest	Total equity (deficiency)
	#	$	$	$	$	$	$	$	$	$
Balance on July 31, 2022	**148,140,947**	**29,904,954**	**2,866,272**	**1,903,851**	**(2,274,216)**	**(32,603,774)**	**(32,974,139)**	**-**	**29**	**(202,884)**
Issuance of shares	11,825,000	932,605								**932,605**
Sales and cancellation of shares		(574,800)								**(574,800)**
Warrants expired				(1,903,851)		1,903,851	-			**-**
Stock-based compensation			212,592							**212,592**
Premium on convertible shares and debentures							-			**-**
Net profit (loss)						16,138,167	16,138,167			**16,138,167**
Balance at July 31, 2023	**159,965,947**	**30,262,759**	**3,078,864**	**-**	**(2,274,216)**	**(14,561,756)**	**(16,835,972)**		**29**	**16,505,680**
Balance on July 31, 2021	**147,540,947**	**29,799,954**	**1,652,133**	**2,776,489**	**(2,274,216)**	**(28,041,446)**	**(27,539,173)**	**-**	**29**	**3,912,943**
Issuance of shares	500,000	80,000	(80,000)	-	-	-	-	-	-	**-**
Options exercised	100,000	25,000	-	-	-	-	-	-	-	**25,000**
Issuance of warrants	-	-	-	137,801	-	-	137,801	-	-	**137,801**
Warrants expired	-	-	1,010,439	(1,010,439)	-	-	(1,010,439)	-	-	**-**
Stock-based compensation	-	-	283,700	-	-	-	-	-	-	**283,700**
Net loss	-	-	-	-	-	(4,562,328)	(4,562,328)	-	-	**(4,562,328)**
Balance at July 31, 2022	**148,140,947**	**29,904,954**	**2,866,272**	**1,903,851**	**(2,274,216)**	**(32,603,774)**	**(32,974,139)**	**-**	**29**	**(202,884)**

Accompanying notes form an integral part of these Consolidated financial statements.

KDA GROUP INC.
Consolidated Statements of Cash Flows
For the years ended July 31, 2023 and 2022

	2023	2022
	$	$
Cash flows from operating activities:		
Consolidated net and comprehensive income	**16,138,167**	(4,562,328)
Net result from discontinued operations	**15,519,782**	4,419,696
Net result from continuing operations	**618,385**	**(8,982,024)**
Deferred income tax expenses (recovery) (note 19)	**1,854,459**	(312,550)
Income tax expenses (Note 19)		-
Accrued and accreted interest	**1,381,985**	2,908,591
Gain on write-off of debt	**(7,504,007)**	-
Share-based compensation	**212,592**	283,700
Amortization and depreciation (notes 7, 8, 10)	**310,551**	314,692
Cancellation of share capital	**(574,800)**	
Loss on debt revaluation (notes 12, 14)	**-**	2,457,975
Net result from discontinued operations	**15,519,782**	**4,419,696**
Gain on disposal of assets	**-**	(6,438)
Accreted interest	**516,750**	84,833
Amortization and depreciation (notes 7, 8, 10)	**257,379**	310,487
Financial fees	**-**	(73,939)
Deferred income tax expenses (recovery)	**147,608**	(259,558)
Gain on sale of discontinued operations	**(10,885,241)**	-
	1,855,443	1,145,465
Changes in non-cash elements of working capital (note 24)	**(2,699,461)**	138,546
	(844,018)	1,284,011
Cash flows from investing activities:		
Continuing operations		
Additions to property and equipment (note 7)	**(4,685)**	(45,423)
Additions to intangibles assets (note 8)	**(2,090,604)**	(2,640,325)
Business combination, net of cash acquired	**(80,459)**	-
Proceeds from sale of discontinued operations	**19,265,921**	-
Disposal proceeds	**-**	30,000
Discontinued operations		
Additions to property and equipment (note 7)	**(19,802)**	-
Additions to intangibles assets (note 8)	**(16,282)**	-
	17,054,089	(2,655,748)
Cash flows from financing activities:		
Continuing operations		
Issuance of warrants	**-**	137,801
Repayment of preferred shares	**(1,480,096)**	-
Repayment of due to shareholder	**-**	(100,561)
Repayment of long-term debt (note 13)	**(7,973,126)**	(1,425,737)
Repayment of lease liabilities (note 14)	**(341,250)**	(337,500)
Exercise of warrants and stock options (note 15)	**-**	25,000
Increase (decrease) in the bank indebtedness	**-**	(980,000)
Discontinued operations		
Proceeds from long-term debt, net of issuance costs (note 13)	**-**	5,815,812
Repayment of long-term debt (note 13)	**(4,507,595)**	(739,196)
Repayment of lease liabilities (note 14)	**(12,647)**	(3,891)
	(14,314,714)	2,391,728
Net increase in cash and cash equivalents	**1,895,357**	1,019,991
Cash and cash equivalent, beginning of the year	**2,737,141**	1,717,150
Cash and cash equivalent, end of the year	**4,632,498**	2,737,141
Supplemental information		
Interest paid	**446,717**	622,120

1. REPORTING ENTITY AND GOING CONCERN

KDA Group Inc. ("KDA" or the "Corporation") is incorporated under the Business Corporations Act (Québec). The Corporation is a publicly traded company listed on the TSX Venture Exchange ("TSXV") under the symbol "KDA". The Corporation's head office is 300-1351 Notre-Dame East, Thetford Mines, Québec, G6G 0G5.

The consolidated financial statements of the Corporation for the years ended July 31, 2023, and 2022, include the Corporation and its subsidiaries. The Corporation provides a range of solutions and services to pharmacies and pharmaceutical companies in Canada as well as technological platform for the health industry.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

For the year ended July 31, 2023, the Corporation reported a net profit and comprehensive profit of $18,224,757 (net loss and comprehensive loss of $4,562,328 in 2022), a positive working capital of $2,734,860 ($14,559,285 negative as of July 31, 2022) and an accumulated deficit attributable to shareholders of $14,749,382 at that date ($32,974,139 as of July 31, 2022).

During the year ended July 31, 2023, the Corporation has carried out the sale of various subsidiaries to focus on the development and commercialization of its technological products for the growing market of connected healthcare and to ensure the continuity of its operations.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance:

These consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2023.

b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for the following material item in the consolidated statements of financial position:

- Derivative instruments are measured at fair value;

The consolidated financial statements have been prepared on a going concern basis, meaning the Corporation would be able to realize its assets and discharge its liabilities in the normal course of action.

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2. BASIS OF PREPARATION (CONT.)

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting of the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the management team, which makes strategic decisions.

e) Consolidation

Subsidiaries
Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement in the entity and could affect those returns through its power over the entity, Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between the Corporation's subsidiaries are eliminated. Unrealized gains or losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Corporation's accounting policies.

Disposal of subsidiaries
When the Corporation ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Corporation had directly disposed of the related assets and liabilities. This may mean that amounts previously recognized in OCI are reclassified to profit and loss.

Non-controlling interests
Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests in presented as a component of equity, their share of net income and OCI is recognized directly in equity even if the results of the non-controlling interests have a deficit balance.

