# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**FORM 40-F**

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended:
September 30, 2021

Commission File Number: 001-40413

## Quipt Home Medical Corp.

(Exact name of Registrant as specified in its charter)

| **British Columbia, Canada** | **3841** | **98-1508109** |
|---|---|---|
| (Province or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**1019 Town Drive**
**Wilder, Kentucky 41076**
**(859) 878-2220**
(Address and telephone number of Registrant's principal executive offices)

**CT Corporation System**
**1015 15th Street N.W., Suite 1000**
**Washington, DC 20005**
**(202) 572-3133**
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Shares** | **QIPT** | **The Nasdaq Capital Market** |

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report: N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

## EXPLANATORY NOTE

Quipt Home Medical Corp. (the “Company”, the “Registrant”) is a Canadian issuer that is permitted, under the multijurisdictional disclosure system adopted in the United States, to prepare this Annual Report on Form 40-F pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in accordance with Canadian disclosure requirements. The Company is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

## FORWARD LOOKING STATEMENTS

This Annual Report, including the exhibits hereto (collectively, the “Form 40-F”) contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian and United States securities laws (including the U.S. Private Securities Litigation Reform Act of 1995). Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs of management of the Company regarding future events, and include, but are not limited to, statements with respect to: operating results; profitability; financial condition and resources; anticipated needs for working capital; liquidity; capital resources; capital expenditures; milestones; licensing milestones; information with respect to future growth and growth strategies; anticipated trends in our industry; our future financing plans; timelines; currency fluctuations; government regulation; unanticipated expenses; commercial disputes or claims; limitations on insurance coverage; and availability of cash flow to fund capital requirements.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of the Company’s management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “will”, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking statements require the Company to make assumptions and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A variety of material factors include, among others:

credit; market (including equity, commodity, foreign exchange and interest rate); liquidity; operational (including technology and infrastructure); reputational; insurance; strategic; regulatory; legal; environmental; capital adequacy; the general business and economic conditions in the regions in which the Company operates; the ability of the Company to execute on key priorities, including the successful completion of acquisitions, business retention, and strategic plans and to attract, develop and retain key executives; difficulty integrating newly acquired businesses; the ability to implement business strategies and pursue business opportunities; low profit market segments; disruptions in or attacks (including cyber-attacks) on the Company's information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behavior to which the Company is exposed; the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; decline of reimbursement rates; dependence on few payors; possible new drug discoveries; a novel business model; dependence on key suppliers; granting of permits and licenses in a highly regulated business; the overall difficult litigation environment, including in the U.S.; increased competition; changes in foreign currency rates; loss of foreign private issuer status; increased funding costs and market volatility due to market illiquidity and competition for funding; the availability of funds and resources to pursue operations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; and risks related to COVID-19 including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; as well as those risk factors discussed or

referred to in the Company's disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com, as well as any other risk factors detailed from time to time in the Company's annual information form filed as Exhibit 99.1 to this Form 40-F and the Company's management's discussion and analysis filed as Exhibit 99.3 to this Form 40-F.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company does not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable securities laws.

These forward-looking statements are based on the reasonable beliefs, expectations and opinions of management of the Company as of the date of the AIF and MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information or forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking information or forward-looking statements, except as, and to the extent required by, applicable securities laws.

## NOTE TO UNITED STATES READERS - DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements, which are filed with this Form 40-F in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the audit is subject to Canadian auditing and auditor independence standards.

## PRINCIPAL DOCUMENTS

### *Annual Information Form*

The Registrant's Annual Information Form for the fiscal years ended September 30, 2021 and September is filed as Exhibit 99.1 and incorporated by reference in this Annual Report on Form 40-F.

### *Audited Annual Financial Statements*

The audited annual consolidated financial statements and notes thereto as at and for the fiscal years ended September 30, 2021 and September 30, 2020 together with the report thereon of the independent auditor are filed as Exhibit 99.2, and incorporated by reference in this Annual Report on Form 40-F.

### *Management Discussion and Analysis*

The Registrant's Management Discussion and Analysis for the fiscal years ended September 30, 2021 and September 30, 2020 is filed as Exhibit 99.3 and incorporated by reference in this Annual Report on Form 40-F.

## CERTIFICATIONS AND DISCLOSURES REGARDING CONTOLS AND PROCEDURES

### *Certifications*

The required certifications are included in Exhibits 99.4, 99.5, 99.6 and 99.7 of this Annual Report on Form 40-F.

***Disclosure Controls and Procedures***

***DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING***

A. ***Evaluation of disclosure controls and procedures***. Disclosure controls and procedures are designed to ensure that (i) information required to be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), as appropriate, to allow for timely decisions regarding required disclosure.

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Company's CEO and CFO have concluded that, as of September 30, 2021, due to the fact that the financial statements were not filed timely, the Company's disclosure controls and procedures were ineffective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. The company is working to engage outside consultants to initiate SOX compliance efforts to remedy the ineffective controls.

B. ***Management's report on internal control over financial reporting.*** This Annual Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Commission for newly public companies.

C. ***Attestation report of the registered public accounting firm.*** This Annual Report does not include an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the Commission for newly public companies.

***Management Report on Internal Control Over Financial Reporting***

This Annual Report on Form 40-F does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the United States Securities and Exchange Commission (the "Commission") for newly public companies.

***Attestation Report of Independent Auditor***

In accordance with the United States Jumpstart Our Business Startup Act (the "JOBS Act") enacted on April 5, 2012, the Registrant qualifies as an "emerging growth company" (an "EGC"), which entitles the Registrant to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs. Specifically, the JOBS Act defers the requirement to have the Registrant's independent auditor assess the Registrant's internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act. As such, the Registrant is exempted from the requirement to include an auditor attestation report in this Form 40-F for so long as the Registrant remains an EGC, which may be for as long as five years following its initial registration in the United States.

***Changes in Internal Control over Financial Reporting***

During the year ended September 30, 2021, there were no changes in the Registrant's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**NOTICES PURSUANT TO REGULATION BTR**

The Company was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended September 30, 2021.

## AUDIT COMMITTEE

***Audit Committee***

The board of directors of the Company (the "Board") has a separately designated standing audit committee (the "Audit Committee") established in accordance with Section 3(a)(58)(A) of the Exchange Act and satisfies the requirements of Exchange Act Rule 10A-3. As of September 30, 2021, the Company's Audit Committee was comprised of three directors, each of which, were in the opinion of the Company's Board, are independent (as determined under Rule 10A-3 of the Exchange Act and applicable Nasdaq rules) and were financially literate, D. Eugene Ewing (Chair), Kevin A. Carter and Mark Greenberg. On January 12, 2022, the Company announced the passing of Mr. Ewing. Based on Mr. Ewing's passing, the Audit Committee currently is comprised of two directors, each of which, in the opinion of the Company's Board, are independent (as determined under Rule 10A-3 of the Exchange Act and applicable Nasdaq rules) and are financially literate. The Board has begun the process of identifying qualified candidates to join the Board and expects to appoint a candidate to fulfill the role of Independent Director and Chair of the Audit Committee.

***Audit Committee Financial Expert***

The Board has determined that Mr. Ewing, former Chair of the Audit Committee as of September 30, 2021, qualified as an "audit committee financial expert" within the meaning of Item 407 of Regulation S-K. Based upon the passing of Mr. Ewing, the Board has begun the process of identifying qualified candidates to join the Board and expects to appoint a candidate to fulfill the role of Chair of the Audit Committee and expects such person will qualify as an "audit committee financial expert" within the meaning of Item 407 of Regulation S-K. The Board has further determined that all members of the Audit Committee are "independent" within the meaning of applicable Commission regulations and the listing standards of the Nasdaq Stock Market LLC.

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert' for any purpose, or impose any duties, obligations or liability on such person that are greater than those imposed on member of the audit committee and the board of directors who do not carry this designation, or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

## CODE OF ETHICS

The Registrant has adopted a written Code of Business Conduct and Ethics (the "Code") that is applicable to all employees, contractors, consultants, officers and directors of the Registrant, and [can be found on the Registrant's website at www.quipthomemedical.com.

All departures from, all amendments to the Code, and all waivers of the Code with respect to any of the senior officers covered by it, which waiver may be made only by the board of directors of the Registrant in respect of senior officers, will be disclosed as required. The Code is located on the Registrant's website at www.quipthomemedical.com. Information contained in or otherwise accessible through the Registrant's website does not form part of this Form 40-F and is not incorporated into this Form 40-F by reference.

## PRINCIPAL ACCOUNTANT FEES AND SERVICES

MNP LLP, chartered professional accountants, acted as the independent registered public accounting firm of the Registrant for the fiscal year ended September 30, 2021. See the section "External Auditor Matters" in our Annual Information Form, attached as Exhibit 99.1 to this Annual Report, which section is incorporated by reference herein, for the total amount billed to the Company by MNP LLP, for services performed in the last two fiscal years by category of service (for audit fees, audit related fees, tax fees and all other fees)..

The Registrant's audit committee has adopted a pre-approval policy. Under this policy, all non-audit services must be pre-approved by the Audit Committee. The Registrant did not rely on the de minimis exemption provided by Section (c)(7) (i)(C) of Rule 2-01 of Regulation S-X.

## OFF-BALANCE SHEET ARRANGEMENTS

The Registrant has not entered into any “off-balance sheet arrangements”, as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Registrant’s financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

## TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading “Contractual Obligations and Contingencies”, in Exhibit 99.3, the Company’s 2021 MD&A is incorporated by reference herein.

## MINE SAFETY DISCLOSURE

Not applicable.

## UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an Annual Report on Form 40-F arises; or transactions in said securities.

## CONSENT TO SERVICE OF PROCESS

The Registrant has previously filed with the Commission a written irrevocable consent and power of attorney on Form F-X. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

**EXHIBIT INDEX**

The following documents are being filed with the Commission as Exhibits to this Form 40-F:

| Exhibit | Description |
|---|---|
| 99.1 | Annual Information Form for the year ended September 30, 2021, dated as of December 29, 2021 (incorporated by reference to Exhibit 99.1 to the Registrant's From 6-K filed with the Securities and Exchange Commission on January 3, 2022 (File Number 001-40413). |
| 99.2 | Audited Annual Consolidated Financial Statements and notes thereto as at and for the fiscal years ended September 30, 2021 and September 30, 2020 together with the report thereon of the independent auditor |
| 99.3 | Management's Discussion and Analysis for the years ended September 30, 2021 and September 30, 2020 |
| 99.4 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934 |
| 99.5 | Certification of Chief Financial Officer required by Rules 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934 |
| 99.6 | Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350 |
| 99.7 | Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350 |
| 99.8 | Consent of MNP LLP, Chartered Professional Accountants |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 |

**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

**QUIPT HOME MEDICAL CORP.**

By: /s/ Gregory Crawford
Name: Gregory Crawford
Title: Chief Executive Officer

Date: January 27, 2022

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**Exhibit 99.2**




**Quipt Home Medical Corp.**
***(Formerly, Protech Home Medical Corp.)***

**Consolidated Financial Statements**

For the fiscal years ended
September 30, 2021 and 2020

(Expressed in US dollars)

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Quipt Home Medical Corp. (formerly Protech Home Medical Corp.)

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated statements of financial position of Quipt Home Medical Corp. and its subsidiaries (the Company) as of September 30, 2021, 2020 and 2019, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the two-year period ended September 30, 2021, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2021, 2020 and 2019, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended September 30, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, the Company has changed its accounting policy with respect to its presentation currency to United States ("US") dollars from Canadian dollars as of October 1, 2020, as permitted under International Accounting Standard ("IAS") 21 - The Effects of Changes in Foreign Exchange Rates.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2014.

Toronto, Canada
January 26, 2022

**Quipt Home Medical Corp. (formerly, Protech Home Medical Corp.)**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Expressed in thousands of US dollars, except per share amounts)

| | Notes | As at September 30, 2021 | As at September 30, 2020 | As at October 1, 2019 (Restated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash | | $ 34,612 | $ 29,227 | $ 9,708 |
| Accounts receivable, net | 4 | 11,938 | 9,089 | 9,357 |
| Inventory | 5 | 9,253 | 6,415 | 3,578 |
| Prepaid and other current assets | | 1,430 | 552 | 604 |
| **Total current assets** | | **57,233** | **45,283** | **23,247** |
| **Long-term assets** | | | | |
| Property, equipment, and right of use assets, net | 6 | 23,506 | 16,667 | 14,723 |
| Goodwill | 7 | 12,456 | 3,895 | 1,420 |
| Intangible assets, net | 7 | 14,874 | 5,579 | 2,198 |
| Deferred financing costs | 11 | 416 | 556 | — |
| Deposits | | 88 | 85 | 71 |
| **Total long-term assets** | | **51,340** | **26,782** | **18,412** |
| **TOTAL ASSETS** | | **$ 108,573** | **$ 72,065** | **$ 41,659** |
| | | | | |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | | $ 9,842 | $ 7,434 | $ 6,134 |
| Accrued liabilities | | 3,202 | 3,488 | 1,750 |
| Current portion of equipment loans | 11 | 6,992 | 4,311 | 6,176 |
| Current portion of leases | 11 | 2,981 | 2,037 | 421 |
| Government grant | 8 | 4,885 | 2,599 | — |
| Deferred revenue | 9 | 2,452 | 1,804 | 1,438 |
| Purchase price payable | 3 | 2,383 | 857 | — |
| Derivative warrant liability | 10 | — | 1,855 | — |
| **Total current liabilities** | | **32,737** | **24,385** | **15,919** |
| **Long-term Liabilities** | | | | |
| Debentures | 11 | 11,784 | 12,930 | 10,547 |
| Equipment loans | 11 | 392 | 439 | 1,130 |
| Lease liabilities | 11 | 4,784 | 3,230 | 1,040 |
| Government grant | 8 | — | 2,286 | — |
| SBA Loan | 11 | 121 | — | — |
| Long-term purchase price payable | 3 | 133 | 560 | — |
| **TOTAL LIABILITIES** | | **49,951** | **43,830** | **28,636** |
| | | | | |
| **SHAREHOLDERS' EQUITY** | | | | |
| Capital stock | 12 | 202,827 | 171,405 | 151,963 |
| Contributed surplus | | 21,001 | 16,519 | 16,177 |
| Shares to be issued | 3 | 657 | — | — |
| Accumulated deficit | | (165,863) | (159,689) | (155,117) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **58,622** | **28,235** | **13,023** |
| **TOTAL LIABILITIES AND EQUITY** | | **$ 108,573** | **$ 72,065** | **$ 41,659** |

The accompanying notes are an integral part of these consolidated financial statements

**Quipt Home Medical Corp. (formerly, Protech Home Medical Corp.)**
**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**
(Expressed in thousands of US dollars, except per share amounts)

| | Notes | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Rentals of medical equipment | | $ 55,338 | $ 41,251 |
| Sales of medical equipment and supplies | | 47,013 | 31,388 |
| **Total revenues** | | 102,351 | 72,639 |
| Inventory sold | | 28,172 | 19,934 |
| Operating expenses | 14 | 52,762 | 38,626 |
| Depreciation | 6 | 16,212 | 13,860 |
| Amortization of intangible assets | 7 | 1,574 | 678 |
| Stock-based compensation | 12 | 4,952 | 171 |
| Acquisition-related costs | 3 | 233 | 89 |
| Gain on sale of property and equipment | | (94) | (74) |
| Other income | 8 | — | (1,303) |
| **Operating income (loss) from continuing operations** | | (1,460) | 658 |
| **Financing expenses** | | | |
| Interest expense on convertible debenture | | 838 | 887 |
| Interest expense on leases | 11 | 551 | 461 |
| Interest expense on loans | 11 | 376 | 489 |
| Amortization of financing costs | 11 | 140 | 5 |
| Other interest expense, net | | 88 | — |
| Loss (gain) on foreign currency transactions | | 173 | (454) |
| Transaction costs on issuance of financial liabilities | 12 | — | 210 |
| Change in fair value of warrants | 10 | 2,112 | 198 |
| Change in fair value of debentures | 11 | 3,591 | 2,437 |
| **Loss before taxes from continuing operations** | | (9,329) | (3,575) |
| Provision for (recovery of) income taxes | 15 | (3,155) | 128 |
| **Net loss from continuing operations** | | (6,174) | (3,703) |
| **Discontinued operations:** | | | |
| Income (loss) from discontinued operations | 18 | — | (869) |
| Net loss | | $ (6,174) | $ (4,572) |
| | | | |
| **Net loss per share (Note 16)** | | | |
| Basic earnings per share | | $ (0.20) | $ (0.20) |
| Diluted earnings per share | | $ (0.20) | $ (0.20) |
| **Weighted average number of common shares outstanding:** | | | |
| Basic | | 30,438 | 22,721 |
| Diluted | | 30,438 | 22,721 |

The accompanying notes are an integral part of these consolidated financial statements

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in thousands of US dollars, except per share amounts)

| | Notes | Number of Shares (000's) | Capital stock | Contributed surplus | Shares to be Issued | Accumulated Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | | 20,897 | $151,963 | $ 16,177 | $ — | $ (155,117) | $ 13,023 |
| Net loss | | — | — | — | — | (4,572) | (4,572) |
| Stock-based compensation | 12 | 15 | 26 | 145 | — | — | 171 |
| Proceeds from shares issued in bought deal, net of transaction costs of $2,645 | 12 | 6,920 | 19,189 | — | — | — | 19,189 |
| Compensation options issued with bought deal | 12 | — | (462) | 462 | — | — | — |
| Compensation options exercised | | 107 | 331 | (116) | — | — | 215 |
| Stock options exercised | 12 | 130 | 358 | (149) | — | — | 209 |
| Balance September 30, 2020 | | 28,069 | $171,405 | $ 16,519 | $ — | $ (159,689) | $ 28,235 |
| Net loss | | — | — | — | — | (6,174) | (6,174) |
| Stock to be issued from acquisition | 3 | — | — | — | 3,033 | — | 3,033 |
| Issuance of stock for acquisitions | 3 | 629 | 2,376 | — | (2,376) | — | — |
| Conversion of debentures | 11 | 777 | 5,359 | — | — | — | 5,359 |
| Stock-based compensation | 11,12 | — | — | 4,952 | — | — | 4,952 |
| Stock options exercised | 12 | 117 | 355 | (154) | — | — | 201 |
| Compensation options exercised | 12 | 368 | 1,718 | (316) | — | — | 1,402 |
| Exercise of warrants, including transfer of derivative warrant liability of $4,140 | 10,12 | 3,390 | 21,614 | — | — | — | 21,614 |
| Balance September 30, 2021 | | 33,350 | $202,827 | $ 21,001 | $ 657 | $ (165,863) | $ 58,622 |

