MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Mednow Inc. ("Mednow" or the "Company"), for the year ended July 31, 2021.

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

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available up to the date of this MD&A, October 20, 2021,being the date the Company's board of directors (the "Board") approved this MD&A and the Financial Statements as at July 31, 2021. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

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

COMPANY OVERVIEW

Mednow Inc. (the "Company" or "Mednow") is a healthcare technology company that provides pharmacy services including a user-friendly online interface to order and manage medical prescriptions, free home delivery of medications, and access to healthcare professionals through an intuitive virtual chat experience. The Company's technological infrastructure includes its website, web application, and downloadable mobile application. The Company's web application is accessible and compatible with the internet browsers Safari, Google Chrome, Mozilla FireFox, and Microsoft Edge on mobile phones and personal computers.

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

COMPANY OVERVIEW (Continued)

Mednow is a Canadian public company incorporated under the Canada Business Corporations Act on January 17, 2018. The registered corporate office address is 10th Floor, 595 Howe St., Vancouver, BC V6C 2T5. The Company's website is www.mednow.ca. Mednow's fiscal year end is on July 31, 2021.

STATEMENT ON COVID-19

The outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may continue to have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada (such as the provincial vaccine passports) and other countries to continue to vaccinate its population, contain and treat the disease. The effects that these events will have are highly uncertain and as such, the Company cannot determine the corresponding financial impact at this time.

THE OPPORTUNITY

The majority of healthcare services are currently accessed through brick-and-mortal retail stores. As a result of evolving consumer spending patterns since the onset of the COVID-19 pandemic, the demand for virtual healthcare services, such as the ability to order and receive prescription medications at home in a contactless and timely manner, has increased significantly. Mednow is well positioned to operate in the pharmacy services industry through its state-of-the-art, easy access, online technological infrastructure, established commercial relationships with traditional brick-and-mortar retail drug stores, and through management's extensive knowledge and expertise of pharmacy supply chain, logistics, economics, operations and regulatory requirements.

STRATEGIC IMPERATIVES

The Company's core strategic imperatives include continuing its national expansion of the pharmacy business across Canada, the pursuit of accretive acquisitions and investments in healthcare services and technology in Canada and the United States, the addition of institutional contracts and other business development initiatives, and proactive efforts to increase the user base of the Company's services. In addition, the Company will continue to develop and grow its telemedicine business, which operates under the trade name Mednow Virtual Care, and its doctor house call service which operates under the trade name Medvisit.

In the next twelve months, the Company is on course to open new pharmacies in the provinces of Manitoba, Alberta and Quebec. The Company also expects to acquire two pharmacies, one based in Toronto, and the second based in Vancouver, from related parties of Mednow Inc. The Company expects to own and operate brick-and-mortal retail pharmacies in these provinces across Canada, which will allow the Company to further develop brand presence, serve walk-in patients as well as serve majority of orders through home delivery of medications ordered via the web and mobile applications.

Subject to TSXV and regulatory approval, the Company will purchase all of the issued and outstanding shares of Mednow Pharmacy Inc., a Vancouver-based pharmacy, and Mednow East Inc., a Toronto-based pharmacy, which are both controlled by management and certain shareholders of Mednow. The Closing Dates of both transactions are expected to be in October 2021 and November 2021, respectively.

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

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

CORE OPERATING BRANDS

MEDNOW PHARMACY

On September 7, 2021, after receiving regulatory approvals from the Nova Scotia College of Pharmacists, the Company's pharmacy in Nova Scotia opened for business under the trade name "Mednow Pharmacy". The pharmacy is a wholly owned subsidiary of Mednow Inc. and fill orders from walk-in patients as well as online orders in the province.

The Company expects to acquire two pharmacies based in Vancouver and Toronto, which are owned by related parties of Mednow Inc. These pharmacies, along with the upcoming locations in Alberta, Manitoba and Quebec, will operate under the trade name Mednow Pharmacy.

MEDNOW VIRTUAL CARE

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

MEDVISIT

On August 5, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Ontario-based Medvisit ("Medvisit") for a purchase price of $1,320,000 at closing, with additional earn-out payments based on milestones tied to Medvisit's business performance over the next two years. Medvisit has been in operation for over 30 years, with approximately 30,000 patient home visits per year and over 400,000 patients served since inception.