2. BASIS OF PREPARATION (CONT.)

Significant subsidiaries – ownership

Corporation	Nature of Services	July 31, 2023	July 31, 2022
Groupe Technologique KDA inc.	Pharmaceutical Technology	**80%**	100%
Covapharm inc.	Pharmaceutical Technology	**100%**	-
Agence L.I.V. inc.	Pharmaceutical Solutions	-	100%
Alliance Pharma Operations inc.	Pharmacy Services	-	100%
Elitis Pharma inc.	Pharmacy Services	-	100%
Logistik Pharma inc.	Pharmacy Services	-	100%
Campus Elitis Pharma inc.	Pharmacy Services	-	90%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

Property and equipment

Property and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

PROPERTY AND EQUIPMENT ARE AMORTIZED ON A STRAIGHT-LINE BASIS OVER THE FOLLOWING ESTIMATED USEFUL LIVES:

Categories	Useful Lives
Furniture and fixtures	5 years
Computer equipment	5 years
Leasehold improvements	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets

i) Goodwill

Goodwill that arises upon business combinations is included in intangible assets. Goodwill is not amortized and is measured at cost less accumulated impairment losses.

ii) Other finite lives intangible assets

Other intangible assets consist of customer relationships, software, web sites, and non-compete agreements. Other intangible assets that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

INTANGIBLE ASSETS WITH FINITE LIVES ARE AMORTIZED ON A STRAIGHT-LINE BASIS OVER THE FOLLOWING ESTIMATED USEFUL LIVES:

Categories	Useful Lives
Customer relationships	10 years
Software	5 years
Web sites	3 years
Non-compete agreements	Contractual period

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

iii) Intangible assets generated internally by incurring research and development expenditures

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) its intention to complete the intangible asset and use or sell it;

c) its ability to use or sell the intangible asset;

d) how the intangible asset will generate probable future economic benefits. Among other things, the Corporation can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization when they will be in a commercial production phase and any accumulated impairment losses.

Technology asset:
In-process research and development asset: In-process research and development (IPR&D) assets that are acquired by the Corporation are accounted for as indefinite lived intangible assets until the project is completed or abandoned, at which point they will be amortized or impaired, respectively. Subsequent research and development costs associated with the acquired IPR&D assets are accounted for consistent with the research and development policy. The Corporation assesses at each reporting date whether there is an indication that the asset may be impaired. Irrespective of whether there is any indication of impairment, the IPR&D asset is tested for impairment annually by comparing its carrying amount with its recoverable amount. The asset's recoverable amount is the greater of its fair value less costs to sell and its value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount immediately. Impairment losses are recognized in the consolidated statement of loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate. The carrying amounts are reviewed at each reporting date to determine whether there is an indication of impairment.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized to the cost of that asset until it is substantially completed, and it can be used as planned; these costs are subsequently amortized over the expected useful life of the asset. All other borrowing costs are expensed as incurred.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of use asset is depreciated over the lease term on a straight-line basis.

Right-of-use assets

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives; and
- any initial direct costs incurred by the Corporation.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Corporation under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Corporation's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Extension and termination options are included in some of the Corporation's property and equipment leases. These terms are used to maximize operational flexibility in terms of managing contracts. Most of the extension and termination options held are exercisable only by the Corporation and not by the respective lessor. The lease term determined by the Corporation comprises:

- a non-cancellable period of lease agreements;
- periods covered by an option to extend the lease if the Corporation is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Corporation is reasonably certain not to exercise that option.

Exemptions

The Corporation elected to apply exemptions for leases for which the underlying asset is of low value or for which the lease term does not exceed 12 months. Payments associated with such leases are recognized on a straight-line basis as an expense in profit or loss.

Impairment

Property and equipment, intangible assets and right-of-use assets
On each reporting date, the Corporation reviews the carrying amounts of property, equipment, intangible assets and right-of-use assets for indications that these assets have lost value. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss.

Intangible assets with an indefinite useful life are tested for impairment annually or more frequently whenever events or circumstances indicate that it may have lost value.

If the recoverable amount of the individual asset cannot be estimated, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest CGU group for which a reasonable and consistent basis of allocation can be identified.

Recoverable amount is the higher of fair value less disposal costs and value in use. To measure value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of an asset or of a CGU is less than its carrying amount, the carrying amount of the asset or of the CGU is reduced to its recoverable amount and an impairment loss is recognized in profit or loss in (gains) losses on capital assets.

When an impairment loss subsequently reverses, the carrying amount of the asset or of the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the CGU in prior years. Reversals of impairment losses are then recognized in profit or loss in (gains) losses on capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Goodwill and intangible assets with an indefinite useful life

Goodwill is tested for impairment annually or more frequently whenever events or circumstances indicate that it may have lost value.

Goodwill is allocated to the Corporation's subsidiaries, i.e., the CGUs, that benefit from the synergies of the business combination. The Corporation looks for impairment by determining whether the carrying amount of the CGU to which the goodwill is related exceeds its recoverable amount. If impairment is identified, the impairment loss is initially attributed to goodwill and any excess amount is attributed proportionally to the carrying amount of the CGU's assets.

Any impairment of goodwill is recognized in profit or loss in the period in which it is identified in (gains) losses on capital assets. Goodwill impairment losses are not reversed in subsequent periods.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'at amortized cost' and 'fair value through other comprehensive income' (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term; if on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Financial assets at FVOCI are stated at fair value, with any gains or losses arising on re-measurement recognized through other comprehensive income.

Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as debt instruments. Debt instruments are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

THE CORPORATION HAS CLASSIFIED ALL OF ITS FINANCIAL ASSETS AS FOLLOWS:

Financial Asset	Classification	Subsequent measurement
Cash and cash equivalents	Debt instruments	Amortized cost
Trade receivables	Debt instruments	Amortized cost
Other receivables	Debt instruments	Amortized cost
Investments	Debt instruments	Amortized cost
Loans receivable from shareholders, without interest	Debt instruments	Amortized cost

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

The gross carrying amount of a financial asset is impaired when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Corporation makes an assessment with respect to the timing and amount of provisioning based on whether there is a reasonable expectation of recovery. The Corporation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due. In accordance with IFRS 9, a write-off of a financial asset constitutes a derecognition event.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Corporation

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term; or if on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or if it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of loss and comprehensive loss.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

THE CORPORATION HAS CLASSIFIED ALL OF ITS FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS AS FOLLOWS:

Financial liability	Classification	Subsequent measurement
Trade and other payables (excluding sales tax payable)	Other financial liability	Amortized cost
Due to third-party	Other financial liability	Amortized cost
Long-term debt	Other financial liability	Amortized cost
Lease liabilities	Other financial liability	Amortized cost
Preferred shares	Other financial liability	Amortized cost
Embedded derivative in Series B Preferred Shares and Promissory Note	FVTPL[1]	Fair value

[1] *Fair value through profit or loss*

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

Deferred financing costs

Financing costs related to debt are deferred and amortized over the term of the corresponding loans using the effective interest rate method. When one of these loans is repaid, the corresponding financing costs are charged to net earnings.

Revenue recognition

Revenues are derived from sales of goods, services or contracts. Revenues from goods are recognized at the fair value of the consideration received or receivable, net of returns, trade discounts and professional allowance. Revenues from services and contracts are recognized when it is realized or realizable and earned. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, usually when the merchandise is shipped; the recovery of the consideration is probable; the associated costs and possible return of goods can be estimated reliably; there is no continuing management involvement with the goods; and the amount of revenue can be measured reliably. Professional allowance and cash discounts granted to customers are accrued at the time of sale and recorded as a reduction of sales. The Corporation contracts a variety of agreements and recognizes revenue when performance obligations have been fulfilled. The following describes the recognition of revenue for each of the Corporation's contracts, which is consistent with its reportable operating segments outlined in note 22.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Replacements pharmacists – Pharmacy services (discontinued operations)

The Corporation contracts replacement pharmacist agreements whereby it performs replacement services for its customers. Performance obligations for these agreements are satisfied on an hourly basis at the applicable hourly rate, as specified in the contract.