The accompanying notes are an integral part of these consolidated financial statements

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of US dollars, except per share amounts)

| | Notes | Year Ended September 30, 2021 | 2020 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss from continuing operations | | $ (6,174) | $ (3,703) |
| Loss from discontinued operations | | — | (869) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | 6,7 | 17,786 | 14,538 |
| Amortization of financing costs | 11 | 140 | 5 |
| Accretion of purchase price payable | 3 | 38 | — |
| Interest expense on leases and loans | 11 | 932 | 950 |
| Loss (gain) on foreign currency transactions | | 173 | (454) |
| Loss on fair value of warrants | 11 | 2,112 | 198 |
| Loss on fair value of convertible debentures | 11 | 3,591 | 2,437 |
| Gain on disposal of property and equipment | | (94) | (74) |
| Transaction cost related to issuance of financial liability | | — | 210 |
| Stock-based compensation | 12 | 4,952 | 171 |
| Bad debt expense | 4 | 7,957 | 6,441 |
| Change in inventory reserve | | (45) | (31) |
| Government grant | | — | (1,166) |
| Deferred income taxes | | (3,800) | — |
| Change in working capital: | | | |
| Net increase in accounts receivable | | (8,825) | (5,115) |
| Net increase in inventory | | (44) | (1,730) |
| Net increase in prepaid and other current assets | | (858) | 115 |
| Net decrease in deferred revenue | | 333 | 366 |
| Net increase in accounts payables and accrued liabilities | | 518 | 1,745 |
| **Net cash flow provided by operating activities** | | 18,692 | 14,034 |
| **Investing activities** | | | |
| Purchase of property and equipment | 6 | (5,046) | (91) |
| Cash proceeds from sale of property and equipment | | 98 | 253 |
| Cash paid for acquisitions | 3 | (12,890) | (8,015) |
| **Net cash flow used in investing activities** | | (17,838) | (7,853) |
| **Financing activities** | | | |
| Repayments of long-term debt | 11 | (13,893) | (12,970) |
| Payments of purchase price payable | 3 | (1,274) | — |
| Issuance costs relating to revolving credit facility | | — | (571) |
| Proceeds from government grant | | — | 6,008 |
| Proceeds from exercise of warrants | 12 | 17,474 | 1,641 |
| Proceeds from issuance of common shares | | — | 19,189 |
| Proceeds from exercise of options | | 1,603 | 424 |
| **Net cash flow provided by financing activities** | | 3,910 | 13,721 |
| **Net increase in cash** | | 4,764 | 19,902 |
| Effect of exchange rate changes on cash held in foreign currencies | | 621 | (383) |
| **Cash, beginning of year** | | 29,227 | 9,708 |
| **Cash, end of year** | | $ 34,612 | $ 29,227 |

The accompanying notes are an integral part of these consolidated financial statements

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2021 AND 2020**
(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts)

## 1. Nature of operations

### Reporting entity

Quipt Home Medical Corp. ("Quipt" or the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 1993. On December 30, 2013, the Company was continued into British Columbia, Canada. The address of the registered office is 666 Burrard St, Vancouver, British Columbia, V6C 2Z7. The head office is located at 1019 Town Drive, Wilder, Kentucky, United States. The Company is a participating Medicare provider that provides i) nebulizers, oxygen concentrators, and CPAP and BiPAP units; ii) traditional and non-traditional durable medical respiratory equipment and services; and iii) non-invasive ventilation equipment, supplies and services. The Company has embarked on an acquisition strategy for additional revenue and profit growth.

The Company changed its name from Protech Home Medical Corp. to Quipt Home Medical Corp. on May 13, 2021.

The Company's shares are traded on the TSX Venture Exchange under the symbol QIPT. On May 27, 2021 the stock began trading on NASDAQ in the United States under the symbol QIPT. Effective May 13, 2021, the Company consolidated its issued and outstanding common shares based on one post-consolidation common share for every four pre-consolidation common shares. Unless otherwise stated, the share, options and warrants along with corresponding exercise prices and per-share amounts have been restated retrospectively to reflect this share consolidation.

### Basis of measurement

These consolidated financial statements have been prepared on a going concern basis that assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

### Change in presentation currency

Effective October 1, 2020, the Company changed its presentation currency to United States ("US") dollars from Canadian dollars. Since the Company operates in the United States and its functional currency is US dollars, the Company believes that the change in presentation currency will provide stakeholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information. The change in presentation currency represents a change in accounting policy, which is accounted for retrospectively. The consolidated financial statements for all periods presented have been translated into the new presentation currency in accordance with International Accounting Standard ("IAS") 21 - *The Effects of Changes in Foreign Exchange Rates*.

The consolidated statements of income (loss) and comprehensive loss and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized as a foreign currency gain (loss) in the consolidated statements of income (loss) and comprehensive income (loss). Asset and liability amount previously reported in Canadian dollars have been translated into US dollars as at September 30, 2020, using the period-end exchange rates of 1.3339 C$/US$. The statements of income (loss) and comprehensive income (loss) and statement of cash flows have been translated at an exchange rate of 1.3458 C$/US$ for the year ended September 30, 2020.

In prior reporting periods, the translation of the Company's US entities, which had a US dollar functional currency, into the Company's presentation currency of the Canadian dollar, gave rise to a translation adjustment which was recorded as

a cumulative translation adjustment ("CTA"), a separate component of shareholders' equity. With the retrospective application of the change in presentation currency from the Canadian dollar to the US dollar, the CTA was eliminated.

**COVID-19 pandemic**

On March 11, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID 19") a global pandemic. In response to the outbreak, governmental authorities in the US and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place, and social distancing. The COVID 19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including business, employment, and economic disruptions.

The Company's priorities during the COVID-19 pandemic include protecting the health and safety of its employees (including patient-facing employees providing respiratory and other services), maximizing the availability of its services and products to support patient health needs, and the operational and financial stability of its business.

The full extent to which the COVID-19 pandemic and the various responses to it impact the Company's business, operations, and financial results will depend on numerous other evolving factors that we are not able to predict. Although the Company has taken steps to mitigate the impact of COVID 19, the continued presence and spread of COVID 19 nationally and globally could have a material adverse impact on the Company's business, operations, and financial results and position, including through employee attrition, disruptions to the Company's supply chains and sales channels, restrictions of operations at our retail stores, changes in the number of Americans with health insurance resulting in a change in demand for the Company's products, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID 19 situation is developing and the uncertainty of its magnitude, outcome, and duration, it is not possible to estimate its impact on the Company's business, operations, financial results and position or prospects at this time.

We will continue to actively monitor the issues raised by the COVID-19 pandemic and may take further actions that alter our business operations, as may be required by federal, state, or local authorities, or that we determine are in the best interests of our patients, employees, customers, and stockholders. It is not clear what the potential effects any such alterations or modifications may have on our business, including the effects on our customers, suppliers or vendors, or on our financial results.

The Company continues to monitor the situation and work with its stakeholders (including customers, employees, and suppliers) in order to assess further possible implications to its business, supply chain, and customers, and, where practicable, mitigate adverse consequences and responsibly address this global pandemic.

The actual and threatened spread of COVID 19 globally could adversely affect global economies and financial markets, resulting in a prolonged economic downturn and a decline in the value of the Company's share price. The extent to which COVID 19 (or any other disease, epidemic, or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID 19 and the actions required to contain or treat its impact, among others.

Federal, state, and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic. Legislative actions taken by the federal government include the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. Through the CARES Act, the federal government has authorized payments

to be distributed to healthcare providers through the Public Health and Social Services Emergency Fund ("Provider Relief Fund" or "PRF"). Additionally, the CARES Act revised the Medicare accelerated and advance payment program in an attempt to disburse payments to healthcare providers more quickly to mitigate the financial impact on healthcare providers. See Note 8 for relief payments the Company received related to the US Coronavirus Aid, Relief and Economic Security ("CARES") Act.

## 2. Basis of Presentation and summary of significant accounting policies

### Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on January 26, 2022.

The consolidated financial statements, which are presented in US dollars, have been prepared under the historical cost convention, as modified by the measurement at fair values of certain financial assets and financial liabilities.

### Basis of measurement

These consolidated financial statements have been prepared on a going concern basis that assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operation.

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2021 AND 2020**
(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts)

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated. The Company's consolidated entities, their functional currencies and ownership percentages are as follows:

| | | |
|---|---|---|
| 100 W. Commercial Street, LLC | USD | 100% |
| Acadia Medical Supply, Inc. | USD | 100% |
| Black Bear Medical, Inc. | USD | 100% |
| Black Bear Medical Group, Inc. | USD | 100% |
| Black Bear Medical NH, Inc. | USD | 100% |
| Care Medical Atlanta, LLC | USD | 100% |
| Care Medical of Athens, Inc. | USD | 100% |
| Care Medical of Augusta, LLC | USD | 100% |
| Care Medical of Gainesville, LLC | USD | 100% |
| Care Medical Partners, LLC | USD | 100% |
| Care Medical Savannah, LLC | USD | 100% |
| Central Oxygen, Inc. | USD | 100% |
| Coastal Med-Tech Corp. | USD | 100% |
| Cooley Medical Equipment, Inc. | USD | 100% |
| Health Technology Resources, L.L.C. | USD | 100% |
| Legacy Oxygen and Home Care Equipment, LLC | USD | 100% |
| Mayhugh Drugs, Inc. | USD | 100% |
| Med Supply Center | USD | 100% |
| Medical West Healthcare | USD | 100% |
| Oxygen Plus, Inc. | USD | 100% |
| Patient Aids, Inc. | USD | 100% |
| Patient Home Monitoring, Inc - discontinued | USD | 100% |
| PHM Logistics Corporation | USD | 100% |
| PHM Services, Inc. | USD | 100% |
| Resource Medical, Inc. | USD | 100% |
| Resource Medical Group Charleston, LLC | USD | 100% |
| Resource Medical Group, LLC | USD | 100% |
| Riverside Medical, Inc. | USD | 100% |
| Semo Drugs - Care Plus of Mo, Inc. | USD | 100% |
| Sleepwell, LLC | USD | 100% |
| Tuscan, Inc. | USD | 100% |
| West Home Healthcare, Inc. | USD | 100% |

**Critical accounting estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments, and assumptions concerning the future. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates where management has made subjective judgments and where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments and share-based transactions, useful lives and impairment of non-financial assets (property and equipment and intangible assets), provision for expected credit losses, fair value measurements for assets and liabilities acquired in business acquisition, and calculation of deferred taxes.

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

**a) Revenue recognition**

Revenues are billed to and collections are received from both third-party insurers and patients. Because of continuing changes in the health care industry and third-party reimbursement, the consideration receivable from these insurance companies is variable as these billings can be challenged by the payer. Therefore, the amount billed by the Company is reduced by an estimate of the amount that the Company believes is an allowable charge to be ultimately allowed by the insurance contract. The above estimate involves significant judgment including an analysis of past collections and historical modification rates. Management regularly reviews the actual claims approved by the insurance companies, adjusting estimated revenue as required.

**Rental of medical equipment**

The Company rents medical equipment to customers for a fixed monthly amount on a month-to-month basis. The customer generally has the right to cancel the lease at any time during the rental period. The Company considers these rentals to be operating leases. Under IFRS 16 - "*Leases*", the Company recognizes rental revenue on operating leases on a straight-line basis over the contractual lease term, resulting in deferred revenue for the portion of the monthly rent that is after the consolidated statement of financial position date. The term begins on the date products are delivered to patients, and revenues are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including Medicare, private commercial payors, and Medicaid. Certain customer co-payments are included in revenue when payment is considered probable.

Due to the nature of the industry and the reimbursement environment in which the Company operates, certain estimates are required to record net revenue and accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. Specifically, the complexity of many third-party billing arrangements and the uncertainty of reimbursement amounts for certain services from certain payors may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application or claim denial.

**Sales of medical equipment and supplies**

The Company sells equipment, replacement parts, and supplies to customers and recognizes revenue based on contractual payment rates as determined by the payors at the point in time where control of the good or service is transferred through delivery to the customer. The payors are generally charged at the time that the product is sold.

The transaction price on equipment sales is the amount that the Company expects to receive in exchange for the goods and services provided. Due to the nature of the industry, gross charges are retail charges and generally do not reflect what the Company is ultimately paid. As such, the transaction price is constrained for the difference between the gross charge and what is estimated to be collected from payors and from patients. The transaction price therefore is predominantly based on

contractual payment rates as determined by the payors. The Company does not generally contract with uninsured customers but does offer point-of-sale payments at retail outlets. The payment terms and conditions of customer contracts vary by customer type and the products and services offered.

The Company determines its estimates of contractual allowances and discounts based upon contractual agreements and historical experience. While the rates are fixed for the product or service with the customer and the payors, such amounts typically include co-payments, co-insurance, and deductibles, which vary in amounts, and are due from secondary insurance providers and/or the patient. The Company includes in the transaction price only the amount that the Company expects to be entitled, which is substantially all of the payor billings at contractual rates.

Due to the nature of the industry and the reimbursement environment in which the Company operates, certain estimates are required to record net revenue and accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. Specifically, the complexity of many third-party billing arrangements and the uncertainty of reimbursement amounts for certain services from certain payors may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of claim approval or denial.

Returns and refunds are not accepted on equipment sales. The Company does not offer warranties to customers in excess of the manufacturer's warranty. Any taxes due upon sale of the products or services are not recognized as revenue. The Company does not have any partially or unfilled performance obligations related to contracts with customers and as such, the Company has no contract liabilities as of September 30, 2021, relating to sale of medical equipment and supplies.

**b) Valuation of accounts receivable**

The measurement of expected credit losses considers information about past events and current conditions. Forward looking macro-economic factors are incorporated into the risk parameters, such as unemployment rates, inflation, and interest rates. Significant judgments are made in order to incorporate forward-looking information into the estimation of allowances and may result in changes to the provision from period to period which may significantly affect our results of operations.

The Company estimates that a certain portion of receivables from customers may not be collected and maintains an allowance for doubtful accounts. The Company evaluates the net realizable value of accounts receivable as of the date of the consolidated balance sheets. Specifically, the Company considers historical realization data, including current and historical cash collections, accounts receivable aging trends, other operating trends, and relevant business conditions. Because of continuing changes in the health care industry and third-party reimbursement, it is possible that the estimates could change, which could have a material impact on the operations and cash flows. If circumstances related to certain customers change or actual results differ from expectations, our estimate of the recoverability of receivables could fluctuate from that provided for in our consolidated financial statements. A change in estimate could impact bad debt expense and accounts receivable.

**c) Valuation of inventories**

Inventory is recorded at the lower of cost or market. Inventory is expensed through cost of inventory sold when shipped to customers or transferred to property and equipment when rented to customers. The Company estimates that a certain portion of inventory purchased may be excess, obsolete, or non-saleable. The Company maintains a provision for obsolescence for these items. Valuation of the inventory was assessed at year-end, and all inventory items which more than two years are old and not supported by recent sales were provided for 40% in accordance with Company's policy.

**d) Convertible debentures**

In accordance with the substance of the contractual arrangement, convertible debentures are compound financial instruments that are accounted for separately by their components: a financial liability and an equity instrument. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

**e) Property and equipment**

Property and equipment is stated at cost less accumulated depreciation. Major renewals and improvements are charged to the property accounts, while maintenance, and repairs which do not extend the useful life of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of the assets are as follows:

| Description | Estimated Useful Life |
|---|---|
| Rental equipment | 1-5 years |
| Computer equipment | 3-5 years |
| Office furniture and fixtures | 5-10 years |
| Leasehold improvements | Life of lease (1-7 years) |
| Right-of-use vehicles | 5 years |
| Right of use real estate leases | Life of lease (1-6 years) |

Depreciation of rental equipment commences once it has been deployed to a patient's address and put in use. Property and equipment and other non-current assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

**f) Intangible assets**

The Company has recorded various intangible assets consisting primarily of non-compete agreements, trademarks, customer contracts and customer relationships. Non-compete agreements are the value associated with the non-compete agreements entered by the sellers of purchased companies. Trademarks are the purchase price allocation for the value associated with the trade name of the acquired company. Customer contracts are comprised of the purchase price allocation of the present value of expected future customer billings based on the statistical life of a customer. Customer relationships are the value given in the purchase price allocation to the long-term associations with referral sources such as doctors, medical centers, etc. Finite life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

| Description | Estimated Useful Life |
|---|---|
| Non-compete agreements | 5 Years |
| Trademarks | 10 Years |
| Customer contracts | 2 Years |
| Customer relationships | 10 Years |

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) when the asset is derecognized.

The Company reviews the estimates for useful lives on an annual basis, or more frequently if events during the year indicate that a change may be required, with consideration given to technological obsolescence and other relevant business factors. A change in management's estimate could impact depreciation/amortization expense and the carrying value of property and equipment and intangible assets.

**g) Share based payments and warrants**

The amounts used to estimate fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options and warrants, expected dividends to be paid by the Company and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

**h) Income taxes**

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. Utilization of the tax losses depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**i) Lease liabilities**

**Estimate of lease term**

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

**Incremental borrowing rate**

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

**Critical Accounting Judgements**

The following are the critical judgments, apart from those involving estimations, that have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

**a) Functional currency**

The consolidated financial statements of the Company are presented in US dollars, which is the Company's functional currency. Determined using management's judgment that the primary economic environment in which it will derive its revenue and expenses incurred to generate those revenues is the United States. Management has exercised judgment in selecting the functional currency of each of the entities that it consolidates based on the primary economic environment in which the entity operates and in reference to the various indicators including the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs and the currency whose competitive forces and regulations mainly determine selling prices.