INVESTMENT IN LIFE SUPPORT

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

The Company paid cash consideration of $500,000 to Life Support, and received 1,265,968 Class C voting common shares of Life Support, which represents a 10.5% equity interest in the investee. The Company holds significant influence over Life Support's financial and operating policy decisions through its representation on Life Support's Board of Directors. The Company has recognized its investment in Life Support using the equity method. The post-acquisition change of $4,525 was calculated using Life Support's financial information, as summarized below, as at July 31, 2021.

Pursuant to the terms of the investment agreement, on October 18, 2021, the Company exercised its option to invest an additional amount of $250,000, paid in cash consideration, in return for 473,809 Class C voting common shares of Life Support.

CORPORATE DEVELOPMENTS

Capital Raise

During June 2020, the Company completed non-brokered private placements resulting in the issuance of an aggregate of 3,294,015 units at a price of $0.55 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A Common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event (as defined herein), one additional Share at an exercise price of $0.80 per Share.

Liquidity Event means the occurrence of (a) any of the following, which results in the common shares of the Company (or the common shares of a resulting issuer) being listed on (i) a recognized Canadian stock exchange; or (ii) a national United States stock exchange:

(a) The Company completing a bona-fide public offering of common shares under a prospectus or registration statement filed with securities regulatory authorities in Canada or the United States; or

(b) The consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction.

On June 30, 2020 and July 10, 2020, the Company completed a brokered and non-brokered private placement of an aggregate of 2,635,274 units at a price of $1.75 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event, one additional Share at an exercise price of $2.63 per share. In connection with the June 30, 2020 and July 10, 2020 private placements, the Company issued to certain brokers an aggregate of: (i) 131,764 units on the same terms as the units issued to subscribers; (ii) 210,822 Broker Warrants; and (iii) cash commission totaling $368,938.

On July 31, 2020, the Company completed a non-brokered private placement of an aggregate of 49,465 units at a price of $1.75 per unit, with each unit comprised of one Class A common share and one-half of one non-transferable Class A common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the date of Liquidity Event, one additional Class A common share at an exercise price of $2.63 per Share. In connection with the July 31, 2020 private placement, the Company issued to certain fiscal advisors an aggregate of: (i) 3,957 Advisory Warrants; and (ii) cash commission totaling $6,925.

On February 26, 2021, the Company's IPO prospectus was filed with and accepted by the TSX Venture Exchange and receipted by the securities regulatory authorities in British Columbia and Ontario pursuant to the provisions of the applicable Securities Acts, and has been filed under Multilateral Instrument 11-102 Passport System in Alberta, Saskatchewan and Manitoba. The Class A common shares of the Company was listed and admitted to trading on TSX Venture Exchange, on the effective date of March 9, 2021.

On March 4, 2021, the Company completed its IPO for gross proceeds of $37,073,194 from the sale of 5,492,325 units at $6.75 per unit. Each unit is comprised of one (1) Class A common share of the Company and one-half of one Class A common share purchase warrant exercisable at $8.50 for 24 months.

As part of the transaction, the Company paid cash commission of $2,965,856, legal and syndicate fees of $431,511, and other direct listing costs of $129,497. The Company also issued 274,616 corporate finance units and 439,386 broker warrant units as part of the transaction. The fair value of the corporate finance units and broker warrant units was estimated using the Black-Scholes option pricing model to be $1,853,657 and $1,358,319, respectively. The total fair value of transaction costs is $6,738,840.

The fair value of the warrant component issued within the IPO and corporate finance units was estimated using the Black Scholes option pricing model with the assumptions in the Company's financial statements.

CORPORATE DEVELOPMENTS (Continued)

Each corporate finance unit resulted in the issuance of one (1) Class A common share, and one half non-transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of twenty-four (24) months from the Liquidity Event, one additional Class A common share of the Company at an exercise price of $8.50 per share.