Training – Pharmaceutical solutions (discontinued operations)

The Corporation contracts agreements with its customers to provide educational and training services. Contract revenue is accounted for under the percentage of completion method. Performance obligations for these contracts are satisfied over time and are measured by reference to various milestones specified in the agreements. Revenues and costs only begin to be recognized when the Corporation can reasonably measure its progress towards complete satisfaction of the agreement's milestones. Any foreseeable losses on such projects are charged to operations when determined and work in progress is presented as part of accounts receivable, if applicable. If payments received from a customer exceed the revenue recognized, the difference increases the deferred revenue balance. Service performance obligations are satisfied at a milestone specified in the agreement.

Deferred Revenue

Deferred revenue consists of payments received by the Corporation in consideration for professional services to be delivered over a certain period at contracted prices. As services are provided, the Corporation will record a portion of the deferred revenue as sales, based on a proportionate share of services provided compared with the total estimated contractual commitment.

Restricted common shares

The Corporation agreed to issue shares to executives of the Corporation. The vesting condition is based on required service period. The stock-based compensation is based on the estimated fair value at grant date and the awards expected to vest over the vesting period. A corresponding compensation expense is recorded in equity. When a service condition is not respected, the previous stock-based compensation recognized in the consolidated statement of income and comprehensive income is reversed in the year that the non-respect of the service condition occurs.

Share-based payment transactions

The grant date fair value of equity share-based payment awards granted to employees or consultants is recognized as an administrative expense, with a corresponding increase in contributed surplus, over the period that the employees or the consultants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

Share-based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Corporation. The Corporation measures the goods or services received, and the direct corresponding increase in equity at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Finance costs

Finance costs comprise interest expense on bank indebtedness and long-term debt, unwinding of the discount on provisions, accretion of interest, amortization of financing costs and any debt revaluation.

Fair value gains or losses on derivative financial instruments, on derivative component of the preferred shares and on contingent considerations, and foreign currency gains and losses are also reported as either finance income or cost.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Discontinued operations

A discontinued operation is a component of the Corporation that has either been disposed of or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; (b) is part of a single plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Assets, liabilities, comprehensive loss, and cash flows relating to a discontinued operation of the Corporation are segregated and reported separately from the continuing operations of the Corporation. The comparative statements of income (loss) and comprehensive income (loss) and cash flows are re-presented as if the operation had been discontinued from the start of the comparative year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Non-controlling interest

The Corporation treats transactions with non-controlling interests as equity transactions Changes in the Corporation's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Earnings per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its Class "A" common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Corporation by the weighted average number of Class "A" common shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of Class "A" common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential Class "A" common shares, which comprise convertible debentures in shares, warrants and stock options.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible or intangible asset. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

Government grants

During its activities, the Corporation received government grants to maintain staffing levels. These grants were recognized when there is reasonable assurance that the Corporation will comply with the conditions attaching to them, and that the grants will be received. Grants were recognized as revenues for a total amount of $76,631 in 2022.

Standards issued but not yet effective

On July 31, 2023, new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these consolidated financial statements. The Corporation is currently assessing the impact that these standards will have on the consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Corporation's consolidated financial statements are provided below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Management anticipates that all the pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements and are not listed.

i) Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023, and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with early application permitted.

ii) Amendments to IAS 12 – Income taxes

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as leases.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

iii) Amendments to IAS 1 – Presentation of Financial Statements

IAS 1, Presentation of Financial Statements ("IAS 1"), was amended in January 2020. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify the definition of a right to defer settlement and specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments are effective for annual periods beginning on or after January 1, 2024. The amendments must be applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Corporation's balance sheet presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

iv) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies

On February 12, 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies instead of its significant accounting policies and explain how an entity can identify a material accounting policy to produce financial statement disclosures for the benefit of the primary users of the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Corporation is assessing the potential impact of the amendments; however, it does not expect them to have a material impact on the Corporation's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the consolidated financial statements of future periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements impact the following areas:

Impairment of non-financial assets

Goodwill and intangible assets with definite useful life and for which amortization has not yet begin is reviewed annually for impairment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgment is required in establishing whether there are indicators of impairment related to such non-financial assets. The recoverable amount of the asset or CGU is determined using the greater of fair value less costs to sell or value-in-use. Value-in-use calculations require assumptions for discount rates and estimations of the timing for events or circumstances that will affect future cash flows. Fair value less costs to sell requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs to sell considering dismantle and transportation costs.

The most sensitive assumptions used in the impairment testing model include discount rates and growth rates. Management believes such assumptions to be reasonable. These assumptions involve a high degree of judgment and complexity and reflect management's best estimates based on available information at the assessment date. Failure to meet certain of those assumptions could have an impact on the estimated recoverable value of the Corporation's CGU.

4. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS (CONT.)

The Corporation's assets are aggregated into cash-generating units for purpose of calculating impairment. Cash generating units ("CGUs") are based on management's judgments and assessment of the CGU's ability to generate independent cash flows. Judgments are also required to assess when impairment indicators exist, and impairment testing is required. Refer to note 9.

Impairment of financial assets

The measurement of financial assets carried at amortized cost includes management's estimates regarding the expected credit losses that will be realized on these financial assets. Refer to note 21.

Fair value

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market conditions or other factors.

Fair value of a financial instrument is determined by reference to quoted prices in the most advantageous active market to which the Corporation has immediate access. In the absence of an active market, fair value is determined based on internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as several other variables. In determining these assumptions, external readily observable market inputs are considered, as applicable. When such data is unavailable, the Corporation uses the best possible estimate. Since they are based on estimates, these fair values may not be realized in an actual sale or immediate settlement of the instruments.

The calculation of the fair value of common shares, stock options and warrants granted require management to make estimates and assumptions about the fair value of the underlying common shares of the Corporation, expected volatility, expected life and expected forfeiture rates, which could affect the Corporation's results if the current estimates change.

The Serie B Preferred Shares and Promissory Notes ("the Loans") are initially measured at fair value using a discounted cash flow model that considers the present value of the contractual cash flows using a risk-adjusted discount rate. The discounted cash flow model requires management to estimate the timing of debt repayments and the effective rate related to the Loans.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

Fair value (continued)

When the Corporation revises its estimates and timing of payments for financial liabilities held at amortized cost, it will adjust the gross carrying amount of the amortized cost of a financial liability to reflect actual and revised estimated cash flows. The Corporation recalculates the gross carrying amount of the amortized cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss.

The Corporation has made assumptions regarding the timing of the payments, which may differ significantly depending upon quarterly excess cash flows and whether the quarterly payment deferral mechanism included within the financial agreement is utilized.

Intangible assets

Management's judgment is applied, and estimates are used, in determining whether costs qualify for recognition as internally developed intangible assets. To be able to recognize an intangible asset, management must demonstrate the item meets the definition of an intangible asset in IAS 38. Management exercises significant judgment in determining whether an item meets the identifiability criteria in the definition of an intangible asset which, in part, requires that the item is capable of being separated or divided from the Company and sold, transferred or licensed either individually or together with a related contract or asset, whether or not the Company intends to do so. Judgment is required to distinguish those expenditures that develop the business as a whole, which cannot be capitalized as intangible assets and are expensed in the years incurred.

Also, to recognize an intangible asset, management, in its judgment, must demonstrate that it is probable that expected future economic benefits will flow to the Corporation and that the cost of the asset can be measured reliably. Estimates are used to determine the probability of expected future economic benefits that will flow to the Corporation. Future economic benefits include net cash flows from future commercial agreements and products deployment, which are dependent upon the ability of the Corporation to commercialize its products which will increase user engagement with its products, and may also include anticipated cost savings, depending upon the nature of the development project.

The Corporation capitalized internal product development costs during the years ended July 31, 2023, and 2022 for all new development projects and projects that, in management's judgment, represent substantial improvements to existing products. In assessing whether costs can be capitalized for improvements, management exercises significant judgment when considering the extent of the improvement and whether it is substantial, whether it is sufficiently separable and whether expected future economic benefits are derived from the improvement itself. Factors considered in assessing the extent of the improvement include, but are not limited to, the degree of change in functionality and the impact of the project on the ability of the Corporation to attract users to its products and increase user engagement with its products. Costs which do not meet these criteria, such as enhancements and routine maintenance, are expensed when incurred.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of KDA and its subsidiaries' ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Refer to note 19.