**b) Business combinations**

In accordance with IFRS 3 – *Business Combinations* ("IFRS 3"), a transaction is recorded as a business combination if the significant assets, liabilities, or activities in addition to property and related mortgage debt assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill.

**c) Recognition and initial measurement**

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the consolidated statement of loss and comprehensive loss when incurred.

**d) Goodwill impairment**

Management has evaluated the recoverable amount for its cash generating unit and applied judgment in the discount rate and other underlying assumptions used in impairment analysis of goodwill.

The Company has ten CGUs with goodwill and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the CGU was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

**e) Segment reporting**

*International Financial Reporting Standards 8* ("IFRS 8") requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Company's Chief Executive Officer as he is primarily responsible for the allocation of resources and the assessment of performance. The Company has only one reportable operating segment.

**f) Identification of cash-generating unit "CGU"**

For the purposes of impairment testing, assets are grouped at the lowest levels of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets, termed as a CGU. The allocation of assets into a CGU requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations.

**g) Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. For the years ended September 30, 2021 and 2020, potentially dilutive common shares issuable upon the exercise of conversion option related to convertible debentures, warrants and options were not included in the computation of loss per share because their effect was anti-dilutive.

**h) Foreign currency transactions**

Transactions in foreign currencies are initially recorded by the Company's entities in their respective functional currency at the foreign currency spot rate or the rate realized in the transaction. Monetary items are translated at the foreign currency spot rate as of the reporting date. Exchange differences from monetary items are recognized in profit or loss. Non-monetary items that are not carried at fair value are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The assets and liabilities of foreign operations are translated into $ at the rate of exchange prevailing at the reporting date and their statements of operations are translated at the weighted average monthly rates of exchange. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in the statement of loss and comprehensive loss.

**Discontinued operations**

An operation is qualified as discontinued when it represents a separate major line of business and the Company has sold the asset. Discontinued operations are presented on a single line of the statement of loss and comprehensive loss for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to sell the assets and liabilities making up the discontinued operations are presented on one separate line of the statement of consolidated cash flows for the periods presented.

**IFRS 16, Leases**

Effective October 1, 2019, the Company adopted IFRS 16. IFRS 16 eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a "right of use" asset and a corresponding liability at the present value of the future lease payments using the lessee's incremental borrowing rate of 8%.

The Company elected to adopt IFRS 16 using the modified retrospective approach. Under this approach, the Company will not restate its comparative figures, but will recognize the cumulative effect of adopting IFRS 16 as an adjustment to opening statement of financial position, with the recognition of $2,603,000 of right of use assets and finance lease obligations on October 1, 2019. On the consolidated statement of income, the impact of the adoption of IFRS 16 is to increase depreciation expense and interest expense and decrease other operating expenses.

The Company elected to apply the practical expedient to exclude recognition of right of use assets and lease liabilities for real estate, computer equipment, and office furniture leases under 12 months in duration or for which the lease term ends within 12 months of initial application for leases, and for low-value assets. The Company also elected to apply IFRS 16 only to the contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 Leases were not reassessed for whether a lease exists.

**Financial instruments**

**Fair value measurement**

Financial instruments carried at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Where financial instruments are traded in active financial markets; fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis;

Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's length market transaction and comparisons to the current fair value of similar instruments, but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used; and

Level 3 – In this level, fair value determinations are made with inputs other than observable market data.

Cash is classified as Level 1. The warrant derivative financial liability has been valued using level 3 inputs from the fair value hierarchy. The convertible debentures have been valued using Level 1 inputs.

**Financial instrument risk exposure**

The Company's activities expose it to a variety of financial risks: market risk (including credit risk, liquidity risk and interest rate risk), credit risk, and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support the Company's ability to continue as a going concern. Risk management is carried out by management under policies promulgated by the Board of Directors. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk are primarily cash and accounts receivable. Each subsidiary places its cash with one major financial institution. At times, the cash in the financial institution is temporarily more than the amount insured by the Federal Deposit Insurance Corporation. Substantially all accounts receivable is due under fee-for-service contracts from third party payors, such as insurance companies and government-sponsored healthcare programs, or directly from patients. Receivables generally are collected within industry norms for third-party payors. The Company continuously monitors collections from its clients and maintains an allowance for bad debts based upon any specific payor collection issues that are identified and historical experience. The expected loss rates are based on the historical loss rates and are adjusted to reflect current and forward-looking information on

macroeconomic factors affecting the ability of the customers to settle the receivables, such as the unemployment rate of the states in which it conducts business. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, a failure to make contractual payments after multiple collection efforts, including third party collection agencies.

As of September 30, 2021, the Company has approximately 9% of the Company's receivables that are due from Medicare. As this is a federal health insurance program in the United States, there is nominal credit risk associated with these balances.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due by continuously monitoring actual and budgeted cash flows and monitoring financial market conditions for signs of weakness.

As of September 30, 2021, the Company faces no material liquidity risk and can meet all its current financial obligations as they become due and payable. The Company has $32,737,000 of liabilities that are due within one year but has $57,233,000 of current assets to meet those obligations.

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with Chartered Canadian and registered US financial institutions. The Company considers this risk to be immaterial. The interest on the debenture and equipment loans is not subject to cash flow interest rate risk as these instruments bear interest at fixed rates.

**3. Acquisition of businesses and purchase accounting**

**Acquisition of Sleepwell, LLC**

Effective October 23, 2020, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Sleepwell, Inc. (Sleepwell), Georgia company in the same industry as the Company. The purchase price was $9,976,000 of which $6,623,000 was paid in cash at closing, $2,376,000 (629,000 shares at a fair value of $3.78 per share) was paid through the issuance of stock in January 2021, a holdback paid in March 2021 discounted at 3.46% for a fair value of $320,000, and $657,000 (246,000 shares at a fair value of $2.67) to be paid in stock in August 2022. The fair value of the stock has been discounted by 15% and 25%, respectively, using the Black-Scholes pricing model for put options, to reflect the inability to sell the stock for a period and for the time between the date of the acquisition and the dates the stock is to be issued. The Company has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method. The Company expensed $81,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income for Sleepwell for the year ended September 30, 2021 was approximately $11,100,000 and $2,800,000, respectively, of which approximately $ 10,400,000 and $2,700,000 were recognized in the period from October 23, 2020 through September 30, 2021.

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The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 378 |
| Accounts receivable | | 780 |
| Inventory | | 769 |
| Prepaid expenses and other current assets | | 2 |
| Property and equipment | | 960 |
| Right of use real estate ($390 net of unfavorable lease) | | 313 |
| Goodwill | | 4,641 |
| Intangible asset – Non-compete agreements | | 220 |
| Intangible asset – Brand | | 520 |
| Intangible asset – Customer relationships | | 4,670 |
| Accounts payable | | (640) |
| Accrued liabilities | | (166) |
| Deferred revenue | | (100) |
| Lease liabilities | | (390) |
| Deferred tax liability | | (1,981) |
| **Net assets acquired** | **$** | **9,976** |
| Cash paid at closing | $ | 6,623 |
| Stock issued in January 2021 | | 2,376 |
| Cash to be paid after closing | | 320 |
| Stock to be issued after closing, included in shares to be issued | | 657 |
| **Consideration paid or payable** | **$** | **9,976** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $1,981,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Acquisition of Mayhugh Drugs, Inc.**

Effective February 1, 2021, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Mayhugh Drugs, Inc, dba Mayhugh Medical Equipment (Mayhugh). Mayhugh is a Florida based company in the same industry as the Company. The purchase price was $1,959,000, of which $1,047,000 was paid in cash at closing, holdbacks due on the six- and twelve-month anniversary of the acquisition discounted at 2.39% for a fair value of $662,000, and an earnout valued at $250,000. The earnout could be as high as $750,000 ($250,000 for each of the first three twelve-month periods following the acquisition), and the fair value was based on a Monte Carlo simulation. The Company has determined that the transaction is an acquisition of a business under IFRS 3 and it has been accounted for by applying the acquisition method. The Company expensed $53,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income for Mayhugh for the year ended September 30, 2021 was approximately $6,300,000 and $700,000, respectively, of which approximately $4,300,000 and $700,000 were recognized in the period from February 1, 2021 to September 30, 2021.

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The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 180 |
| Accounts receivable, net of expected credit loss of $ 1,142 | | 474 |
| Inventory | | 487 |
| Prepaid expenses and other current assets | | 7 |
| Property and equipment | | 1,357 |
| Right of use real estate | | 61 |
| Goodwill | | 1,587 |
| Intangible asset – Non-compete agreements | | 40 |
| Intangible asset – Brand | | 290 |
| Intangible asset – Customer relationships | | 2,500 |
| Accounts payable | | (880) |
| Accrued liabilities | | (14) |
| Deferred revenue | | (84) |
| Equipment loans | | (2,846) |
| US Small Business Association (“SBA”) loan | | (119) |
| Lease liabilities | | (134) |
| Deferred tax liability | | (947) |
| **Net assets acquired** | **$** | **1,959** |
| Cash paid at closing | $ | 1,047 |
| Cash to be paid after closing, included in purchase price payable | | 912 |
| **Consideration paid or payable** | **$** | **1,959** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for income tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $947,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Acquisition of Med Supply Center, Inc.**

On June 21, 2021, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Med Supply Center, Inc. (“Med Supply”). Med Supply is a Mississippi based company in the same industry as the Company. The purchase price was $1,601,000, of which $1,279,000 was paid in cash at closing, $10,000 to be paid within two months of the acquisition, and holdbacks payable on the six- and twelve-month anniversaries of the acquisition discounted at 2.39% for a fair value of $312,000. The Company has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method. The Company expensed $25,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income for Med Supply for the year ended September 30, 2021 was approximately $2,400,000 and $60,000, respectively, of which approximately $900,000 and $40,000 were recognized in the period from June 21, 2021 to September 30, 2021.

The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 48 |
| Accounts receivable | | 180 |
| Inventory | | 597 |
| Property and equipment | | 263 |
| Right of use real estate | | 88 |
| Goodwill | | 766 |
| Intangible asset – Non-compete agreements | | 140 |
| Intangible asset – Brand | | 20 |
| Intangible asset – Customer relationships | | 210 |
| Accounts payable | | (190) |
| Accrued liabilities | | (40) |
| Deferred revenue | | (53) |
| Deferred tax liability | | (304) |
| Lease liabilities | | (124) |
| **Net assets acquired** | **$** | **1,601** |
| Cash paid at closing | $ | 1,279 |
| Cash to be paid after closing, included in purchase price payable | | 322 |
| **Consideration paid or payable** | **$** | **1,601** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $304,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Acquisition of Semo Drug-Care Plus of Mo. Inc**

On June 23, 2021, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Semo Drug-Care Plus of Mo. Inc, dba Care Plus Home Oxygen Therapy (“Care Plus”). Care Plus is a Missouri based company in the same industry as the Company. The purchase price was $1,626,000, of which $1,440,000 was paid in cash at closing, $10,000 to be paid within two months of the acquisition, and holdbacks payable on the six- and twelve-month anniversaries of the acquisition discounted at 2.39% for a fair value of $176,000. The Company has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method. The Company expensed $25,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income for Care Plus Oxygen for the year ended September 30, 2021 was approximately $2,200,000 and $300,000, respectively, of which approximately $700,000 and $40,000 were recognized in the period from June 23, 2021 to September 30, 2021.

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The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 47 |
| Accounts receivable | | 292 |
| Inventory | | 475 |
| Property and equipment | | 373 |
| Goodwill | | 482 |
| Intangible asset – Non-compete agreements | | 60 |
| Intangible asset – Brand | | 100 |
| Intangible asset – Customer relationships | | 370 |
| Accounts payable | | (94) |
| Accrued liabilities | | (51) |
| Deferred tax liability | | (377) |
| Deferred revenue | | (51) |
| **Net assets acquired** | **$** | **1,626** |
| Cash paid at closing | $ | 1,440 |
| Cash to be paid after closing, included in purchase price payable | | 186 |
| **Consideration paid or payable** | **$** | **1,626** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $377,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Acquisition of Oxygen Plus, Inc.**

On June 29, 2021, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Oxygen Plus, Inc. Oxygen Plus is a California based company in the same industry as the Company. The purchase price was $730,000, of which $574,000 was paid in cash at closing and a holdback due on the six- and twelve-month anniversaries of the acquisition discounted at 2.39% for a fair value of $156,000. The Company has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method. The Company expensed $24,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income (loss) for Oxygen Plus for the year ended September 30, 2021 was approximately $1,100,000 and $40,000, respectively, of which approximately $300,000 and $(90,000) were recognized in the period from June 29, 2021 to September 30, 2021.

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The fair value of the acquired assets is as follows:

| | | |
|---|---|---|
| Cash | $ | 114 |
| Accounts receivable | | 60 |
| Inventory | | 39 |
| Property and equipment | | 88 |
| Goodwill | | 327 |
| Intangible asset – Non-compete agreements | | 10 |
| Intangible asset – Brand | | 50 |
| Intangible asset – Customer relationships | | 500 |
| Accounts payable | | (98) |
| Accrued liabilities | | (13) |
| Deferred tax liability | | (180) |
| Deferred revenue | | (12) |
| Equipment loans | | (155) |
| **Net assets acquired** | **$** | **730** |
| Cash paid at closing | $ | 574 |
| Cash to be paid after closing, included in purchase price payable | | 156 |
| **Consideration paid or payable** | **$** | **730** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $180,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Acquisition of Medical West Healthcare.**

On August 20, 2021, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Medical West Healthcare Center. Medical West is a Missouri based company in the same industry as the Company. The purchase price was $2,366,000, of which $1,927,000 was paid in cash at closing and a holdback due on the six- and twelve-month anniversaries of the acquisition discounted at 2.39% for a fair value of $439,000. The Company has determined that the transaction is an acquisition of a business under IFRS 3, and it has been accounted for by applying the acquisition method. The Company expensed $25,000 of professional fees in conjunction with the acquisition.

The pro forma revenues and net income for Medical West for the year ended September 30, 2021 was approximately $5,700,000 and $400,000, respectively, of which approximately $600,000 and $40,000 were recognized in the period from August 21, 2021 to September 30, 2021.

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The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 234 |
| Accounts receivable | | 195 |
| Inventory | | 382 |
| Prepaid expenses and other current assets | | 10 |
| Property and equipment | | 1,121 |
| Goodwill | | 758 |
| Intangible asset – Non-compete agreements | | 20 |
| Intangible asset – Brand | | 270 |
| Intangible asset – Customer relationships | | 880 |
| Deposits | | 2 |
| Accounts payable | | (309) |
| Accrued liabilities | | (107) |
| Deferred tax liability | | (11) |
| Deferred revenue | | (16) |
| Equipment loans | | (1,063) |
| **Net assets acquired** | **$** | **2,366** |
| Cash paid at closing | $ | 1,927 |
| Cash to be paid after closing, included in purchase price payable | | 439 |
| **Consideration paid or payable** | **$** | **2,366** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is deductible for tax purposes. Subsequent to the acquisition date, the deferred tax liability on the purchase price allocation of $11,000 was offset by the deferred tax asset from tax loss carry forwards and recorded as recovery of income taxes.

**Prior year acquisitions**

**Acquisition of Cooley Medical Equipment, Inc.**

Effective October 1, 2019, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Cooley Medical Equipment, Inc. (Cooley), a Kentucky company in the same industry as the Company. The purchase price was $2,732,000, of which $2,333,000 was paid in cash at closing , and the balance of $399,000 to be paid on the 18-month anniversary of the acquisition discounted at 3.86%. Of the cash portion of the purchase price, $1,824,000 was paid to the US Department of Justice to pay off a settlement agreement into which Cooley had entered. The Company has determined that the transaction is an acquisition of a business under IFRS 3 and it has been accounted for by applying the acquisition method. The Company expensed $41,000 of legal expenses, included in acquisition-related costs, during the year ended September 30, 2020 in conjunction with the acquisition. During the year ended September 30, 2021, the Company settled the purchase price payable, resulting in income of $123,000, which is included as a reduction of operating expenses on the statement of income (loss) and comprehensive income (loss) for the year ended September 30, 2021.

The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 80 |
| Accounts receivable | | 605 |
| Inventory | | 769 |
| Prepaid expenses and other current assets | | 42 |
| Property and equipment | | 1,842 |
| Right of use assets | | 1,080 |
| Intangible asset – Brand | | 80 |
| Intangible asset – Non-compete agreements | | 20 |
| Intangible asset – Customer relationships | | 330 |
| Goodwill | | 422 |
| Accounts payable and accrued liabilities | | (815) |
| Deferred revenue | | (204) |
| Equipment loans | | (509) |
| Lease liabilities | | (1,010) |
| **Net assets acquired** | **$** | **2,732** |
| Cash paid at closing | $ | 2,333 |
| Cash to be paid after closing, included in purchase price payable | | 399 |
| **Consideration paid or payable** | **$** | **2,732** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is expected to be deductible for tax purposes.

**Acquisition of Acadia Medical Supply, Inc.**

Effective December 1, 2019, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Acadia Medical Supply, Inc. (Acadia), a Maine company in the same industry as the Company. The purchase price was $1,476,000, of which $1,004,000 was paid in cash at closing, and the balance of $472,000 to be paid on the one- and two-year anniversaries of the acquisition discounted at 3.86%. The Company has determined that the transaction is an acquisition of a business under IFRS 3 and it has been accounted for by applying the acquisition method. The Company expensed $22,000 of legal expenses included in operating expenses in conjunction with the acquisition.

Pro forma revenues and net income for Acadia for the year ended September 30, 2020 were approximately $3,300,000 and $400,000, respectively. Of those amounts, revenues of approximately $ 2,800,000 and net income of approximately $300,000 contributed to the Company's results for the period from December 1, 2019 through September 30, 2020.