Each broker warrant unit will entitle the holder to acquire one (1) underlying broker unit of the Company at any time for a period of two (2) years from the Liquidity Event, at an exercise price equal to the issue price of $6.75. Total broker warrant units issued were 439,386 which when exercised would result in 439,386 Class A common shares and warrants which represent an option to acquire 219,693 additional Class A common shares at $8.50 per share.

Pharmacy agreements

On September 15 and 24, 2020, the Company entered into a pharmacy agreement (the "Mednow East Pharmacy Agreement" and "Mednow West Pharmacy Agreement") with Mednow East Inc. ("Mednow East") and Mednow Pharmacy Inc. ("Mednow West"), companies controlled by management and certain shareholders of Mednow, pursuant to which Mednow will provide Mednow East and Mednow West with non-exclusive marketing and technology support services to connect Mednow East and Mednow West with potential customers, and Mednow East and Mednow West will fulfill orders for pharmacy products through the Mednow web application, the dashboard and/or the virtual call center in exchange for consideration at fixed amounts based on volume of orders fulfilled. Pursuant to the pharmacy agreement, the Company provided on-demand loans to Mednow East and Mednow West with the interest terms as defined in the Company's financial statements.

Stock options

The Board of Directors authorized and approved the granting of 1,611,000 options on January 21, 2021, 399,500 options on June 11, 2021 and 870,000 options on July 2, 2021 under the Company's Plan to various directors, officers, employees and technical consultants. A total of 50,000 options were forfeited on on June 11, 2021. On October 20, 2021, the Board of Directors approved and authorized the granting of an additional 449,000 of stock options under the Company's Plan. All options expire five years from the date of their grant.

Normal course issuer bid

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

As of July 31, 2021, the Company purchased, for cancellation, a total of 309,100 common shares for $865,954 of cash consideration. As at July 31, 2021, the Company had cancelled 49,400 common shares, and the remainder of 816,555 common shares were held by Gravitas Securities Inc. on behalf of the Company, until they were cancelled by the Company's transfer agent in August 2021. The weighted average cost of the cancelled shares totaled $455,233 resulting in a loss on cancellation of $410,721 allocated to deficit.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the year ended July 31, 2021 and 2020 is set forth below.

	Year Ended July 31,	
	2021	2020
Revenue	$ 414,000	$ —
Net loss and comprehensive loss	(8,953,835)	(469,502)
Total assets	34,171,322	5,540,787
Total liabilities	1,684,582	154,683
Basic and diluted net loss and comprehensive loss per common share	$ (0.49)	$ (0.06)

DISCUSSION OF OPERATIONS

Comparison of the Year Ended July 31, 2021 and 2020

	For the Year Ended		
	2021	2020	Variance
Revenue	414,000	—	414,000
Marketing and sales	896,507	83,562	812,945
General and administrative	4,940,634	385,940	4,554,694
Share-based compensation	3,374,095	—	3,374,095
Depreciation and amortization	201,350	—	201,350
Net loss and comprehensive loss for the period	8,953,835	469,502	8,484,333

Results of operations for the year ended July 31, 2021 as compared to 2020
The total loss and comprehensive loss for the twelve months ended July 31, 2021, was $8,953,835 ($(0.49) per share) compared to $469,502 ($0.06 per share) for the twelve months ended July 31, 2020. The movements in revenue and expenses are detailed below:

- Revenue increased by $414,000 during the twelve months ended July 31, 2021 from the Company's pharmacy agreements with the Company's first two fulfillment sites in Toronto and Vancouver.
- Marketing and sales expenses increased by $812,945 to $896,507 during the twelve months ended July 31, 2021 as the Company focused on branding and online marketing of its web and mobile app.
- General and administrative expense increased by $4,554,694 to $4,940,634 during the twelve months ended July 31, 2021. The increase in expense is primarily related to i) increased legal and professional fees in connection with the Company's go public transaction, ii) increased director fees as compared to $54,000 in the prior year period, iii) increased staff and contractor costs as the Company built out its internal teams, iv) increased office expenses in connection with the increased head count and operations
- Share-based compensation expense was $3,374,095 in connection with the Company's stock option plan as compared to $nil in the prior year period.