Provisions

Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Corporation. In determining whether an outlay will be material, the Corporation considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported. Refer to note 25.

Going concern

The assessment of the Corporation's ability to raise sufficient funds to pursue its growth strategy involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share-based compensation

The Corporation uses the fair value method of accounting for its long-term incentive plans, which includes the Incentive Stock Option Plan and Restricted Common Shares ("RCS"). Estimates and assumptions are used in the appropriate valuation models to determine fair value. For stock options, the Corporation uses the Black-Scholes option pricing model which requires that management make assumptions for the expected life of the option, the anticipated volatility of the share price over the life of the option, the risk-free interest rate for the life of the option and forfeiture rate. Refer to note 16.

5. BUSINESS COMBINATIONS

On December 16, 2022, the Corporation acquired all of the shares of Covapharm Inc., a consulting company for the implementation of projects for the various actors in the field of health, for a total consideration of $382,500, which comprise of $200,000 in cash, payable in monthly instalments of $10,000 over a period of twenty (20) months from the closing date and 1,825,000 Class A shares in the capital stock of the Corporation, amounting of $182,500. The acquisition will enable and bring to our technology platforms the technology additions and enhancements to meet the needs of our customers. Covapharm Inc. is consolidated from the date of acquisition.

5. BUSINESS COMBINATIONS (cont.)

The fair value of the net assets acquired is broken down as follows:

	December 16, 2022
	$
Assets	
Cash	9,541
Receivables	189
Property and equipment	4,685
Intangible assets	385,968
	400,383
Liabilities	
Bank loan	3,148
Payables	12,310
Note payable	2,425
	17,883
Net asset	**382,500**

Individual assets and liabilities were not fully measured before the consolidated financial statements were completed due to the inherent measurement complexity and the transaction closing date.

Consequently, subsequent adjustments will change the purchase price allocation and the value of the assets acquired and the liabilities assumed. The purchase price allocation is therefore provisional and subject to adjustments in 2024 once the measurement process and analysis of the resulting tax implications are finalized. Since the amortization of the depreciable assets is calculated based on the fair values assigned at the acquisition date, any changes in these values would change the amount of the amortization expense and deferred income tax expense included in the net results.

6. DISCONTINUED OPERATIONS

During the year ended July 31, 2023, the Corporation entered into agreements for the sale of pharmacy services segment and of its pharmaceutical solutions segment (the “Disposal Group”). The signing of these agreements implies the obligation to present and provide information that allows for the assessment of the financial effects of the discontinued activities.

6. DISCONTINUED OPERATIONS (CONT.)

On May 1, 2023, the Corporation completed a transaction with 9483-0296 Québec Inc. and Groupe Santé Halsa Inc, according to which both collectively has acquired the business of placement agency for pharmacists and pharmacy technical assistants for a total consideration of $10,200,000. A portion of the Asset Purchase Price of $9,000,000 is payable upon closing of the transaction and the balance of $1,200,000 through the issuance of preferred shares of 9483-0296 Québec Inc ($400,000 payable in November 2024 and $800,000 payable in May 2026).

On June 28, 2023, the Corporation completed the transaction with 9486-4410 Québec Inc., a subsidiary of U.S.-based Clinical Education Alliance, LLC, according to which it acquired all the shares of Agence L.I.V. Inc., a wholly owned subsidiary of KDA, for a total consideration of $13,500,000. As of July 31, 2023, a balance of $1,052,046 was outstanding.

Transactions costs incurred amounted to $1,199,229.

Statements of income (loss) and comprehensive income (loss) for the Disposal Group:

	2023	2022
	$	$
Revenues	27,753,765	28,616,596
Cost of revenues	20,508,254	20,707,416
Selling and administrative expenses	1,855,906	2,413,346
Amortization, depreciation	257,379	310,485
Income before following:	5,132,226	5,185,349
Financial costs	516,198	473 083
Accreted interest	1,622	3 740
Gain on disposal of assets	-	(6,438)
Loss (gain) on debt revaluation	(589,073)	(98,486)
Income before profit on sale of subsidiaries and income tax expense	**5,203,479**	**4,813,450**
Gain on sale of discontinued operations	10,885,241	-
Income before income tax expense	**16,088,720**	**4,813,450**
Income tax expense	568,938	393,754
Income from discontinued operations, net of tax	**15,519,782**	**4,419,696**

7. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer equipment	Furniture and fixtures	Vehicles	Total
	$	$	$	$	$
Cost					
Balance at July 31, 2022	69,665	391,423	20,355	27,825	509,268
Additions	525	—	4,160	—	4,685
Disposal	(69,665)	(383,470)	(20,355)	(27,825)	(501,315)
Balance at July 31, 2023	**525**	**7,953**	**4,160**	**--**	**12,638**
Depreciation					
Balance at July 31, 2022	69,110	301,074	19,689	20,091	409,964
Disposal	(69,665)	(323,229)	(20,025)	(24,266)	(437,185)
Depreciation for the year	759	28,204	969	4,175	34,107
Balance at July 31, 2023	**204**	**6,049**	**633**	**--**	**6,886**
Net carrying value as at July 31, 2023	321	1,904	3,527	-	5,752

	Leasehold improvements	Computer equipment	Furniture and fixtures	Vehicles	Total
	$	$	$	$	$
Cost					
Balance at July 31, 2021	69,665	346,000	20,355	67,023	503,043
Additions	-	45,423	-	-	45,423
Disposal	-	-	-	(39,198)	(39,198)
Balance at July 31, 2022	**69,665**	**391,423**	**20,355**	**27,825**	**509,268**
Depreciation					
Balance at July 31, 2021	61,281	275,777	18,409	27,788	383,255
Disposal	-	-	-	(15,634)	(15,634)
Depreciation for the year	7,829	25,297	1,280	7,937	42,343
Balance at July 31, 2022	**69,110**	**301,074**	**19,689**	**20,091**	**409,964**
Net carrying value as at July 31, 2022	555	90,349	666	7,734	99,304

8. INTANGIBLE ASSETS

	Training courses	Software	Web sites	Customer Relationship	Non-compete agreements	Other intangible assets	Technology Assets (2)	Development costs (1) (3)	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at July 31, 2022	91,236	1,594,859	171,862	2,478,998	1,074,999	—	4,000,000	5,080,300	14,492,254
Additions	—	242,116	78,291	—	—	143,957	750,000	2,275,661	3,490,025
Disposal	(91,236)	(1,594,859)	(171,862)	(2,478,998)	(1,074,999)	—	—	—	(5,411,954)
Tax credit Rs&DE	—	—	—	—	—	—	—	(466,813)	(466,813)
Balance at July 31, 2023	**—**	**242,116**	**78,291**	**—**	**—**	**143,957**	**4,750,000**	**6,889,148**	**12,103,512**
Amortization									
Balance at July 31, 2022	91,236	1,594,859	152,929	1,415,395	1,074,999	—	—	—	4,329,418
Amortization for the year	—	—	23,939	204,672	—	—	—	—	228,611
Disposal	(91,236)	(1,594,859)	(171,812)	(1,620,067)	(1,074,999)	—	—	—	(4,552,973)
Balance at July 31, 2023	—	—	**5,056**	—	—	—	—	—	**5,056**
Net carrying value as at July 31, 2023	**—**	**242,116**	**73,235**	**--**	**—**	**143,957**	**4,750,000**	**6,889,148**	**12,098,456**

8. INTANGIBLE ASSETS (CONT.)

	Training courses	Software	Web sites	Customer Relationship	Non-compete agreements	Other intangible assets	Technology Assets (2)	Development costs (1) (3)	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at July 31, 2021	91,236	1,594,859	171,862	2,478,998	1,074,999	-	4,000,000	2,439,977	11,851,931
Additions074,999	-	-	-	-	-	-	-	2,640,323	2,640,323
Balance at July 31, 2022	91,236	1,594,859	171,862	2,478,998	1,074,999	-	4,000,000	5,080,300	14,492,254
Amortization									
Balance at July 31, 2021	91,236	1,590,213	123,962	1,172,199	1,074,999	-	-	-	4,052,609
Amortization for the year	-	4,646	28,967	243,196	-	-	-	-	276,809
Balance at July 31, 2022	91,236	1,594,859	152,929	1,415,395	1,074,999	-	-	-	4,329,418
Net carrying value as at July 31, 2022	-	-	18,933	1,063,603	-	-	4,000,000	5,080,300	10,162,836

(1) Development costs are not amortized since the product is not in a commercial production phase. It is measured at cost less accumulated impairment losses, if any.