The fair value of the acquired assets was as follows:

| | | |
|---|---|---|
| Cash | $ | 59 |
| Accounts receivable | | 143 |
| Inventory | | 246 |
| Property and equipment | | 387 |
| Right of use assets | | 243 |
| Other assets | | 8 |
| Intangible asset – Brand | | 130 |
| Intangible asset – Non-compete agreements | | 30 |
| Intangible asset – Customer relationships | | 460 |
| Goodwill | | 375 |
| Accounts payable and accrued liabilities | | (278) |
| Deferred revenue | | (44) |
| Equipment loans | | (136) |
| Lease liabilities | | (147) |
| **Net assets acquired** | **$** | **1,476** |
| Cash paid at closing | $ | 1,004 |
| Cash to be paid after closing, indcluded in accrued liabilities | | 228 |
| Cash to be paid after closing, included in other long-term liabilities | | 244 |
| **Consideration paid or payable** | **$** | **1,476** |

The goodwill is attributable to expected synergies from the combining operations. None of the goodwill is expected to be deductible for tax purposes.

**Acquisition of Health Technology Resources, L.L.C.**

Effective August 17, 2020, the Company, through PHM Logistics Corporation, entered into a purchase agreement to acquire all the shares of Health Technology Resources, L.L.C. (“HTR”), an Illinois company in the same industry as the Company. The purchase price was $5,347,000, of which $4,819,000 was paid in cash at closing, and the balance of $528,000 to be paid after closing. The $528,000 is comprised of (a) a holdback due on the two-year anniversary of the acquisition discounted at 3.86% for a value of $184,000, (b) Payroll Protection Plan funds of $207,000 to be paid on upon forgiveness, and (c) an earnout valued at $ 137,000. The earnout could be as high as $500,000 and the fair value was based on a Monte Carlo simulation. As of September 30, 2021, the earnout was revalued to $65,000, and a reduction to operating expenses of $ 72,000 was recorded in the statement of income (loss) and comprehensive income (loss for the year ended September 30, 2021 Operating expenses on the income statement. The Company has determined that the transaction is an acquisition of a business under IFRS 3 and it has been accounted for by applying the acquisition method. The Company expensed $26,000 of legal expenses, included in acquisition-related expenses, during the year ended September 30, 2020 in conjunction with the acquisition.

Pro forma revenues and net income for HTR for the year ended September 30, 2020 were approximately $4,100,000 and $1,500,000, respectively. Of those amounts, revenues of approximately $ 450,000 and net income of approximately $110,000 contributed to the Company’s results for the period from August 17, 2020 through September 30, 2020.

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The fair value of the acquired assets was as follows:

| | |
|---|---|
| Cash | $ 140 |
| Accounts receivable | 400 |
| Inventory | 77 |
| Property and equipment | 216 |
| Prepaid assets | 15 |
| Intangible asset – Brand | 330 |
| Intangible asset – Non-compete agreements | 70 |
| Intangible asset – Customer relationships | 2,610 |
| Goodwill | 1,678 |
| Accounts payable and accrued liabilities | (107) |
| Deferred revenue | (82) |
| **Net assets acquired** | **$ 5,347** |
| Cash paid at closing | $ 4,819 |
| Cash to be paid after closing, indcluded in accrued liabilities | 207 |
| Cash to be paid after closing, included in other long-term liabilities | 321 |
| **Consideration paid or payable** | **$ 5,347** |

The goodwill is attributable to expected synergies from the combining operations. The goodwill is expected to be deductible for tax purposes.

**Acquistion Related Costs**

The acquisition related costs included on the consoldiated statements of loss and comprehensive loss consists of amounts related to professional expenses for acquisitions in addition to prior period acquisition related costs. The reconciliation of this expense is as follows for the year ended September 30, 2021:

| Acquisition Professional Fees: | As at September 30, 2021 | As at September 30, 2020 |
|---|---|---|
| Cooley | — | 41 |
| Acadia | — | 22 |
| Health Technology Resources | — | 26 |
| Sleepwell | 81 | — |
| Mayhugh | 53 | — |
| Med Supply | 25 | — |
| Care Plus | 25 | — |
| Oxygen Plus | 24 | — |
| Medical West | 25 | — |
| Balance, September 30, 2021 | $ 233 | $ 89 |

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**Purchase Price Payable**

The purchase price payable included on the consolidated statements of financial position consists of amounts related to prior period acquisitions as well as current fiscal year 2021 acquisitions less payments made to date. Below is the movement in Purchase Price Payable for the year ended September 30, 2021:

| | Year Ended September 30, 2021 |
|---|---|
| Balance, September 30, 2020 (current $857 plus long-term $560) | $ 1,417 |
| Addition from acquisitions | 2,335 |
| Accretion of interest | 38 |
| Payments | (1,274) |
| Balance, September 30, 2021 (current $2,383 plus long-term $133) | $ 2,516 |

**4. Accounts Receivable**

Accounts receivable represents amounts due from insurance companies and patients:

| | As at September 30, 2021 | As at September 30, 2020 |
|---|---|---|
| Gross receivable | $ 15,413 | $ 14,125 |
| Reserve for expected credit losses | (3,475) | (5,036) |
| | $ 11,938 | $ 9,089 |

| As at September 30, 2021 | Gross Receivables | Allowance for expected credit losses | Net Receivables |
|---|---|---|---|
| 0 – 90 days | $ 11,279 | $ (1,418) | $ 9,861 |
| 91 – 180 days | 2,027 | (731) | 1,296 |
| Over 180 days | 2,107 | (1,326) | 781 |
| Total | $ 15,413 | $ (3,475) | $ 11,938 |

Below is the movement in the reserve for expected credit losses:

| Reserve for expected credit losses | Year ended September 30, 2021 | Year ended September 30, 2020 |
|---|---|---|
| Opening Balance | $ 5,036 | $ 2,305 |
| Bad debt expense | 7,957 | 6,441 |
| Amounts written off | (9,518) | (3,710) |
| Ending Balance | $ 3,475 | $ 5,036 |

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## 5. Inventory

| | As at September 30, 2021 | As at September 30, 2020 |
|---|---|---|
| Serialized | $ 2,369 | $ 2,132 |
| Non-serialized | 6,922 | 4,366 |
| Reserve for shrink and slow-moving | (38) | (83) |
| Total Inventory | $ 9,253 | $ 6,415 |

The reserve for slow-moving inventory is included under cost of inventory sold in the condensed consolidated statement of income (loss) and comprehensive income (loss).

## 6. Property, equipment, and right of use assets

| Cost | Rental equipment | Computer equipment | Office furniture and fixtures | Leasehold improvements | Right of use assets – Vehicles | Right of use assets – Real estate | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ 26,717 | $ 504 | $ 433 | $ 1,169 | $ 2,588 | $ — | $ 31,411 |
| Additions – adoption of IFRS 16 | — | — | — | — | — | 2,603 | 2,603 |
| Transfers from inventory | 7,676 | — | — | — | — | — | 7,676 |
| Additions | — | 5 | — | 83 | 795 | 1,300 | 2,183 |
| Acquisitions | 2,332 | — | 1 | 184 | 159 | 1,092 | 3,768 |
| Disposals | (14,157) | (338) | (101) | (72) | (670) | (5) | (15,343) |
| Balance September 30, 2020 | $ 22,568 | $ 171 | $ 333 | $ 1,364 | $ 2,872 | $ 4,990 | $ 32,298 |
| Transfers from inventory | 14,988 | — | — | — | — | — | 14,988 |
| Additions | — | 17 | 2 | 88 | 1,385 | 2,560 | 4,052 |
| Acquisitions | 2,740 | — | 3 | 54 | 302 | 1,526 | 4,625 |
| Disposals | (9,150) | (33) | (11) | (8) | (384) | (1,326) | (10,912) |
| Balance September 30, 2021 | $ 31,146 | $ 155 | $ 327 | $ 1,498 | $ 4,175 | $ 7,750 | $ 45,051 |

| Accumulated depreciation | Rental equipment | Computer equipment | Office furniture and fixtures | Leasehold improvements | Right of use assets – Vehicles | Right of use assets – Real estate | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ 14,769 | $ 371 | $ 260 | $ 257 | $ 1,031 | $ — | $ 16,688 |
| Depreciation | 11,429 | 74 | 71 | 124 | 664 | 1,498 | 13,860 |
| Disposals | (13,887) | (339) | (102) | (72) | (513) | (4) | (14,917) |
| Balance September 30, 2020 | $ 12,311 | $ 106 | $ 229 | $ 309 | $ 1,182 | $ 1,494 | $ 15,631 |
| Depreciation | 13,213 | 31 | 61 | 131 | 789 | 1,987 | 16,212 |
| Disposals | (9,105) | (33) | (11) | (9) | (336) | (804) | (10,298) |
| Balance September 30, 2021 | $ 16,419 | $ 104 | $ 279 | $ 431 | $ 1,635 | $ 2,677 | $ 21,545 |

| Net Book Value | Rental equipment | Computer equipment | Office furniture and fixtures | Leasehold improvements | Right of use assets – Vehicles | Right of use assets – Real estate | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ 11,948 | $ 133 | $ 173 | $ 912 | $ 1,557 | $ — | $ 14,723 |
| Balance September 30, 2020 | $ 10,257 | $ 65 | $ 104 | $ 1,055 | $ 1,690 | $ 3,496 | $ 16,667 |
| Balance September 30, 2021 | $ 14,727 | $ 51 | $ 48 | $ 1,067 | $ 2,540 | $ 5,073 | $ 23,506 |

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Out of the $14,988,000 rental equipment transferred from inventory during the year ended September 30, 2021, the Company obtained equipment loans (Note 11) for $10,049,000 with the balance of $4,939,000 paid in cash. For the year ended September 30, 2020, the Company obtained equipment loans of $7,080,000.

## 7. Goodwill and Intangible Assets

| Cost | Goodwill | Non-compete agreements | Brand | Customer contracts | Customer relationships | Sub-total intangibles with finite lives | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ 1,420 | $ 517 | $1,341 | $ 3,851 | $ 8,460 | $ 14,169 | $15,589 |
| Acquisitions | 2,475 | 120 | 540 | — | 3,399 | 4,059 | 6,534 |
| Disposals | — | — | — | — | (93) | (93) | (93) |
| Balance September 30, 2020 | $ 3,895 | $ 637 | $1,881 | $ 3,851 | $ 11,766 | $ 18,135 | $22,030 |
| Acquisitions | 8,561 | 370 | 1,370 | — | 9,129 | 10,869 | 19,430 |
| Disposals | — | — | — | — | (205) | (205) | (205) |
| Balance September 30, 2021 | $12,456 | $ 1,007 | $3,251 | $ 3,851 | $ 20,690 | $ 28,799 | $41,255 |

| Accumulation amortization | Goodwill | Non-compete agreements | Brand | Customer contracts | Customer relationships | Sub-total intangibles with finite lives | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ — | $ 480 | $ 888 | $ 3,728 | $ 6,875 | $ 11,971 | $11,971 |
| Amortization | — | 42 | 101 | 117 | 418 | 678 | 678 |
| Disposals | — | — | — | — | (93) | (93) | (93) |
| Balance September 30, 2020 | $ — | $ 522 | $ 989 | $ 3,845 | $ 7,200 | $ 12,556 | $12,556 |
| Amortization | — | 85 | 211 | 6 | 1,272 | 1,574 | 1,574 |
| Disposals | — | — | — | — | (205) | (205) | (205) |
| Balance September 30, 2021 | $ — | $ 607 | $1,200 | $ 3,851 | $ 8,267 | $ 13,925 | $13,925 |

| Net carrying amount | Goodwill | Non-compete agreements | Brand | Customer contracts | Customer relationships | Sub-total intangibles with finite lives | Total |
|---|---|---|---|---|---|---|---|
| Balance September 30, 2019 | $ 1,420 | $ 37 | $ 453 | $ 123 | $ 1,585 | $ 2,198 | $ 3,618 |
| Balance September 30, 2020 | $ 3,895 | $ 115 | $ 892 | $ 6 | $ 4,566 | $ 5,579 | $ 9,474 |
| Balance September 30, 2021 | $12,456 | $ 400 | $2,051 | $ — | $ 12,423 | $ 14,874 | $27,330 |

**Goodwill Continuity**

| | |
|---|---|
| Balance September 30, 2020 | $ 3,895 |
| Acquisition through business combination: | |
| Sleepwell | 4,641 |
| Mayhugh | 1,587 |
| Med Supply | 766 |
| Care Plus | 482 |
| Oxygen Plus | 327 |
| Medical West | 758 |
| Balance September 30, 2021 | $ 12,456 |

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## 8. Government Grant

During the year ended September 30, 2020, the Company received payments related to the two separate provisions of the US CARES Act.

**Payroll Protection Plan ("PPP')**

On April 16, 2020, the Company received $4,254,000 related to the PPP, which was to assist companies in maintaining their workforce. The PPP provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses. The loans and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities for up to twenty-four weeks, and maintains certain payroll levels. The unforgiven portion of the PPP loan is payable, with 1% interest over nine equal installments of $472,000 from September 2021 through April 2022.

The Company applied for forgiveness of the loan in August 2021. In October 2021, the bank approved the application and forwarded the Company's application to the SBA. The SBA has not yet completed their review of the application. The Company has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven, it has accounted for the proceeds under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The cash inflow has been reported as a financing activity and a liability has been recorded on the statements of financial position. No reduction in the liability has been recorded as of September 30, 2021.

**Public health and Social Services Emergency Fund ("Relief Fund")**

During the year ended September 30, 2020, the Company received $1,797,000 from the Relief Fund, which was established to support healthcare providers to prevent, prepare for, and respond to coronavirus, including health care related expenses or lost revenues, subject to certain terms and conditions. If those terms and conditions are met, payments do not need to be repaid. No expenses related to the PPP can be used to meet the terms and conditions for the Relief Fund.

In September 2021, the Company submitted its filing with the HHS supporting the use of the funds under the terms and conditions of the Relief Fund. The HHS has not indicated whether any formal notification of acceptance will be provided. The Company has accounted for the proceeds under IAS 20. The cash inflow has been reported as a financing activity. The original proceeds were recognized as a liability, which was reduced based on certain related costs incurred. During the years ended September 30, 2021 and 2020, the Company reduced the liability by $0 and $1,166,000, respectively, which was been included in other income in the consolidated statements of income (loss) and comprehensive income (loss).

| | Current | Long Term | Total |
|---|---|---|---|
| Balance September 30, 2020 | $ 2,599 | $ 2,286 | $ 4,885 |
| Change in current and long-term portions | 2,286 | (2,286) | — |
| Balance September 30, 2021 | $ 4,885 | $ — | $ 4,885 |

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## 9. Deferred Revenue

Activity for deferred revenue for the years ended September 30, 2021 and 2020 is as follows:

| | For the year ended September 30, 2021 | For the year ended September 30, 2020 |
|---|---|---|
| Beginning balance | $ 1,804 | $ 1,438 |
| Acquisitions | 316 | 330 |
| Net addition | 332 | 36 |
| Ending balance | $ 2,452 | $ 1,804 |

## 10. Derivative warrant liability

On June 29, 2020, the Company completed a bought deal public offering, a concurrent brokered private placement, and a non-brokered private placement to the Company's Chief Executive Officer and a director of the Company, for 27,678,826 units, respectively. Each unit consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), for a total of 13,839,413 Warrants. Each Warrant will be exercisable to acquire one common share for a period of 12 months following the closing at an exercise price of C$6.40 per share. During the year ended September 30, 2020, 13,559,300 Warrants for 3,389,825 common shares were exercised, and the remaining 280,113 Warrants for 70,028 common shares expired on June 29, 2021. The Warrants were recorded as a liability since they are denominated in Canadian Dollars and the Company's functional currency is US dollars. The liability was recorded at fair value $0.12 as of September 30, 2020, using the Black-Scholes pricing model. A revaluation was performed each period end, with the change in fair value recorded in the caption "Change in fair value of warrants." Upon exercise, the warrant liability is derecognized and transferred to equity.

| | As at September 30, 2020 |
|---|---|
| Share price | C$ 1.31 |
| Risk-free interest rate | 0.23 % |
| Expected volatility | 60.8 % |
| Expected life of warrant | 0.75 years |
| Expected dividend yield | 0 % |

Warrant activity for the years ended September 30, 2021 and 2020 is provided below:

| | Amount |
|---|---|
| Balance September 30, 2019 | $ — |
| Issued | 1,627 |
| Change in fair value | 198 |
| Change in foreign exchange rate | 30 |
| Balance September 30, 2020 | 1,855 |
| Exercised at a weighted average Black-Scholes fair value of $ 0.31 | (4,140) |
| Change in fair value | 2,112 |
| Change in foreign exchange rate | 173 |
| Balance September 30, 2021 | $ — |

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## 11. Long-term Debt

### Debentures

On March 7, 2019, the Company issued C$ 15,000,000 in 8.0% Convertible Unsecured Debentures due March 7, 2024, with interest payable semi-annually on June 30 and December 31. Each C$1,000 (US$807) debenture is convertible at the option of the holder into 192.31 common shares. As of September 30, 2020, C$ 4,000 of debentures had been converted into common shares, and during the year ended September 30, 2021, C$4,037,000 of debentures were converted into common shares, leaving C$ 10,959,000 (US$8,601,000) of face value of the debentures remaining. The fair value of the debentures on the dates of conversion totaled C$6,766,000, or $5,359,000. After three years, the Company can force conversion of the outstanding principal at a conversion price of C$5.20 per share, if the daily volume weighted average price of the common shares exceeds C$6.48 per share for twenty consecutive trading days. The debenture agreement also allows for payment of cash in lieu of common shares upon exercise of conversion right by the holder, equivalent of the market price on the conversion date.

The debentures contain multiple embedded derivatives including conversion right, forced conversion option and payment in lieu of common shares. Since the Company is unable to measure the fair value of embedded derivatives reliably, it has chosen to designate the convertible debentures in their entirety (including conversion right, forced conversion option and payment in lieu of common shares) to be subsequently measured at fair value through profit or loss (FVTPL).

The debentures are valued at fair value using the current trading price of C$ 137 ($109) and C$115 ($86) as of September 30, 2021 and September 30, 2020, respectively, per unit. A loss of $3,591,000 and $2,437,000 was recorded for the years ended September 30, 2021 and 2020, respectively. Following is the movement in these debentures:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Beginning Balance | $ 12,930 | $ 10,547 |
| Conversion to common shares | (5,359) | — |
| Change in fair value | 3,591 | 2,437 |
| Change in foreign exchange rate | 622 | (54) |
| Ending Balance | $ 11,784 | $ 12,930 |

In conjunction with issuance of the debentures, the Company issued compensation options to the underwriters for 129,808 shares of the Company at an exercise price of C$ 5.20 for a period of two years from the closing of the transaction. The fair value of the options has been valued at $1.02 for a total of $133,000 using the Black-Scholes pricing model.