SUMMARY OF QUARTERLY RESULTS

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

	For the quarter ended			
	October 31, 2019	**January 31, 2020**	**April 30, 2020**	**July 31, 2020**
Revenue	—	—	—	—
Net loss and comprehensive loss	(1,989)	(18,724)	(38,000)	(410,789)
Total assets	131,431	137,010	169,136	5,540,787
Total liabilities	154,291	176,632	246,785	154,683
Basic and diluted loss and comprehensive loss per common share	$ -	$ -	$ (0.01)	$ (0.05)

	For the quarter ended			
	October 31, 2020	**January 31, 2021**	**April 30, 2021**	**July 31, 2021**
Revenue	41,400	124,200	124,200	124,200
Net loss and comprehensive loss	(509,097)	(870,787)	(2,182,888)	(5,391,063)
Total assets	5,121,398	4,487,634	36,871,403	34,171,322
Total liabilities	244,391	449,074	1,144,795	1,684,582
Basic and diluted loss and comprehensive loss per common share	$ (0.03)	$ (0.04)	$ (0.14)	$ (0.28)

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At July 31, 2021, the Company had working capital of $30,312,763. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at July 31, 2021, the Company had $28,758,598 in cash (July 31, 2020 - $5,255,396).

The consolidated financial statements for the year ended July 31, 2021 and 2020 do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes.

Financial instruments and risk management

Capital risk management
The Company's objectives in managing its capital are to ensure the Company's ability to continue as a going concern and to maintain a flexible capital structure of equity and debt financing to optimize the costs of capital with minimal risks. The Company considers the items included in shareholders' equity to be capital. The Board of Directors monitors the Company's capital position on a regular basis. There were no changes to the Company's capital management policy during the year ended July 31, 2021.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

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

LIQUIDITY AND CAPITAL RESOURCES (Continued)

	As at July 31, 2021				
	On demand	**Within one year**	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	**$ 1,293,276**	**$ —**	**$ —**	**$ —**	**$ 1,293,276**
Due to related parties	—	—	—	—	—
Lease liabilities	—	77,051	230,004	84,251	391,306
Total	**$ 1,293,276**	**$ 77,051**	**$ 230,004**	**$ 84,251**	**$ 1,684,582**

	As at July 31, 2020				
	On demand	**Within one year**	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	**$ 108,650**	**$ —**	**$ —**	**$ —**	**$ 108,650**
Due to related parties	46,033	—	—	—	46,033
Lease liabilities	—	—	—	—	—
Total	**$ 154,683**	**$ —**	**$ —**	**$ —**	**$ 154,683**

Credit risk

The Company's credit risk arises from $738,528 of cash on hand and cash deposits held with banks, $28,020,070 of short-term investments as at July 31, 2021 (July 31, 2020 - $5,255,396), and its due from related parties of $2,023,565 (July 31, 2020 - $nil), which represents the entities maximum exposure to credit risk. Sales tax receivable is not considered a significant component of credit risk as it relates to sales tax recoverable from the government. Due from related parties are entirely concentrated to Mednow East Inc. and Mednow Pharmacy Inc., which are discussed in the Company's financial statements in Note 17.

Currency risk

Currency risk is the risk that fluctuations in USD and CAD will impact the Company's results, including its financial statements. The Company's transactions that are exposed to the risk of foreign currency fluctuations primarily include the costs paid to develop the web application from a US-based third party company, and other vendors and suppliers who invoice and require payment in USD. The Company does not use derivative instruments to hedge its exposure to foreign currency translations.

Fair value hierarchy

The Company applies a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing an investment based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

Level 1 - quoted prices in active markets for identical investments.
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (as prices) or indirectly (derived from prices).
Level 3 - inputs for the investment that are not based on observable market data (unobservable inputs).
The carrying value of cash, accounts payable and accrued liabilities and due to related parties approximates their fair values due to the short-term nature.

CASH FLOWS BY ACTIVITY

Comparison of the Year Ended July 31, 2021 and 2020

The table below outlines a summary of cash inflows and outflows by activity for the year ended July 31, 2021, and 2020.