(2) On March 9, 2021, the Corporation entered into a Technology Purchase Agreement with ZoomMed Medical Inc. pursuant to which the Corporation acquired the ownership rights in the ZRx Prescriber to develop, commercialize and exploit the ZRx Prescriber in the United States, Europe and the United Kingdom in consideration for 20,000,000 Class A shares. The consideration was measured at $4,000,000 in reference to the shares issued of the Corporation as of May 11, 2021. Refer to note 16 – share capital and other components of equity. On July 28, 2023, the Corporation acquired the ownership rights in the ZRx Prescriber from ZoomMed Medical to develop, commercialize and exploit the ZRx Prescriber in the rest of the world (excluding Canada) in exchange for 10,000,000 Class A shares. The consideration was measured at $750,000 in reference to the shares issued of the Corporation as of May 11, 2021. Refer to note 16 – share capital and other components of equity.

Management determined that these transactions did not meet the definition of a business under IFRS 3 and therefore these transactions were accounted for as an asset acquisition.

(3) Management concluded that the recoverable amount was higher than the carrying value as of July 31, 2023 and 2022, and no impairment was recognized within the Technology CGU. For the fiscal years ended July 31, 2023 and 2022, the key assumptions used in calculating the recoverable amount are outlined in the following:

8. INTANGIBLE ASSETS (CONT.)

Terminal value growth rate	3.0%
Discount rate	50.0%
Five-year compound annual revenue growth rate	n/a
Three-year compound annual revenue growth rate	80.0%

9. GOODWILL

	Pharmacy Services	Pharmaceutical Solutions	Total
	$	$	$
Initial goodwill recognition	11,272,522	4,613,708	15,886,230
Accumulated impairment	(9,575,369)	-	(9,575,369)
Balance at July 31, 2022	**1,697,153**	**4,613,708**	**6,310,861**
Goodwill related to discontinued operations	(1,697,153)	(4,613,708)	(6,310,861)
Balance at July 31, 2023	**-**	**-**	**-**

As at July 31, 2023

The goodwill associated with the discontinued operations has been fully written off.

As at July 31, 2022 and prior

Impairment

On an annual basis as of July 31, the Corporation assesses the Corporation's CGUs for indicators of impairment or when facts or circumstances suggest that the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to the Corporation's CGUs within operating segments that represent the lowest level within the Corporation at which the goodwill is monitored for internal management purposes.

The Corporation performed its annual impairment test and estimated the recoverable amount of its goodwill and intangible assets based on the higher of fair value less cost of disposal (FVLCD) and Value in Use (VIU).

9. GOODWILL (CONT.)

As the operating segment is comprised of various CGUs, management tested the individual CGUs for impairment before the operating segment which contains the associated goodwill. The recoverable amount of all CGUs was determined based on the FVLCD using level 3 inputs in a Discounted Cash Flow (DCF) methodology.

The significant assumptions applied in the determination of the recoverable amount are described below:

- Cash flows: Estimated cash flows were projected based on actual and projected operating results from internal sources as – well as industry and market trends. The forecasts are extended to a total of four or five-years (and a terminal year thereafter);

- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators; and

- Post-tax discount rate: The post-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital ("WACC"), from a market participant perspective. The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields.

- KEY ASSUMPTIONS USED IN CALCULATING THE RECOVERABLE AMOUNT FOR EACH CGU TESTED FOR IMPAIRMENT AS AT JULY 31, 2022 ARE OUTLINED IN THE FOLLOWING:

As at July 31, 2022	Pharmacy Services [1]	Pharmaceutical Solutions [2]
Terminal value growth rate	2.0%	3.0%
Discount rate	22.0%	22.0%
Five-year compound annual revenue growth rate	2.0%	2.0%
Four-year compound annual revenue growth rate	n/a	n/a

[1] *Pharmacy Services*

As a result of the impairment test, management concluded that the recoverable amount was higher than the carrying value and no impairment was recognized within the Pharmacy Services CGU.

[2] *Pharmaceutical Solutions*

As a result of the impairment test, management concluded that the recoverable amount was higher than the carrying value and no impairment was recognized within the Pharmaceutical Solutions CGU.

10. RIGHT OF USE OF ASSETS

	Rental lease	Other	Total
	$	$	$
Gross book value			
Balance at July 31, 2022	2,220,049	17,875	2,237,924
Additions	-	-	-
Balance at July 31, 2023	**2,220,049**	**17,875**	**2,237,924**
Depreciation			
Balance at July 31, 2022	428,557	6,500	435,057
Depreciation for the year	302,774	11,375	314,149
Balance at July 31, 2023	**731,331**	**17,875**	**749,206**
Net book value as at July 31, 2023	**1,488,718**	**-**	**1,488,718**

10. RIGHT OF USE OF ASSETS (CONT.)

	Rental lease	Other	Total
	$	$	$
Gross book value			
Balance at July 31, 2021	335,417	17,875	353,292
Additions	1,884,632	-	1,884,632
Balance at July 31, 2022	**2,220,049**	**17,875**	**2,237,924**
Depreciation			
Balance at July 31, 2021	125,782	3,250	129,032
Depreciation for the year	302,775	3.250	306,025
Balance at July 31, 2022	**428,557**	**6,500**	**435,057**
Net book value as at July 31, 2022	1,791,492	11,375	1,802,867

11. TRADE AND OTHER PAYABLES

	At July 31, 2023	At July 31, 2022
	$	$
Trade payables and accrued liabilities	**1,764,785**	**3,045,428**
Salaries and vacation payable	**13,088**	**784,100**
Sales tax payable	**-**	**318,141**
Dividend payable (note 23)	**-**	**75,000**
Total	**1,777,873**	**4,222,669**

12. DUE TO THIRD-PARTY

On June 30, 2021, Strides Pharma Canada Inc, (« Strides ») exercised its call option to buy the remaining 20% ownership of Pharmapar Inc. for $1. The Corporation incurred a loss on sale of investment of $999,999. This loss was recorded in the consolidated statement of other comprehensive loss. Following the sale of the investment, the Corporation reclassified all previous loss recorded in the consolidated statement of other comprehensive loss resulting in a reclassification to profit and loss of $999,999. The amount payable under the share sale agreement of the initial 80% ownership signed on February 15, 2019, is $493,903. The amount bears an annual interest of 5% and the balance as of July 31, 2023, and July 31, 2022, is $128,453.

13. LONG-TERM DEBT

On June 28, 2023, the Company repaid all its debts to Persistence Capital Partners II, L.P. and Persistence Capital Partners II (International), L.P., (collectively “PCP”) and to Private Debt Partners Senior Opportunities Fund LP (“PDP”).