Compensation options activity for the year ended September 30, 2021 is provided below:

| | Number (000s) | Weighted average exercise price |
|---|---|---|
| Balance, September 30, 2020 | 130 | C$ 5.20 |
| Exercised | (130) | 5.20 |
| Balance, September 30, 2021 | — | C$ — |

### Equipment Loans

The Company is offered financing arrangements from the Company's suppliers and the supplier's designated financial institution, in which payments for certain invoices or products can be financed and paid over an extended period. The

financial institution pays the supplier when the original invoice becomes due, and the Company pays the third-party financial institution over a period of time. In some cases, the supplier accepts a discounted amount from the financial institution and the Company repays the financial institution the face amount of the invoice with no stated interest, in twelve equal monthly installments. The Company uses a 6% incremental borrowing rate to impute interest on these arrangements. In other cases, the supplier receives the full invoice price and Company pays a stated interest rate to the financial institution, ranging from 5.6% to 8.0%, with the terms of the financing ranging from 12 to 48 months. There are no covenants with the loans and the carrying value of the equipment that is pledged as security against the loans is $6,939,000.

Following is the activity in equipment loans for the years ended September 30, 2021 and 2020:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Beginning Balance | $ 4,750 | $ 7,306 |
| Additions: | | |
| Acquisitions | 3,001 | 646 |
| Operations | 10,049 | 7,080 |
| Interest expense | 376 | 489 |
| Repayments | (10,792) | (10,771) |
| Ending Balance | 7,384 | 4,750 |
| Current portion, less than 1 year | 6,992 | 4,311 |
| Long-term portion, due between 1 and 5 years | $ 392 | $ 439 |

**Leases Liabilities**

The Company enters into leases for real estate and vehicles. Real estate leases are valued at the net present value of the future lease payments at an 8% incremental borrowing rate. Vehicle leases are recorded at rate implicit in the lease based on the current value and the estimated residual value of the vehicle, equating to rates ranging from 1.7% to 10.4%.

Below is the movement in lease liabilities for the year ended September 30, 2021:

| | Vehicles | Real estate | Total |
|---|---|---|---|
| Balance, September 30, 2020 | $ 1,627 | $ 3,640 | $ 5,267 |
| Additions during the period: | | | |
| Acquisitions | 109 | 1,603 | 1,712 |
| Operations | 1,385 | 2,560 | 3,945 |
| Interest | 163 | 388 | 551 |
| Lease Terminations | — | (612) | (612) |
| Repayments | (870) | (2,228) | (3,098) |
| Balance, September 30, 2021 | $ 2,414 | $ 5,351 | $ 7,765 |

Future payments pursuant to lease liabilities are as follows:

| | As at September 30, 2021 | As at September 30, 2020 |
|---|---|---|
| Less than 1 year | $ 3,491 | $ 2,394 |
| Between 1 and 5 years | 5,367 | 3,497 |
| More than five years | 38 | 70 |

| | | |
|---|---|---|
| Gross lease payments | 8,896 | 5,961 |
| Less: finance charges | (1,131) | (694) |
| Net lease liabilities | $ 7,765 | $ 5,267 |

**SBA Loan**

In conjunction with the acquisition of Mayhugh on February 1, 2021, the Company assumed an SBA Loan. The face amount of the loan is $150,000 and bears interest at stated interest rate of 3.75%. Due to the below-market interest rate, the Company valued the loan at the net present value of the payments using its incremental borrowing rate of 6%, resulting in a fair value on the acquisition date of $ 122,000. The loan is payable in 360 monthly installments of $731 beginning September 2021 and is secured by substantially all the assets of Mayhugh.

Following is the activity in the SBA Loan for the year ended September 30, 2021:

| | Year Ended September 30, 2021 |
|---|---|
| Beginning Balance | $ — |
| Additions: | |
| Acquisitions | 119 |
| Interest expense | 5 |
| Repayments | (3) |
| Ending Balance | $ 121 |

**Revolving Credit Facility**

In September 2020, the Company entered a $ 20,000,000 asset-based revolving credit facility with a US bank. The facility matures in September 2024 and bears interest at floating rate of LIBOR plus 2.0% to 2.5%, with a LIBOR floor of 0.5% and has an unused fee of 0.3%. The Company has no borrowings from this facility as at September 30, 2021 and 2020. Interest expense for the facility for the year ended September 30, 2021 totaled $38,000 and primarily related to the unused fee. The facility is subject to a borrowing base based on a percentage of eligible accounts receivable and expected future revenues from existing customer rentals. Issuance costs are recorded in “deferred financing costs” on the consolidated statements of financial position and are being amortized on a straight-line over the four-year term of the facility for a total of $ 140,000 and $5,000 for the years ended September 30, 2021 and 2020 respectively.

**12. Shareholders’ Equity**

The Company considers its capital to be shareholders’ equity, which is comprised of share capital, contributed surplus, shares to be issued, accumulated other comprehensive income (loss), and accumulated deficit, in the amount of $57,408,000 at September 30, 2021.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity, and long-term debt, including debentures, equipment loans and leases.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, held with major Canadian and US financial institutions.

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**Authorized share capital**

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. The preferred shares issuable in series will have the rights, privileges, restrictions, and conditions assigned to the series upon the Board of Directors approving their issuance.

**Issued share capital**

The Company has only one class of common stock outstanding. Effective May 13, 2021, the Company consolidated its issued and outstanding common shares based on one post-consolidation common share for every four pre-consolidation common shares. Unless otherwise stated, the share, options and warrants along with corresponding exercise prices and per-share amounts have been restated retrospectively to reflect this share consolidation.

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a reduction of equity, net of any tax effects. Accumulated other comprehensive income represents items such as cumulative, foreign currency translation adjustments, the change in equity arising from unrealized gains and losses from financial instruments designated as available-for-sale, and changes in fair value of derivatives designated as cash flow hedges and is presented as a separate component of shareholders' equity on the Consolidated Statements of Financial Position. The Company does not currently participate in hedging activities.

**Bought deals and private placements**

On June 29, 2020, the Company completed a bought deal public offering, a concurrent brokered private placement, and a non-brokered private placement to the Company's Chief Executive Officer and a director of the Company, for a total of 27,678,826 pre-consolidation units, comprising 27,678,826 pre-consolidation shares, or 6,919,706 post-consolidation shares, and 27,678,826 warrants. Each unit issued was issued at a pre-consolidation price of C$1.15 for total gross proceeds of C$ 31,831,000 ($23,462,000) and consisted of one pre-consolidation common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant") for a total of 13,839,413 Warrants. The fair value of the Warrants was recorded as a liability and valued at June 29, 2020, at $0.12, for a total of $ 1,628,000, using the Black-Scholes pricing model, as described in Note 10. Upon exercise, the warrant liability was derecognized and transferred to equity.

Following the consolidation, for every four Warrants exercised in accordance with its terms, the holder will be entitled to acquire one common share for a period of 12 months following the closing at an exercise price of C$ 6.40 per share. During the year ended September 30, 2021, 13,559,300 Warrants for 3,389,825 common shares were exercised, for total proceeds of C$21,695,000, or $17,473,000.

Warrant activity for the years ended September 30, 2021 and 2020 is provided below:

| | Number (000s) | Weighted average exercise price |
|---|---|---|
| Balance, September 30, 2019 | — | C$ — |
| Issued | 3,460 | 6.40 |
| Balance, September 30, 2020 | 3,460 | C$ 6.40 |
| Exercised | (3,390) | 6.40 |
| Expired | (70) | 6.40 |
| Balance, September 30, 2021 | — | C$ — |

The weighted average share price on the dates of exercise in fiscal year 2021 in was C$ 7.86.

Issuance costs of $2,855,000 in cash were incurred. These costs were allocated ratably between common shares and warrant liability, with $2,645,000 recorded as a reduction of equity and $ 210,000 recorded as "Transaction costs on issuance of financial liabilities." The Company issued compensation options to the underwriter for 367,826 shares at the issue price of C$4.60 for a period of two years from the closing of the offering. The fair value of the options has been valued at $1.24 for a total of $ 456,000.

Activity for the June 2020 compensation options for the years ended September 30, 2021 and 2020 is as follows:

| | Number (000s) | Weighted average exercise price |
|---|---|---|
| Balance, September 30, 2019 | — | C$ — |
| Issued | 368 | 4.60 |
| Exercised | (15) | 4.60 |
| Balance, September 30, 2020 | 353 | C$ 4.60 |
| Exercised | (238) | 4.60 |
| Balance, September 30, 2021 | 115 | C$ 4.60 |

The weighted average share price on the dates of exercise in fiscal years 2021 and 2020 was C$ 8.27 and C$ 5.36, respectively.

**Shares to be issued**

As discussed in Note 3, the Company acquired Sleepwell on October 23, 2020, with a portion of the purchase price in shares. $2,376,000 (629,000 shares at a fair value of $ 3.78 per share) was issued in January 2021, and $657,000 (246,000 shares at a fair value of $ 2.67) is expected to be issued in August 2022. The fair value of the stock has been discounted by 15% and 25%, respectively, using the Black-Scholes pricing model for put options, to reflect the inability to sell the stock for a period and for the time between the date of the acquisition and the dates the stock is to be issued.

**Employee, Director, and Consultant options**

The Company has a stock option plan, which it uses for grants to directors, officers, employees, and consultants. Options granted under the plan are non-assignable and may be granted for a term not exceeding ten years. Stock options having varying vesting periods and the options granted during the year ended September 30, 2021 vest annually over four years or quarterly over twelve quarters.

A summary of stock options is provided below:

| | Number of options (000's) | Weighted average exercise price |
|---|---|---|
| Balance, September 30, 2019 | 2,848 | C$ 1.96 |
| Granted | 25 | 4.40 |
| Exercised | (131) | 2.32 |
| Expired | (110) | 4.40 |
| Forfeited | (5) | 1.52 |
| Balance, September 30, 2020 | 2,627 | C$ 1.99 |
| Granted | 1,396 | 8.40 |
| Exercised | (117) | 2.20 |

| | | | |
|---|---|---|---|
| Expired | (65) | | 3.69 |
| Forfeited | (55) | | 8.39 |
| Balance, September 30, 2021 | 3,786 | C$ | 4.15 |

At September 30, 2021, the Company had 2,554,196 vested stock options with a weighted average exercise price of C$2.10. The weighted average share price on the dates of exercise in fiscal years 2021 and 2020 was C$ 8.11 and C$4.20, respectively.

The fair value of the stock options used the Black-Scholes option pricing model calculated using the following assumptions:

| | Year Ended September 30, 2021 | | Year Ended September 30, 2020 | |
|---|---|---|---|---|
| Share price at grant date | C$8.48 – C$9.76 | | C$0.96 | |
| Risk-free interest rate | 0.92 – 1.63 | % | 1.63 | % |
| Expected volatility | 48.96 – 55.08 | % | 83.20 | % |
| Expected life of option | 4.75 – 10 years | | 4 years | |
| Expected dividend yield | Nil | | Nil | |

**Restricted stock units**

On May 20, 2021, there were 953,750 restricted stock units granted to officers and directors. Each unit represents the right to receive one common share, and vests over a period of two years from the grant date at the rate of one-eighth every three months commencing August 20, 2021. The shares will be issued on the first business day of each calendar year in an amount equal to the units that vested in the previous calendar year or earlier upon a Change in Control, as defined. The fair value of the units on the date of grant are discounted to reflect the difference between the vesting dates and the issuance dates, resulting in compensation expense of C$7,586,000 to be expensed over the vesting period with an increase to contributed surplus

A summary of restricted stock units:

| | Number of units (000's) | | Weighted average exercise price |
|---|---|---|---|
| Balance, September 30, 2020 | — | C$ | — |
| Granted | 954 | | 8.48 |
| Balance, September 30, 2021 | 954 | C$ | 8.48 |

The Company accounts for stock-based compensation using the fair value method as prescribed by *International Financial Reporting Standards 2* ("IFRS 2"). Under this method, the fair value of stock options and restricted stock units at the date of grant is expensed over the vesting period and the offsetting credit is recorded as an increase in contributed surplus. Awards with graded vesting are considered to be multiple awards for fair value measurement. An estimate of the number of awards that are expected to be forfeited is also made at the time of grant and revised periodically if actual forfeitures differ from those estimates.

For the years ended September 30, 2021 and 2020, the Company recorded stock-based compensation expense as follows:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|

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| | | |
|---|---|---|
| Stock-based compensation expense | $ 4,952 | $ 171 |

The fair value of the stock options used the Black-Scholes option pricing model calculated using the following assumptions:

## 13. Commitments and contingencies

### Commitments

The Company leases certain facilities with terms of less than a year that are classified as operating leases. Future payments pursuant to these leases are $28,000 as of September 30, 2021, which are all due in less than one year.

### Contingencies

The Company was in litigation with Lightwater Long Short Fund (“Lightwater”) during the years ended September 30, 2020 and 2021. The litigation was settled in December 2021 in the approximately $150,000, which was recorded in operating expenses for the year ended September 30, 2021.

From time to time, the Company is involved in various legal proceedings arising from the ordinary course of business. None of the matters in which the Company is currently involved, either individually, or in the aggregate, is expected to have a material adverse effect on the Company’s consolidated financial position, results of operations, or cash flows.

## 14. Operating expenses

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Payroll and employee benefits | $ 29,549 | $ 22,701 |
| Facilities | 2,101 | 2,069 |
| Bad debt expense | 7,957 | 6,441 |
| Billing | 3,887 | 1,890 |
| Professional fees | 2,566 | 826 |
| Marketing costs | 1,005 | 448 |
| Outbound freight | 1,378 | 898 |
| All other | 4,319 | 3,353 |
| Total Operating expenses | $ 52,762 | $ 38,626 |

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
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## 15. Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes and are measured using the current or substantively enacted tax rates expected to apply when the differences reverse. A deferred tax asset is recognized to the extent that the recoverability of deferred income tax assets is considered probable.

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined federal and state statutory income tax rate of 27.7% and 26.0% for the years ended September 30, 2021 and 2020 respectively in the US to the Company's net income (loss) before income tax expense (recovery) as follows:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Loss from continuing operations before income taxes | $ (9,329) | $ (3,575) |
| Expected income tax recovery (Statutory income tax rate of 27.7% and 26.0%, respectively) | (2,586) | (930) |
| Difference in foreign tax rates | 86 | (39) |
| Tax rate changes and other adjustments | (614) | (729) |
| Stock-based compensation | 2,964 | 800 |
| State taxes - US | 645 | 128 |
| Prior period adjustments | — | (207) |
| FX adjustments | — | (182) |
| Share issuance cost booked through equity | — | (843) |
| Deferred tax assets not recognized (recognized) | 150 | 2,130 |
| Tax benefit from losses previously unrecognized | (3,800) | — |
| Current tax provision | $ (3,155) | $ 128 |

**Deferred tax**

The following table summarizes the components of deferred tax:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Net operating losses - US | $ 6,312 | $ 3,170 |
| Lease liabilities | — | 735 |
| **Deferred Tax Liabilities** | | |
| Property, plant and equipment - US | (6,015) | (3,889) |
| Prepaid assets - US | — | (16) |
| Obsolescense reserve - US | (10) | — |
| Cash to accrual adjustment temporary - US | (287) | — |
| **Net deferred taxes** | $ — | $ — |

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
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| | Year Ended September 30, 2021 |
|---|---|
| Balance at beginning of year | $ — |
| Recognized in profit/loss | (3,800) |
| Recognized in goodwill | 3,800 |
| Balance at end of year | $ — |

**Unrecognized deferred tax assets**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying number of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Intangible asset - Canada | $ 200 | $ 205 |
| Intangible asset - United States | 984 | 11,247 |
| Allowance for bad debts - United States | 3,851 | 17,777 |
| Net capital losses carried forward - Canada | 1,042 | 995 |
| Non-capital losses - United States | 2,345 | — |
| Share issuance costs - Canada | 1,855 | 2,431 |
| Non-capital losses - Canada | 26,911 | 23,783 |
| Other temporary differences | 6,448 | 3,301 |
| | $ 43,636 | $ 59,739 |

The Canadian non-capital loss carryforwards expire noted in the table below. US loss carryforwards of $20,428,000 expire in 2038 whereas the remaining US loss of $ 5,015,000 can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

| | |
|---|---|
| 2027 | $ 722 |
| 2028 | 75 |
| 2029 | 41 |
| 2030 | 192 |
| 2031 | 293 |
| 2032 | 334 |
| 2033 | 1,730 |
| 2034 | 9,334 |
| 2035 | 901 |
| 2036 | 2,412 |
| 2037 | 1,150 |
| 2038 | 1,533 |
| 2039 | 3,517 |
| 2040 | 2,664 |

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
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| | | |
|---|---|---|
| 2041 | | 2,013 |
| | $ | 26,911 |

**16. Loss per share**

Loss per common share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur from the incremental shares issued if in-the-money securities or other contracts to issue common shares were exercised or converted to common shares by assuming the proceeds received from the exercise of stock options and warrants are used to purchase common shares at the prevailing market price. For periods with a net loss, the potential dilutive shares were excluded because their effect is anti-dilutive.

The following reflects the earnings and share data used in the basic and diluted loss per share computations:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Net income (loss) from continuing operations | $ (6,174) | $ (3,703) |
| Net income (loss) from discontinued operations | — | (869) |
| Basic weighted average number of shares | 30,438 | 22,721 |
| Diluted weighted average number of shares | 30,438 | 22,721 |
| Basic – continuing operations | $ (0.20) | $ (0.16) |
| Diluted – continuing operations | $ (0.20) | $ (0.16) |
| Basic – discontinuing operations | $ — | $ (0.04) |
| Diluted – discontinuing operations | $ — | $ (0.04) |
| Total - Basic | $ (0.20) | $ (0.20) |
| Total - Diluted | $ (0.20) | $ (0.20) |

The effect of instruments exercisable or convertible to common shares for the years ended September 30, 2021 and 2020 were excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

**17. Related party transactions**

The Company has six market rate leases for office, warehouse, and retail space with a rental Company affiliated with the Company's Chief Executive Officer, the majority of which were entered into in 2015. The leases have a combined area of 74,520 square feet. Lease payments under these leases are approximately $ 52,000 per month, plus taxes, utilities, and maintenance.