	Year Ended July 31,	
	2021	**2020**
Net cash used in operating activities	$ (5,588,326)	$ (433,093)
Net cash flows from financing activities	$ 32,675,888	$ 5,873,895
Net cash used in investing activities	$ (3,584,360)	$ (185,467)

Cash used in operating activities
The Company's cash outflows from operating activities for the year ended July 31, 2021, primarily relate to (i) legal and professional fees related to general corporate matters as well as those related to the preparation of the Company's public offering, (ii) wages and salary costs for front and back-offices teams as the Company began hiring and building out its team, and (iii) marketing costs for the Company's marketing of its product offering.

Cash flows from financing activities
During the year ended July 31, 2021, the Company received proceeds from issuance of units in connection with its IPO. These proceeds were partially offset by the cash consideration paid to repurchase shares in connection with the normal course issuer bid, as well as the payment of lease liabilities.

Cash used in investing activities
During the year ended July 31, 2021, the Company's cash outflows from investing activities related (i) to loan advances to the Company's fulfillment sites as well as flagship stores in Vancouver and Toronto through its Mednow East and West Pharmacy Agreements, (ii) the purchase of certain automation equipment for pharmacy fulfilment, (iii) development costs associated with the build out of the Company's digital technology platform, (iv) and the Company's investment in Life Support Mental Health Inc.

During the twelve months ended July 31, 2021, the Company's cash inflows from investing activities related to advances received from Care Health Inc. to fund the Company's operations.

SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

The following are examples of the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements.

- The Company applied judgment when determining the fair value of the warrants issued as part of the IPO transaction and share-based expenses, which use the Black-Scholes option pricing model, that incorporates assumptions regarding the expected life of the instrument, volatility, dividend yield, and risk-free rates.
- The underlying estimated useful life of the Company's property, equipment and intangible assets.
- The inputs and assumptions used to analyze impairment for the Company's property and equipment and intangible assets, and the assessment of the related cash generating units.

SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (Continued)

- The determination of the incremental borrowing rate used to calculate and record the Company's right-of-use assets and lease liabilities. In estimating its incremental borrowing rate, the Company considers the term of the lease, the lease renewal terms, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.
- The expected credit losses ("ECL") applied against due from related parties based on forward-looking factors.
- The ability of the Company to remain a going concern. Considerations include all information about the availability of capital financing, current working capital funds, and future commitments and obligations.
- The derivation of the income tax provision, assets and liabilities, including the recoverability, if any, of the Company's deferred tax assets in relation to unused tax losses by estimating the probability, timing and level of any future taxable profits as well as changes to future tax rates.
- The determination of significance influence with respect to the Company's investment in Life Support Mental Health Inc.

SIGNIFICANT ACCOUNTING POLICIES

On August 1, 2020, the Company adopted IFRS 15 Revenue from Contracts with Customers during the year ended July 31, 2021 as the Company entered into a service contract with related parties. IFRS 15 prescribes a five-step recognition and measurement model for revenue from contracts with customers and related costs. Under IFRS 15, the Company recognizes revenue on the transfer of services to customers for the amount that reflects the consideration expected to be received in exchange for those services promised. The Company's revenue recognition policy is as follows:

Revenue Recognition

Marketing and Technology Support Services
The Company provides marketing and technology support services to pharmacies by connecting individuals to a network of pharmacies. The pharmacies pay the Company fixed consideration each month based on the aggregate revenues the pharmacy earns from the underlying customer in that month for using the marketing and technology support services. Under the arrangement, the performance obligation is the use of the marketing and technology support service each month and accordingly, the performance obligation is fulfilled through the passage of time and therefore this service revenue is recognized as the services are provided each month.

Staffing Services
The arrangement with pharmacies carries the option to provide the pharmacies with services from the Company's employees at a fixed hourly rate to assist with the fulfillment of orders to pharmacy customers. Under this arrangement, the performance obligation is the employee's services to the pharmacy and the consideration is the prescribed rate defined in the contract. Revenue is recognized as the performance obligation is fulfilled which is as the Company's employees conducts order fulfillment for the pharmacy. No revenue has been recognized for these services during the year ended July 31, 2021 (2020 – nil).