13. LONG-TERM DEBT (CONT.)

	At July 31, 2023	At July 31, 2022
	$	$
Promissory notes with a shareholder, secured by a second ranking hypothec on all present and future property of the Corporation, bearing interest at 9%, (repaid on June 28,2023)	-	6,550,599
Loan from a private lending institution, bearing interest at 9.95%, secured by a first ranking hypothec on all present and future property of the Corporation (repaid on June 28, 2023)	-	5,124,403
Balance of purchase price, non-interest bearing, repayable by annual instalments of $320,000, matured in August 2021 (repaid during the year)	-	311,287
Convertible debentures (1), bearing interest at 10%, unsecured maturing on June 23, 2023, net of transaction costs of $10,305 in July 31, 2022.	-	689,339
Short-term loan for a period of three months at a rate of 10%.	750,000	-
Loan without interest, secured by the federal government, no instalments if reimbursement occur before December 31, 2023, the Corporation will receive a subsidy of $60,000 (2)	120,000	117,567
Other loans, bearing interest at 7.74%, repayable by monthly instalments of $472 (repaid during the year)	-	16 962
Other loan, bearing interest at 10% payable monthly, with no fixed maturity date.	625,000	-
Balance of purchase price, non-interest bearing, repayable by monthly instalments of $10,000, maturing in June 2024.	110,000	-
Subtotal	1,605,000	12,810,157
Less:		
Current maturity of long-term debt	1,605,000	8,219,594
Total long-term debt portion	-	4,590,563

13. LONG-TERM DEBT (CONT.)

(1) The debentures are convertible into Class A shares of the Corporation anytime by the holder at a conversion price equal to $0.15 per share.

(2) If the loan is not repaid in full by December 31, 2023, the entire loan can be converted in a term loan, bearing interest at the rate of 5%, payable monthly, without payment of capital before maturity, and maturing on December 31, 2025.

Principal payments

	At July 31, 2023	At July 31, 2022
	$	$
Less than 1 year	**1,605,000**	**8,415,470**
Between 1 and 5 years	**-**	**4,590,561**
Total amounts payable	**1,605,000**	**13,006,031**
Less: Financing fees	**-**	**(195,874)**
Total	**1,605,000**	**12,810,157**

14. LEASE LIABILITIES

	Rental lease	Other	Total
	$	$	$
Gross book value			
Balance at July 31, 2022	1,842,228	12,095	1,854,323
Payments	(341,250)	(12,647)	(353,345)
Accreted interest	54,024	552	54,024
Balance at July 31, 2023	**1,555,002**	**-**	**1,555,002**
Balance at July 31, 2023			
Short-term portion	**342,500**	**-**	**342,500**
Long-term portion	**1,212,502**	**-**	**1,212,502**

14. LEASE LIABILITIES (CONT.)

Maturities on lease liabilities are the following:

	Rental lease
	$
Less than 1 year	297,722
Between 1 and 5 years	1,257,280
Total	1,555,002

	Rental lease	Other	Total
	$	$	$
Gross book value			
Balance at July 31, 2021	232,235	15,078	247,313
Additions	1,884,631	-	1,884,631
Payments	(337,500)	(3,891)	(341,391)
Accreted interest	62,862	908	63,770
Balance at July 31, 2022	**1,842,228**	**12,095**	**1,854,323**
Balance at July 31, 2022			
Short-term portion	**287,226**	**3,181**	**290,407**
Long-term portion	**1,555,002**	**8,914**	**1,563,916**

15. PREFERRED SHARES

Series B)

	$
Balance at July 31, 2021	4,091,221
Change in fair value	1,842,681
Accreted interest	1,320,165
Accrued interest	619,814
Balance at July 31, 2022	7,873,881
Accreted interest	485,022
Total repayment *(1)*	(8,358,903)
Balance at July 31, 2023	**-**

(1) On June 28, 2023, the Corporation repaid all of the Series B-3 preferred shares issued to PCP.

Previously, the Series A Preferred Shares bore a preferred return equal to 24%, compounded annually from June 30, 2016, less any amounts previously distributed as dividends.

16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

Share capital

The Corporation's share capital consists only of 159,965,947 fully paid Class "A" common shares, voting and participating (148,140,947 as at July 31, 2022). The Corporation has authorized an unlimited number of Class "A" common shares without par value.

The common shares entitle the holders thereof to one vote per share. The holders of the common shares are entitled to receive dividends as declared from time to time. Subject to the rights, privileges, restrictions, and conditions attached to any other class of shares of the Corporation, the holders of the common shares are entitled to receive the remaining property of the Corporation upon its dissolution, liquidation or winding-up.

Following the acquisition of Covapharm Inc. by KDA Group Inc., 1,825,000 Class A shares at a price of $0.10 per share for a total proceed of $182,500 were issued on January 16, 2023.

On July 28, 2023, the Corporation acquired all the ownership rights of ZoomMed's ZRx digital prescriber in exchange for 10,000,000 Class A shares.

For the year ended July 31, 2022, 100,000 common shares of KDA were issued following the exercise of 100,000 options granted to a consultant at $0.25.

16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

On October 15, 2020, the Corporation granted restricted common shares ("RCS") to executives. The grant consists of a base amount of 4,000,000 shares with vesting subject to retention conditions. The RCS vests as one quarter at the date of the grant, one quarter in twelve months, one quarter in twenty-four months, one quarter in thirty-six months. For the year ended July 31, 2022, 500,000 common shares at $0.16 per share were issued in relation with this RCS plan. Those shares were evaluated at fair value at that date and were recorded as share-based compensation for total of $80,000. During the year ended July 31, 2022, previously issued RCS were cancelled considering the retention condition was not respected and resulted, in accordance with IFRS 2, in a reversal of the share-based compensation previously incurred for issued, non vested, RCS. The total share-based compensation for RCS for the year ended July 31, 2022, was negative $119,664 and was recorded in the consolidated statement of loss.

Contributed surplus

The contributed surplus account is used to record amounts arising from the issuance of share-based payment awards.

Warrants

No warrants were issued or exercised during the fiscal year ended on July 31, 2023. 20,860,000 warrants expired during the fiscal year ended July 31, 2023. There are no warrants outstanding as of July 31, 2023.

On November 16, 2021, the Corporation amended the expiry date of 8,000,000 warrants to purchase 8,000,000 common shares of KDA at a price of $0.20 per share.

On August 6, 2021, 3,000,000 financing warrants were issued to a private lending institution at an exercise price of $0.14. Each warrant entitles its holder to purchase one common share at a price of $0.14 per share until the second-year anniversary of their issuance. The fair value of those financing warrants was $131,615 and was calculated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.42%
Expected volatility	75.86%
Dividend yield	NIL
Expected life	2 years
Grant date fair value	$0.04387

16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

Stock option plan

The Corporation offers a stock option plan for the benefit of its directors, employees, consultants, and persons conducting investor relations activities (the "Plan"). The total number of shares which may be issued under the Plan may not exceed 25,284,189 options (25,284,189 options as of July 31, 2022). The exercise price payable for each option is determined by the Board at the date of grant and may not be less than the market price of the common share at the closing price of the TSX-V the day preceding the grant date for a minimum amount of $0.10 per option. The options vest over periods ranging between the issue and 2 years.

No options were exercised or issued during the fiscal year ended July 31, 2023.