Expense for Board of Directors' fees were $ 203,000 and $170,000 for the years ended September 30, 2021 and 2020, respectively. Stock-based compensation for the Board of Directors was $ 1,036,000 for the year ended September 30, 2021.

Key management personnel also participate in the Company's share option program (see Note 12). The Company paid or accrued compensation to key management personnel the following:

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Salaries and Benefits paid during the year | $ 968 | $ 785 |
| Stock-based compensation | 1,036 | — |

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
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| | | |
|---|---|---|
| Total | $ 2,004 | $ 785 |

In addition to salaries and benefits above, bonuses of $ 485,000 and $785,000 for the years ended September 30, 2021 and 2020, respectively. In fiscal year 2021 these bonuses were recorded as payroll. In fiscal year 2020 these bonuses were recorded as reduction of equity through issuance costs and expensed as transaction costs related to issuance of securities.

**18. Discontinued operations**

On July 29, 2019, the Company sold the assets of Patient Home Monitoring, Inc. The consolidated financial statements and the notes reflect the Patient Home Monitoring, Inc. as discontinued operations. During the year ended September 30, 2020, there were ongoing litigation matters involving Patient Home Monitoring, Inc. that resulted in loss from discontinued operations, as reflected in the following table for the years ended September 30, 2021 and 2020.

| | Year Ended September 30, 2021 | Year Ended September 30, 2020 |
|---|---|---|
| Operating expenses | $ — | $ (869) |
| Net (loss) income from discontinued operations | $ — | $ (869) |

During the year ended September 30, 2020, the Company accrued $ 869,000 for defense and settlement costs. One of the matters was resolved in fiscal year 2020 and the other matter was resolved in fiscal year 2021. These matters are directly related to the operations of the disposed business, and as such, are reflected as discontinued operations.

**19. Subsequent event**

On October 1, 2021, the Company, through one of its indirect wholly-owned subsidiaries, entered into a purchase agreement to acquire Thrift Home Care Inc, (“Thrift”), a Mississippi based company. The purchase price was approximately $2,174,000, of which approximately $ 1,804,000 was paid in cash at closing, and approximately $195,000 of holdbacks are payable on the six- and twelve-month anniversaries of the acquisition, subject to normal post-closing adjustments, if any.

Pro forma twelve-month revenues and net income of Thrift had the acquisition occurred on October 1, 2020 are approximately $2,900,000 and $400,000, respectively. The Company is in the process of gathering the information required to allocate the purchase price to the acquired tangible and intangible assets as of the acquisition date.

On November 1, 2021, the Company, through one of its indirect wholly-owned subsidiaries, entered into a purchase agreement to acquire Heckman Healthcare Services & Supplies, Inc, (“Heckman”), an Illinois based company. The purchase price was approximately $2,289,000, of which approximately $ 1,949,000 was paid in cash at closing, and approximately $340,000 of holdbacks are payable on the six- and twelve-month anniversaries of the acquisition, subject to normal post-closing adjustments, if any.

Pro forma twelve-month revenues and net income of Heckman had the acquisition occurred on October 1, 2020 are approximately $2,600,000 and $60,000, respectively. The Company is in the process of gathering the information required to allocate the purchase price to the acquired tangible and intangible assets as of the acquisition date.

On November 9, 2021, the Company, through one of its indirect wholly-owned subsidiaries, entered into a purchase agreement to acquire Southeastern Biomedical Services, LLC, (“Southeastern Bio”), an Alabama based company. The purchase price was approximately $298,000, of which approximately $ 198,000 was paid in cash at closing, and

approximately $100,000 of earn outs are payable on the one and two year anniversaries of the acquisition, subject to normal post-closing adjustments, if any.

Pro forma twelve-month revenues and net income of Southeastern Bio had the acquisition occurred on October 1, 2020 are approximately $1,600,000 and $250,000, respectively. The Company is in the process of gathering the information required to allocate the purchase price to the acquired tangible and intangible assets as of the acquisition date.

On January 1, 2022, the Company, through one of its indirect wholly-owned subsidiaries, entered into a purchase agreement to acquire At Home Health Equipment, LLC, ("At Home"), an Indiana based company. The purchase price was approximately $13,117,000, of which approximately $11,797,000 was paid in cash at closing, and approximately $1,220,000 of holdbacks are payable on the six- and twelve-month anniversaries of the acquisition, subject to normal post-closing adjustments, if any.

Pro forma twelve-month revenues and net income of At Home had the acquisition occurred on October 1, 2020 are approximately $12,800,000 and $90,000, respectively. The Company is in the process of gathering the information required to allocate the purchase price to the acquired tangible and intangible assets as of the acquisition date.

**20. Restatement**

For comparative purposes, the consolidated statements of financial position as at September 30, 2021 and 2020 include adjustments to reflect the change in accounting policy resulting from the change in the presentation currency to the US dollar. The amounts previously reported in Canadian dollars as shown below have been translated into US dollars as at September 30, 2020 and October 1, 2019 exchange rate of 1.3339 US$:C$ and 1.3242 US$:C$, respectively.

**Consolidated financial statements as at September 30, 2020**

| | Previously Reported in C$ | As Restated in US$ |
|---|---|---|
| Current assets | $ 60,402 | $ 45,283 |
| Long-term assets | 35,733 | 26,782 |
| Total assets | 96,135 | 72,065 |
| Current liabilities | 32,526 | 24,385 |
| Long-term liabilities | 25,938 | 19,445 |
| Total liabilities | 58,464 | 43,830 |
| Shareholders' equity | 37,671 | 28,235 |
| Total liabilities and shareholders' equity | 96,135 | 72,065 |

**Consolidated financial statements as at October 1, 2019**

| | Previously Reported in C$ | As Restated in US$ |
|---|---|---|
| Current assets | $ 30,783 | $ 23,247 |
| Long-term assets | 24,382 | 18,412 |
| Total assets | 55,165 | 41,659 |
| Current liabilities | 21,081 | 15,919 |
| Long-term liabilities | 16,839 | 12,717 |
| Total liabilities | 37,920 | 28,636 |
| Shareholder's equity | 17,245 | 13,023 |

**Quipt Home Medical Corp. (Formerly, Protech Home Medical Corp.)**
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| | | |
|---|---|---|
| Total liabilities and shareholders' equity | 55,165 | 41,659 |

The statements of income (loss) and comprehensive income (loss) and statement of cash flows have been adjusted for foreign exchange gain and translated at an exchange rate of 1.3458 C$/US$ for the year ended September 30, 2020.

**Consolidated statement of loss for the year ended September 30, 2020**

| | Previously Reported in C$ | As Restated in US$ |
|---|---|---|
| Total revenue | $ 97,755 | $ 72,639 |
| Operating income (loss) from continuing operations | 885 | 658 |
| Income (loss) before taxes from continuing operations | (5,425) | (3,575) |
| Net income (loss) from continuing operations | (5,597) | (3,703) |
| Net income (loss) | (6,755) | (4,572) |

**Consolidated statement of cash flows for the year ended September 30, 202 0**

| | Previously Reported in C$ | As Restated in US$ |
|---|---|---|
| Loss from continuing operations | $ (5,597) | $ (3,703) |
| Loss from discontinuing operations | (1,158) | (869) |
| Net cash flows provided by operating activities | 17,631 | 14,034 |
| Net cash flows used in investing activities | (10,570) | (7,853) |
| Net cash flow used in financing activities | 18,676 | 13,721 |
| Net increase in cash | 25,737 | 19,902 |

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**Exhibit 99.3**

Fiscal year 2021

**Management's Discussion and Analysis**
For the Year ended September 30, 2021

**Quipt Home Medical Corp.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

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*The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Quipt Home Medical Corp., formerly Protech Home Medical Corp., and its subsidiaries ("Quipt" or the "Company"), prepared as of January 26 , 2022 and should be read in conjunction with the consolidated financial statements for the year ended September 30, 2021, including the notes therein. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise specified, all financial data is presented in US dollars. The words "we", "our", "us", "Company", and "Quipt" refer to Quipt Home Medical Corp. and/or the management and employees of the Company.*

*Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Readers are cautioned regarding statements discussing profitability; growth strategies; anticipated trends in our industry; our future financing plans; and our anticipated needs for working capital. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements contained in this report will in fact occur. The Company bases its forward-looking statements on information currently available to it and assumes no obligation to update them.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS MD&A PRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS MD&A AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, THE COMPANY DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED BY APPLICABLE SECURITIES LEGISLATION

## FISCAL YEAR 2021 HIGHLIGHTS

- Increased revenues for the year ended September 30, 2021 to $102.4 million, or 41%, from the year ended September 30, 2020.
- Completed six acquisitions during the year ended September 30, 2021.
- Increased the number of equipment set-ups to 364,367 for the year ended September 30, 2021 from 253,113 in the prior year, an increase of 44%
- Increased the number of respiratory resupply set-ups to 158,072 for the year ended September 30, 2021 from 61,468 in the prior year, an increase of 157.2%
- Generated Adjusted EBITDA of $21.4 million, a 38.3% increase from the prior year, and 21.1% of revenue.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

## SELECTED QUARTERLY INFORMATION

| | For the Year ended September 30, 2021 | For the Year ended September 30, 2020 |
|---|---|---|
| Number of patients serviced(1) | 140,996 | 91,650 |
| Number of equipment set-ups or deliveries | 364,367 | 253,113 |
| Respiratory resupply set-ups or deliveries | 158,072 | 61,468 |
| Adjusted EBITDA(2) | $ 21,371 | 15,451 |

(1) The twelve-month periods do not equal the sum of the four respective three-month periods due to some patients being serviced in multiple four-month periods.
(2) Refer to page three for definition of Adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA")

The words "we", "our", "us", "Company", and "Quipt" refer to Quipt Home Medical Corp. and/or the management and employees of the Company.

**Reporting entity**

The Company changed its name from Protech Home Medical Corp. to Quipt Home Medical Corp. on May 13, 2021. The Company's shares are traded on the TSX Venture Exchange under the symbol QIPT. Effective May 13, 2021, the Company consolidated its issued and outstanding common shares based on one post-consolidation common share for every four pre-consolidation common shares. The change in name and share consolidation were completed in anticipation of the Company's application to list its common shares on the NASDAQ Capital Market ("NASDAQ"). On May 27, 2021 the stock began trading on NASDAQ in the United States under the symbol QIPT. Effective May 13, 2021, Unless otherwise stated, the share, options and warrants along with corresponding exercise prices and per-share amounts have been restated retrospectively to reflect this share consolidation.

**Change in Presentation Currency**

Effective October 1, 2020, the Company changed its presentation currency to United States ("US") dollars from Canadian dollars. Since the Company operates in the United States and its functional currency is US dollars, the Company believes that the change in presentation currency will provide stakeholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively. The consolidated financial statements for all periods presented have been translated into the new presentation currency in accordance with International Accounting Standard ("IAS") 21 - The Effects of Changes in Foreign Exchange Rates.

The consolidated statements of operations and comprehensive income (loss) and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive loss. Asset and liability amount previously reported in Canadian dollars have been translated into US dollars as at October 1, 2019 and September 30, 2020, using the period-end exchange rates of 1.3242 C$/US$ and 1.3339 C$/US$, respectively. The statements of income (loss) and comprehensive income (loss) and statement of cash flows have been translated at an exchange rate of 1.3458 C$/US$ for the year ended September 30, 2020.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
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## ABOUT OUR BUSINESS

### Quipt business objective

The explosive growth in the number of elderly patients in the US healthcare market is creating pressure to provide more efficient delivery systems. Healthcare providers, such as hospitals, physicians, and pharmacies, are seeking partners that can offer a range of products and services that improve outcomes, reduce hospital readmissions, and help control costs. Quipt fills this need by delivering a growing number of specialized products and services to achieve these goals. Quipt seeks to provide an ever-expanding line of products and services over larger geographic regions within the United States using several growth strategies.

### Future Outlook

Quipt expects to generate net profit and positive adjusted EBITDA, excluding IFRS treatment of non-cash items. Our top priority continues to be the generation of operational net profit, positive cash flow, and growth in EBITDA in fiscal year 2021 and beyond. As we continue to expand in our existing markets, we plan to leverage our business platforms to enter new markets. As we continue to grow and achieve scale, the increasing cash generated from operations will be used to market our service and to gain market share. Our continued integration and rationalization, as well as our acquisitions, have given us a focus and path towards profitability at each business unit.

Going forward, we seek to find ways to continue to grow our customer base and penetrate these markets, while continuing to streamline our operational platform and generate positive cash flow and operational profits. We will continue to improve on operational efficiencies and call center management as they are key execution points in order to maintain our healthy gross margin while growing revenues via the cross selling of services to existing and acquired patients.

## OPERATING RESULTS

### Accounting policies and estimates

The consolidated financial statements for the year ended September 30, 2021 are prepared under International Financial Reporting Standards ("IFRS") issued by the governing body of the International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of consolidated financial statements.

### IFRS accounting treatment

Management does not rely upon non-cash IFRS accounting treatment of certain items such as impairment of goodwill and intangible assets, changes in the fair value of financial derivatives, stock-based compensation and amortization of intangible assets when planning, monitoring, and evaluating the Company' s performance or in making financial decisions.

### Non-IFRS measures

Throughout this MD&A, references are made to several measures which are believed to be meaningful in the assessment of the Company' s performance. These metrics are non-standard measures under IFRS and may not be identical to similarly to it led measures reported by other companies. Also, in the future, we may disclose different non- IFRS financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations. Readers are cautioned that the disclosure of these items is meant to add to, and not replace,

the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance.

**EBITDA and Adjusted EBITDA**

In calculating EBITDA and adjusted EBITDA, certain items (mostly non-cash) are excluded from net income (loss), including interest, income taxes, depreciation, amortization, change in fair value of derivative financial liabilities, and stock-based compensation. Set forth below are descriptions of the financial items that have been excluded from net income or loss to calculate EBITDA and Adjusted EBITDA and the material limitations associated with using these non-IFRS financial measures as compared to net income or loss.

- Depreciation and amortization expense may be useful for investors to consider because they generally represent the wear and tear on our property and equipment used in our operations and amortization of intangibles valued in acquisitions. However, we do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating costs.

- The amount of interest expense we incur or interest income we generate may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense to be a representative component of the day-to-day operating performance of our business.

- The change in fair value of derivative financial liabilities is the change in value of the debenture, warrants, and purchase price payable in common shares, and these changes are non-cash.

- Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes and may reduce the amount of funds otherwise available for use. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of our business.

- Stock-based compensation may be useful for investors to consider because it is an estimate of the non-cash component of compensation received by the Company's directors, officers, employees, and consultants. However, stock-based compensation is being excluded from the Company's operating expenses because the decisions which gave rise to these expenses were not made to increase revenue in a particular period but were made for the Company's long-term benefit over multiple periods. While strategic decisions, such as those to issue stock-based awards are made to further the Company's long-term strategic objectives and impact the Company's earnings under IFRS, these items affect multiple periods and management is not able to change or affect these items within any period.

Management uses both IFRS and non-IFRS measures when planning, monitoring, and evaluating the Company's performance.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
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The following table of adjusted EBITDA shows the Company's IFRS measures reconciled to EBITDA (non-IFRS measure) for the indicated periods. The table of net income (loss) is also measured based on IFRS. The tables are shown net of discontinued operations.

| | Year ended September 30, 2021 | Year ended September 30, 2020 |
|---|---|---|
| Net income (loss) from continuing operations | $ (6,174) | (3,703) |
| Add back: | | |
| Depreciation and amortization | 17,786 | 14,538 |
| Interest expense, net | 1,853 | 1,837 |
| Gain (loss) on foreign currency transactions | 173 | (454) |
| Change in fair value of debentures and warrants | 5,703 | 2,635 |
| Transaction costs bought deal | — | 210 |
| Provision (benefit) for income taxes | (3,155) | 128 |
| EBITDA | 16,186 | 15,191 |
| Stock-based compensation | 4,952 | 171 |
| Acquisition-related costs | 233 | 89 |
| Adjusted EBITDA | $ 21,371 | $ 15,451 |

| | Year ended September 30, 2021 | Year ended September 30, 2020 |
|---|---|---|
| Revenues | $ 102,351 | $ 72,639 |
| Inventory sold | 28,172 | 19,934 |
| Operating expenses | 52,762 | 38,626 |
| Depreciation | 16,212 | 13,860 |
| Amortization of intangible assets | 1,574 | 678 |
| Stock-based compensation | 4,952 | 171 |
| Acquisition related costs | 233 | 89 |
| Gain on disposals of property and equipment | (94) | (74) |
| Other expense (income) | — | (1,303) |
| Amortization of financing costs | 140 | 5 |
| Interest expense, net | 1,853 | 1,837 |
| Transaction costs bought deal | — | 210 |
| (Gain) loss on foreign currency transactions | 173 | (454) |
| Change in fair value of debentures and warrants | 5,703 | 2,635 |
| Provision (benefit) for income taxes | (3,155) | 128 |
| Net income (loss) from continuing operations | (6,174) | (3,703) |
| Income from discontinued operations | — | (869) |
| Net income (loss) | $ (6,174) | $ (4,572) |
| Income (loss) per share | | |
| Basic | $ (0.20) | $ (0.20) |
| Diluted | $ (0.20) | $ (0.20) |

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

**Revenue**

For the year ended September 30, 2021, revenue totaled $102,351,000, an increase of $29,712,000, or 41%, from the year 2020. This increase is due to organic growth of 10%, with the remainder due to the acquisitions during the fiscal year 2021.

**Inventory sold**

For the year ended September 30, 2021, inventory sold totaled $28,172,000 versus $19,934,000 for the year ended September 30, 2020. The increase was due to and commensurate with the growth in revenues.