RELATED PARTY TRANSACTIONS

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

	Year Ended July 31,	
	2021	**2020**
Management and director remuneration	$ 846,622	$ 138,983
Share-based compensation expense - directors and officers	2,304,859	—
	$ 3,151,481	**$ 138,983**

RELATED PARTY TRANSACTIONS (Continued)

On September 15 and 24, 2020, the Company entered into a pharmacy agreement (the "Mednow East Pharmacy Agreement" and "Mednow West Pharmacy Agreement") with Mednow East Inc. ("Mednow East") and Mednow Pharmacy Inc. ("Mednow West"), companies controlled by management and certain shareholders of Mednow, pursuant to which Mednow will provide Mednow East and Mednow West with non-exclusive marketing and technology support services to connect Mednow East and Mednow West with potential customers, and Mednow East and Mednow West will fulfill orders for pharmacy products through the Mednow web application, the dashboard and/or the virtual call center in exchange for consideration at fixed amounts based on volume of orders fulfilled. Pursuant to the pharmacy agreement, the Company provided on-demand loans to Mednow East and Mednow West with the interest terms defined below:

During the year, the Company provided an on-demand, non-interest bearing loan to Mednow Clinic Ltd., a business controlled by management and a certain shareholder of Mednow Inc.

	Year Ended July 31, 2021	2020
Due from (to) related party		
Mednow East Inc.- on demand, non-interest bearing	$ 845,115	$ —
Mednow East Inc.- on demand, interest bearing at 18% per annum	233,910	—
Mednow Pharmacy Inc.- on demand, non-interest bearing	684,687	—
Mednow Pharmacy Inc.- on demand, interest bearing at 18% per annum	217,350	—
Mednow Clinic Ltd.- on demand, non-interest bearing	42,503	—
Care Health Inc.	—	(46,033)
	$ 2,023,565	**$ (46,033)**

	Year Ended July 31, 2021	2020
Revenues		
Mednow East Inc.	$ 207,000	$ —
Mednow Pharmacy Inc.	207,000	—
	414,000	—
General and administrative - management fees		
Care Health Inc.	**$ 60,000**	**$ —**

The Company pays a management fee to Care Health Inc. for the use of its office space, accounting and bookkeeping services, and pharmacist training. The Company entered into a formal management services agreement with Care Health Inc. on September 25, 2020. For a monthly fee of $5,000, Care Health Inc. shall provide Mednow with back office support including, but not limited to, human resources, accounting and general administrative support and advisory services, as the board of directors of Mednow may reasonably request from time to time. Care Health Inc. is related due to common directors and management. Care Health Inc. is also a shareholder of Mednow.
The related party transactions are conducted in the normal course of business operations and were measured at the exchange amount, which is the amount agreed to by the related parties.

As at July 31, 2021, included in accounts payable and accrued liabilities was $16,831 (2020 – $nil) of payments owed to key management personnel.

OFF BALANCE SHEET ARRANGEMENTS

As at July 31, 2021, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUTSTANDING SHARE DATA

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

	As at July 31, 2021
Common shares	21,568,359
Options	2,830,500
Warrants	
Share purchase warrants	6,260,893
Broker warrants	439,386
Total common shares on a fully-diluted basis	**31,099,138**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management is also responsible for designing, maintaining and testing a system of internal controls over the financial reporting processes. Internal controls have been designed to provide reasonable assurance that the financial records are reliable, accurate and form a proper basis for the preparation of the consolidated financial statements. As of July 31, 2021, management reviewed and tested the internal controls over financial reporting and concluded that they were effective to provide reasonable assurance over the consolidated financial statements.

The Audit Committee of the Board of Directors, consisting entirely of independent directors, is responsible for reviewing the consolidated financial statements with management and the external auditors and reporting to the Board of Directors. The Audit Committee is responsible for retaining the services of the independent auditor and for renewing the auditor's mandate, which is subject to Board of Directors' review and shareholders' approval.

The independent auditor, MNP LLP, is responsible for conducting an examination in accordance with Canadian generally accepted auditing standards to express an opinion on whether the consolidated financial statements have been prepared in accordance with International Financing Reporting Standards. The report of MNP LLP, which outlines the scope of its examination and its opinion on the consolidated financial statements, appears on the consolidated audited financial statements.

RISK FACTORS AND UNCERTAINTIES

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

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