On May 6, 2022, 5,025,000 options were granted. The fair value was estimated using the Black & Scholes pricing model based on the following weighted average assumptions:

Risk free interest rate	2.58%
Expected volatility	98.68%
Dividend yield	NIL
Expected life	5 years
Grant date fair value	$0.0733

THE TABLE BELOW SUMMARIZES THE CHANGES IN THE OUTSTANDING STOCK OPTIONS:

	July 31, 2023		July 31, 2022	
	Number of options	**Weighted average**	**Number of options**	**Weighted average**
Balance, at beginning of the year	15,755,000	0.21	11,530,000	0.21
Issuance	-	-	5,025,000	0.15
Expired	(3,230,000)	0.21	(200,000)	0.22
Cancelled	-	-	(500,000)	0.18
Exercised	-	-	(100,000)	0.25
Balance, at end of the year	**12,525,000**	**0.19**	**15,755,000**	**0.19**

16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

THE FOLLOWING TABLE SUMMARIZES INFORMATION ABOUT STOCK OPTIONS OUTSTANDING AND EXERCISABLE AT JULY 31, 2023:

		Options outstanding	Options exercisable
Exercise price	**Number of options**	**Weighted average remaining contractual life (in years)**	**Number of options**
0.15	4,625,000	3.8	3,349,994
0.18	4,750,000	2.5	4,750,000
0.25	850,000	0.6	850,000
0.25	2,300,000	0.8	2,300,000
0.19	**12,525,000**	**2,5**	**11,249,994**

Of the options outstanding as of July 31, 2023, a total of 5,000,000 (July 31, 2022 – 6,250,000) are held by key management personnel and directors.

Share-based compensation is a non-cash item and is measured in accordance with IFRS 2. Share-based compensation expense recognized by the Corporation for the stock options and restricted common shares plan for the year ended July 31, 2023, is $212,592 ($283,700 in 2022).

17. SELLING AND ADMINISTRATIVE EXPENSES

	July, 31 2023	July 31, 2022
	$	$
Salaries and fringe benefits	**133,719**	975,476
Professional fees	**2,043,857**	1,756,668
Travel, meals and entertainment	**53,200**	131,330
Supplies and office expenses	**595,296**	352,234
Telecommunications	**3,884**	5,220
Regulatory and filing fees	**38,356**	28,873
Rental fees	**21,602**	13,077
Other	**4,730**	27,347
Sub-total	**2,894,644**	3,290,225
Share-based compensation	**212,592**	283,700
Write-down of advances receivables	**52,581**	265,152
Total	**3,159,817**	3,839,077

18. ACCRETED INTEREST

	July, 31 2023	July 31, 2022
	$	$
Lease liabilities	**54,024**	**63,770**
Convertible debentures	**61,471**	**54,879**
Promissory Note	**-**	**290,479**
Preferred shares	**-**	**1,320,165**
Loan from private institution	**-**	**83,925**
Others	**-**	8,054
Total	**115,495**	**1,821,272**

19. CURRENT AND DEFERRED INCOME TAXES

The income tax expense reported differs from the amount computed by applying Canadian Federal and Provincial income tax rate to income before taxes of 26.50% (2022 – 26.50%). The reason for the difference and the related tax effects are as follows:

	At July 31, 2023	At July 31, 2022
	$	$
Net Profit (loss) before income taxes	**18,561,552**	(4,646,324)
Statutory income tax rate	26,50%	26,50%
Expected income tax recovery	**4,918,811**	(1,231,275)
Adjustments:		
Non-deductible expenses	**82,097**	518,694
Non-taxable revenues	**(1,814,037)**	686,496
Loss on disposal of investments	**-680,767**	(1,706)
Non-capital losses not tax effected	**25,569**	-
Unrecognized loss from previous years	**-**	-
Others	**(165,829)**	(56,205)
Income tax recovery	**2,365,844**	(83,996)

19. CURRENT AND DEFERRED INCOME TAXES (CONT.)

THE TAX EFFECTS OF TEMPORARY DIFFERENCES AND NET OPERATING (INCOME) LOSSES THAT GIVE RISE TO DEFERRED INCOME TAX ASSETS AND LIABILITIES ARE AS FOLLOWS:

	At July 31, 2023	At July 31, 2022
	$	$
Deferred tax assets		
Net operating losses carried forward	**552,260**	824,276
Financial expenses	**68,752**	1,123,974
Non-deductible provision	**17,565**	461,021
	647,867	2,409,271
Deferred tax liabilities		
Carrying value of intangibles assets in excess of tax basis	**223,704**	262,058
Tax basis of capital assets in excess of carrying value		12,201
	223,704	274,260

As of July 31, 2023, the Corporation had non-capital losses of $3,045,818 (2022 - $4,076,060). Of these non-capital losses, $961,817 was not recognized. These unrecognized non-capital losses will expire gradually between 2029 and 2042. As of July 31, 2023, the Corporation had capital losses of $2,529,942 (2022 - $12,169,942) for which no deferred tax benefit has been recorded.

20. INCOME (LOSS) PER SHARE

The calculation of basic net profit (loss) per share for continuing operations was based on the net profit (loss) attributable to Class A common shares of a net profit of $618,385 (net loss of $8,982,024 in 2022) and a weighted average number of Class A common shares of 149,068,139 (148,140,947 as at July 31, 2022).

The calculation of basic net profit (loss) per share for discontinued operations was based on the net profit attributable to Class A common shares of a net profit of $15,519,782 (net profit of $4,419,696 in 2022) and a weighted average number of Class A common shares of 149,068,139 (148,140,947 as at July 31, 2022).

20. INCOME (LOSS) PER SHARE (CONT.)

The effect of potential issuances of shares under stock options, warrants and preferred shares would be non-dilutive for the year ended July 31, 2023. For the year ended July 31, 2022, the effect of potential issuances of shares under stock options, warrants and preferred shares would not have a significant impact on basic profit (loss) per share.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT

Classification of financial instruments

The carrying amounts of the Corporation's financial assets and liabilities by categories are as follows:

FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AT AMORTIZED COST

	At July 31, 2023	At July 31, 2022
	$	$
Cash and cash equivalents	**4,632,498**	2,737,141
Trade receivables	**458,835**	5,044,522
Tax credit RS&DE	**466,812**	-
Other receivables (Note 6)	**1,052,046**	-
Loans receivable from shareholders, without interest	**-**	3,080
Trade and other payables (excluding indemnity to a former officer and sales tax payable)	**1,777,873**	3,554,528
Due to third-party	**128,453**	128,453
Long-term debt	**1,605,000**	12,810,157
Lease liabilities	**1,555,002**	1,854,323
Preferred shares	**-**	7,873,881

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

Fair value

Fair value is the estimated amount that parties dealing at arm's length would accept to exchange in settlement of a financial instrument based on the current market for instruments with the same risk, principal, and maturity date. These fair value estimates are affected by assumptions made about the amount and timing of estimated future cash flows, discount rates and terms of the contract. As a result, the fair values are not necessarily the net amounts that would be realized if such financial instruments were settled.

The Corporation has determined that the carrying amount of its short-term financial assets and liabilities, including, trade receivables, bank indebtedness and trade and other payables, approximates their fair value because of the relatively short periods to maturity of these instruments.

Management believes that no significant change occurred in the risk of these instruments.

Fair value hierarchy

Fair value estimates are made as of a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

During the years ended July 31, 2023 and 2022, all financial instruments of the Corporation, excluding the embedded derivative, were considered a Level 2 financial instruments. The prepayment option that allows the Corporation to make prepayments against the Promissory Notes and repurchase of Serie B Preferred Shares at any time was considered a Level 3 financial instrument.

The Corporation's policy is to recognize transfers between the different hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Risks

In the normal course of its operations and through its financial assets and liabilities, the Corporation is exposed to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, and processes for managing risk, and the Corporation's capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

Risk management framework

The Corporation's management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Corporation's activities.

The Board of Directors has overall responsibility of the Corporation's risk management framework. The Board of Directors monitors the Corporation's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities. The Corporation's audit committee oversees how management monitors and manages the Corporation's risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Corporation's trade receivables. The Corporation grants credit to its customers in the ordinary course of business. Management believes that the credit risk of trade receivables is limited due to the following reasons:

- No single customer accounts for more than 10% of the Corporation's revenues;
- Approximately 67% (July 31, 2022 – 95%) of the Corporation's trade receivables are not past due or 30 days or less past due.