**Operating expenses**

For the year ended September 30, 2021, operating expenses were $52,762,000, an increase of $14,136,000 from $38,626,000 for the year ended September 30, 2020. Acquisitions contributed approximately $6,344,000 of the increase during the fiscal year 2021. Remaining increases relate to professional fees associated with Company's Nasdaq listing in the U.S., and investments to support the revenue growth of the Company.

**Depreciation expense**

Depreciation expense increased by $2,352,000 to $16,262,000 for the year ended September 30, 2021. This increase is due to the acquisitions during the year ended September 30, 2020 and the year ended September 30, 2021.

**Stock-based compensation**

Stock-based compensation increased to approximately $4,952,000 for the year ended September 30, 2021 due to the grants of 953,750 restricted stock units and 1,396,000 stock options in May 2021 and options granted to board members.

**Interest expense**

Total interest expense for the year ended September 30, 2021 increased slightly to $1,853,000 in the year ended September 30, 2021 from $1,837,000 for the year ended September 30, 2020.

**Change in fair value of derivative financial liabilities**

The Company has two financial liabilities that are recorded at fair value through profit or loss. The debenture issued during 2019 is valued at fair value using the current trading price. The change in fair value for the debenture was a loss of $3,591,000 for the year ended September 30, 2021 as compared to a loss of $2,437,000 for the year ended September 30, 2020. Warrants issued with the June 2020 bought deal are valued using the Black-Scholes pricing model, which resulted in a loss of $2,112 for the year ended September 30, 2021.

**Provision (benefit) for income taxes**

For the year ended September 30, 2021, the benefit for income taxes was $3,155,000. The deferred tax liability arising from the six purchase price allocations was offset by the deferred tax asset from tax loss carryforwards and recorded as a benefit for income taxes. This was partially offset by $645,000 of a provision for state and local income taxes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

## FINANCIAL POSITION

| | As at September 30, 2021 | As at September 30, 2020 |
|---|---|---|
| Cash | $ 34,612 | $ 29,227 |
| Accounts receivable, inventory and prepaid assets | 22,621 | 16,056 |
| Property and equipment | 23,506 | 16,667 |
| Other assets | 27,834 | 10,115 |
| **Total assets** | $ 108,573 | $ 72,065 |
| Accounts payable and other current liabilities | $ 32,737 | $ 24,385 |
| Long term debt and other long-term liabilities | 17,214 | 19,445 |
| **Total Liabilities** | 49,951 | 43,830 |
| **Shareholders' equity** | 58,622 | 28,235 |
| **Total liabilities and shareholders' equity** | $ 108,573 | $ 72,065 |

**Liquidity**

Management considers liquid assets to consist of cash and its line of credit availability. As of September 30, 2021, the Company had cash on hand of $34,612,000 and line of credit availability of $20,000,000. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have enough liquidity to meet its liabilities when due by continuously monitoring actual and budgeted cash flows and monitoring financial market conditions for signs of weakness.

As of September 30, 2021, the Company faces no material liquidity risk and can meet all its current financial obligations as they become due and payable. The Company has $32,737,000 liabilities that are due within one year but has $57,233,000 of current assets to meet those obligations.

**Capital management**

The Company considers its capital to be shareholders' equity, which is comprised of share capital, contributed surplus, and shares to be issued and deficit, which totaled $58,622,000 at September 30, 2021, along with long-term debt, which totaled $17,214,000 at September 30, 2021.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital, convertible debentures raised by way of private placements, and debt instruments.

On June 29, 2020, the Company completed a bought deal public offering, a concurrent brokered private placement, and a non-brokered private placement to the Company's Chief Executive Officer and a director of the Company, for a total of 27,678,826 units. Each unit issued was issued at a price of C$1.15 for total gross proceeds of C$31,830,650 and consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). The fair value of the Warrants is recorded as a liability and valued using the Black-Scholes pricing model. Upon exercise, the warrant liability was derecognized and transferred to equity. The unexercised Warrants were derecognized and recorded in the caption "Change in fair value of derivative financial liabilities" upon their expiration on June 29, 2021.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**September 30, 2021 and 2020**
**(Tabular dollar amounts expressed in thousands, except per share amounts)**

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid, and highly rated financial instruments, such as cash and short-term guarantee deposits, held with major Canadian and US financial institutions.

The Company had the following equity instruments outstanding at September 30, 2021 and September 30, 2020:

| | As at September 30, 2021 (000's) | As at September 30, 2020 (000's) |
|---|---|---|
| Common shares | 33,350 | 28,069 |
| Warrants | — | 3,460 |
| Options | 3,786 | 2,627 |
| Restricted stock units | 954 | — |
| Compensation options | 115 | 483 |

The following table provides information about the Company's remaining funds from its recent public offering and private placements and the actual use of proceeds from those financings compared to the intended use of proceeds from the offerings.

| Date of Financing | Type of Financing | Gross Proceeds |
|---|---|---|
| June 29, 2020 | Bought Deal Prospectus Offering - Units | C$28,751,150 (US$21.2 million) |
| June 29, 2020 | Bought Deal Private Placement - Units | C$2,012,500 (US$1.5 million) |
| June 29, 2020 | Bought Deal Private Placement - Units | C$1,067,000 (US$0.8 million) |

The intention was to use the net proceeds to increase the Company's cash position and to complete any strategic acquisitions that are identified. The net proceeds of C$27.6 million (US$20.6 million) were used in full for strategic acquisitions.

## Financing

Historically and currently, the Company has financed its operations primarily from cash flow from operations, equipment loans, debentures, leases, equity financing, and through the issuance of shares to acquire businesses.

### *Debentures*

On March 7, 2019, the Company issued C$15,000,000 in 8.0% Convertible Unsecured Debentures due March 7, 2024, with interest payable semi-annually on June 30 and December 31. Each C$1,000 (US$807) debenture is convertible at the option of the holder into 192.31 common shares. As of September 30, 2020, C$4,000 of debentures had been converted into common shares, and during the year ended September 30, 2021, C$4,037,000 of debentures were converted into common shares, leaving C$10,959,000 (US$8,601,000) of face value of the debentures remaining. The fair value of the

debentures on the dates of conversion totaled C$6,766,000, or $5,359,000. After three years, the Company can force conversion of the outstanding principal at a conversion price of C$5.20, if the daily volume weighted average price of the common shares exceeds C$6.48 per share for twenty consecutive trading days. The debenture agreement also allows for payment of cash in lieu of common shares upon exercise of conversion right by the holder, equivalent to the market price on the conversion date.

The following table provides information about the Company's remaining funds from its private placement and the actual use of proceeds from those financings compared to the intended use of proceeds from the offerings.

| Date of Financing | Type of Financing | Gross Proceeds |
|---|---|---|
| March 7, 2019 | Bought Deal Private Placement offering - Convertible Debentures | C$15,000,000 (US$11.1 million) |

The net proceeds were expected to be used for debt repayment, working capital, and general corporate requirements. The net proceeds was C$13.4 million (US$10.0 million). From this, C$9.0 million (US$6.7 million) was used to repay previously issued debentures and C$4.4 million (US$3.3 million) was used for acquisitions.

***Equipment Loans***

The Company is offered financing arrangements from the Company's suppliers and the supplier's designated financial institution, in which payments for certain invoices or products can be financed and paid over an extended period. The financial institution pays the supplier when the original invoice becomes due, and the Company pays the third-party financial institution over a period of time. In some cases, the supplier accepts a discounted amount from the financial institution and the Company repays the financial institution the face amount of the invoice with no stated interest, in twelve equal monthly installments. The Company uses a 6% incremental borrowing rate to impute interest on these arrangements. In other cases, the supplier receives the full invoice price and Company pays a stated interest rate to the financial institution, ranging from 5.6% to 8.0%, with the terms of the financing ranging from 12 to 48 months. Future payments on these liabilities are as follows:

| | | |
|---|---|---|
| Less than 1 year | $ | 7,127 |
| Between 1 and 5 years | | 412 |
| Total | $ | 7,539 |

***Lease Liabilities***

The Company enters into leases for real estate and vehicles. Real estate leases are valued at the net present value of the future lease payments at an 8% incremental borrowing rate. Vehicle leases are recorded at rate implicit in the lease based on the current value and the estimated residual value of the vehicle, equating to rates ranging from 1.7% to 10.4%. Future payments on these liabilities are as follows:

| | | |
|---|---|---|
| Less than 1 year | $ | 3,491 |
| Between 1 and 5 years | | 5,367 |
| More than 5 years | | 38 |
| Total | | 8,896 |
| Less: finance charges | | (1,131) |

| | |
|---|---|
| Lease liabilities | 7,765 |
| Current portion of lease liabilities | 2,981 |
| Long-term portion of lease liabilities | $ 4,784 |

***Revolving Credit Facility***

In September 2020, the Company entered a $20,000,000 asset-based revolving credit facility with a US bank. The facility matures in September 2024 and bears interest at floating rate of LIBOR plus 2.0% to 2.5%, with a LIBOR floor of 0.5% and has an unused fee of 0.3%. The Company has no borrowings from this facility at September 30, 2021 and September 30, 2020. Interest expense for the facility for the year ended September 30, 2021 totaled $38,000 and primarily related to the unused fee. The facility is subject to a borrowing base based on a percentage of eligible accounts receivable and expected future revenues from existing customer rentals. Issuance costs are recorded in "deferred financing costs" on the consolidated statements of financial position and are being amortized on a straight-line over the four-year term of the facility for a total of $140,000 and $5,000 for the years ended September 30, 2021 and 2020 respectively.

**Contingencies**

The Company has been in litigation with Lightwater Long Short Fund ("Lightwater") during the year ended September 30, 2020, and the year ended September 30, 2021. The litigation was settled in December 2021 in the approximately $150,000, which was recorded in operating expenses for the year ended September 30, 2021.

From time to time, the Company is involved in various legal proceedings arising from the ordinary course of business. None of the matters in which the Company is currently involved, either individually or in the aggregate, is expected to have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

**Quarterly operating results from continuing operations**

| | Quarter ended Sep. 30, 2021 | Quarter ended Jun. 30, 2021 | Quarter ended Mar. 31, 2021 | Quarter ended Dec. 31, 2020 |
|---|---|---|---|---|
| Revenue | $ 29,118 | $ 26,238 | $ 24,240 | $ 22,755 |
| Net income (loss) from continuing operations | (1,379) | 6,329 | (12,490) | 1,366 |
| Net income (loss) per share – continuing operations | (0.02) | 0.20 | (0.43) | 0.05 |
| Total assets | $ 108,573 | $ 106,542 | $ 89,728 | $ 78,274 |

| | Quarter ended Sep. 30, 2020 | Quarter ended Jun. 30,2020 | Quarter ended Mar. 31, 2020 | Quarter ended Dec. 31, 2019 |
|---|---|---|---|---|
| Revenue | $ 19,641 | $ 18,572 | $ 17,861 | $ 16,565 |
| Net income (loss) from continuing operations | (475) | (2,528) | 3,078 | (3,778) |
| Net income (loss) per share – continuing operations | (0.01) | (0.12) | 0.15 | (0.22) |
| Total assets | $ 72,065 | $ 70,637 | $ 45,641 | $ 49,105 |

Results of operations for the healthcare services market in which the Company operates show little seasonality from quarter to quarter. The increase in revenues from the past year is primarily due to the Company's acquisitions during the year ended September 30, 2020 and the year ended September 30, 2021.

**Related party transactions**

The Company has six market rate leases for office, warehouse, and retail space with a rental Company affiliated with the Company's Chief Executive Officer, the majority of which were entered into in 2015. The leases have a combined area of

74,520 square feet. Lease payments under these leases are approximately $52,000 per month, plus taxes, utilities, and maintenance.

Expense for Board of Directors' fees were $203,000 and $170,000 for the year ended September 30, 2021 and 2020, respectively. Stock-based compensation for the Board of Directors was $1,036,000 for the year ended September 30, 2021.

Key management personnel also participate in the Company's share option program. The Company paid or accrued compensation to key management personnel the following:

| | Year ended September 30, 2021 | Year ended September 30, 2020 |
|---|---|---|
| Salaries and benefits | $ 968 | $ 785 |
| Stock-based compensation | 1,036 | — |
| Total | $ 2,004 | $ 785 |

**Off balance sheet arrangements**

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations or financial condition.

## ACCOUNTING AND DISCLOSURE MATTERS

**Financial reporting controls**

The Company is required to certify the design and evaluation of its disclosure controls and procedures. The Company is not required to certify the design and effectiveness regarding internal controls over financial reporting. The Company has evaluated the design and effectiveness of its disclosure controls and procedures and determined them to be ineffective due to the fact that the financial statements were not filed timely,to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. The company is working to engage outside consultants to initiate SOX compliance efforts to remedy the ineffective controls.

There were no substantive changes in the Company' s disclosure controls and procedures and internal controls over financial reporting during the year ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company' s disclosure controls and procedures and internal controls over financial reporting.

**Critical accounting estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments, and assumptions concerning the future. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates where management has made subjective judgments and where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments and share-based transactions, useful lives and impairment of non-financial assets (property and equipment and intangible assets),

provision for expected credit losses, fair value measurements for assets and liabilities acquired in business acquisition, and calculation of deferred taxes.

**Revenue recognition**

Revenues are billed to and collections are received from both third-party insurers and patients. Because of continuing changes in the health care industry and third-party reimbursement, the consideration receivable from these insurance companies is variable as these billings can be challenged by the payer. Therefore, the amount billed by the Company is reduced by an estimate of the amount that the Company believes is an allowable charge to be ultimately allowed by the insurance contract. The above estimate involves significant judgment including an analysis of past collections and historical modification rates. Management regularly reviews the actual claims approved by the insurance companies, adjusting as required.

**Valuation of accounts receivable**

The measurement of expected credit losses considers information about past events and current conditions. Forward looking macro-economic factors are incorporated into the risk parameters, such as unemployment rates, inflation, and interest rates. Significant judgments are made in order to incorporate forward-looking information into the estimation of allowances and may result in changes to the provision from period to period which may significantly affect our results of operations.

The Company estimates that a certain portion of receivables from customers may not be collected and maintains an allowance for doubtful accounts. The Company evaluates the net realizable value of accounts receivable as of the date of the consolidated statements of financial positions. Specifically, the Company considers historical realization data, including current and historical cash collections, accounts receivable aging trends, other operating trends, and relevant business conditions. Because of continuing changes in the health care industry and third-party reimbursement, it is possible that the estimates could change, which could have a material impact on the operations and cash flows. If circumstances related to certain customers change or actual results differ from expectations, our estimate of the recoverability of receivables could fluctuate from that provided for in our consolidated financial statements. A change in estimate could impact bad debt expense and accounts receivable.

**Business combinations**

In accordance with IFRS 3 – Business Combination ("IFRS 3"), a transaction is recorded as a business combination if the significant assets, liabilities, or activities in addition to property and related mortgage debt assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill.

**Lease liabilities**

**Estimate of lease term**

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term

of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

**Incremental borrowing rate**

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

**Significant accounting judgments**

The following are the critical judgments, apart from those involving estimations, that have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

**Functional currency**

The consolidated financial statements of the Company are presented in US dollars, which is the Company's functional currency. Determined using management's judgment that the primary economic environment in which it will derive its revenue and expenses incurred to generate those revenues is the United States. Management has exercised judgment in selecting the functional currency of each of the entities that it consolidates based on the primary economic environment in which the entity operates and in reference to the various indicators including the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs and the currency whose competitive forces and regulations mainly determine selling prices.

**Business combinations**

In accordance with IFRS 3 – Business Combination ("IFRS 3"), a transaction is recorded as a business combination if the significant assets, liabilities, or activities in addition to property and related mortgage debt assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill.

## TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists, as of September 30, 2021, information with respect to the Company's known contractual obligations (in thousands):

| | Total | Less than 1 year | 1-3 Years | 4-5 Years | After 5 Years |
|---|---|---|---|---|---|
| Debt | $ 16,400 | $ 7,135 | $ 9,032 | $ 25 | $ 208 |
| Finance Lease Obligations | 8,896 | 3,491 | 4,631 | 736 | 38 |
| Operating Leases | 28 | 28 | — | — | — |
| Purchase Obligations | — | — | — | — | — |
| Other Obligations | 9,842 | 9,842 | — | — | — |
| Total Contractual Obligations | $ 35,166 | $ 20,496 | $ 13,663 | $ 761 | $ 246 |

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial instrument risk exposure

The Company' s activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support the Company' s ability to continue as a going concern. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company' s overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk are primarily cash and accounts receivable. Each subsidiary places its cash with one major financial institution. At times, the cash in the financial institution is temporarily in excess of the amount insured by the Federal Deposit Insurance Corporation. Substantially all accounts receivables are due under fee-for-service contracts from third party payors, such as insurance companies and government-sponsored healthcare programs, directly from patients or for rebates due from manufacturers. Receivables generally are collected within industry norms for third-party payors and from manufacturers. The Company continuously monitors collections from its clients and maintains an allowance for bad debts based upon any specific payor collection issues that are identified and historical experience.

The Company recorded bad debt expense of $7,957,000 and $6,441,000 for the year ended September 30, 2021, and 2020, respectively. As of September 30, 2021, no one customer represented more than 10% of outstanding accounts receivable. The Company does have more than 9% of receivables through Medicare. As this is a federal program there is very little credit risk associated with these balances.

**Currency risk**

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations denominated in foreign currencies. All of the Company's sales and inventory sold and most all of the Company's operating expenses are in US dollars. The Company's debentures, derivative warrant liability, purchase price payables in shares, and common shares are denominated in Canadian dollars. Cash is maintained in both US dollars. Consequently, the Company is exposed to foreign exchange fluctuations.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash in US dollars. The Company monitors foreign currency exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

Based on the above net exposure at the year ended September 30, 2021, depreciation, or appreciation of the US dollar against the Canadian dollar could result in a significant effect on net loss. The Company has not employed any currency hedging programs.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have enough liquidity to meet its liabilities when due, under both normal conditions, by continuously monitoring actual and budgeted cash flows.

As of September 30, 2021, the Company faces no material liquidity risk and can meet all its current financial obligations as they become due and payable. The Company has $32,737,000 liabilities that are due within one year but has $57,233,000 of current assets to meet those obligations

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with US and Canadian financial institutions. The Company considers this risk to be immaterial. The interest on the Company's debt is not subject to cash flow interest rate risk as these instruments bear interest at fixed rates. The Company's revolving line of credit has a floating rate, but the Company does not borrow significant amounts on this line.

## RISK FACTORS

While it is impossible to identify all such risk factors, factors that could cause actual results to differ materially from those estimated by us include:

**Market Price of the Company Shares**

The Company Shares are listed and posted for trading on the TSX Venture Exchange and NASDAQ. Securities of small-cap and healthcare companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company Shares is also likely to be significantly affected by short-term changes in cost of goods, or in financial condition or results of operations. Other factors unrelated to the performance of the Company that may have an effect on the price of the Company Shares include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the Company Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Company Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Company Shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

**Dilution**

The Company will require additional funds in respect of the further development of the company through acquisition. If the Company raises funds by issuing additional equity securities, such financing will dilute the equity interests of its shareholders.

**Future Sales of Shares by Existing Shareholders**

Sales of the Company Shares in the public markets, or the potential for such sales, could decrease the trading price of the Company Shares and could impair The Company's ability to raise capital through future sales of the Company Shares. The Company may from time to time have previously issued securities at an effective price per share which will be lower than the market price of the Company Shares. Accordingly, certain shareholders of The Company may have an investment profit in the Company Shares that they may seek to liquidate.

**Limited History of Operations**

The Company has a limited history of operations. There can be no assurance that the business of the Company will be successful and generate, or maintain, any profit.

**Reimbursement Rates May Decline / Competitive Bid**

Reimbursement for services to be provided by the Company come primarily from Medicare and private health insurance companies. The reimbursement rates offered are outside the control of the Company. Reimbursement rates for much of the US health care market have been subject to continual reductions as health insurers and governmental entities attempt to control health care costs. The extent and timing of any reduction in reimbursement rates cannot be predicted by the Company.

Specifically, the Centers for Medicare & Medicaid Services ("CMS") oversees a competitive bidding program covering durable medical equipment ("DME"), the process in which a Medicare supplier provides DME products to Medicare beneficiaries. It is possible that the Company may not be selected in some or all the Competitive Bidding Area ("CBA") and/or product categories if and when the next competitive bidding process occurs. Non-selection for CBA and/or product category may result in loss of revenue and referral sources.

Reductions in reimbursement rates can have a material impact on the profitability of the Company's operations. A reduction in reimbursement may be unrelated to any concurrent decline in the cost of operations, thereby resulting in reduced profitability. The Company's costs of operations could increase, but the cost increases may not be passed on to customers because reimbursement rates are set without regard to the cost of service.

**Dependence Upon Relationships with Key Suppliers**

There are few manufacturers of equipment for certain of the Company's products. This presents risks that suppliers may not be able to provide equipment to satisfy demand. Demand may outstrip supply, leading to equipment shortages. Conversely, incorrect demand forecasting could lead to excess inventory. If the Company fails to achieve certain volume of sales, prices of inventory may increase. The industry is subject to a high level of regulatory scrutiny, and government or manufacturer recalls could adversely affect the Company's ability to achieve revenue targets. Inadequate supply could impair the Company's ability to attract new business and could create upward pricing pressure on equipment and supplies, adversely affecting margins for the Company.

**Reliance Upon Few Payors**

The Company will earn revenues by seeking reimbursement from Medicare and private health insurance companies, with the Medicare program of the US government being the largest entity making payments. If the Medicare program were to slow payments of receivables for any reason, the Company would be adversely impacted. In addition, both governmental and private health insurance companies may seek ways to avoid or delay reimbursement, which could adversely affect cash flow and revenues for the Company.

**Government Regulation**

Some operations of the Company will require certain licenses and permits from the authorities in the United States. The ability of the Company and its subsidiaries to obtain, sustain, or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. The ability of the Company to collect certain revenues in the future will depend on the Company receiving approval of an independent diagnostic testing facility and entering into an agreement with Medicare. There is no guarantee that the Company will meet these conditions. The Company will be subject to regulation from United States federal and state authorities. Regulatory action could disrupt its ability to provide services. Such regulatory action could come in the form of actions against manufacturers, unrelated to the Company's conduct, or actions based upon the Company's operation. Regulatory action could prevent or delay reimbursement for certain services.

There could also be legislative action that could adversely affect the Company's business model, including, without limitation: a decision by the United States government to become the exclusive provider of health care services at some time in the future; changes in United States federal or state laws, rules, and regulations, including those governing the corporate practice of medicine, and fee splitting; and changes in the United States Anti-Kickback Statute and Stark Law and/or similar state laws, rules, and regulations. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification, or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of the Company. Amendments to current laws and regulations could have a substantial adverse impact on the Company.

**Highly Competitive Market**

The Company will participate in a highly competitive market, which may become more competitive as new players enter. Certain competitors will be subsidiaries or divisions of larger, much better capitalized companies. Certain competitors will have vertically integrated manufacturing and services sectors of the market. The Company may have less capital and may encounter greater operational challenges in serving the market. Better capitalized competitors may also be expected to borrow money or raise debt to purchase equipment more easily than the Company.

**Foreign Subsidiaries**

The Company plans to conduct all its operations through respective United States subsidiaries. Therefore, to the extent of these holdings, the Company (directly and indirectly) will be dependent on the cash flows of these subsidiaries to meet its obligations. The ability of such subsidiaries to make payments to their parent companies may be constrained by the following factors: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which each subsidiary operates; and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

**Attraction and Retention of Key Personnel Including Directors**

The Company will have a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on the business of The Company. The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff. The success of The Company depends on the ability of management to interpret market data correctly and to interpret and respond to economic, market and other conditions to locate and adopt appropriate opportunities. No assurance can be given that individuals with the required skills will continue employment with The Company or that replacement personnel with comparable skills can be found. The Company will be dependent on the services of key executives, including the directors of The Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of The Company, the loss of these persons or The Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

**Dividends**

The Company currently intends to retain future earnings to finance the operation, development, and expansion of its business. The Company does not anticipate paying cash dividends on the Company Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Company Board and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Company Board may consider relevant. Accordingly, investors will only see a return on their investment if the value of the Company Shares appreciates.

**Discretion in the Use of Available Funds**

Management will have broad discretion concerning the use of the available funds of the Company as well as the timing of their expenditures. As a result, shareholders and investors will be relying on the judgment of management of the Company on completion of the Arrangement for the application of the available funds of the Company (see "Available Funds and Principal Purposes" above). Management may use the available funds in ways that an investor may not consider desirable. The results and the effectiveness of the application of the available funds are uncertain. If the available funds are not applied effectively, the Company's results of operations may suffer.

**Potential Conflicts of Interest**

Some of the directors and officers of the Company are engaged and will continue to be engaged as directors and officers of other companies in the search for additional business opportunities on behalf of such other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures.

Conflicts of interest, if any, which arise may be subject to and be governed by procedures prescribed by the Business Corporations Act (British Columbia) which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with The Company to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Business Corporations Act (British Columbia). Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders.

**Insurance and Uninsured Risks**

The Company's business will continue to be subject to several risks and hazards generally, including general liability. Such occurrences could result in damage to property, inventory, facilities, personal injury or death, damage to the properties of the Company, or the properties of others, monetary losses, and possible legal liability. The Company may be subject to product liability and medical malpractice claims, which may adversely affect its operations. The Company's industry is highly regulated, and the Company may be subject to regulatory scrutiny for violations of regulations and laws. The Company could be adversely affected by the time and cost involved with regulatory investigations even if it has operated in compliance with all laws. Investigations could also adversely affect the timely payment of receivables.

Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

**Additional Capital**

The development and the business (including acquisitions) of the Company may require additional financing, which may involve high transaction costs, dilution to shareholders, high interest rates or unfavorable terms and conditions. Failure to obtain sufficient financing may result in the delay or indefinite postponement of its business plans. As the Company will likely be unable to obtain traditional debt financing until it has a profitable and longer operating history, the initial primary source of funding available to the Company will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

**Loss of Foreign Private Issuer Status**

The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. As a foreign private issuer, as defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is currently exempt from certain of the provisions of the U.S. federal securities laws. For example, an issuer with total assets in excess of US$10 million and whose outstanding equity securities are held by 2,000 or more persons, or 500 or more persons who are not "accredited investors", must register such securities as a class under the Exchange Act. However, as a foreign private issuer subject to Canadian continuous disclosure requirements, the Company may claim the exemption from registration under the Exchange Act provided by Rule threeg3-2(b) thereunder, even if these thresholds are exceeded. To be considered a foreign private issuer, The Company must satisfy a United States shareholder test (not more than 50% of the voting securities of a company must be held by residents of the United States) if any of the following disqualifying conditions apply: (i) the majority of the Company's executive officers or directors are United States citizens or residents; (ii) more than 50 percent of The Company's assets are located in the United States; or (iii) The Company's business is administered principally in the United States. Based on information available as at the date hereof, approximately 26.7% of the Company's outstanding voting securities are anticipated to be directly or indirectly held of record by residents of the United States. If the Company loses its status as a foreign private issuer, these regulations could apply and it could also be required to commence reporting on forms required of U.S. domestic companies, such as Forms 10-K, 10-Q and 8-K. It could also become subject to U.S. proxy rules, and certain holders of its equity securities could become subject to the insider reporting and "short swing" profit rules under Section 16 of the Exchange Act. In addition, any securities issued by the Company if it loses foreign private issuer status would become subject to certain rules and restrictions under the Securities Act of 1933, as amended, even if they are issued or resold outside the

United States. Compliance with the additional disclosure, compliance and timing requirements under these securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements.

**United States Operations and Exchange Rate Fluctuations**

All the Company's revenue generating operations will occur in the United States. The Company will be subject to several risks associated with its operations that may increase liability and costs and require significant management attention. These risks include:

- compliance with laws of the United States that will apply to the Company's United States operations, including lawful access, privacy laws and anti-corruption laws
- instability in economic or political conditions, including inflation, recession, and political uncertainty
- potential adverse tax consequences; and
- litigation in United States courts.

In addition, the Company will be exposed to foreign exchange risk as a result of all of its revenue-generating operations taking place in the United States and thus, revenues and expenses being earned and paid in US dollars while having a significant amount of debt denominated in Canadian dollars. If the Canadian dollar appreciates relative to the US dollar, the Company's Canadian dollar liabilities decrease when translated to US dollars for financial reporting purposes. Conversely, if the Canadian dollar depreciates relative to the US dollar, the Company's Canadian dollar liabilities will increase when translated to US dollars for financial reporting purposes.

The Company expects to continue to maintain cash balances in both United States and Canadian dollars, but management anticipates that it will not purchase any securities or financial instruments to speculate on or hedge against a rise or fall in the value of the United States dollar.

**COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID 19") a global pandemic. In response to the outbreak, governmental authorities in the US and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place, and social distancing. The COVID 19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including business, employment, and economic disruptions.

The Company's priorities during the COVID-19 pandemic include protecting the health and safety of its employees (including patient-facing employees providing respiratory and other services), maximizing the availability of its services and products to support patient health needs, and the operational and financial stability of its business.

The full extent to which the COVID-19 pandemic and the various responses to it impact the Company's business, operations, and financial results will depend on numerous other evolving factors that we are not able to predict. Although the Company has taken steps to mitigate the impact of COVID 19, the continued presence and spread of COVID 19 nationally and globally could have a material adverse impact on the Company's business, operations, and financial results and position, including through employee attrition, disruptions to the Company's supply chains and sales channels, restrictions of operations at our retail stores, changes in the number of Americans with health insurance resulting in a

change in demand for the Company's products, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID 19 situation is developing and the uncertainty of its magnitude, outcome, and duration, it is not possible to estimate its impact on the Company's business, operations, financial results and position or prospects at this time.

We will continue to actively monitor the issues raised by the COVID-19 pandemic and may take further actions that alter our business operations, as may be required by federal, state, or local authorities, or that we determine are in the best interests of our patients, employees, customers, and stockholders. It is not clear what the potential effects any such alterations or modifications may have on our business, including the effects on our customers, suppliers or vendors, or on our financial results.

The Company continues to monitor the situation and work with its stakeholders (including customers, employees, and suppliers) in order to assess further possible implications to its business, supply chain, and customers, and, where practicable, mitigate adverse consequences and responsibly address this global pandemic.

The actual and threatened spread of COVID 19 globally could adversely affect global economies and financial markets, resulting in a prolonged economic downturn and a decline in the value of the Company's share price. The extent to which COVID 19 (or any other disease, epidemic, or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID 19 and the actions required to contain or treat its impact, among others.

Federal, state, and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic. Legislative actions taken by the federal government include the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. Through the CARES Act, the federal government has authorized payments to be distributed to healthcare providers through the Public Health and Social Services Emergency Fund ("Provider Relief Fund" or "PRF"). Additionally, the CARES Act revised the Medicare accelerated and advance payment program in an attempt to disburse payments to healthcare providers more quickly to mitigate the financial impact on healthcare providers. See Note 8 for relief payments the Company received related to the US Coronavirus Aid, Relief and Economic Security ("CARES") Act.

**Recall of certain Royal Philips BiPAP and CPAP Devices and Ventilators**

The recall of certain Royal Philips BiPAP and CPAP devices and ventilators that the Company distributes and sells could have a significant negative impact on the Company's business, reputation, results of operations, financial condition, and prospects. On June 14, 2021, Royal Philips ("Philips") initiated a voluntary recall notification with the U.S. Food and Drug Administration ("FDA") for certain Philips BiPAP (bi-level positive airway pressure) and CPAP (continuous positive airway pressure) and mechanical ventilator devices that the Company distributes and sells. Philips initiated this recall to address potential health risks related to the polyester-based polyurethane ("PE-PUR") sound abatement foam component in these devices. To date, Philips has produced millions of BiPAP and CPAP devices and ventilators using the PE-PUR sound abatement foam. Despite a complaint rate of 0.03% in 2020, Philips determined based on testing that there are possible health risks to users of the devices related to this type of foam, including that the foam may degrade into particles that may be ingested or inhaled by the user, and that the foam may off-gas certain chemicals. According to Philips, the potential risks of particulate exposure include headache, irritation, inflammation, respiratory issues, and possible toxic and carcinogenic effects, and the potential health risks of chemical exposure due to off-gassing include headache, irritation, hypersensitivity, nausea/vomiting, and possible toxic and carcinogenic effects.

Philips has stated that it (i) is providing the relevant regulatory agencies with required information related to the launch and implementation of the projected correction, (ii) will replace the current sound abatement foam with a new material, (iii) has already begun the preparations, which include obtaining the relevant regulatory clearances, and (iv) aims to

address all affected devices in scope of this correction as expeditiously as possible. While Philips produces alternative CPAP devices and ventilators that are not impacted by the recall, these alternative CPAP devices and ventilators are being used to replace recalled CPAP devices and ventilators rather than be sold to suppliers for placement with newly diagnosed patients. Depending on the time it takes for the FDA and Philips to resolve the issue, potential delays and shortages of BiPAP and CPAP devices and ventilators may occur in the industry in which the Company operates, which could have a significant negative impact on the Company's business, reputation, results of operations, financial condition and prospects if it is unable to procure replacement products at a reasonable cost on a timely basis, or at all.

Additionally, the Company does not currently know the full scope of potential risks that may arise as a result of the recall and replacement of BiPAP and CPAP and mechanical ventilator devices described above. Due to the volume of the Company's patients currently using, or who have used in the past, the BiPAP and CPAP and mechanical ventilator devices affected by the recall described above as well as future users of any replacement devices, any litigation, class action or governmental enforcement actions (including, but not limited to, claims relating to product liability, negligence, patient harm including claims for personal injury or wrongful death, consumer protection, or fraud, overpayment or improper billing for services and products affected by the recall or replacement) that may involve the Company could have a significant negative impact on the Company's business, reputation, results of operations, financial condition and prospects. In general, the reporting of product defects or voluntary recalls to the FDA or analogous regulatory bodies outside the United States could result in manufacturing audits, inspections and broader recalls or other disruptions to the Company and/or its suppliers' businesses. The recall described above and future recalls, whether voluntary or required, could result in significant costs to the Company and significant adverse publicity, which could harm the Company's ability to market its products in the future.

**Exhibit 99.4**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gregory Crawford, Chief Executive Officer of Quipt Home Medical Corp., certify that:

1. I have reviewed this annual report on Form 40-F of Quipt Home Medical Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 27, 2022

**/s/ Gregory Crawford**
**Gregory Crawford**
**Chief Executive Officer**

**Exhibit 99.5**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Hardik Mehta, Chief Financial Officer of Quipt Home Medical Corp., certify that:

1. I have reviewed this annual report on Form 40-F of Quipt Home Medical Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 27, 2022

**/s/ Hardik Mehta**
**Hardik Mehta**
**Chief Financial Officer**

**Exhibit 99.6**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 40-F of Quipt Home Medical Corp. (the "Company") for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Gregory Crawford, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 27, 2022

/s/ Gregory Crawford
Gregory Crawford
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 99.7**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 40-F of Quipt Home Medical Corp. (the "Company") for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Hardik Mehta, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Hardik Mehta

Dated: January 27, 2022

Hardik Mehta
Chief Financial Officer
(Principal Accounting and Financial Officer)

**Exhibit 99.8**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in this Annual Report on Form 40-F (the "Annual Report") of Quipt Home Medical Corp. ("the Company") of our report dated January 26, 2022 relating to the Company's audited annual consolidated financial statements for the years ended September 30, 2021 and 2020, incorporated by reference in the Annual Report which is filed as an exhibit to the Annual Report.

We also consent to the incorporation by reference in the Registration Statements on Form F-10 (No. 333-260363), Form S-8 (No. 333-257866), and Form S-8 (No. 333-257940) of Quipt Home Medical Corp. of our report dated January 26, 2022 referred to above and to the reference to us under the heading "Interests of Experts", which appears in the Annual Information Form included in Exhibit 99.1 of Quipt Home Medical Corp.'s Annual Report on Form 40-F, which is incorporated by reference in such Registration Statements.

MNP LLP

Chartered Professional Accountants
Toronto, Ontario, Canada
January 26, 2022