Impairment losses

THE AGING OF TRADE RECEIVABLES AT THE REPORTING DATE WAS:

	At July 31, 2023		At July 31, 2022	
	$		$	
		Impairment		Impairment
Not past due	**305,793**	**-**	4,311,183	-
Past due 1 - 30 days	**3,040**	**-**	482,082	-
Past due 31 - 60 days	**-**	**-**	149,297	-
Past due more than 60 days	**150,002**	**-**	101,960	-
Total	**458,835**	**-**	5,044,522	-

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

THE AGING OF OTHER RECEIVABLES AT THE REPORTING DATE WAS:

	At July 31, 2023		At July 31, 2022	
	$		$	
		Impairment		Impairment
Not past due	-	-	-	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	**466,812**	-	-	-
Past due more than 60 days	**1,052,046**	-	-	-
Total	**1,518,858**	-	-	-

The Corporation's cash balances, are maintained at major Canadian banks, which management believes to be creditworthy.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from the Corporation and its subsidiaries are monitored closely and separately to ensure the Corporation optimizes its cash return on investment. Typically, the Corporation ensures that it has sufficient cash to meet expected operational expenses. The Corporation monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools.

THE FOLLOWING ARE THE CONTRACTUAL MATURITIES OF THE FINANCIAL LIABILITIES:

	Less than 1 year	Between 1 and 5 years
	$	$
Trade and other payables (excluding indemnity to a former officer and sales tax payable)	1,777,873	-
Due to third-party	128,453	-
Other Long-term debt	1,605,000	-
Lease liabilities	297,722	1,257,280
Total	**3,809,048**	**1,257,280**

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

(c) Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Corporation will fluctuate, because of changes in interest rates. The Corporation's financial liabilities other than current liabilities, is comprised of medium to long-term variable rate debt.

THE CORPORATION'S EXPOSURE TO INTEREST RATE RISK IS SUMMARIZED AS FOLLOWS:

Cash and cash equivalents	Fixed interest rates
Trade receivables	Non-interest bearing
Investments	Non-interest bearing
Trade and other payables	Non-interest bearing
Long-term debt	Fixed and variable interest rates

A variation of 1% of the variable interest rates would not result in a significant impact on the Corporation's net profit (loss) for the years ended July 31, 2023, and 2022.

(d) Capital management

For the purposes of capital management, capital consists of share capital and retained earnings of the Corporation. The Corporation's objectives when managing capital are:

- To ensure proper capital investment to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital;
- To maintain investors, creditors, and market confidence.

In managing capital structure, the Corporation manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information. The Corporation seeks to maintain a balance between the highest returns that might be possible with higher levels of borrowing and the advantages and security by a sound capital position. There were no changes in the Corporation's approach to capital management during the year.

22. SEGMENTED INFORMATION

In line with the Corporation's strategic plan, the Corporation provides information on the three reporting segments: Pharmacy Services, Pharmaceutical Solutions, and Technology. The Pharmacy Services segment was sold in May 2023, and the Pharmaceutical Solutions segment was sold in June 2023. The profitability measures employed by the chief operating decision maker, who is responsible for allocation resources and for assessing segment performance.

Information pertaining to each segment for the year ended July 31:
(Stated in thousands of dollars)

	Pharmacy Services		Pharmaceutical Solutions		Pharmaceutical Technology		Corporate and others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenues	**12,565**	14,256	**15,189**	14,361	**95**	207	**66**	-	**27,915**	28,824
Income (loss)	**2,209**	2,122	**3,180**	3,374	**(199)**	(152)	**(3,988)**	(3,535)	**1,192**	1,809
Assets acquisitions										
Property and equipment	**4**	-	**15**	45	**-**	-	**5**	-	**24**	45
Intangibles	**16**	-	**-**	-	**2,614**	2,640	**409**	-	**3,039**	2,640

23. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The Corporation's related parties include companies under common control as well as key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at the value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of the Corporation's Board of Directors and corporate officers.

23. RELATED PARTY TRANSACTIONS (CONT.)

THE KEY MANAGEMENT AND DIRECTORS RECEIVED THE FOLLOWING REMUNERATION:

	At July 31, 2023	At July 31, 2022
	$	$
Professional fees [1]	**526,008**	707,118
Compensation	**500,000**	1,022,626
Share-based compensation	**92,893**	135,788

[1] An amount of $153,504 ($68,000 in 2022) was capitalized in the development costs (note 8)

THE CORPORATION HAS THE FOLLOWING AMOUNTS OWING TO KEY MANAGEMENT PERSONNEL AS:

	At July 31, 2023	At July 31, 2022
Trade and other payables	-	365,553
Dividend payable [1]	-	75,000

[1] Recorded before the reverse takeover transaction in 2015 from prior business combination in the acquired entity.

24. CHANGES IN NON-CASH WORKING CAPITAL AND NON-CASH TRANSACTIONS

	At July 31, 2023	At July 31, 2022
	$	$
Trade and other receivables	**(2,189,977)**	(1,300,856)
Advance receivable	**-**	228,156
Inventories	**-**	55,314
Prepaid expenses	**(41,861)**	943
Trade and other payables	**228,159**	649,948
Due to a third party	**-**	(394,159)
Deferred revenues	**(695,782)**	890,616
Income taxes payable	**-**	8,584
Total	**(2,699,461)**	138,546

25. CONTINGENCIES

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to $350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. Also, a claim totaling $382,879 regarding a service agreement has been issued to PPR by the seller. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the consolidated financial statements.

On September 10, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As of July 31, 2022, the formal notice is totalling $760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately $350,000, which was recorded in the year ended July 31, 2022.

On September 21, 2022, the Corporation received an Originating application claiming contractual indemnity from a former officer, totalling $723,191, and a request for the issuance of 1,000,000 Class A shares. On October 24, 2022, the Corporation sent an Originating application to the former officer requesting an amount of approximately $474,200.

25. CONTINGENCIES (CONT.)

On September 21, 2022, the Corporation received an Originating application claiming unpaid balance totalling $705,677, relating to a share purchase agreement. A balance of $311,287 is recorded as of July 31, 2022 (note 13).

No additional adjustments have been reflected in the consolidated financial statements regarding these contingencies considering the uncertainties of the outcome.

26. COMPARATIVE FIGURES

Certain prior year figures have been classified to make their presentation identical to that adopted in 2023. These reclassifications had no effect on the reported result of operations.

27. SUBSEQUENT EVENTS

On September 21, 2023, the Corporation replaced its unsecured convertible debenture dated June 22, 2021, with an unsecured convertible debenture in the amount of $450,000 at an eleven percent (11%) interest rate per year for a term of two (2) years (the “Debenture”) with an accredited investor. The Debenture is convertible at the option of the Debenture holder for up to 4,500,000 Common Shares in the share capital of KDA at a conversion price of $0.10 per Common Share for a period of 24 months following the closing of the Debenture; and an unsecured loan in the amount of $300,000 at an eleven percent (11%) interest rate per year for a term of two (2) years.

On September 22, 2023, the Corporation, pursuant to its stock option plan, it has granted incentive stock options to directors, officers, employees and consultants of the Corporation to purchase up to an aggregate of 6,050,000 Common Shares. The stock options are exercisable on or before September 22, 2028 at a price of $0.10 per Common share, are subject to a 24-month vesting period and are granted in accordance with the policies of the TSX Venture Exchange and the terms and conditions of the Corporation’s stock option plan.

On November 2, 2023, the Corporation renegotiated the investment of $1,200,000 preferred shares for a consideration of $875,000 receivable at short term.